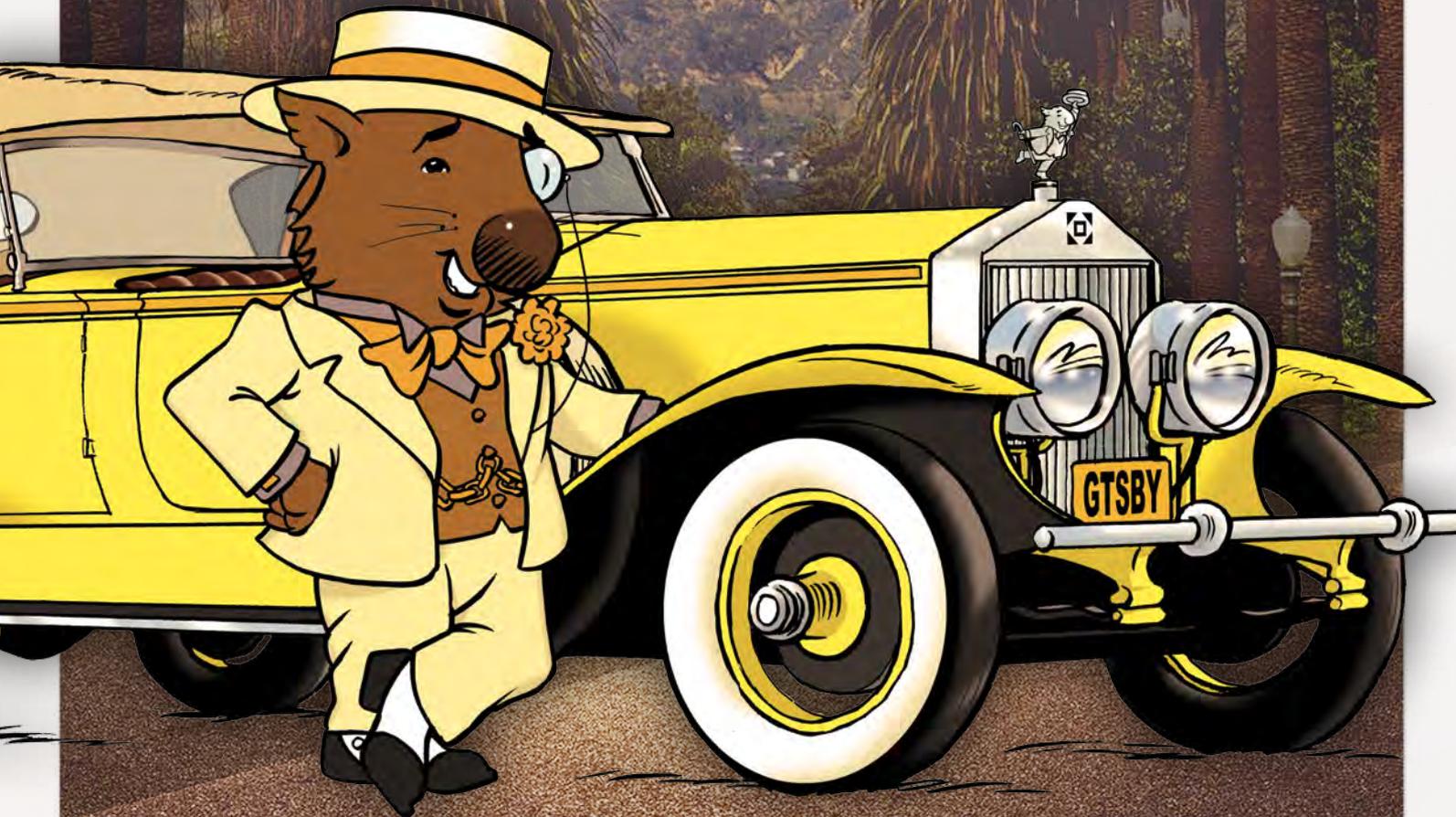


ANNUAL REPORT

A Gripping Tale

OF 2015

SERVCORP



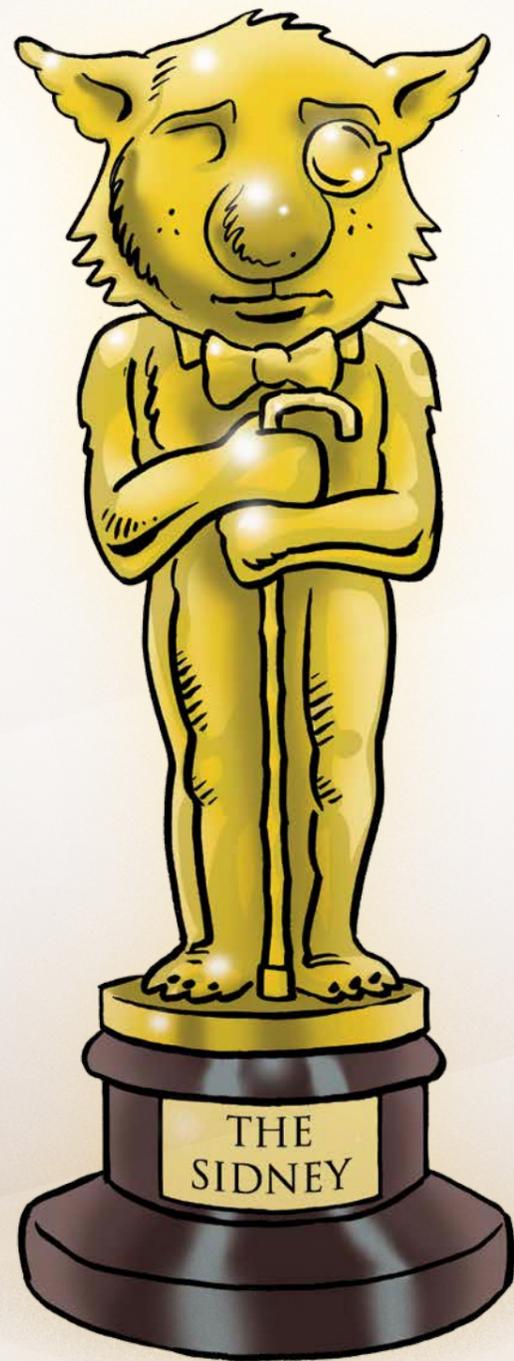
STARRING (IN ORDER OF APPEARANCE) ONE WORLD TRADE CENTER NEW YORK, ONE MAYFAIR PLACE LONDON, ETIHAD TOWERS ABU DHABI, TORNADO TOWER DOHA, AND MUCH MORE.

COMING TO A LOCATION NEAR YOU

 **SERVCORP**

SERVCORP.COM.AU

PLEASE GO TO THE MOVIES 



— *the* —
EXCELLENCE
 AWARDS

SERVCORP

— PRESENTS —

THE TALE

of

TWO THOUSAND & FIFTEEN

G'DAY	1	20	CONSIDER IT DONE
BIGGER THAN BEN HUR	2	22	THE CAST
THE EMPIRE	4	23	AND THE NOMINEES ARE ...
BRUCE'S REVIEW	7	24	CORPORATE GOVERNANCE
ALF'S MAGIC	8	36	DIRECTORS' REPORT
OUTSTANDING NEW TALENT	11	46	REMUNERATION REPORT
COMING SOON	12	59	FINANCIAL REPORT
PHONE HOME	14	100	AUDITOR'S REPORT
PROTECTING THE JUNGLE	17	102	SHAREHOLDER INFORMATION
TO THE RESCUE	18	104	CORPORATE INFORMATION

— THE AWARDS GO TO —



— SERVCORP'S AIM —

To be the world's finest Served Offices, providing IT and commercial services second to none, giving our clients a commercial advantage, paying our people reasonable wages and giving our shareholders an acceptable return on the funds they invest.

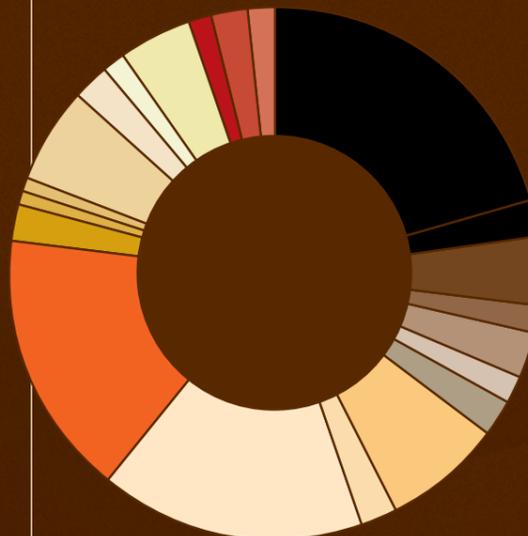


IF IT KEEPS GROWING IT COULD BE BIGGER THAN BEN HUR

NET PROFIT BEFORE TAX



SERVCORP GEOGRAPHIC SPREAD (FLOORS)¹



● Australia	28
● New Zealand	3
● Singapore	6
● Malaysia	3
● Thailand	4
● Philippines	2
● India	3
● China	10
● Hong Kong	3
● Japan	22
● United States	23
● Turkey	3
● Lebanon	1
● Kuwait	1
● Saudi Arabia	10
● Qatar	4
● Bahrain	2
● UAE	8
● United Kingdom	4
● Belgium	3
● France	2

12 MONTHS ENDED 30 JUNE

	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
Revenue & other income	182,056	200,785	207,995	242,247	277,378
Net profit before tax	3,036	18,329	27,630	34,257	41,211
Net profit after tax	2,493	14,801	21,271	26,336	33,141
Net operating cash flows	18,788	32,003	27,092	40,214	59,928
Cash & investments	99,993	104,334	99,758	108,788	114,451
Net assets	192,612	198,709	207,900	217,101	241,898
Earnings per share	\$0.025	\$0.150	\$0.216	\$0.268	\$0.337
Dividends per share	\$0.100	\$0.150	\$0.150	\$0.200	\$0.220

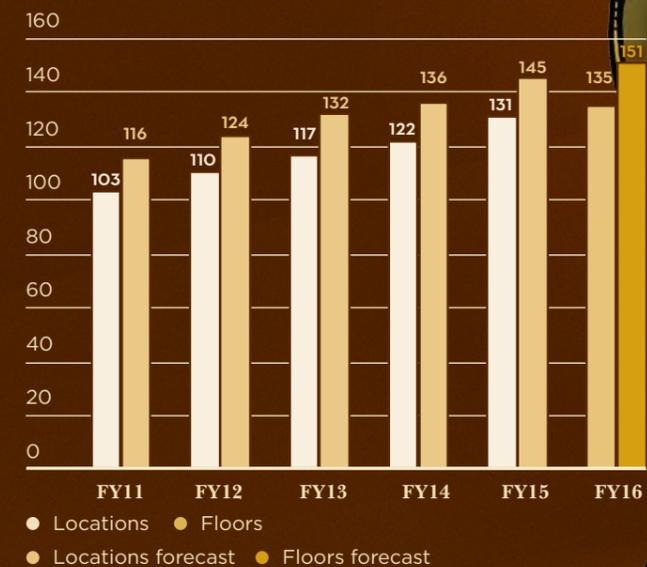
REVENUE



SERVCORP OFFICES¹



SERVCORP FLOORS AND LOCATIONS¹



1) At 30 June.

1) At 30 June.

THE EMPIRE

UNITED STATES OF AMERICA

- BOSTON**
 - Level 14, One International Place
- NEW YORK CITY**
 - Level 23, 1330 Avenue of the Americas
 - Level 26, The Seagram Building
 - Level 40, 17 State Street
 - Level 85, One World Trade Center
- PHILADELPHIA**
 - Level 37, BNY Mellon Center
- WASHINGTON D.C.**
 - Level 10, 1717 Pennsylvania Avenue
 - Level 10, 1155 F Street
- MIAMI**
 - Level 27, Southeast Financial Center
- ATLANTA**
 - Level 20, Terminus 200
 - Level 36, 12th & Midtown
- TYSONS CORNER**
 - Level 15, Corporate Office Center Tysons II
- CHICAGO**
 - Level 42, 155 North Wacker Drive
 - Level 49, 300 North LaSalle
- HOUSTON**
 - Level 39, Bank of America Center
 - Level 41, Williams Tower
- DALLAS**
 - Level 6, JP Morgan International Plaza III
 - Level 10, Rosewood Court
 - Level 3, 5500 Preston Road
- IRVINE**
 - Level 8, Irvine Towers
- LOS ANGELES**
 - Level 40, Figueroa at Wilshire
- SAN FRANCISCO**
 - Level 27, 101 California Street
 - Level 49, 555 California Street
- UNITED KINGDOM**
- LONDON**
 - Level 17, Dashwood House
 - Level 18, 40 Bank Street, Canary Wharf
 - Level 30, The Leadenhall Building
 - Level 1, Devonshire House, One Mayfair Place

FRANCE

- PARIS**
 - Level 5, 101 Avenue des Champs Elysées
 - Level 2, 21 Boulevard Haussmann

BELGIUM

- BRUSSELS**
 - Levels 20 & 21, Bastion Tower
 - Level 4, European Quarter - Schuman

LEBANON

- BEIRUT**
 - Level 2, Beirut Souks Louis Vuitton Building

TURKEY

- ISTANBUL**
 - Levels 5 & 6, Louis Vuitton Orjin Building
 - Level 8, Tekfen Tower

QATAR

- DOHA**
 - Levels 14 & 15, Commercialbank Plaza
 - Level 22, Tornado Tower
 - Level 21, Burj Doha

KINGDOM OF BAHRAIN

- MANAMA**
 - Levels 22 & 41, West Tower Bahrain Financial Harbour

KUWAIT

- KUWAIT CITY**
 - Level 18, Sahab Tower

KINGDOM OF SAUDI ARABIA

- DAMMAM**
 - Levels 20 & 22, Al Hugayet Tower
 - Level 21, Al Khobar Gate Tower
- RIYADH**
 - Level 6, Al Akaria Plaza
 - Level 18, Al Faisaliah Tower
 - Level 1, The Business Gate
 - Level 29, Olaya Towers
- JEDDAH**
 - Level 9, Jameel Square
 - Level 26, Kings Road Tower
 - Level 7, Al Murjanah Tower

UNITED ARAB EMIRATES

- DUBAI**
 - Level 23, Boulevard Plaza
 - Levels 41 & 42, Emirates Towers
 - Levels 21 & 28, Al Habtoor Business Tower
 - Level 54, Almas Tower

ABU DHABI

- Level 4, Al Mamoura
- Level 36, Etihad Towers
- Level 17, World Trade Center

INDIA

- MUMBAI**
 - Levels 7 & 8, Vibgyor Towers

HYDERABAD

- Level 7, Maximus Towers

THAILAND

- BANGKOK**
 - Levels 8 & 9, 1 Silom Road
 - Level 29, The Offices at Centralworld
 - Level 18, Park Ventures Ecoplex



MALAYSIA

- KUALA LUMPUR**
 - Level 36, Menara Citibank
 - Level 20, Menara Standard Chartered
 - Level 23, NU Tower 2

PHILIPPINES

- MANILA**
 - Level 17, 6750 Ayala Avenue Office Tower
 - Level 22, Tower One & Exchange Plaza

CHINA

- SHANGHAI**
 - Level 23, Citigroup Tower
 - Level 29, Shanghai Jing An Kerry Centre
 - 5/F Somekh Building, Rockbund

CHENGDU

- Level 18, Shangri-La Office Tower
- Level 28, One Aerospace Center

BEIJING

- Level 24, China Central Place
- Level 19, Oriental Plaza
- Level 26, Fortune Financial Center

HANGZHOU

- Level 3, Jiahua International Business Center

GUANGZHOU

- Level 54, Guangzhou IFC

HONG KONG

- CENTRAL**
 - Level 19, Two International Finance Centre
 - Level 9, The Hong Kong Club Building

KOWLOON

- Level 12, One Peking Road

SINGAPORE

- SINGAPORE**
 - Penthouse Level & Level 42, Suntec Tower Three
 - Level 30, Six Battery Road
 - Level 39, Marina Bay Financial Centre
 - Level 26, PSA Building
 - Level 8, The Metropolis Tower 2
 - Level 24, CapitaGreen

JAPAN

- TOKYO**
 - Level 11, Aoyama Palacio Tower
 - Level 14, Hibiya Central Building
 - Level 20, Marunouchi Trust Tower - Main
 - Level 1, Marunouchi Yusen Building
 - Level 7, Wakamatsu Building
 - Level 8, Nittochi Nishi-Shinjuku Building
 - Level 9, Ariake Frontier Building
 - Level 28, Shinagawa Intercity Tower A
 - Level 32, Shinjuku Nomura Building
 - Level 21, Shiodome Shibariky Building
 - Level 27, Shiroyama Trust Tower
 - Level 45, Sunshine 60
 - Level 27, Tokyo Sankei Building
 - Level 18, Yebisu Garden Place Tower

YOKOHAMA

- Level 10, TOC Minato Mirai

NAGOYA

- Level 40, Nagoya Lucent Tower
- Level 4, Nikko Shoken Building

OSAKA

- Level 9, Edobori Center Building
- Levels 18 & 19, Hilton Plaza West
- Level 4, Cartier Building Shinsaibashi Plaza

FUKUOKA

- Level 15, Fukuoka Tenjin Fukoku Seimei Building
- Level 2, NOF Hakata Ekimae Building

AUSTRALIA

- PERTH**
 - Levels 15 & 28, AMP Tower
 - Level 18, Central Park
 - Level 11, Brookfield Place
- ADELAIDE**
 - Levels 24 & 30, Westpac House
- SYDNEY**
 - Level 29, Chifley Tower
 - Level 36, Gateway
 - Levels 56 & 57, MLC Centre
 - Level 26, 44 Market Street
 - Level 32, 101 Miller Street North Sydney
 - Level 22, Tower Two Westfield Bondi Junction
 - Level 1, The Octagon Parramatta
 - Level 15, Deloitte Building Parramatta
 - Level 9, Avaya House North Ryde
 - Level 5, Nexus Norwest Baulkham Hills
- BRISBANE**
 - Level 36, Riparian Plaza
 - Level 19, 10 Eagle Street
 - Level 27, Santos Place
- CANBERRA**
 - Level 1, The Realm
 - Level 9, Nishi Building
- MELBOURNE**
 - Levels 18 & 27, 101 Collins Street
 - Level 40, 140 William Street
 - Level 2, 710 Collins Street Docklands
 - Level 2, Riverside Quay Southbank
- HOBART**
 - Level 6, Reserve Bank Building
- NEW ZEALAND**
- AUCKLAND**
 - Levels 26 & 27, PWC Tower
 - Level 31, Vero Centre
- WELLINGTON**
 - Level 16, Vodafone on the Quay



THE CHAIRMAN'S REVIEW

a
FIVE STAR PERFORMANCE



Your Board is pleased with Servcorp's overall performance in 2015. The year witnessed the opening of our new landmark locations in One World Trade Center, New York and One Mayfair Place, London; the addition of more new offices than in any previous year; and record revenue and cash flows from operating activities.

Revenue for the year was \$277.38 million, an increase of 15% on 2014. Net profit before tax was \$41.21 million, an increase of 20%, and above guidance. Net profit after tax was \$33.14 million, an increase of 26%, with earnings per share of 33.7 cents. On a like for like basis, revenue increased by 15% and net profit before tax increased by 36%.

This was historically Servcorp's biggest year for office expansion, with 645 offices being added, increasing capacity by 15%. Revenue and profit growth was achieved across most geographic segments. The Middle East and Japan were again the leading performers with the USA continuing its improvement.

Servcorp's financial strength underpins its success. During the 2015 financial year the business generated record net operating cash surpluses of \$59.93 million, an increase of 49% on 2014. Cash and investment balances at 30 June 2015 were \$114.45 million; \$99.33 million of this balance was unencumbered and the Company has negligible debt.

Directors have declared a final dividend of 11.0 cents per share, 40% franked. This final dividend brings total dividends for the year to 22.0 cents per share, resulting in a payout to shareholders of approximately \$21.65 million.

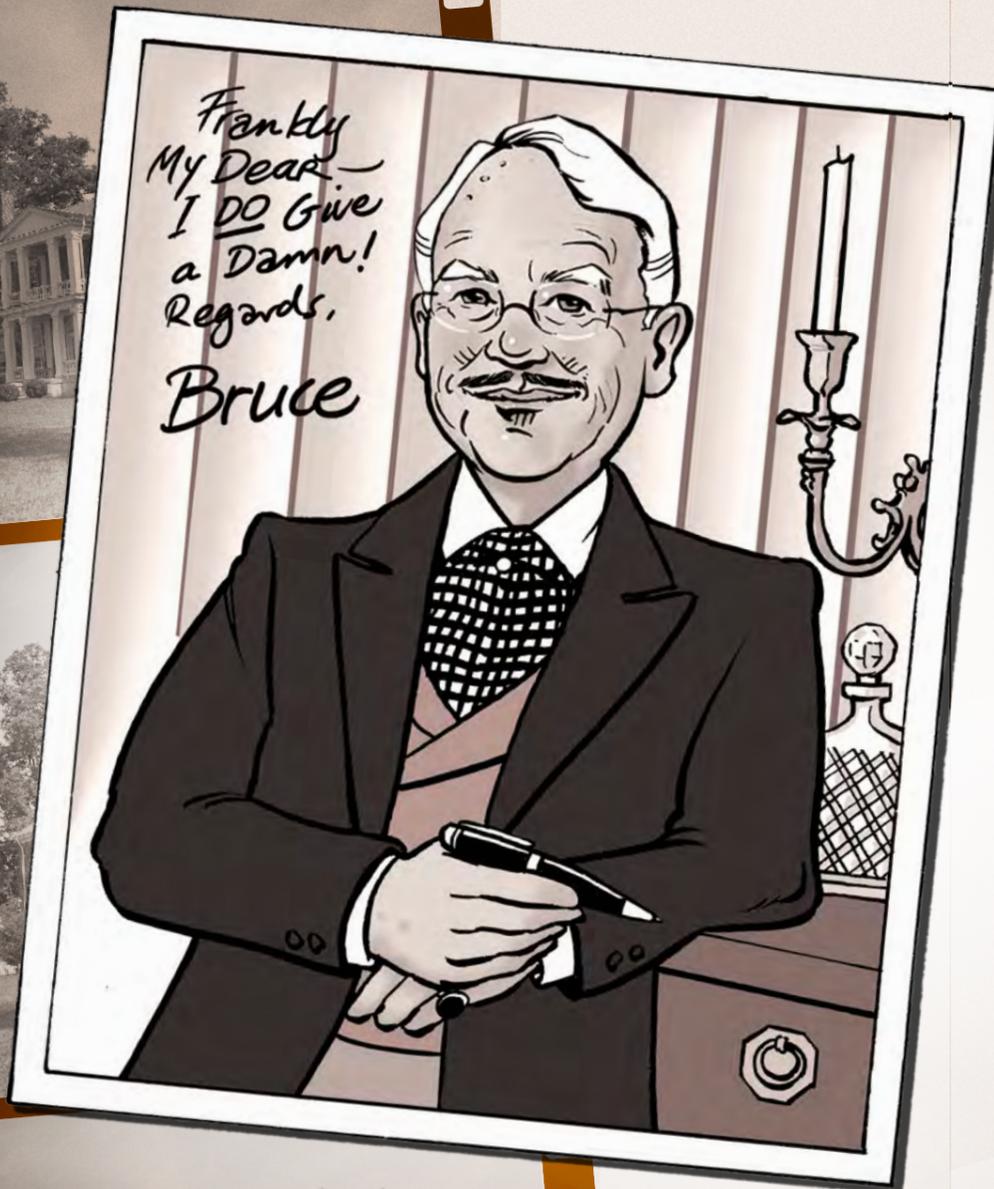
In 2016, our aim is to consolidate and bring new locations to maturity. We project net profit before tax to increase to \$48 million, and expect to grow office capacity by approximately 7%. Directors anticipate the level of dividends for the 2016 financial year will be 22.0 cents per share (11.0 cents in each half). Future franking levels are currently uncertain, but are not anticipated to fall below current franking levels. These forecasts are subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.

In turbulent markets, having unencumbered cash of \$99 million is a significant strength and will enable us to take advantage of opportunities should they arise.

On behalf of the Board I want to acknowledge the outstanding efforts of our CEO, Alf Moufarrige, our leadership group and all the Servcorp team members for their dedication and commitment during the past year. Due to their efforts we have a strong global presence and continue to maintain our position as the world's premium provider of serviced and virtual office solutions.

We thank you, our shareholders, for your continuing support.

Bruce Corlett AM



ALF'S MESSAGE

BREAKING BOX OFFICE RECORDS



Building a sustainable, growing, profitable business.

In our 2009 annual report I projected that Servcorp would double its size while the Global Financial Crisis worked its way through the system. At that time I observed there would be strong headwinds and that would adversely effect our bottom line; I had hoped that our expansion and our return on capital invested would happen in a three year period.

Six years later, we have just completed financial year 2015 where we have opened more offices than in any twelve month period in our history. Free cash is at record levels.

In July 2015 our office sales were also at record levels and it appears that while we are a little late in reaching the critical mass that I hoped would ensure our future, we have now arrived.

Both the World Trade Center New York and our new London Mayfair operation are working at or above budget.

I think our free cash next year will exceed 70 million. If achieved it will be great news.

This year we will add only about three hundred and twenty offices to our portfolio, but will continue to look for premium opportunities across the 21 countries in which we work. It is also a possibility that we may add two new geographic locations.

We have a great global team, supported by an efficient Head Office.

I wish to thank all of our General Managers, Senior Managers, Managers and the Board for their help and advice.

Servcorp appears to have a bright future despite the many new competitors in this field.



A G Moufarrige
CEO





LONDON ONE MAYFAIR PLACE



LONDON THE LEADENHALL BUILDING



KUALA LUMPUR NU TOWER 2



DUBAI ALMAS TOWER



JEDDAH AL MURJANAH TOWER



ABU DHABI ETIHAD TOWERS



NEW YORK ONE WORLD TRADE CENTER

SERVCORP PRESENTS ...

THIS YEAR'S OUTSTANDING NEW TALENT

Servcorp has a strong track record of global organic growth since its IPO in 1999. At the time of the IPO, Servcorp operated in 8 countries with 35 floors. By June 2009, Servcorp operated in 14 countries, with 73 floors; in 10 years Servcorp had doubled its size.

In 2009 the global market conditions created an opportunity to secure leases on what was expected to be very favourable terms. This represented an attractive opportunity for aggressive expansion. During October and November 2009, Servcorp successfully undertook an equity capital raising of \$80 million to fund a global expansion program.

In the six years from July 2009 to June 2015, 88 new floors have been opened, and Servcorp's operations have expanded into 7 new countries. The 2011 financial year was Servcorp's biggest expansion year for floor openings in its history, with 40 floors opening in 29 cities across 12 countries. We have continued a steady pace of expansion over the subsequent years, substantially enhancing our footprint and establishing critical mass. With the majority of leases executed at or near the bottom of the market, as the global economy improves, we are very well positioned to take advantage of the recovery in global business sentiment.

At 30 June 2015, Servcorp operated 145 floors in 52 cities across 21 countries.

In the 2015 financial year ten new floors were opened and six floors were expanded. This was historically Servcorp's biggest year for office expansion, with a net of 645 offices being added, increasing total office capacity by 15%.

New floors were opened in Canberra, Qatar, Kuala Lumpur, Abu Dhabi, New York, Dammam, Jeddah, Dubai, and two in London. We expanded existing floors in Los Angeles, Boston, San Francisco, Riyadh, Tokyo and Melbourne.

- In London we opened floors in the Leadenhall building (the Cheese Grater) and also one of our most prestigious locations in the city of Westminster, Devonshire House, at One Mayfair Place. Mayfair is the world's "Five Star" bench mark.
- In New York City we opened our landmark floor on level 85, of One World Trade Center.
- In Abu Dhabi, Etihad Towers offers a stunning view of the legendary Emirates Palace, the Abu Dhabi Corniche and the Arabian Sea.

We have committed to open a further six floors in the 2016 financial year, adding approximately 7% to our office capacity. In addition, we will be launching our new Professional Coworking concept across key locations around the globe. Our new floors in 2016 will include CapitaGreen in Singapore, World Trade Center in Abu Dhabi and the ILHAM Tower in Kuala Lumpur.

NEW LOCATIONS

COMING SOON



TOTAL OFFICES, FLOORS AND LOCATIONS AS AT 30 JUNE

	OFFICES	FLOORS	LOCATIONS
2010	2,974	82	68
2011	3,280	116	103
2012	3,645	124	110
2013	3,837	132	117
2014	4,275	136	122
2015	4,920	145	131
2016 projected	5,240	151	135

TOTAL NEW FLOORS BY REGION FOR 12 MONTHS ENDED 30 JUNE

REGION	2010	2011	2012	2013	2014	2015	TOTAL	2016 (EST)	TOTAL (EST)
Australia & New Zealand	-	7	2	3	1	1	14	2	16
Southeast Asia	-	2	1	2	1	1	7	2	9
Greater China	4	-	4	-	1	-	9	-	9
Japan	3	3	-	-	1	-	7	1	8
Europe & United Kingdom	1	2	-	-	-	2	5	-	5
Middle East	3	7	2	4	2	5	23	1	24
United States of America	2	19	-	1	-	1	23	-	23
Total	13	40	9	10	6	10	88	6	94

WALK OF FAME 2015-2016



COMING SOON
— TO —
A LOCATION
NEAR YOU!



GLOBAL COMMUNICATIONS NETWORK

E.T. PHONE HOME



OUR ENVIRONMENTAL COMMITMENT

PROTECTING THE JUNGLE



Servcorp has a vested interest in helping preserve our environment, and continues to find ways of contributing to the reduction of the carbon footprint we leave on the planet.

A key partnership that Servcorp has held with Greenfleet for eight years, to date, has provided Servcorp with the opportunity to not only give something back to the environment, but measure the impact this has had.

As a global company, we have a responsibility for taking a leadership role amongst both team members and clients worldwide to educate them on our values and attitude towards the environment. We will endeavour to make everyday changes, such as reducing paper use, recycling waste materials and using energy efficient processes, to help make a difference. As Servcorp continues to grow and open new locations, we choose green buildings as another step in the right direction.

The Green Offices Project is an ongoing activity supported by Greenfleet, whereby Servcorp plants a tree for every Virtual Office sold online through our website. As Servcorp focuses on increasing online sales conversions, this initiative facilitates the added incentive of helping offset our existing carbon footprint.

Since the project began in 2007, Servcorp has planted more than 26,610 trees which will offset 7,131 tonnes of carbon dioxide from the atmosphere during their lifespan; online sales in 2015 will add a further 1,000 trees. The Servcorp Forest covers more than 100,000 square metres of regional land and has an environmental impact equivalent to removing more than 1,250 cars from the road.



GLOBAL AND LOCAL COMMUNITY SERVICE

TO THE RESCUE



Servcorp supports and assists continuing research into the prevention and cure of cancer and assisting young, seriously or terminally ill members of the community.

Servcorp continues to support and assist continuing research into the prevention and cure of cancer and assisting young, seriously or terminally ill members of the community.

Servcorp holds charity functions and balls, runs raffles and undertakes donation drives all year round in all our locations. Every dollar that is raised by our teams on the ground is matched dollar for dollar by Servcorp. Over the last two years, Servcorp has raised and donated in excess of \$550,000 to help with many organisations around the world.

In Australia, Youngcare continues to be the main focus of our fundraising, and non-executive Director, Taine Moufarrige, continues to be heavily involved with this organisation.

The other organisations we strongly supported globally this year included:

- Cancer Council
- Exodus Foundation
- Fight Cancer Foundation
- Humpty Dumpty Foundation
- Ingham Health Research Institute
- Lifestart - Kayak for Kids
- Look Good Feel Better - Australia
- Mater Lives Committee (Mater Hospital)
- The Mater Foundation
- MS Research Australia
- Murdoch Children's Research Institute
- Nepal Earthquake Appeal 2015
- Rotary Club of Sydney
- The Salvation Army
- St Vincent's Private Hospital
- Sydney Children's Hospital Foundation
- World Vision
- Association for Persons With Special Needs (APSN) - Singapore
- Breast Cancer Awareness Program 'Safe & Sound' - Middle East
- Children's Joy Foundation - Philippines
- Look Good Feel Better - United Kingdom

- Persatuan Rumah Sayangan - Kuala Lumpur Orphanage Home
- Run for the Cure - Japan
- Tyler Foundation (Shine On! Kids) - Japan
- Saraburi Home for Girls Foundation - Thailand
- Shatterproof.org - United States of America
- The Lustgarten Foundation - United States of America
- T-Village (Tibetan Children's Education Program) - China
- World Cancer Research Fund - Hong Kong

Servcorp also contributed to many other local charitable organisations around the world, and sponsors and supports the Australian Chamber Orchestra, Art Gallery of NSW and Sydney Dance Company. Servcorp is a racially diverse company, supporting Christian, Buddhist, Muslim and Jewish causes. We are proud of the fact that as a global Company we work with our local communities to bring about real change for good.

We'd like to thank our clients and those who contributed to the success of our fundraising for the year.

GLOBAL AND LOCAL COMMUNITY SERVICE



Servcorp Two IFC ▶

Servcorp One Peking Road ▶

◀ The Peninsula Hotel

TOTAL BUSINESS SOLUTION

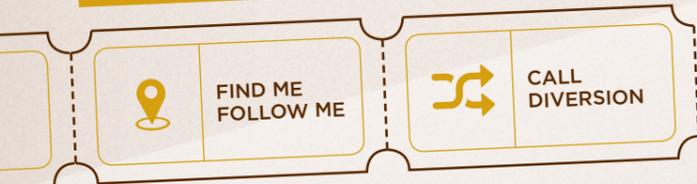
CONSIDER IT DONE

With Servcorp you will:

HAVE ACCESS TO THE MOST ADVANCED GLOBAL COMMUNICATION SYSTEM



NEVER MISS THAT IMPORTANT CALL



TAKE YOUR OFFICE WITH YOU ANYWHERE YOU GO



RUN YOUR BUSINESS MORE EFFICIENTLY



EXPAND YOUR BUSINESS WITH EASE



Information & Communication Technology

Servcorp continues to invest in our world leading technology services business. We have consolidated many of our voice and data services around the world to improve flexibility and mobility for all Servcorp's clients. In addition to this, it improves speed to the market and reduces operating costs.

The Servcorp development team have deployed our new management system in some trial locations and will continue deployment throughout the year.

The new management system greatly reduces administrative tasks for Servcorp managers and enables clients to easily access more services in a self-service way.

It also provides Servcorp's clients with unparalleled transparency in billing.

We firmly believe that this new system will take Servcorp into its next level of growth.



THE GRAND BUDAPEST SET THE STANDARD

THE SERVCORP TEAM

THE CAST

QUIET ON SET

Phallo

Producer's Lounge

SERVcorp STUDIO TOUR

PRODUCER

DIRECTOR

Budget Department
(Do Not Feed)



OUR TEAM LEADERS

AND THE NOMINEES ARE...

Directors and Producers (The Board and Executive)

BRUCE CORLETT
as
CHAIRMAN

RICK HOLLIDAY-SMITH
as
NON-EXECUTIVE DIRECTOR

MARK VAILE
as
NON-EXECUTIVE DIRECTOR

TAINE MOUFARRIGE
as
NON-EXECUTIVE DIRECTOR

ALF MOUFARRIGE
as
EXECUTIVE DIRECTOR, CEO

MARCUS MOUFARRIGE
(BCOM)
as
CHIEF OPERATING OFFICER

THOMAS WALLACE
(BBS, FCA)
as
CHIEF FINANCIAL OFFICER

GREG PEARCE
(CA, AGIA, ACIS)
as
COMPANY SECRETARY

The Stars (Operational Executive)

Jennifer Goodwyn (BA)	<i>as</i> General Manager USA
Liane Gorman	<i>as</i> General Manager Australia & New Zealand
Laudy Lahdo (BCom)	<i>as</i> General Manager Middle East
Olga Vlietstra (BA)	<i>as</i> General Manager Japan
Wilma Wu (BA Hons)	<i>as</i> General Manager Hong Kong
Anne Guinebault (BBus, MMR)	<i>as</i> Senior Manager Paris
Fabienne Hajjar (PharmD)	<i>as</i> Senior Manager Qatar
Michaela Julian (BA)	<i>as</i> Senior Manager China
Krystle Sulway	<i>as</i> Senior Manager UK

Behind the Scenes (Head Office)

Matthew Baumgartner (BInfTech (SE), CCIE, MBA)	<i>as</i> Chief Information Officer
Lachlan Buchanan (BCom)	<i>as</i> Development Director
Warren James	<i>as</i> Manager International Property Portfolio
Daniel Kukucka (BE, DipEngPrac)	<i>as</i> Chief Technology Officer
Selene Ng (BCom, BA)	<i>as</i> General Manager Serviced Offices
Simon Smith (MA (Cantab), MBA)	<i>as</i> General Manager Virtual Office

CORPORATE GOVERNANCE

The Board has responsibility for the long term financial health and prosperity of Servcorp. The directors are responsible to the shareholders for the performance of the Company and the Consolidated Entity and to ensure that it is properly managed.

The Board is committed to the principles underpinning the ASX Corporate Governance Council Principles and Recommendations. The Board is continually working to improve the Company's governance policies and practices, where such practices will bring benefits or efficiencies to the Company.

Details of Servcorp's compliance are set out below, and in the ASX principles compliance statement on pages 28 to 35 of this annual report. The information in this statement is current as at 25 August 2015 and has been approved by the Board.

ROLE OF THE BOARD

The Board has adopted a formal statement of matters reserved for the Board. The central role of the Board is to set the Company's strategic direction and to oversee the Company's management and business activities.

Responsibility for management of the Company's business activities is delegated to the CEO and management.

The Board's primary responsibilities are:

- the protection and enhancement of long term shareholder value;
- ensuring Servcorp has appropriate corporate governance structures in place;
- endorsing strategic direction;
- monitoring the Company's performance within that strategic direction;
- appointing the Chief Executive Officer and evaluating his performance and remuneration;
- monitoring business performance and results;
- identifying areas of significant risk and seeking to put in place appropriate and adequate control, monitoring and reporting mechanisms to manage those risks;
- establishing appropriate standards of ethical behaviour and a culture of corporate and social responsibility;
- approving senior executive remuneration policies;
- ratifying the appointment of the Chief Financial Officer and the Company Secretary;
- monitoring compliance with continuous disclosure policy in accordance with the *Corporations Act 2001* and the Listing Rules of the Australian Securities Exchange;
- monitoring that the Company acts lawfully and responsibly;
- reporting to shareholders;
- addressing all matters in relation to issued securities of the Company including the declaration of dividends;
- ensuring the Board is, and remains, appropriately skilled to meet the changing needs of the Company.

The Board Charter is available on the Company's website; servcorp.com.au

COMPOSITION OF THE BOARD

The size and composition of the Board is determined by the Board, subject to the limits set out in Servcorp's Constitution which requires a minimum of three directors and a maximum of twelve directors.

The Board comprises five directors (one executive and four non-executive). Three non-executive directors are independent.

There has been no change to the Board since the last annual report.

The Chairman of the Board, Mr Bruce Corlett, is an independent non-executive director.

The non-executive directors bring to the Board an appropriate range of skills, experience and expertise to ensure that Servcorp is run in the best interest of all stakeholders. The skills, experience and expertise of each director in office at the date of this annual report are set out on pages 36 and 37 of this annual report. The Board will continue to be made up of a majority of independent non-executive directors. The performance of non-executive directors was reviewed during the year.

The names of the directors of the Company in office at the date of this annual report are set out in the table on the following page.

DIRECTORS' INDEPENDENCE

It is important that the Board is able to operate independently of executive management.

The non-executive directors, with the exception of Mr Taine Moufarrige, are considered by the Board to be independent of management. Independence is assessed by determining whether the director is free of any business interest or other relationship which could materially interfere with the exercise of their unfettered and independent judgement and their ability to act in the best interests of Servcorp.

Mr Taine Moufarrige is the only non-executive director who has been employed by Servcorp. Mr Taine Moufarrige resigned as an executive of Servcorp on 31 December 2011 after 15 years of service.

NAMES OF DIRECTORS IN OFFICE AT THE DATE OF THIS ANNUAL REPORT

DIRECTOR	FIRST APPOINTED	NON-EXECUTIVE	INDEPENDENT	RETIRING AT 2015 AGM	SEEKING RE-ELECTION AT 2015 AGM
B Corlett	19 October 1999	Yes	Yes	No	N/A
R Holliday-Smith	19 October 1999	Yes	Yes	Yes	Yes
A G Moufarrige	24 August 1999	No	No	No	N/A
T Moufarrige	25 November 2004	Yes	No	No	N/A
M Vaile	27 June 2011	Yes	Yes	No	N/A

ELECTION OF DIRECTORS

The Company's Constitution specifies that an election of directors must take place each year. One-third of the Board (excluding the Managing Director and rounded down to the nearest whole number), and any other director who has held office for three or more years since they were last elected, must retire from office at each annual general meeting. The directors are eligible for re-election. Directors may be appointed by the Board during the year. Directors appointed by the Board must retire from office at the next annual general meeting.

Any changes to directorships will be dealt with by the full Board and accordingly a Nomination Committee has not been established.

CONFLICT OF INTEREST

In accordance with the *Corporations Act 2001* and the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that would potentially conflict with those of Servcorp. Where the Board believes that an actual or potential significant conflict exists, the director concerned, if appropriate, will not take part in any discussions or decision making process on the matter and will abstain from voting on the item being considered. Details of director related entity transactions with the Company and the Consolidated Entity are set out in Note 27 to the Consolidated financial report.

INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice, at Servcorp's expense, to help them carry out their responsibilities. Prior approval of the Chairman is required, which will not be unreasonably withheld. A copy of any written advice received by the director is made available to all other members of the Board.

DIRECTOR AND OFFICER DEALINGS IN COMPANY SHARES

Servcorp policy prohibits directors, officers and senior executives from dealing in Company shares or exercising options:

- in the six weeks prior to the announcement to the ASX of the Company's half-year and full-year results; or
- whilst in possession of non-public price sensitive information.

Directors must discuss proposed purchases or sales of shares in the Company with the Chairman before proceeding. If the Chairman proposes to purchase or sell shares in the Company, he must receive approval from the next most senior director before proceeding. Directors must also notify the Company Secretary when they buy or sell shares in the Company. This is reported to the Board.

In accordance with the provisions of the *Corporations Act 2001* and the Listing Rules of the ASX, each director has entered into an agreement with the Company that requires disclosure to the Company of all information needed for it to comply with the obligation to notify the ASX of directors' holdings and interests in its securities.

The Company's Securities Trading Policy is available on the Company's website; servcorp.com.au

ETHICAL STANDARDS

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Servcorp.

Codes of conduct, outlining the standards of personal and corporate behaviour to be observed, form part of Servcorp's management and team manuals.

AUDITOR INDEPENDENCE

The Company's auditor Deloitte Touche Tohmatsu (Deloitte) was appointed at the annual general meeting of the Company on 6 November 2003.

Deloitte rotate their audit engagement partner every five years.

Deloitte have established policies and procedures designed to ensure their independence, and provide the Audit and Risk Committee with an annual confirmation as to their independence.

DIVERSITY

The Company has a culture that both embraces and achieves diversity in its global operations.

The Company is culturally diverse in its employment practices and has a global culture of employing the best qualified available talent for any position regardless of gender, age or race. The Company benefits from the diversity of its team members and has training programs to assist with developing their skills and with career advancement. The Company travels team members to work in its global locations, giving them exposure to and understanding of various differing cultures and marketplaces.

The Company has a high participation of women across all employment levels. The proportion of women employees in the whole organisation, senior executive positions and on the Board is set out in the following table.

FULL TIME EMPLOYEES	TOTAL NO.	WOMEN %	MEN %
Consolidated entity	824	84%	16%
Senior executives	26	54%	46%
Board	5	0%	100%

"Senior executive" are general managers, senior managers and head office executives who report directly to the CEO or COO.

Under the *Workplace Gender Equality Act 2012* (WGE Act), any employer with 100 or more employees must submit an Annual Compliance Report detailing the composition of its workplace profile in Australia. Servcorp has lodged its WGE Report for 2015 with the WGE Agency and has received notice that the Company is compliant with the WGE Act.

Shareholders may access the report on the Company's website; servcorp.com.au

CONTINUOUS DISCLOSURE

Servcorp is committed to ensuring that all shareholders and investors are provided with full and timely information and that all stakeholders have equal and timely access to material information concerning the Company. Procedures are in place to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

The Company Secretary has been appointed as the person responsible for communications with the ASX.

COMMITTEES

The Board does not delegate major decisions to committees. Committees are responsible for considering detailed issues and making recommendations to the Board. The Board has established two committees to assist in the implementation of its corporate governance practices.

Audit and Risk Committee

The members of the Audit and Risk Committee during the year were:

- Mr R Holliday-Smith (Chair)
- Mr B Corlett
- Mr T Moufarrige

All three members are non-executive directors, with two being independent. Although Mr T Moufarrige is not an independent director, the Board considers that his appointment adds value due to his depth of knowledge of the Consolidated Entity's day-to-day operations, especially in its overseas jurisdictions.

The Chairman of the Audit and Risk Committee is independent and is not the Chairman of the Board.

The primary function of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to:

- ensuring the Company adopts, maintains and applies appropriate accounting and financial reporting processes and procedures;
- reviewing and monitoring the integrity of the Company's financial reports and statements;
- ensuring the Company maintains an effective risk management framework and internal control systems;
- monitoring the performance and independence of the external audit process and addressing issues arising from the audit process.

It is the Committee's responsibility to maintain free and open communication between the Committee and the external auditor and the management of Servcorp.

The external auditors attend all meetings of the Committee. The Chief Executive Officer, the Chief Financial Officer and other senior management may attend Committee meetings by invitation.

The Audit and Risk Committee met four times during the year. The Committee meets with the external auditors without management being present before signing off its reports each half year. The Committee Chairman also meets with the auditors at regular intervals during the year.

The responsibilities of the Audit and Risk Committee, as stated in its charter, include:

- reviewing the financial reports and other financial information distributed externally;
- reviewing the Company's policies and procedures for compliance with Australian equivalents to International Financial Reporting Standards;
- monitoring the procedures in place to ensure compliance with the *Corporations Act 2001*, ASX Listing Rules and all other regulatory requirements;
- assisting management in improving the quality of the accounting function;
- monitoring the internal control framework and compliance structures and considering enhancements;
- overseeing the risk management framework;
- reviewing external audit reports to ensure that, where major deficiencies or breakdown in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- considering the appointment and fees of the external auditor;
- reviewing and approving the terms of engagement and fees of the external auditor at the start of each audit;
- considering and reviewing the scope of work, reports and activities of the external auditor;
- establishing appropriate policies in regard to the independence of the external auditor and assessing that independence;
- liaising with the external auditor to ensure that the statutory annual audit and half-yearly review are conducted in an effective manner;
- addressing with management any matters outstanding with the auditors, taxation authorities, corporate regulators, Australian Securities Exchange and financial institutions;
- monitoring the establishment of appropriate ethical standards.

The Audit and Risk Committee Charter is available on the Company's website; servcorp.com.au

Remuneration Committee

The Remuneration Committee members during the year were:

- The Hon. M Vaile (Chair)
- Mr R Holliday-Smith (ceased 8 December 2014)
- Mr T Moufarrige
- Mr B Corlett (appointed 8 December 2014)

The primary function of the Remuneration Committee is to assist the Board in adopting remuneration policy and practices that:

- supports the Board's overall strategy and objectives;
- attracts and retains key employees;
- links total remuneration to financial performance and the attainment of strategic objectives.

Specifically this will include:

- making recommendations to the Board on appropriate remuneration, in relation to both the amount and its composition, for the Chief Executive Officer and senior executives who report to the Chief Executive Officer;
- developing and recommending to the Board short term and long term incentive programs;
- monitoring superannuation arrangements for the Company;
- reviewing recruitment, retention and termination strategies and procedures;
- ensuring the total remuneration policy and practices are designed with proper consideration of accounting, legal and regulatory requirements for both local and foreign jurisdictions;
- reviewing the Remuneration Report for the Company and ensuring that publicly disclosed information meets all legal requirements and is accurate.

The Remuneration Committee shall ensure the Company is committed to the principles of accountability and transparency and to ensuring that remuneration arrangements achieve a balance between shareholder and executive rewards.

During the 2014 year, the Remuneration Committee undertook a comprehensive review of the Company's executive remuneration structures, as detailed in the Remuneration Report on pages 46 to 57 of this annual report.

The Remuneration Committee met two times during the year. The Chief Executive Officer may attend Committee meetings by invitation to assist the Committee in its deliberations.

The Remuneration Committee Charter is available on the Company's website; servcorp.com.au

ASX PRINCIPLES COMPLIANCE STATEMENT

This table provides a description of the manner in which Servcorp complies with the ASX Corporate Governance Principles and Recommendations or, where applicable, an explanation of any departures from the Principles. Compliance has been measured against the 3rd edition of the Principles and Recommendations.

Recommendation	Servcorp Board response
<p>Principle 1 Lay solid foundations for management and oversight <i>Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated.</i></p>	
<p>Recommendation 1.1</p> <p>Disclose:</p> <p>(a) The respective roles and responsibilities of the board and management; and</p> <p>(b) Those matters expressly reserved to the board and those delegated to management.</p>	
<p>The board has adopted a charter that sets out the responsibilities reserved for the board and those delegated to the managing director and senior executives. Primary responsibilities are set out on page 24 of this annual report.</p> <p>The Board Charter is available on the Company's website; servcorp.com.au</p>	
<p>Recommendation 1.2</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	
<p>(a) The Board Charter requires appropriate checks be undertaken before appointing a person as a director.</p> <p>(b) All relevant material information to make an informed decision on whether or not to elect or re-elect a director is provided to shareholders in the notice of meeting.</p>	
<p>Recommendation 1.3</p> <p>Have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	
<p>The Company has a written agreement with each non-executive director setting out the terms of their appointment.</p> <p>The Company has a written agreement with all senior executive setting out the terms of their employment.</p>	
<p>Recommendation 1.4</p> <p>The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	
<p>The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board, including all matters included in the commentary to this recommendation.</p>	
<p>Recommendation 1.5</p> <p>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) Disclose that policy or a summary of it; and</p> <p>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the <i>Workplace Gender Equality Act 2012</i>, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	
<p>The Company has not established a written policy concerning diversity. The Company has a culture that both embraces and achieves diversity in its global operations. The establishment of a written policy with measurable objectives for achieving gender diversity would not, in the Board's view, bring any efficiency or greater benefit to the current diverse culture.</p> <p>The Board has not set measurable objectives for gender diversity. The Company is culturally diverse in its employment practices and has a global culture of employing the best qualified available talent for any position regardless of gender, age or race. The Company benefits from the diversity of its team members and has training programs to assist with developing their skills and with career advancement. The Company travels team members to work in its global locations, giving them exposure to, and understanding of, various differing cultures and marketplaces.</p> <p>The Company has a high participation of women across all employment levels, including in senior executive positions, however there are no women on the Board. The composition of the current Board is merit based and accordingly, in the view of Directors, is appropriate to maximise commercial returns for the benefit of shareholders. The respective proportion of men and women employees in the Company is provided in the table on page 26 of this annual report. "Senior executive" are general managers, senior managers and head office executives who report directly to the CEO or COO.</p>	

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
<p>Principle 1 Lay solid foundations for management and oversight (cont) <i>Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated.</i></p>	
<p>Recommendation 1.6</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	
<p>The Board operates under a charter and a code of conduct which recognises that strong ethical values must be at the heart of director and Board performance.</p> <p>The non-executive directors evaluate individual director's performance and also the Board's performance. As a tool to evaluation, a questionnaire is completed annually by the non-executive directors with the responses assessed and discussed by the non-executive directors. A review was undertaken in the current financial year.</p> <p>There is good interaction between all directors and with senior executives and it is considered that the non-executive directors have a solid understanding of the culture and values of the Company.</p>	
<p>Recommendation 1.7</p> <p>(a) Have and disclose a process for periodically evaluating the performance of senior executives; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	
<p>The process for evaluating the performance of senior executives is included in the remuneration report on pages 50 to 53 of this annual report.</p>	
<p>Principle 2 Structure the board to add value <i>Have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i></p>	
<p>Recommendation 2.1</p> <p>(a) Have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	
<p>The Board has not established a nomination committee. Given the size of the current Board, efficiencies are not forthcoming from a separate committee structure.</p> <p>Selection and appointment of new directors is undertaken by the full Board. Any director appointed by the Board must retire from office at the next annual general meeting and seek re-election by shareholders.</p>	
<p>Recommendation 2.2</p> <p>Have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	
<p>A specific skills matrix has not been developed, however the current non-executive directors each bring a mix of skills and experience to the Board. The Board has endeavoured to expand this skills mix when considering new appointments.</p>	

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
Principle 2 Structure the board to add value (cont) <i>Have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i>	
Recommendation 2.3	
Disclose: (a) The names of the directors considered by the board to be independent directors; (b) If a director has an interest, position association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director.	The names of directors considered by the board to be independent, and the length of service of each director, is disclosed in the Directors' Report on pages 36 and 37. The board regularly assesses the materiality of any interest, position, association or relationship each director has with the Company to determine whether it may interfere with the director's capacity to bring independent judgement to bear on issues or to act in the best interest of the Company and its shareholders. - Details of related party transactions are disclosed in note 27 to the Consolidated financial report. - Mr T Moufarrige was an executive of the Company from 1996 to 2011, and accordingly is not considered to be an independent director. He is also the son of the CEO and substantial shareholder, Mr A G Moufarrige. The board considers that these relationships do not interfere with his capacity to bring independent judgement to bear, or to act in the best interests of the Company and its shareholders. - Mr B Corlett and Mr R Holliday-Smith have both been non-executive directors since 1999. The board has assessed this length of service and considers that Mr B Corlett and Mr R Holliday-Smith continue to bring independent judgement to bear on all issues and to act in the best interests of the Company and its shareholders.
Recommendation 2.4	
A majority of the board should be independent directors.	The Board has a majority of independent directors. Three of the four currently serving non-executive directors are independent.
Recommendation 2.5	
The chair of the board should be an independent director and, in particular, should not be the same person as the CEO.	The chair is an independent director. The roles of Chair and Managing Director / CEO are not exercised by the same individual.
Recommendation 2.6	
Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	All newly appointed directors must undertake an induction program. The Company provides appropriate professional development opportunities to develop and maintain the skills and knowledge required by directors.

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
Principle 3 Act ethically and responsibly <i>Act ethically and responsibly.</i>	
Recommendation 3.1	
(a) Have a code of conduct for directors, senior executives and employees; and (b) Disclose that code or a summary of it.	The Company has established codes of conduct and ethical standards which all directors, executives and employees are expected to uphold and promote. They guide compliance with legal requirements and ethical responsibilities, and also set a standard for employees and directors dealing with Servcorp's obligations to external stakeholders. The Company's codes and standards are contained in online resources which provide continual education for all employees on the expected quality of service, respect for fellow employees, commitment to the community and the environment, responsible dealings with clients and suppliers and upholding of the Servcorp brand.
Principle 4 Safeguard integrity in corporate reporting <i>Have formal and rigorous processes that independently verify and safeguard the integrity of corporate reporting.</i>	
Recommendation 4.1	
(a) Have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The board has established an Audit and Risk Committee. (1) all three members of the Audit and Risk Committee are non-executive directors, and two members are independent directors. (2) the chair of the committee is not the chair of the board. (3) the audit and risk committee charter is available on the company's website; servcorp.com.au (4) the relevant qualifications and experience of the members of the committee are provided on pages 26, 36 and 37 of this annual report. (5) the committee met four times during the year. Attendance at meetings is disclosed at page 38 of this annual report.
Recommendation 4.2	
The board should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The CEO and CFO provide such assurances.
Recommendation 4.3	
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The external auditor attends the AGM each year and is available to answer questions from shareholders.

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
<p>Principle 5 Make timely and balanced disclosure <i>Make timely and balanced disclosure of all matters concerning the company that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p>	
<p>Recommendation 5.1</p>	
<p>(a) Have a written policy for complying with continuous disclosure obligations under the Listing Rules; and (b) Disclose that policy or a summary of it.</p>	<p>The Company has established a continuous disclosure compliance plan. The Board and management continually monitor information and events and their obligation to report any matters. Responsibility for communications to the ASX on all material matters rests with the company secretary following consultation with the Chair and Managing Director.</p>
<p>Principle 6 Respect the rights of security holders <i>Respect the rights of security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i></p>	
<p>Recommendation 6.1</p>	
<p>Provide information about the company and its governance to investors via its website.</p>	<p>The Company has a corporate governance page on its website. This page includes copies of the Company's annual reports, annual and half-year financial reports, announcements to ASX and other governance documents.</p>
<p>Recommendation 6.2</p>	
<p>Design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Servcorp aims to communicate clearly and transparently with shareholders and the community. Servcorp actively engages with security holders by holding briefings following the release of annual and half-year results; the time and location of which are notified to the market. The Company also meets with security holders upon request and responds to any enquiries made from time to time.</p>
<p>Recommendation 6.3</p>	
<p>Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.</p>	<p>All shareholders are given a reasonable opportunity to ask questions at the annual general meeting and are encouraged to participate. This includes shareholders present at the meeting and those attending by video or phone conference.</p>
<p>Recommendation 6.4</p>	
<p>Give security holders the option to receive communications from, and send communications to, the company and its security registry electronically.</p>	<p>All shareholders are given the option to receive communications from, and send communications to, the company and its security registry electronically.</p>

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
<p>Principle 7 Recognise and manage risk <i>Establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>	
<p>Recommendation 7.1</p>	
<p>The board should: (a) Have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committee that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company has a combined Audit and Risk Committee. Responses to this recommendation have been provided for the Audit Committee in Recommendation 4.1.</p>
<p>Recommendation 7.2</p>	
<p>The board or a committee of the board should: (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) Disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board has established an Audit and Risk Committee that is comprised only of non-executive directors. The Committee reviews the Company's risk management strategy, its adequacy and effectiveness and the communication of risks to the Board. Risk is considered across the financial, operational and organisational aspects of the Company's affairs. A review is undertaken at each reporting period. The Committee is satisfied that the Company and management have a culture of risk control and are gradually formalising the infrastructure of this culture. Although not all policies have been formally documented, the identified risks are tightly controlled and being managed effectively. The Company is heavily reliant on financial controls and senior executive controls. Day to day responsibility is delegated to the Chief Executive Officer and senior management. The Chief Executive Officer and senior management are responsible for: - identification of risk; - monitoring risk; - communication of risk events to the Board; and - responding to risk events, with Board authority. The Audit and Risk Committee is working with management to ensure continuous improvement to the risk management and internal control systems.</p>

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
<p>Principle 7 Recognise and manage risk (cont) <i>Establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>	
<p>Recommendation 7.3</p> <p>Disclose:</p> <p>(a) If the company has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) If the company does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not have a formal internal audit function, however the Company has:</p> <ul style="list-style-type: none"> - a diversified business; - many individual floors run by a small team; - tight accounting policies over those floors; - tight cash control over the whole business; - central oversight by head office with systems in place to enable this oversight; and - regular visits and spot checks by business and financial management to all locations. <p>As such, there is a process creating a control framework without a specified, dedicated internal control function.</p>
<p>Recommendation 7.4</p> <p>Disclose whether the company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Board has reviewed and assessed the Company's exposure to economic, environmental and social sustainability risks, and the application of materiality and risk management processes.</p> <p>The Company operates in 21 countries and as such has economic exposure to the global marketplace.</p> <p>The Board considers that the Company does not have any material exposure to economic, environmental or social sustainability risk within the meaning of the guidelines.</p>
<p>Principle 8 Remunerate fairly and responsibly (cont) <i>Pay director remuneration sufficient to attract and retain high quality directors and design executive remuneration to attract, retain and motivate high quality senior executives and align their interests with the creation of value for security holders.</i></p>	
<p>Recommendation 8.1</p> <p>(a) Have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors and; (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has established a Remuneration Committee.</p> <ol style="list-style-type: none"> (1) all three members of the Remuneration Committee are non-executive directors and two members are independent directors. (2) the Chair of the Committee is an independent non-executive director. (3) the remuneration committee charter is available on the company's website, servcorp.com.au (4) the members of the committee are disclosed on page 27 of this annual report. (5) the committee met two times during the year. Attendance at meetings is disclosed on page 38 of this annual report.

ASX PRINCIPLES COMPLIANCE STATEMENT (CONTINUED)

Recommendation	Servcorp Board response
<p>Principle 8 Remunerate fairly and responsibly (cont) <i>Pay director remuneration sufficient to attract and retain high quality directors and design executive remuneration to attract, retain and motivate high quality senior executives and align their interests with the creation of value for security holders.</i></p>	
<p>Recommendation 8.2</p> <p>Separately disclose the company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>This information is provided in the remuneration report on pages 50 to 53 of this annual report.</p>
<p>Recommendation 8.3</p> <p>A company which has an equity- based remuneration scheme should:</p> <p>(a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) Disclose that policy or a summary of it.</p>	<p>The Company does not have an equity-based remuneration scheme.</p>

The directors of Servcorp Limited (“the Company”) present their report together with the Consolidated financial report of the “Consolidated Entity”, being the Company and its controlled entities, for the financial year ended 30 June 2015.

Directors

The directors of the Company at any time during or since the end of the financial year are:

ALF MOUFARRIGE

MANAGING DIRECTOR
Appointed August 1999
Chief Executive Officer

Alf is one of the global leaders in the serviced office industry, with over 35 years of experience. Alf is primarily responsible for Servcorp’s expansion, profitability, cash generation and currency management.

Directorships of listed entities in the last three years:

- None.

BRUCE CORLETT AM

CHAIR
INDEPENDENT
NON-EXECUTIVE DIRECTOR
BA, LLB
Appointed October 1999

Member of Audit and Risk Committee

Member of Remuneration Committee (from 8 December 2014)

For more than 30 years Bruce has been a director of many public listed and unlisted companies. He has an extensive business background involving a range of industries including banking, property and maritime.

Bruce is Chair of Australian Maritime Systems Ltd and a director of Fortius Funds Management Pty Ltd.

Bruce is also Chair of the Mark Tonga Perpetual Relief Trust, Chair of Lifestart Co-operative Limited and an Ambassador of The Australian Indigenous Education Foundation.

Directorships of listed entities in the last three years:

- The Trust Company Limited (TRU) from October 2000 to December 2013 (Chair) (The Trust Company was acquired by Perpetual Limited and was removed from the official list of ASX on 19 December 2013).

RICK HOLLIDAY-SMITH

INDEPENDENT
NON-EXECUTIVE DIRECTOR
BA (HONS), CA, FAICD
Appointed October 1999

Chair of Audit and Risk Committee

Member of Remuneration Committee (to 8 December 2014)

Rick spent over 11 years in Chicago in the roles of Divisional President of global trading and sales for NationsBank, N.A. and, prior to that, Chief Executive Officer of Chicago Research and Trading Group Limited. Rick also spent over four years in London as Managing Director of Hong Kong Bank Limited, a wholly owned merchant banking subsidiary of HSBC Bank.

Rick is currently Chair of ASX Limited and Cochlear Limited. Rick has a Bachelor of Arts (Hons) from Macquarie University, is a Chartered Accountant and is a Fellow of the Australian Institute of Company Directors.

Directorships of listed entities in the last three years:

- ASX Limited (ASX) since July 2006 (Chair since March 2012);
- Cochlear Limited (COH) since February 2005 (Chair since July 2010).

THE HON. MARK VAILE AO

INDEPENDENT
NON-EXECUTIVE DIRECTOR
Appointed June 2011
Chair of Remuneration Committee

Mark had a distinguished career as an Australian Federal Parliamentarian from 1993 to 2008. Ministerial Portfolios held by Mark during his five terms in Federal Parliament include Minister for Transport and Regional Development, Minister for Agriculture, Fisheries and Forestry, Minister for Trade, and Minister for Transport and Regional Services.

Mark also served as Deputy Prime Minister of Australia from July 2005 through to December 2007. He was instrumental in securing or initiating a range of free trade agreements between Australia and the United States, Singapore, Thailand, China, Malaysia and the ASEAN countries. Since leaving the Federal Parliament in July 2008, Mark has embarked on a career in the private sector utilising his extensive experience across a number of portfolio areas. His current directorships include Virgin Australia Holdings Limited, StamfordLand Limited and Chair of Whitehaven Coal Limited. Mark is also a director / trustee of Hostplus Superfund Limited and is a member of Palisade Investment Partners Advisory Board. Mark also provides corporate advice to a number of Australian companies in the international marketplace.

In November 2013, at the request of The Hon. Julie Bishop, Mark accepted an appointment to the Council for Australian-Arab Relations (CAAR).

Directorships of listed entities in the last three years:

- CBD Energy Limited (CBD) from August 2008 to February 2013 (Chair);
- StamfordLand Corporation Ltd (SLC - listed on SGX) since August 2009;
- Virgin Australia Holdings Limited (VAH) since September 2008;
- Whitehaven Coal Limited (WHC) since May 2012 (Chair).

TAINÉ MOUFARRIGE

NON-EXECUTIVE DIRECTOR
BA, LLB
Appointed November 2004
Member of Audit and Risk Committee
Member of Remuneration Committee

Taine started his professional career as a lawyer.

Taine joined Servcorp in 1996 as a Trainee Manager. Taine played a key role in establishing Servcorp locations in Europe, the Middle East, China, Turkey, New Zealand and throughout Australia, and in India through the Company’s franchise venture.

Taine resigned from his operational role at Servcorp effective 31 December 2011, but remains on the Board as a non-executive director. His experience in the Company’s operations brings important perspective to the Board.

Taine also still takes a role in the philanthropic activities of Servcorp.

Taine is currently CEO of Nualight ANZ. Taine is also a Board member of the European Australian Business Council and a Board member of Youngcare. He sits on the Export and Investment Advisory Panel for the NSW Government and the Funding and Sustainability Committee for Lifeline. He is a patron of the Sydney Symphony Vanguard.

Directorships of listed entities in the last three years:

- None.

GREG PEARCE

COMPANY SECRETARY
BCOM, CA, AGIA, ACIS
Appointed August 1999

Greg joined Servcorp in 1996 as Financial Controller and was appointed to his current role of Company Secretary during the Company’s IPO in 1999. Prior to joining Servcorp, Greg spent 10 years working in the information technology business and the 11 years prior to that working in audit and business services.

Greg is a Chartered Accountant and is an Associate of the Governance Institute of Australia.

DIRECTORS' MEETINGS HELD AND ATTENDANCES AT MEETINGS

The number of directors' and board committee meetings held, and the number of meetings attended by each of the directors of the Company during the financial year is set out in the following table. Only those directors who are members of the relevant committees have their attendance recorded. Other directors do attend committee meetings from time to time.

DIRECTOR	BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE
Number of meetings held	6	4	2
Number of meetings attended			
B Corlett	6	4	1 (i)
R Holliday-Smith	6	4	1 (i)
A G Moufarrige	6		
T Moufarrige	6	4	2
M Vaile	6		2

Notes:
 i Mr B Corlett was appointed as a member of the Remuneration Committee on 8 December 2014. He replaced Mr R Holliday-Smith who ceased as a member on that date. The attendance recorded is only for meetings held during their respective membership period.

The details of the function and membership of the committees are presented in the Corporate Governance statement on pages 26 and 27.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the companies within the Consolidated Entity, as notified by the directors to the Australian Securities Exchange in accordance with s205G (1) of the *Corporations Act 2001*, at the date of this report is set out in the following table.

DIRECTOR	ORDINARY SHARES IN SERVCORP LIMITED		OPTIONS OVER ORDINARY SHARES
	DIRECT	INDIRECT	
B Corlett	-	413,474	-
R Holliday-Smith	-	250,000	-
A G Moufarrige (i)	547,436	49,598,667	-
T Moufarrige (i)	-	1,800,000	-
M Vaile	-	10,400	-

Notes:
 i The 1.8 million shares shown as being an indirect interest of T Moufarrige are also included in the indirect interest of A G Moufarrige.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Consolidated Entity has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the Consolidated financial report, or the fixed salary of a full-time employee of the Consolidated Entity or of a related entity) by reason of a contract made by the Consolidated Entity or a related entity with the director or with a firm of which a director is a member, or with an entity in which a director has a substantial financial interest.

OPTIONS GRANTED

During the year, or since the end of the financial year, the Company has not granted options over unissued ordinary shares of the Company.

OPTIONS ON ISSUE

At the date of this report, there are no unissued ordinary shares of the Company under option (2014: Nil).

OPTIONS EXPIRED

During the year, or since the end of the financial year, no options over unissued shares expired or were cancelled (2014: Nil).

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the year, or since the end of the financial year, the Company has not issued any shares as a result of the exercise of an option over unissued shares.

SHARE BUY-BACK

On 28 August 2012, the Company announced it was establishing an on-market buy-back program to enable the Company to repurchase shares in itself from 11 September 2012, for a maximum period of 12 months. The program sought to buy up to 5.0 million ordinary shares (being approximately 5% of the issued ordinary share capital).

On 27 August 2013, the Company announced it would continue the share buy-back for a further 12 month period.

On 26 August 2014, the Company announced it had finalised the share buy-back.

During the year, or since the end of the financial year, the Company has bought back the following shares:

Number of shares	Nil (2014: Nil)
Total consideration paid	Nil (2014: Nil)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The constitution of the Company provides that the Company must indemnify, on a full indemnity basis and to the full extent permitted by law, each current and former director, alternate director or executive officer against all losses or liabilities incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the *Corporations Act 2001*.

The Company has agreed to indemnify the following current and former directors of the Company, Mr A G Moufarrige, Mr B Corlett, Mr R Holliday-Smith, The Hon. M Vaile, Mr T Moufarrige and Mrs J King against any loss or liability that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of any such liabilities to the extent permitted by law, including reasonable costs and expenses.

The Company has not, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company.

During the financial year the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors, secretaries and officers of the Company and its controlled entities. The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

CORPORATE GOVERNANCE

A statement of the Board's governance practices is set out on pages 24 to 35 of this annual report.

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the provision of executive serviced and virtual offices and IT, communications and secretarial services.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

DIVIDENDS PAID AND DECLARED

Dividends totalling \$21.65 million have been paid or declared by the Company in relation to the financial year ended 30 June 2015 (2014: \$19.69 million).

Information relating to dividends in respect of the prior and current financial year, including dividends paid or declared by the Company since the end of the previous year, is set out in the following table.

DIVIDEND		CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	FRANKED %	TAX RATE FOR FRANKING CREDIT
In respect of the previous financial year: 2014						
Interim	Ordinary shares	9.00	8,859	2 April 2014	0%	30%
Final	Ordinary shares	11.00	10,828	1 October 2014	35%	30%
In respect of the current financial year: 2015						
Interim	Ordinary shares	11.00	10,828	1 April 2015	20%	30%
Final	Ordinary shares	11.00	10,828	24 September 2015	40%	30%

CONSOLIDATED RESULTS

Net profit after tax for the financial year was \$33.14 million (2014: \$26.34 million). Operating revenue was \$277.38 million (2014: \$242.25 million). Basic and diluted earnings per share was 33.7 cents (2014: 26.8 cents).

	2015 \$'000	2014 \$'000
Revenue & other income	277,378	242,247
Net profit before tax	41,211	34,257
Net profit after tax	33,141	26,336
Net operating cash flows	59,928	40,214
Cash & investment balances	114,451	108,788
Net assets	241,898	217,101
Earnings per share	\$0.337	\$0.268
Dividends per share	\$0.220	\$0.200

REVIEW OF OPERATIONS

Revenue and other income from ordinary activities for the twelve months ended 30 June 2015 was \$277.38 million, up 14.5% from the twelve months ended 30 June 2014. During the year, the Australian dollar weakened against all major currencies. In constant currency terms revenue increased by 9% compared to the 2014 year.

Net profit before tax for the twelve months to 30 June 2015 was \$41.21 million, up 20% from \$34.26 million in the prior year. When expressed in constant currency terms, net profit before tax increased by 16% compared to the 2014 year.

Cash and investment balances were \$114.45 million at 30 June 2015 (30 June 2014: \$108.79 million). Of this balance, \$15.12 million has been pledged with banks as collateral for bank guarantees and facilities, leaving an unencumbered cash and investment balance of \$99.33 million in the business as at 30 June 2015 (30 June 2014: \$93.45 million).

The business generated strong net operating cash flows during the 2015 financial year of \$59.93 million, up 49% compared to the 2014 financial year (2014: \$40.21 million). Before tax payments, the business produced cash flows of \$67.92 million (2014: \$44.81 million).

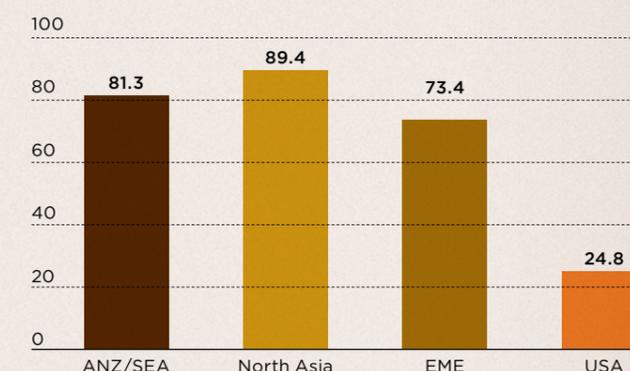
Like for Like Floor Performance

Directors and management believe that like for like reporting provides more clarity on the performance of the business.

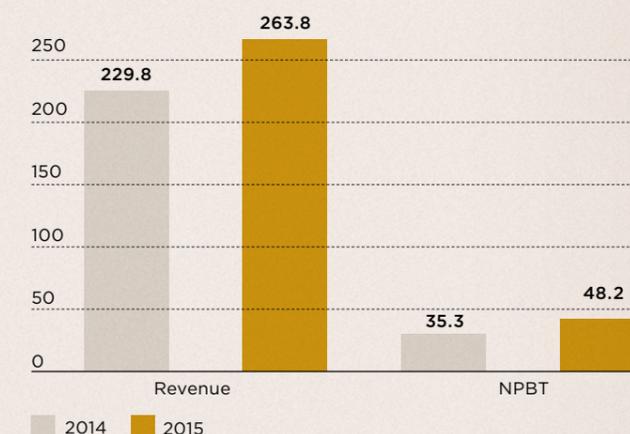
A summary of the like for like floor performance for the 2015 financial year compared to the 2014 financial year is provided below:

	2015 \$'000	2014 \$'000	VARIANCE \$'000	%
Total revenue - like for like Floors	263,815	229,761	34,054	15%
Net profit before tax - like for like Floors	48,175	35,301	12,874	36%
Net profit before tax - floors closed 2014 financial year	108	(1,044)	1,152	
Net profit before tax - new floors 2015 financial year	(7,072)	-	(7,072)	
Statutory net profit before tax	41,211	34,257	6,954	20%

Revenue by Region (\$ million)



Like for Like Revenue and NPBT (\$ million)



REVIEW OF OPERATIONS (CONTINUED)

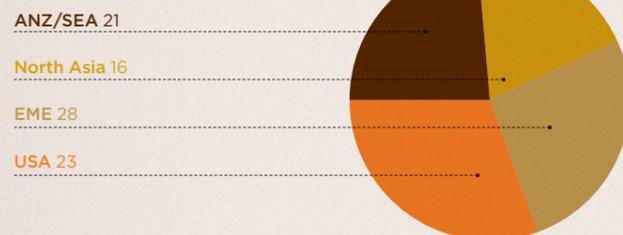
Servcorp footprint

In the 2015 financial year, the Company continued to grow the "Servcorp footprint" in established markets. Ten new floors were opened, bringing total new floor openings to 88 floors in the 72 months to 30 June 2015. In addition, six existing floors were expanded this year.

During the 2015 financial year, office capacity increased by 645 offices. This was the Consolidated Entity's biggest office expansion in any financial year.

In total, office capacity increased by 15% in the 2015 financial year.

Expansion - 72 months to 30 June 2015

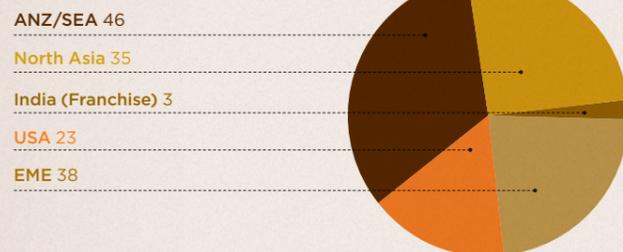


Occupancy of like for like floors open at 30 June 2015 was 79% (30 June 2014: 79%). The number of occupied offices increased by 14% during the 2015 financial year.

There are plans to add approximately 7% to office capacity in the 2016 financial year.

As at 30 June 2015, Servcorp operated 145 floors in 52 cities across 21 countries.

Floors by region - 30 June 2015



Australia, New Zealand and Southeast Asia

On a like for like basis net profit before tax performance in ANZ / SEA was down 17% when compared to the prior period.

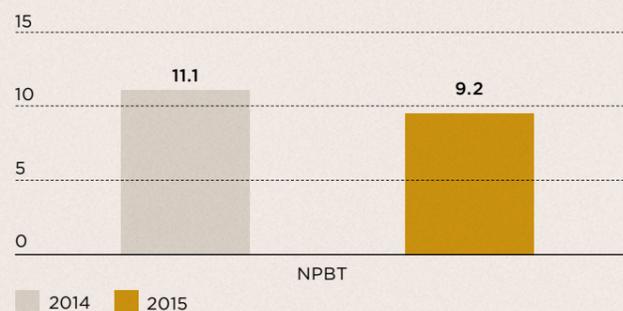
Both New Zealand and Thailand continue to produce solid results and our floors in the Philippines are now profitable.

During the 2015 financial year the performance of Malaysia and Singapore was impacted by the management restructure we undertook in this market in 2014.

Performance bottomed out in July 2014 and sales and profitability have been steadily improving since this date. Office sales were strong during the 2015 financial year and we have now achieved an optimal level of office occupancy. Both Malaysia and Singapore returned to profitability in June 2015 and we look forward to stronger results in the 2016 financial year.

All cities in Australia improved their performance in the 2015 financial year, with the exception of Perth, which continues to be impacted by lack of demand and over-supply of office stock in this market.

Like for Like results (\$ million) - ANZ / SEA

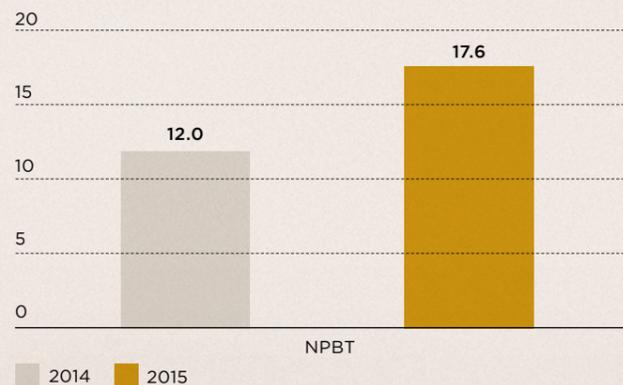


North Asia

North Asia as a whole produced a solid result in the 2015 financial year, reporting like for like net profit before tax growth of 46%.

Margins have improved in both Japan and Hong Kong, however there is still potential for improvement in mainland China. Management are currently focusing on this region.

Like for Like results (\$ million) - North Asia



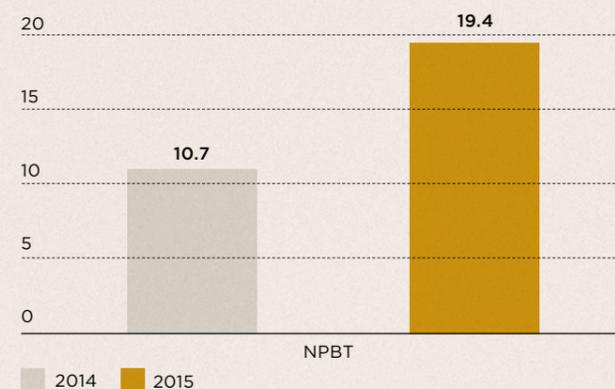
Europe and the Middle East

Like for like floors in the Europe and Middle East segment produced a solid result in the 2015 financial year, up 81% compared to 2014.

All markets performed to expectations and we are pleased with this outcome. Over the past five years we have established a considerable footprint in the EME region, and over the next 12 to 24 months our aim is to consolidate our position in these markets.

During the 2015 financial year we opened seven new locations in Qatar, Saudi Arabia, UK and UAE. Office sales in our new locations are performing to, or exceeding, our projections.

Like for Like results (\$ million) - EME



USA

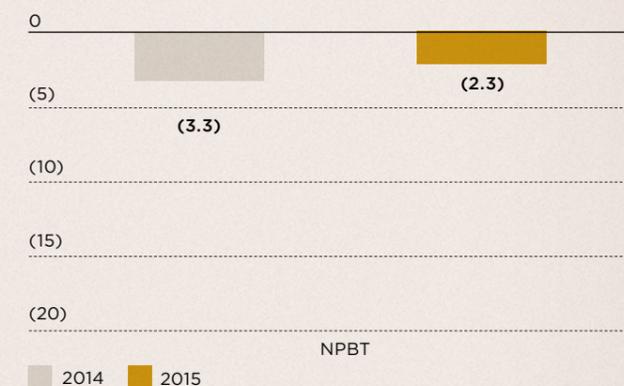
Like for like net loss before tax for the USA reduced by 29% during the 2015 financial year.

The loss for the 2015 financial year includes net costs of approximately \$1.03 million in relation to three floors that we expanded during the year.

In the month of June 2015, including the costs in relation to the expansion space, the USA business (excluding One World Trade Center) was profitable.

Our new landmark location on level 85, One World Trade Center, New York opened in March 2015. One World Trade Center is the most significant addition to our global office portfolio in recent times. Office and Virtual sales have exceeded our expectations and we are delighted to report that occupancy at One World Trade Center has reached 70%. As previously foreshadowed, we anticipate that One World Trade Center will be a significant catalyst to the profitability of the USA business.

Like for Like results (\$ million) - USA



NEW LOCATIONS

New locations opened by the Consolidated Entity during the course of the financial year are set out in the following table.

CITY	LOCATION	OFFICES	OPENED
Canberra	Level 9, Nishi Building	47	August 2014
Qatar	Level 21, Burj Doha	40	August 2014
Kuala Lumpur	Level 23, NU Tower 2	56	September 2014
London	Level 30, The Leadenhall Building	50	December 2014
London	Level 1, Devonshire House, One Mayfair Place	35	January 2015
Abu Dhabi	Level 36, Etihad Towers	47	March 2015
New York	Level 85, One World Trade Center	73	March 2015
Dammam	Level 21, Al Khobar Gate Tower	42	May 2015
Dubai	Level 54, Almas Tower	42	May 2015
Jeddah	Level 7, Al Murjanah Tower	91	June 2015

In addition, the following locations were expanded by the Consolidated Entity during the course of the financial year:

CITY	LOCATION	ADDITIONAL OFFICES	EXPANDED
Los Angeles	Level 40, Figueroa at Wilshire	23	August 2014
Boston	Level 14, One International Place	43	August 2014
San Francisco	Level 49, 555 California Street	19	November 2014
Riyadh	Level 18, Al Faisaliah Tower	33	February 2015
Tokyo	Level 20, Marunouchi Trust Tower	10	April 2015
Melbourne	Level 2, Riverside Quay Southbank	30	April 2015

EVENTS SUBSEQUENT TO BALANCE DATE

Dividend

On 25 August 2015 the directors declared a 40% franked final dividend of 11.00 cents per share, payable on 24 September 2015.

Air Office

Effective 1 July 2015, the Consolidated Entity took over the Air Office client base. No consideration was paid. The directors consider that the client base will intergrate seamlessly under its Virtual Office offering, and will bring a positive cash and revenue stream to the Consolidated Entity.

The financial effects of the above transactions have not been brought to account in the financial statements for the year ended 30 June 2015.

The directors are not aware of any matter or circumstance, other than that referred to above or in the financial statements or notes thereto, that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

LIKELY DEVELOPMENTS

The Consolidated Entity will continue to pursue its policy of seeking to increase the profitability and market share of its major business sectors during the next financial year.

ENVIRONMENTAL MANAGEMENT

The Consolidated Entity's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

ROUNDING OFF

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 financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain "non-audit services" in addition to their statutory duties.

The Board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by, and did not compromise the auditor independence requirements of, the *Corporations Act 2001* for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 58 and forms part of this report.

Details of the amounts paid or payable to the auditor of the Company, Deloitte Touche Tohmatsu and its related practices for audit and non-audit services provided during the year are set out in Note 4 to the Consolidated financial report.

REMUNERATION REPORT

The Remuneration Report for the financial year ended 30 June 2015 is set out on pages 46 to 57 and forms part of this report.

Signed in accordance with a resolution of the directors pursuant to section 298(2) of the *Corporations Act 2001*.



A G Moufarrige
Managing Director and CEO

Dated at Sydney this 25th day of August 2015.

CONTENTS

47	INTRODUCTION	Describes the scope of the Remuneration Report and the key management personnel (KMP) whose remuneration details are disclosed.
49	REMUNERATION GOVERNANCE	Describes the role of the Board and the Remuneration Committee, and the use of remuneration consultants when making remuneration decisions.
50	NON-EXECUTIVE DIRECTOR REMUNERATION	Provides details regarding the fees paid to non-executive directors.
50	EXECUTIVE REMUNERATION	Outlines the principles applied to executive KMP remuneration decisions and the framework used to deliver the various components of remuneration, including an explanation of the linkages between Company performance and remuneration.
53	EMPLOYEE SHARE SCHEME AND OTHER EQUITY INCENTIVE INFORMATION	Provides details regarding Servcorp's employee equity plans including that information required by the <i>Corporations Act 2001</i> and applicable accounting standards.
53	EMPLOYMENT AGREEMENTS	Provides details regarding the contractual arrangements between Servcorp and the executives whose remuneration details are disclosed.
54	DIRECTOR REMUNERATION TABLE	Provides details of the nature and amount of each element of the remuneration of each director of Servcorp Limited for the year ended 30 June 2015.
56	EXECUTIVE KMP REMUNERATION TABLE	Provides details of the nature and amount of each element of the remuneration of each executive KMP of Servcorp Limited for the year ended 30 June 2015.

INTRODUCTION

Servcorp is now a geographically diverse business. We have significantly expanded our global footprint in recent years in an effort to exploit our brand, take advantage of new market opportunities and diversify our risk. It is acknowledged that the markets in which we operate are subject to changing economic factors and often these may be counter cyclical to the Australian market. For the financial year ended 30 June 2015, the percentage of offshore revenue as a proportion of total revenue was 80%. Directors expect offshore revenue to continue to increase as we consolidate and grow Servcorp's global platform.

Skilled, experienced local management in each jurisdiction, supported by Servcorp's market leading IT platform and proprietary product offerings, are critical to our continued success.

The Board's philosophy and approach to executive remuneration is to balance fair remuneration for skills and expertise with a risk and reward framework attuned to local market conditions but that supports the growth aspirations of Servcorp as a global business.

The Board undertook a comprehensive review of executive remuneration during the 2014 financial year. This review was considered to be necessary in response to the 44% "no" vote recorded against the Remuneration Report for the financial year ended 30 June 2013, representing a first strike. The key initiatives implemented following this review, supported by independent external advice, included:

- the Remuneration Report was reformatted with expanded disclosure principles adopted;
- the targets for short term incentives (STI) were re-evaluated. There are STI opportunity for executive KMP with the targets aligned to the Consolidated Entity's global and regional earnings;
- a global gateway net profit before tax has been imposed whereby any global STI in the 2014 to 2016 financial years will not be paid unless underlying net profit before tax increases 20% compounded annually from the 2013 financial year base of \$27.63 million;
- the STI opportunity for selected executive KMP was slightly modified;

- the deferral of STI was considered but not introduced, because it is an unfamiliar concept in many of the countries in which we operate and the costs of implementation outweigh the benefits;
- the Board has retained a limited ability to exercise discretion;
- the reintroduction of a long term incentive (LTI) scheme was considered but it was decided that the cost / benefit of offering equity in multiple taxation and securities law jurisdictions to individual executives was unnecessarily complex and the Board is satisfied that the Company's existing incentive and retention strategies are appropriate;
- selected Board and executive KMP remuneration were benchmarked to relevant local market comparisons to ensure the remuneration of these key positions meets external expectations. This remains an ongoing process;
- the Board met with a number of shareholders and proxy advisor CGI GlassLewis, who had reported on our Remuneration Report in the 2013 year, in relation to these matters;
- directors' fees were increased effective from 1 July 2013, as disclosed. Directors' fees had remained fixed since 1 January 2010.

The changes adopted in the 2014 financial year will be reviewed annually. The response from shareholders to the comprehensive review has been positive.

The Board believes Servcorp's approach to non-executive director and executive KMP remuneration is balanced, fair and equitable and designed to achieve an alignment of interests between executive reward and shareholder expectations and wealth.

The Board will continue to welcome feedback from shareholders on Servcorp's remuneration practices or on the communication of remuneration matters in the Remuneration Report for the financial year ended 30 June 2015 and beyond.

INTRODUCTION (CONTINUED)

Scope

This Remuneration Report sets out, in accordance with the relevant *Corporations Act 2001* (Corporations Act) and accounting standard requirements, the remuneration arrangements in place for KMP of Servcorp during the financial year ended 30 June 2015.

Key management personnel

Key management personnel have authority and responsibility for planning, directing and controlling the activities of Servcorp and comprise the non-executive directors, and executive KMP (being the executive director and other senior executives named in this report). Details of the KMP during the year are provided in the following table.

	TITLE	CHANGE IN 2015
NON-EXECUTIVE DIRECTORS		
Bruce Corlett	Chairman Member, Audit & Risk Committee Member, Remuneration Committee	Full year. Appointed to Remuneration Committee on 8/12/2014
Rick Holliday-Smith	Director Chair, Audit & Risk Committee Member, Remuneration Committee	Full year. Ceased as member of Remuneration Committee on 8/12/2014
Taine Moufarrige	Director Member, Audit & Risk Committee Member, Remuneration Committee	No change. Full year
The Hon. Mark Vaile	Director Chair, Remuneration Committee	No change. Full year
EXECUTIVE DIRECTOR		
Alf Moufarrige	Chief Executive Officer	No change. Full year
OTHER EXECUTIVE KMP		
Marcus Moufarrige	Chief Operating Officer	No change. Full year
Jennifer Goodwyn	Vice President / General Manager - USA	No change. Full year
Liane Gorman	General Manager - Australia & New Zealand	No change. Full year
Laudy Lahdo	General Manager - Middle East	No change. Full year
Olga Vlietstra	General Manager - Japan	No change. Full year
Thomas Wallace	Chief Financial Officer	No change. Full year

REMUNERATION GOVERNANCE

This section explains the role of the Board and the Remuneration Committee, and use of remuneration consultants when making remuneration decisions in respect of non-executive directors and executive KMP.

Role of the Board and the Remuneration Committee

The Board is responsible for Servcorp's global remuneration strategy and policy. Consistent with this responsibility, the Board has established the Remuneration Committee which comprises solely non-executive directors, with a majority being independent.

The role of the Remuneration Committee is set out in its Charter, which is reviewed annually. In summary, the Remuneration Committee's role includes:

- ensure that the appropriate procedures exist to assess the remuneration levels of the Chairman, other non-executive directors, executive directors, direct reports to the CEO, Board Committees and the Board as a whole;
- ensure that Servcorp meets the requirements of ASX Corporate Governance Principles and Recommendations, and other relevant guidelines;
- ensure that Servcorp adopts, monitors and applies appropriate remuneration policies and procedures;

- ensure that reporting disclosures related to remuneration meet the Board's disclosure objectives and all relevant legal and accounting standard requirements;
- develop, maintain and monitor appropriate talent management programs including succession planning, recruitment, development; and retention and termination policies and procedures for senior management; and
- develop, maintain and monitor appropriate superannuation and other relevant pension benefit arrangements for Servcorp as required by law.

Further information on the Remuneration Committee's role, responsibilities and membership are contained in the Corporate Governance section on page 27.

Use of remuneration consultants

During the 2015 financial year, no remuneration consultancy contracts were entered into by Servcorp.

During the 2014 financial year, remuneration consultancy contracts were entered into by Servcorp and accordingly the disclosures required under section 300A(1)(h) of the *Corporations Act 2001* are provided in the following tables.

ADVISOR / CONSULTANT - 2014	SERVICES PROVIDED	REMUNERATION CONSULTANT FOR THE PURPOSE OF THE CORPORATIONS ACT
Ian Crichton, Remuneration Consultant CRA Plan Managers Pty Limited	Review of Remuneration Report for the financial year ended 30 June 2013 and general advice on improving executive KMP remuneration structures.	No.

Key questions regarding use of remuneration consultants

QUESTION	ANSWER
Did the remuneration consultant provide remuneration recommendations in relation to any of the executive KMP for the 2014 financial year?	No.
How much was the remuneration consultant paid by Servcorp for remuneration related and other services?	Remuneration services: CRA Plan Managers Pty Limited \$16,545; Other services: Boardroom Pty Limited \$49,280. CRA was part of the Boardroom Group. Boardroom Pty Limited provides the Company's share registry and related services.
What arrangements did Servcorp make to ensure that the making of the remuneration recommendations would be free from undue influence by the executive KMP?	Servcorp maintains a protocol which governs the procedure for procuring advice relating to KMP remuneration. The protocol includes a process for the engagement of the remuneration consultant, the provision of information to the remuneration consultant and the communication of remuneration recommendations.
Is the Board satisfied that the remuneration information provided was free from any such undue influence?	Yes, the Board is satisfied.
What are the reasons for the Board being so satisfied?	The reasons are the Chairman of the Remuneration Committee had oversight of all requests for remuneration information, and the protocol with respect to the procurement of remuneration related advice remains in place.

NON-EXECUTIVE DIRECTOR REMUNERATION

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed by the Board. The Board ensures non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors are not employed under a contract and do not receive share options or other equity based remuneration.

Directors' fees

Non-executive directors' fees are determined by the Board within an aggregate directors' fees limit approved by shareholders.

The fees limit currently stands at \$500,000 per annum inclusive of payments for superannuation. This limit was approved at the 2011 annual general meeting. No change is proposed in the 2016 financial year.

The most recent review of directors' fees was effective 1 July 2013. Directors' fees had not been increased since 1 January 2010. Effective 1 July 2013, non-executive directors' fees were set as:

- Chair - \$175,000 per annum including superannuation;
- Non-executive - \$100,000 per annum including superannuation;
- Chair of the Audit and Risk Committee - an additional \$10,000 per annum including superannuation.

Additional fees are not paid for membership of Board committees other than as referred to in the previous paragraph.

Retirement allowances for directors

Non-executive directors are not entitled to retirement allowances.

Details of remuneration

Details of the nature and amount of each element of the remuneration of each director of Servcorp Limited for the year ended 30 June 2015 are set out in the table on pages 54 and 55.

Minimum shareholding requirement

Servcorp does not have a minimum shareholding requirement for non-executive directors. It is noted, however, that all non-executive directors are shareholders of the Company.

EXECUTIVE REMUNERATION

Remuneration philosophy and principles

The Board recognises that the Consolidated Entity's performance is dependent on the quality and contribution of its employees, particularly the executive KMP. To achieve its financial and operating objectives, Servcorp must be able to attract, retain and motivate appropriately qualified and skilled executives.

The objective of the executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of Servcorp's strategic objectives particularly its short, medium and long term earnings.

Executive remuneration is balanced between fixed and incentive pay. In determining the appropriate balance, regular reviews are undertaken that involve cross referencing position descriptions to reliable accessible remuneration data in the markets in which Servcorp operates.

Servcorp's executive remuneration policy and principles are designed to ensure that the Consolidated Entity:

- provides competitive rewards that attract, retain and motivate our key executives;
- encourages loyalty and commitment to Servcorp;
- builds a structure for growth and includes appropriate succession planning;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive in the markets in which it operates;
- complies with applicable legal requirements and appropriate standards of governance.

Remuneration structure and elements

The executive KMP remuneration and reward framework at Servcorp currently has two components:

- Fixed remuneration; and
- Short term incentives.

The combination of these comprises the executive KMP total targeted remuneration opportunity.

Fixed remuneration

Fixed remuneration is reviewed each year and adjusted to changes in job role, promotion, market practice, internal relativities and performance. Remuneration for the 2015 financial year and changes from 2014 are set out in the table on pages 56 and 57.

Short term incentives

Short term incentives (STI) are awarded based on achievement against targets set at the beginning of each financial year. As stated in the Remuneration Report for the financial year ended 30 June 2014, the basis of the STI was reviewed and changes were made to the scheme to apply for the 2014 financial year and beyond. It is noted that Alf Moufarrige, the CEO, founder and major shareholder, has elected not to participate in the STI scheme.

Under the revised STI scheme, an STI dollar value is set for each executive KMP which represents the maximum STI that can be awarded for achieving target for the relevant year. The maximum STI opportunity for the 2015 financial year ranged between \$65,000 and \$110,000. The maximum STI opportunity as a percentage of fixed remuneration ranged between 16.3% and 35.2% with the average being 21.4%. The maximum STI opportunity range for achieving target and percentage of fixed remuneration will be the same for the 2016 financial year.

STI targets will be set in advance each year and will be challenging. The STI targets for the 2015 financial year were determined based on a matrix of Consolidated Entity net profit before tax (global STI target) and region operating profit (region STI target), where appropriate. Where executive KMP have a direct responsibility for a region, their total STI potential was allocated between their region STI target and the global STI target. Their region STI allocation did not exceed 50% of the total potential STI in any case.

A gateway consolidated net profit before tax, based on a 20% per annum compound increase over the 2013 financial year net profit before tax, needed to be achieved before any global STI pay out. It is intended that a similar approach to STI, including the minimum 20% per annum compound growth over the 2013 financial year net profit before tax, will be applied for the 2016 financial year. The gateway consolidated net profit before tax is provided in the following table.

FINANCIAL YEAR ENDING 30 JUNE	2013 BASE	2014 GATEWAY	2015 GATEWAY	2016 GATEWAY
Consolidated net profit before tax (\$ million)	27.63	33.16	39.79	47.75

Global STI will be calculated as follows:

- If consolidated net profit before tax meets the global gateway - 50% of the global STI opportunity;
- If consolidated net profit before tax meets the global target - 100% of the global STI opportunity;
- If consolidated net profit before tax falls between the global gateway and target - the global STI paid will be calculated as a percentage between 50% and 100% of global STI opportunity on an incremental basis, in the same proportion as the net profit before tax is to gateway and target.

Region STI will only be paid if the region STI target is met. There will be no gateway.

In 2016 an additional STI opportunity will be introduced to provide incentive for executive KMP to outperform their targets. Executive KMP with a region target will receive an extra \$20,000 if they outperform their region target by in excess of \$2.0 million. Further, if the global target is exceeded by more than 11.5% executive KMP will receive an extra STI of \$20,000. The total additional STI opportunity if all executive KMP outperform is \$200,000.

Long term equity incentives

The Board, after detailed consideration, has decided not to offer long term equity incentives (LTI) to any executive KMP. The reason for this decision is that:

- Servcorp has a small number of executive KMP in many geographic locations and the cost and complexity of offering equity to these executive KMP outweighs the benefit to shareholders, in the Board's opinion;
- Servcorp has a very strong culture, and most executive KMP are long serving employees. The Board does not consider offering an LTI is necessary or desired for executive KMP to achieve the Company's long term strategic objectives.

Termination benefits

There are no employment agreements in place for executive KMP. Any termination benefit paid to executive KMP would be limited to 12 months remuneration as required by law and in most cases would be determined based on statutory minimum requirements, years of service and the nature of the termination.

Clawback

Servcorp has no policy on clawback but will ensure compliance with any legal or ASX requirements in this regard. There have been no circumstances where clawback would have applied.

Minimum shareholding requirements

Servcorp does not have a minimum shareholding requirement for executive KMP. It is noted that the majority of executive KMP are shareholders of the Company.

EXECUTIVE REMUNERATION (CONTINUED)

Relationship between Consolidated Entity performance and executive KMP remuneration

The relationship between Consolidated Entity performance and executive KMP remuneration is important to ensure that there is a clear and appropriate correlation and alignment of interests between shareholders and executive KMP.

Key financial indicators

Servcorp's principal activities and financial performance are explained in detail in the Review of Operations section of the Directors' Report on pages 40 to 44.

A summary of Servcorp's financial performance over the last five years is provided in the following table.

MEASURE	FINANCIAL YEAR ENDED 30 JUNE				
	2011	2012	2013	2014	2015
Total revenue (\$million)	182	201	208	242	277
Net profit before tax (\$million)	3.0	18.3	27.6	34.3	41.2
Net profit after tax (\$million)	2.5	14.8	21.3	26.3	33.1
Basic earnings per share (cents)	2.5	15.0	21.6	26.8	33.7
Dividend per share (cents)	10.0	15.0	15.0	20.0	22.0
Share price as at 30 June (\$)	\$2.85	\$2.65	\$3.21	\$4.80	\$5.84
Offices	3,280	3,645	3,837	4,275	4,920
Number of locations	103	110	117	122	131

As previously reported, Servcorp began an aggressive expansion program in October 2009 to expand the Servcorp footprint globally. 88 new floors representing 2,871 offices have opened between July 2009 and June 2015. The large number of immature floors as a consequence of the expansion program had a material negative impact on profitability from the 2010 financial year through to the 2012 financial year. Recovery of profitability which commenced in the 2012 financial year has continued through 2013, 2014 and into the 2015 financial year, showing a year on year increase from 2014 of 26% to \$33.1 million.

Despite the volatility of net profit after tax over the initial expansion period, dividends have increased due to the strong underlying cash flows. Servcorp's share price has also been volatile over this period, but the Board is pleased to note the share price at 30 June 2015 was \$5.84, up 21.6% from a year before. This represents a most pleasing total shareholder return (TSR) performance over the 2015 financial year.

Executive KMP remuneration in comparison to Company performance

With the continuing strong growth and improvement in earnings in the 2015 financial year, global net profit before tax targets were achieved in full, and all but one of the individual regions met expectations. Accordingly, the variable pay opportunity for executive KMP paid out represents 94.5% of the maximum opportunity.

The individual 'at risk' rewards paid in the 2015 financial year to executive KMP and the percentage of their maximum opportunity is provided in the following table.

EXECUTIVE KMP	STI AWARDED \$	% OF MAXIMUM OPPORTUNITY
Marcus Moufarrige	105,000	95.5%
Jennifer Goodwyn	50,000	66.7%
Liane Gorman	100,000	100%
Laudy Lahdo	100,000	100%
Olga Vlietstra	100,000	100%
Thomas Wallace	65,000	100%

Servcorp has a very strong culture focussing on sales and generation of shareholder wealth. Most of the executive KMP are long-serving employees. All but one has been employed for more than 12 years and (excluding the CEO) they have on average more than 17 years' service. All executive KMP are aware of the need to perform. Each executive is involved in the target setting for the business and accepts the challenging targets set.

If our forward net profit before tax targets are met, then shareholders, in the opinion of the Board, will be satisfied with the Consolidated Entity's performance and executive KMP will receive the maximum remuneration opportunity.

If executive KMP fail to meet their targets, the 'at risk' component of executive KMP remuneration will be heavily discounted. In this way the alignment of Consolidated Entity performance and executive KMP remuneration will be in direct correlation and be unambiguous.

EMPLOYEE SHARE SCHEME AND OTHER EQUITY INCENTIVE INFORMATION

At the date of this report there are no shares, rights, options or other equity incentives held by executive KMP and subject to vesting restrictions.

An executive share option scheme (ESOS) was introduced in 1999 and was first approved by shareholders on 19 October 1999 and subject to various amendments until November 2008. Options were last granted under the scheme on 22 September 2008, but have since lapsed.

In the current financial year, the directors did not grant any options under the ESOS or any other scheme. The Board is satisfied that executive KMP incentive and retention strategies are satisfied through current remuneration and benefit arrangements.

Future offers under the ESOS or an alternative employee share scheme may be considered by the Board in the future.

EMPLOYMENT AGREEMENTS

There are no employment agreements in place for any executive KMP.

Any termination benefits provided to a Servcorp executive KMP would be determined by reference to length of service, the reason for cessation of employment, statutory requirements and generally accepted market practice relevant to the position's seniority. In any event, termination benefits would be restricted to no more than one times fixed remuneration.

DIRECTORS' REMUNERATION

NAME AND TITLE	NOTES	YEAR	SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	
			SALARY AND FEES	CASH PROFIT-SHARING AND BONUSES	NON-MONETARY BENEFITS	OTHER SHORT TERM BENEFITS	SUPER BENEFITS	OTHER POST-EMPLOYMENT BENEFITS
			\$	\$	\$	\$	\$	
A G Moufarrige Chief Executive Officer	(ii)	2015	427,768	-	81,420	-	28,500	-
		2014	425,418	-	106,054	-	27,750	-
B Corlett Non-executive director		2015	159,818	-	-	-	15,182	-
		2014	160,183	-	-	-	14,817	-
R Holliday-Smith Non-executive director		2015	100,457	-	-	-	9,543	-
		2014	100,687	-	-	-	9,313	-
T Moufarrige Non-executive director		2015	91,325	-	-	-	8,675	-
		2014	91,533	-	-	-	8,482	-
M Vaile Non-executive director		2015	91,325	-	-	-	8,675	-
		2014	91,533	-	-	-	8,467	-
Aggregate		2015	870,693	-	81,420	-	70,575	-
		2014	869,354	-	106,054	-	68,829	-

- Notes:
- i Directors' and officers' indemnity insurance has not been included in the above figures since it is impractical to determine an appropriate allocation basis.
 - ii The salary of A G Moufarrige includes a component paid in Yen. The increase in the 2015 year reflects the change in foreign currency exchange rate, not a change in salary in base currency terms.

LONG TERM EMPLOYEE BENEFITS	TERMINATION BENEFITS	TOTAL PAYMENTS AND BENEFITS	SHORT TERM INCENTIVE GRANTS				LONG TERM INCENTIVE GRANTS			
			LONG TERM INCENTIVE PLAN	STI PAID IN CASH	STI ACCRUED AND NOT YET DUE	STI FORFEITED	MAXIMUM FUTURE VALUE OF VESTED STI	LTI PAID IN CASH	LTI ACCRUED AND NOT YET DUE	LTI FORFEITED
				%	%	%	\$	%	%	%
-	-	537,688	-	-	-	-	-	-	-	-
-	-	559,222	-	-	-	-	-	-	-	-
-	-	175,000	-	-	-	-	-	-	-	-
-	-	175,000	-	-	-	-	-	-	-	-
-	-	110,000	-	-	-	-	-	-	-	-
-	-	110,000	-	-	-	-	-	-	-	-
-	-	100,000	-	-	-	-	-	-	-	-
-	-	100,015	-	-	-	-	-	-	-	-
-	-	100,000	-	-	-	-	-	-	-	-
-	-	100,000	-	-	-	-	-	-	-	-
-	-	1,022,688	-	-	-	-	-	-	-	-
-	-	1,044,237	-	-	-	-	-	-	-	-

KEY MANAGEMENT PERSONNEL REMUNERATION

NAME AND TITLE	NOTES	YEAR	SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	
			SALARY AND FEES	CASH PROFIT-SHARING AND BONUSES	NON-MONETARY BENEFITS	OTHER SHORT TERM BENEFITS	SUPER BENEFITS	OTHER POST-EMPLOYMENT BENEFITS
			\$	\$	\$	\$	\$	\$
M Moufarrige Chief Operating Officer		2015	600,000	105,000	16,566	-	57,000	-
		2014	600,000	27,500	18,528	-	55,500	-
J Goodwyn VP / GM USA	(iii)	2015	390,625	50,000	5,138	-	4,883	-
		2014	317,898	25,000	4,174	-	3,179	-
L Gorman GM Australia & NZ		2015	249,399	100,000	9,976	-	24,641	-
		2014	233,906	25,000	16,094	-	23,125	-
L Lahdo GM Middle East	(iv)	2015	353,435	100,000	29,124	-	29,453	-
		2014	279,684	25,000	21,863	-	31,115	-
S Martin GM SEA	(v)	2014	33,426	-	10,794	-	-	-
O Vlietstra GM Japan	(vi)	2015	384,182	100,000	34,616	-	-	-
		2014	343,756	75,000	29,007	-	-	-
T Wallace Chief Financial Officer		2015	348,624	65,000	-	-	33,119	-
		2014	348,624	22,500	-	-	32,248	-
Aggregate		2015	2,326,265	520,000	95,420	-	149,096	-
		2014	2,157,294	200,000	100,460	-	145,167	-

- Notes:
- i Amounts disclosed as short-term cash profit-sharing and bonuses in the 2015 year represent STI paid in August 2015 based on 2015 financial year global and region targets.
 - ii Amounts disclosed as short-term cash profit-sharing and bonuses in the 2014 year represent STI paid in August 2014 based on 2014 financial year global and region targets.
 - iii The salary of J Goodwyn is paid in USD. The increase in the 2015 year reflects the change in foreign currency exchange rate, not a change in salary in base currency terms.
 - iv The salary of L Lahdo is paid in AED. The increase in the 2015 year reflects the change in foreign currency exchange rate, not a change in salary in base currency terms.
 - v S Martin ceased employment with Servcorp effective 16 August 2013. The amount disclosed as termination benefits represents annual leave entitlements.
 - vi The salary of O Vlietstra is paid in JPY. The increase in the 2015 year reflects an increase in salary in base currency terms.

LONG TERM EMPLOYEE BENEFITS	TERMINATION BENEFITS	TOTAL PAYMENTS AND BENEFITS	SHORT TERM INCENTIVE GRANTS				LONG TERM INCENTIVE GRANTS			
			LONG TERM INCENTIVE PLAN	STI PAID IN CASH	STI ACCRUED AND NOT YET DUE	STI FORFEITED	MAXIMUM FUTURE VALUE OF VESTED STI	LTI PAID IN CASH	LTI ACCRUED AND NOT YET DUE	LTI FORFEITED
			\$	\$	\$	%	%	%	\$	%
-	-	778,566	95.5%	-	4.5%	-	-	-	-	
-	-	701,528	25.0%	-	75.0%	-	-	-	-	
-	-	450,646	67.7%	-	33.3%	-	-	-	-	
-	-	350,251	25.0%	-	75.0%	-	-	-	-	
-	-	384,016	100%	-	0.0%	-	-	-	-	
-	-	298,125	25.0%	-	75.0%	-	-	-	-	
-	-	512,012	100%	-	-	-	-	-	-	
-	-	357,662	25.0%	-	75.0%	-	-	-	-	
-	96,829	141,049	-	-	-	-	-	-	-	
-	-	518,798	100%	-	-	-	-	-	-	
-	-	447,763	75.0%	-	25.0%	-	-	-	-	
-	-	446,743	100%	-	-	-	-	-	-	
-	-	403,372	50.0%	-	50.0%	-	-	-	-	
-	-	3,090,781	94.5%	-	5.5%	-	-	-	-	
-	96,829	2,699,750	36.0%	-	64.0%	-	-	-	-	



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7021
www.deloitte.com.au

The Board of Directors
Servcorp Limited
Level 63, MLC Centre
Martin Place
SYDNEY NSW 2000

25 August 2015

Dear Board Members

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 audit of the financial statements of Servcorp Limited for the financial year ended 30 June 2015, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Sandeep Chadha
Sandeep Chadha
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.

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Statement of comprehensive income

Servcorp Limited and its controlled entities for the financial year ended 30 June 2015

	NOTE	CONSOLIDATED	
		2015 \$'000	2014 \$'000
Revenue	2	269,157	234,284
Other income	2	8,221	7,963
		277,378	242,247
Service expenses		(68,760)	(63,074)
Marketing expenses		(16,354)	(14,835)
Occupancy expenses		(122,807)	(107,140)
Rent - fixed annual impact	2	(2,268)	(524)
Administrative expenses		(25,569)	(22,357)
Share of losses of joint venture		(245)	-
Borrowing expenses	2	(164)	(60)
Total expenses		(236,167)	(207,990)
Profit before income tax expense		41,211	34,257
Income tax expense	5	(8,070)	(7,921)
Profit for the year		33,141	26,336
OTHER COMPREHENSIVE INCOME/(LOSS)			
Translation of foreign operations (Item may be reclassified subsequently to profit or loss)		13,312	(894)
Other comprehensive income/ (loss) for the period (net of tax)		13,312	(894)
Total comprehensive income for the period		46,453	25,442
EARNINGS PER SHARE			
Basic earnings per share	8	\$0.34	\$0.27
Diluted earnings per share	8	\$0.34	\$0.27

The Statement of comprehensive income is to be read in conjunction with the notes to the Consolidated financial report.

Statement of financial position

Servcorp Limited and its controlled entities as at 30 June 2015

FINANCIAL REPORT

	NOTE	CONSOLIDATED	
		2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	9	97,837	92,482
Trade and other receivables	10	39,159	32,243
Other financial assets	11	17,764	17,159
Current tax assets	5	272	575
Other	12	16,666	12,088
Total current assets		171,698	154,547
NON-CURRENT ASSETS			
Other financial assets	11	28,732	25,847
Property, plant and equipment	13	125,805	91,301
Deferred tax assets	5	30,149	21,920
Goodwill	14	14,805	14,805
Total non-current assets		199,491	153,873
Total assets		371,189	308,420
CURRENT LIABILITIES			
Trade and other payables	15	50,147	32,421
Other financial liabilities	16	32,518	25,393
Current tax liabilities	5	6,903	2,749
Provisions	18	5,691	4,657
Total current liabilities		95,259	65,220
NON-CURRENT LIABILITIES			
Trade and other payables	15	24,279	21,179
Other financial liabilities	16	7,710	3,557
Provisions	18	690	668
Deferred tax liabilities	5	1,353	695
Total non-current liabilities		34,032	26,099
Total liabilities		129,291	91,319
Net assets		241,898	217,101
EQUITY			
Issued capital	19	154,122	154,122
Reserves		(2,478)	(15,789)
Retained earnings		90,254	78,768
Equity attributable to equity holders of the parent		241,898	217,101
Total equity		241,898	217,101

The Statement of financial position is to be read in conjunction with the notes to the Consolidated financial report.

Statement of changes in equity

Servcorp Limited and its controlled entities for the financial year ended 30 June 2015

	ISSUED CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE EQUITY SETTLED BENEFITS RESERVE	RETAINED EARNINGS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	154,122	(14,895)	145	68,528	207,900
Profit for the period	-	-	-	26,336	26,336
Translation of foreign operations (net of tax)	-	(894)	-	-	(894)
Total comprehensive gain for the period	-	(894)	-	26,336	25,442
Options expired	-	-	(145)	145	-
Payment of dividends	-	-	-	(16,241)	(16,241)
Balance at 30 June 2014	154,122	(15,789)	-	78,768	217,101
Balance at 1 July 2014	154,122	(15,789)	-	78,768	217,101
Profit for the period	-	-	-	33,141	33,141
Translation of foreign operations (net of tax)	-	13,312	-	-	13,312
Total comprehensive gain for the period	-	13,312	-	33,141	46,453
Payment of dividends	-	-	-	(21,656)	(21,656)
Balance at 30 June 2015	154,122	(2,477)	-	90,253	241,898

The Statement of changes in equity is to be read in conjunction with the notes to the Consolidated financial report.

Statement of cash flows

Servcorp Limited and its controlled entities for the financial year ended 30 June 2015

FINANCIAL REPORT

		CONSOLIDATED	
	NOTE	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		289,016	238,009
Payments to suppliers and employees		(225,200)	(196,908)
Franchise fees received		442	603
Income tax paid		(7,995)	(4,591)
Interest and other items of similar nature received		3,829	3,161
Interest and other costs of finance paid		(164)	(60)
Net operating cash flows	26(b)	59,928	40,214
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for variable rate bonds		(3,033)	(13,959)
Payments for property, plant and equipment		(39,768)	(24,251)
Payments for lease deposits		(2,508)	(2,465)
Proceeds from sale of property, plant and equipment		1	41
Proceeds from sale of fixed rate securities		1,559	998
Proceeds from refund of lease deposits		1,167	151
Net investing cash flows		(42,582)	(39,485)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(21,656)	(16,241)
Borrowings		3,829	4,059
Landlord capital incentives received		1,955	4,393
Net financing cash flows		(15,872)	(7,789)
Net increase/ (decrease) in cash and cash equivalents		1,474	(7,060)
Cash and cash equivalents at the beginning of the financial year		92,482	99,758
Effects of exchange rate changes on cash transactions in foreign currencies		3,881	(216)
Cash and cash equivalents at the end of the financial year	26(a)	97,837	92,482

The Statement of cash flows is to be read in conjunction with the notes to the Consolidated financial report.

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1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report comprises the consolidated financial statements of Servcorp Limited and its controlled entities ('Group' or 'Consolidated Entity'). For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 25 August 2015.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for financial instruments that are measured at their fair value as explained below. Cost is based on the fair value 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 year, 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 the current annual reporting period. The adoption of these new accounting standards did not have any material impact.

At the date of authorisation of the financial report, the following Standards and Interpretations relevant to the Group were on issue but not yet effective:

- AASB 9 'Financial Instruments' AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9. Effective for annual reporting periods beginning 1 January 2015.

- IFRS 15 'Revenue from Contracts with Customers'. Effective for annual reporting periods beginning 1 January 2018.

- AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'. Effective for annual reporting periods beginning on or after January 1 2016.

- AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'. Effective for annual reporting periods beginning on or after January 1 2016.

The directors are currently in the process of assessing the future period impact of IFRS 15 'Revenue from Contracts with Customers' on the financial statements. The remaining Standards and Interpretations on issue not yet effective will not have a material impact on the financial statements of the entity.

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power, rights to variable returns and the ability to use its power to affect the amount of the returns. A list of subsidiaries appears in Note 23 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess in the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition the difference is credited to the Statement of comprehensive income in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control, and until such time as the Company ceases to control an entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to the other assets of the CGUs pro-rata on the basis of the carrying amount of each asset in the CGU (or group of CGUs). An impairment loss for goodwill is immediately recognised in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

c. Impairment of tangible and intangible assets excluding goodwill

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 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of the impairment loss is recognised in the Statement of comprehensive income immediately.

d. Revenue recognition

Services revenue

Services revenue comprises revenue earned net of the amount of goods and services tax from the provision of services to entities outside the Consolidated Entity. Rental, telephone and services revenue are typically invoiced in advance and are recognised in the period in which the services are provided.

e. Other income / expense

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Disposal of assets

The profit and loss on disposal of assets is brought to account when the significant risks and rewards of ownership are passed to a party external to the Consolidated Entity.

f. Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Foreign currency monetary items at reporting date are translated at the exchange rates existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit and loss in the period in which they arise except exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation. Such exchange differences are recognised in the foreign currency translation reserve and in the profit and loss on disposal of the net investment.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Foreign currency (continued)

Translation of controlled foreign entities

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Servcorp Limited and the presentation currency for the consolidated financial statements.

The assets and liabilities of overseas operations are translated at the rates of exchange ruling at the balance sheet date.

Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The balance of the foreign currency translation reserve relating to an overseas operation that is disposed of is recognised in the profit and loss in the period of disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

g. Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, and amortisation of ancillary costs using the effective interest rate method in connection with the arrangement of borrowings. Borrowing costs are expensed to the Statement of comprehensive income as incurred.

h. Taxation

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period. Income tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the 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 arises 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 are expected to apply in the period when the assets and liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the 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 Statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Taxation (continued)

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Servcorp Limited is the head entity in the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate tax payer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company. Under this method, each entity is subject to tax as part of the tax consolidated group.

Due to the existence of a tax funding arrangement between entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company, and each member of the tax consolidated group in relation to the tax contribution amounts paid or payable between the parent entity, and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

i. Receivables

Trade debtors to be settled within 30 days are carried at amounts due. The collectability of debts is assessed at balance sheet date and a specific allowance is made for any doubtful amounts.

j. Derivative financial instruments

The Consolidated Entity enters into derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates. Further details of derivative financial instruments are disclosed in Note 20 to the Consolidated financial report.

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 immediately in the profit or loss.

k. Share based payments

The Board may grant options to eligible executives in accordance with the Servcorp Executive Share Option Scheme. These equity-settled-share-based payments are non-market based and have earnings per share performance hurdles for the vesting of options.

Equity-settled share-based payments with employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Binomial Tree 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 Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the equity-settled employee benefits reserve.

l. Financial assets

Subsequent to initial recognition, Servcorp Limited's investments in subsidiaries are measured at cost.

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 20e.

Other financial assets are classified into the following specified categories:

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised costs using the effective interest method less impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that will exactly discount estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

m. Property, plant and equipment

Acquisition

Items of property, plant and equipment acquired are capitalised when it is probable that the future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives. Rent incurred in bringing floors to a state of operational readiness is capitalised to leasehold improvements and depreciated over the useful life of the asset.

Costs incurred on property, plant and equipment, which does not meet the criteria for capitalisation are expensed as incurred.

Property, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation, less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight line method over their estimated useful lives. Leasehold improvements are depreciated over the useful life of the asset using the straight line method.

The estimated useful lives used for each class of asset are as follows:

Buildings	40 years
Leasehold improvements	Useful life of the asset
Office furniture and fittings	7.7 years
Office equipment	3-4 years
Software	3.7 years
Motor vehicles	6.7 years

Depreciation rates and methods are reviewed annually and, where changed, are accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

Assets are depreciated from the date of acquisition from the time an asset is completed and ready for use.

n. Leased assets

Finance leases

Leased plant and equipment

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the Statement of comprehensive income.

Operating leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

Floor rental is expensed on a straight line basis over the period of the lease term in accordance with lease agreements entered into with landlords. Where a rent free period or other lease incentives exist under the terms of a lease agreement, the aggregate rent payable over the lease term is calculated and a charge is made to the profit and loss on a straight line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

o. Payables

Liabilities are recognised for amounts payable in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally settled within 60 days.

p. Borrowing costs

Borrowings are recorded initially at fair value, net of transaction costs. Any difference between the initial recognised amount and the redemption value is recognised in the Statement of comprehensive income over the life of the borrowings using the effective interest rate method.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Make good costs

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

Onerous contracts

An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable costs of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

r. Employee benefits

Wages, salaries and annual leave

The provision for employee benefits in respect of wages, salaries and annual leave represents the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the reporting date. Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long service leave

The provision for employee benefits in respect of long service leave represents the present value of the estimated future cash outflows to be made by the Consolidated Entity resulting from employees' services provided up to the reporting date.

Provisions for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at the reporting date which most closely match the terms of maturity of the related liabilities.

In determining the provision for employee benefits, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have also been included in the liability.

Contributions to Australian superannuation funds

The Company and other Australian controlled entities contribute to defined contribution superannuation plans. Contributions are charged to the Statement of comprehensive income as they are incurred. Further information is set out in Note 21. Contributions to defined contribution superannuation plans are expensed as incurred.

s. Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to members of the Consolidated Entity for the reporting period by the weighted average number of ordinary shares of the Company.

Diluted earnings per share

Diluted EPS is calculated by adjusting the basic EPS earnings by the effect of conversion to ordinary shares of the associated dilutive potential ordinary shares. The notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted are not included.

The diluted EPS weighted average number of shares includes the number of shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

t. Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of six months or less.

v. Critical accounting issues

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further information on goodwill impairment is set out in Note 14.

Useful lives of property, plant and equipment

As described in Note 1m, the Group reviews the estimated useful lives of property, plant and equipment at each reporting period.

Make good provisions

At each reporting date, management reviews leases that are expected to terminate to determine the present obligation in relation to floor closure costs including make good, which is set out in Note 3.

Tax losses

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised. This is assessed at each reporting date. Further information is set out in Note 5.

w. Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture is incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture.

An investment in a joint venture is accounted for using the equity method of accounting from the date on which the investee becomes a joint venture.

The requirements of AASB139 'Financial Instruments: Recognition and Measurement' are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with AASB136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB136 to the extent that the recoverable amount of the investment substantially increases.

2. PROFIT FROM OPERATIONS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
A. REVENUE		
Revenue from continuing operations consisted of the following:		
Revenue from the rendering of services	268,715	233,681
Franchise fee income	442	603
	269,157	234,284
B. OTHER INCOME		
Interest income - bank deposits	3,872	3,254
Net foreign exchange gain	3,536	2,079
Other income	813	2,630
Total other income	8,221	7,963
C. EXPENSES		
Rent - fixed annual impact (i)	2,268	524
D. PROFIT BEFORE INCOME TAX		
Profit before income tax was arrived at after charging / (crediting) the following from / (to) continuing operations:		
Borrowing expenses:		
Interest on bank overdrafts and loans	164	60
Depreciation of leasehold improvements	12,283	9,257
Depreciation of property, plant and equipment	6,062	6,642
Loss / (gains) on disposal of property, plant and equipment	(52)	274
Change in fair value of financial assets classified as fair value through the profit and loss	(766)	332
Bad debts written off	1,414	1,484
Operating lease payments	103,410	89,663

Notes:

i The rent fixed annual impact represents the straight-lining of fixed annual increases ranging between 3% and 4.25% per annum (2014: 2.75% and 4.25% per annum) in accordance with AASB117.

3. SIGNIFICANT TRANSACTIONS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Individually significant transactions included in profit from ordinary activities before income tax expense:		
Floor closure costs	345	270
	345	270

4. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2015 \$	2014 \$
A. AUDITOR OF THE PARENT ENTITY (Deloitte Touche Tohmatsu Australia (DTT))		
Audit and review of financial reports	575,491	576,640
Other services - tax	93,789	98,823
	669,280	675,463
B. OTHER AUDITORS (DTT International Associates)		
Audit and review of financial reports	626,732	500,012
Other services - tax	93,177	106,272
Other services - financial statements preparation	120,235	108,012
	840,144	714,296
	1,509,424	1,389,759

The auditor of Servcorp Limited is Deloitte Touche Tohmatsu.

5. INCOME TAXES

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
A. INCOME TAX RECOGNISED IN THE INCOME STATEMENT		
Tax expense comprises:		
Current tax expense	11,461	6,034
Over provision in prior years - current tax	695	(149)
Under provision in prior years - deferred tax	(971)	11
Deferred tax income relating to the origination and reversal of temporary differences and previously unrecognised tax losses	(3,115)	2,025
Income tax expense	8,070	7,921
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit before income tax expense	41,211	34,257
Income tax expense calculated at 30%	12,363	10,277
Deductible local taxes	(535)	(272)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,139)	(2,437)
Other deductible items	(189)	(578)
Tax losses of controlled entities recovered	(263)	(2)
Income tax over provision in prior years	(276)	(138)
Unused tax losses and tax offsets not recognised as deferred tax assets	109	1,071
Income tax expense	8,070	7,921
The tax rate used in the above reconciliation is the Australian corporate tax rate of 30% (2014: 30%).		
B. CURRENT TAX ASSETS AND LIABILITIES		
Current tax assets		
Tax refunds receivable	272	575
Current tax payables		
Income tax attributable to:		
Parent entity	1,653	-
Subsidiaries	5,250	2,749
	6,903	2,749

5. INCOME TAXES (CONTINUED)

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
C. DEFERRED TAX BALANCES		
Deferred tax assets comprises:		
Tax losses - revenue	13,416	14,522
Temporary differences	16,733	7,398
	30,149	21,920
Deferred tax liabilities comprises:		
Temporary differences	(1,353)	(695)
Net deferred tax assets	28,796	21,225
The gross movement of the deferred tax accounts are as follows:		
Balance at the beginning of the financial year	21,225	23,604
Movements in foreign exchange rates	3,484	(343)
Statement of comprehensive income charge/ (credit)	4,087	(2,036)
Balance at the end of the financial year	28,796	21,225
Deferred tax assets		
Movements in temporary differences:		
Accruals not currently deductible	993	(384)
Doubtful debts	303	4
Depreciable and amortisable assets	1,170	(148)
Tax losses	(1,107)	(759)
Foreign exchange	(3,198)	(415)
Deferred rent incentive	6,491	(175)
Other	79	12
Deferred tax assets	4,731	(1,865)
Balance at the beginning of the financial year	21,920	24,129
Movements in foreign exchange rates	3,498	(344)
Statement of comprehensive income charge/ (credit)	4,731	(1,865)
Balance at the end of the financial year	30,149	21,920
Deferred tax liabilities		
Movements in temporary differences:		
Depreciable and amortisable assets	(26)	52
Accruals and provisions not currently deductible	1	1
Other	670	118
Deferred tax liabilities	645	171
Balance at the beginning of the financial year	695	525
Movements in foreign exchange rates	14	(1)
Statement of comprehensive income charge/ (credit)	644	171
Balance at the end of the financial year	1,353	695

5. INCOME TAXES (CONTINUED)

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
D. UNRECOGNISED DEFERRED TAX BALANCES		
The following deferred tax assets have not been brought to account as assets:		
Temporary differences	-	-
Tax losses - capital	1,422	1,422
Tax losses - revenue	1,851	3,234
	3,273	4,656

E. TAX LOSSES CARRIED FORWARD

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Consolidated Entity recognised deferred income tax assets of \$13,415,067 (2014: \$14,521,738) in respect to losses that can be carried forward against future taxable income.

6. DIVIDENDS

Dividends proposed (unrecognised) or paid (recognised) by the Company are:

		CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	TAX RATE FOR FRANKING CREDIT	PERCENTAGE FRANKED
RECOGNISED AMOUNTS						
2014						
Final	Fully paid ordinary shares	7.50	7,382	2 Oct 2013	30%	100%
Interim	Fully paid ordinary shares	9.00	8,859	2 Apr 2014	30%	0%
2015						
Final	Fully paid ordinary shares	11.00	10,828	1 Oct 2014	30%	35%
Interim	Fully paid ordinary shares	11.00	10,828	1 Apr 2015	30%	20%

UNRECOGNISED AMOUNTS

Since the end of the financial year, the directors have declared the following dividend:

Final	Fully paid ordinary shares	11.00	10,828	24 Sep 2015	30%	40%
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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.

	2015 \$'000	2014 \$'000
DIVIDEND FRANKING ACCOUNT		
30% franking credit available	2,338	400
Impact on franking account balance of dividends not recognised	1,856	1,624

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.

7. SEGMENT INFORMATION

Servcorp Serviced Offices are fully-managed, fully-furnished CBD office suites in prime locations, with a receptionist, meeting rooms, IT infrastructure and support services available. Servcorp Virtual Office provides the services, facilities and IT to businesses without the cost of a physical office.

The Group's information reported to the Board of Directors is based on each segment manager directly responsible for the functioning of the operating segment. The segment manager has regular contact with members of the Board of Directors to discuss operating activities, forecasts and financial results. Segment managers are also responsible for disseminating management planning materials as directed by the Chief Operating Decision Maker. The segment manager motivates and rewards team members who meet or exceed sales targets. Four reportable operating segments have been identified: Australia, New Zealand and Southeast Asia (ANZ/SEA); USA; Europe and Middle East (EME); North Asia and other which reflect the segment requirements under AASB 8.

The Group's reportable operating segments under AASB 8 are presented below. The accounting policies of the reportable operating segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under audit:

	NOTE	SEGMENT REVENUE		SEGMENT PROFIT / (LOSS)	
		30 JUNE 2015 \$'000	30 JUNE 2014 \$'000	30 JUNE 2015 \$'000	30 JUNE 2014 \$'000
CONTINUING OPERATIONS					
Australia, New Zealand and Southeast Asia		81,250	78,597	8,753	11,054
USA		24,795	19,088	(4,955)	(3,255)
Europe and Middle East		73,414	59,145	15,545	10,726
North Asia		89,363	77,564	17,564	12,017
Other		931	933	225	353
		269,753	235,327	37,132	30,895
Finance costs				(164)	(60)
Interest revenue		3,872	3,254	3,872	3,254
Foreign exchange gains / (losses)		3,536	2,079	3,536	2,079
Centralised unrecovered head office overheads				(1,542)	(3,302)
Franchise fee income		442	603	442	603
Rent - fixed rent increase	2			(2,268)	(524)
Share of losses of joint venture				(245)	-
Unallocated		(225)	984	448	1,312
Profit before tax				41,211	34,257
Income tax expense				(8,070)	(7,921)
Consolidated segment revenue and profit for the period		277,378	242,247	33,141	26,336

The revenue reported above represents revenue generated from external customers. Intersegment sales were eliminated in full. For the 12 months ended 30 June 2015, the Group's Virtual Office revenue and Serviced Office revenue were \$69,712,000 and \$200,041,000 respectively (2014: \$64,289,000 and \$171,038,000, respectively).

8. EARNINGS PER SHARE

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
EARNINGS RECONCILIATION		
Net profit	33,141	26,336
Earnings used in the calculation of basic and diluted EPS	33,141	26,336
	NO.	NO.
Weighted average number of ordinary shares used in the calculation of basic EPS	98,432,275	98,432,275
Weighted average number of ordinary shares used in the calculation of diluted EPS	98,432,275	98,432,275
Basic earnings per share	\$0.34	\$0.27
Diluted earnings per share	\$0.34	\$0.27

9. CASH AND CASH EQUIVALENTS

	NOTE	CONSOLIDATED	
		2015 \$'000	2014 \$'000
Cash (i) (ii)	20	24,157	23,972
Bank short term deposits (ii) (iii)		73,680	68,510
		97,837	92,482

- Notes:
- i Australia and France have Nil (2014: Nil) and \$903,000 (2014: \$1,505,000), respectively, in cash which is encumbered.
 - ii Servcorp's unencumbered cash and investment balance is \$99,335,000 as at 30 June 2015 (2014: \$93,452,000).
 - iii Bank short term deposits mature within an average of 189 days (2014: 158 days). These deposits and the interest earning portion of the cash balance earn interest at a weighted average rate of 1.73% (2014: 3.52%).

10. TRADE AND OTHER RECEIVABLES

CURRENT		
At amortised cost		
Trade receivables (i)	31,870	22,679
Less: allowance for doubtful debts	(982)	(690)
Other debtors	8,271	10,254
	39,159	32,243

- Notes:
- i The average credit period allowed on rendering of services is 7 days. An allowance has been made for estimated unrecoverable trade receivable amounts arising from the past rendering of services, determined by reference to past default experience. The Group has fully reviewed all receivables over 90 days. Receivables are assessed for impairment at each reporting date and, where there is an indication of impairment, a provision is raised.

AGING OF TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED		
1 - 30 days	26,264	20,103
31 - 60 days	3,139	1,813
60 + days	2,467	763
Total	31,870	22,679

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

11. OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
CURRENT		
At fair value through profit or loss		
Forward foreign currency exchange contracts	238	321
Investment in bank hybrid variable rate securities (i)	16,614	16,306
At amortised cost		
Lease deposits	912	532
	17,764	17,159
NON-CURRENT		
At fair value through profit or loss		
Forward foreign currency exchange contracts	-	391
At amortised cost		
Lease deposits	28,672	25,397
Other	60	59
	28,732	25,847

- Notes:
- i Australia has \$13,888,000 in securities which is encumbered (2014: \$13,831,000).

12. OTHER ASSETS

CURRENT		
Prepayments	10,910	7,742
Other	5,756	4,346
	16,666	12,088

13. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED								
	LAND AND BUILDINGS AT COST	LEASE-HOLD IMPROVEMENTS OWNED AT COST	LEASE-HOLD IMPROVEMENTS AT COST	OFFICE FURNITURE & FITTINGS OWNED AT COST	OFFICE FURNITURE & FITTINGS LEASED AT COST	OFFICE EQUIPMENT & SOFTWARE OWNED AT COST	OFFICE EQUIPMENT LEASED AT COST	MOTOR VEHICLES OWNED AT COST	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS CARRYING AMOUNTS									
Balance at 30 June 2014	9,960	134,176	1,004	20,671	116	33,826	101	721	200,575
Additions	-	33,440	-	3,311	-	2,936	-	81	39,768
Disposals	-	(57)	-	(54)	-	(439)	-	(51)	(601)
Transfers (to) / from other class of asset	-	-	-	(54)	-	54	-	-	-
Effect of foreign currency exchange differences	105	19,070	19	2,389	2	3,191	1	64	24,841
Balance at 30 June 2015	10,065	186,629	1,023	26,263	118	39,568	102	815	264,583
ACCUMULATED DEPRECIATION									
Balance at 30 June 2014	833	66,375	958	12,517	116	27,805	100	570	109,274
Depreciation expense	222	12,283	-	2,182	-	3,591	-	67	18,345
Disposals	-	(30)	-	(54)	-	(423)	-	(38)	(545)
Transfers (to) / from other class of asset	-	(19)	-	-	-	-	-	-	(19)
Effect of foreign currency exchange differences	4	7,684	19	1,276	2	2,702	2	34	11,723
Balance at 30 June 2015	1,059	86,293	977	15,921	118	33,675	102	633	138,778
NET BOOK VALUE									
Balance at 30 June 2015	9,006	100,336	46	10,342	-	5,893	-	182	125,805
Balance at 30 June 2014	9,127	67,801	46	8,154	-	6,021	1	151	91,301

This note is to be read in conjunction with Note 1v Significant accounting policies "Useful lives of property, plant and equipment".

14. GOODWILL

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
GROSS CARRYING AMOUNT AND NET BOOK VALUE		
Balance at the beginning of the financial year	14,805	14,805
Balance at the end of the financial year	14,805	14,805

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

The following twenty countries are cash-generating units:

Japan, Australia, New Zealand, China, Hong Kong, Malaysia, Singapore, Thailand, Belgium, United Arab Emirates, Bahrain, Qatar, Saudi Arabia, Philippines, Lebanon, Turkey, France, United States of America, Kuwait and United Kingdom.

Goodwill was allocated to the countries in which goodwill arose.

The carrying amounts of goodwill relating to each cash-generating unit as at 30 June 2015 was as follows:

Japan	9,161	9,161
France	1,030	1,030
Australia	2,636	2,636
New Zealand	785	785
Singapore	706	706
Thailand	326	326
China	161	161
	14,805	14,805

The recoverable amount of goodwill relating to each cash-generating unit was determined based on value in use calculations, which use cash flow projections, covering a five year period and terminal value. For the year ended 30 June 2015, the discount rate applied to the above countries, inclusive of country risk premium, was as follows: Japan 14.3%, France 13.8%, Australia 13.2%, New Zealand 13.2%, Singapore 13.2%, Thailand 15.6% and China 14.1% (2014: Japan 14.7%, France 14.4%, Australia 13.8%, New Zealand 13.8%, Singapore 13.8% Thailand 16.2% and China 14.7%).

15. TRADE AND OTHER PAYABLES

	CURRENT	
At amortised cost		
Trade creditors	5,989	5,888
Deferred income	21,971	16,695
Deferred lease incentive	9,559	3,943
Other creditors and accruals	12,628	5,895
	50,147	32,421
NON-CURRENT		
At amortised cost		
Deferred lease incentive	24,279	21,179
	24,279	21,179

16. OTHER FINANCIAL LIABILITIES

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
CURRENT		
At amortised cost		
Security deposits	32,005	24,887
External borrowings (i)	513	506
	32,518	25,393
NON-CURRENT		
At fair value through profit or loss		
Forward foreign currency exchange contracts	291	-
At amortised cost		
External borrowings (i), (ii)	7,419	3,557
	7,710	3,557

Notes:

- i On 21 November 2013 Japan borrowed JPY240,000,000 at 2.42% p.a. fixed for 5 years.
- ii During the financial year ended 30 June 2015 Servcorp borrowed a total of GBP3,000,000 for a term of two years at variable interest rates.

17. FINANCING ARRANGEMENTS

The Consolidated Entity has access to the following lines of credit:

TOTAL FACILITIES AVAILABLE		
Bank guarantees (i)	38,935	35,575
Bank overdrafts and loans (iii)	8,929	1,322
Bill acceptance / payroll / other facilities (ii)	4,150	4,150
	52,014	41,047
FACILITIES UTILISED AT BALANCE SHEET DATE		
Bank guarantees (i)	33,751	27,531
Bank overdrafts and loans (iii)	6,141	-
	39,892	27,531
FACILITIES NOT UTILISED AT BALANCE SHEET DATE		
Bank guarantees (i)	5,184	8,044
Bank overdrafts and loans (iii)	2,788	1,322
Bill acceptance / payroll / other facilities (ii)	4,150	4,150
	12,122	13,516

The Group has access to financing facilities at reporting date as indicated above. The Group expects to meet its other obligations from operating cash flows and proceeds.

Notes:

- i Bank guarantees have been issued to secure rental bonds over premises. A guarantee has also been established to secure an overdraft limit in the form of a term deposit.
- ii Bill acceptance, payroll and other facilities have been established to facilitate the encashment of cheques, and to accommodate direct entry payroll and direct entry supplier payments.
- iii Bank overdraft limits have been established to fund working capital as required. All bank overdraft facilities are unsecured and payable at call, including any credit card facility utilised.

18. PROVISIONS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
CURRENT		
Employee benefits (i)	5,502	4,456
Other	189	201
	5,691	4,657
NON-CURRENT		
Employee benefits	690	668
	690	668

Notes:

- i The current provision for employee benefits includes \$4,696,456 of annual leave and vested long service leave entitlements accrued (2014: \$3,982,308).

19. ISSUED CAPITAL

Fully paid ordinary shares 98,432,275 (2014: 98,432,275)	154,122	154,122
MOVEMENTS IN ISSUED CAPITAL		
Balance at the beginning of the financial year	154,122	154,122
Balance at the end of the financial year	154,122	154,122

20. FINANCIAL INSTRUMENTS

The Group's Audit and Risk Committee oversees the establishment of the capital and financial risk management system which identifies, evaluates, classifies, monitors, qualifies and reports significant risks to the Board of Directors. All controlled entities in the Servcorp Group apply this risk management system to manage their own risks.

a. Financial risk management objectives

The financial risks that result from Servcorp's activities are credit risk and market risk (interest rate risk and foreign exchange risk).

The Consolidated Entity's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Consolidated Entity.

The Consolidated Entity does not enter into or trade financial instruments for speculative purposes. The Consolidated Entity does not apply hedge accounting. The use of financial derivatives is governed by the Consolidated Entity's policies approved by the Board of Directors.

The Consolidated Entity's corporate treasury function reports to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

b. Capital management

Servcorp's objective when managing capital is to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders.

The Group's overall strategy remains unchanged from 2014. The capital structure of Servcorp consists of equity attributable to equity holders of the parent, company issued capital, reserves and retained earnings.

Servcorp operates globally, primarily through subsidiary companies established in the markets in which Servcorp operates. Operating cash flows are used to maintain and expand Servcorp, as well as to make routine outflows of tax and dividend payments.

20. FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk

Servcorp's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into forward foreign currency exchange contracts to economically hedge anticipated transactions.

i. Foreign exchange risk

Servcorp operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Servcorp's foreign exchange risk arises primarily from:

- risk of fluctuations in foreign exchange rates to the Australian dollar (the reporting currency);
- firm commitments of receipts and payments settled in foreign currencies or with prices dependent on foreign currencies;
- investments in foreign operations; and
- loans and trading accounts to foreign operations.

Foreign currency assets and liabilities

For accounting purposes, net foreign operations are revalued at the end of each reporting period with the movement reflected as a movement in the foreign currency translation reserve. Borrowings and forward exchange contracts not forming part of the net investment in foreign operations are revalued at the end of each reporting period with the fair value movement reflected in the Statement of comprehensive income as exchange gains or losses.

Foreign currency sensitivity analysis

The following table summarises the material sensitivity of financial instruments held at balance date to movements in the exchange rate of the Australian dollar to foreign exchange rates, with all other variables held constant.

The sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five year period.

	IMPACT ON PROFIT CONSOLIDATED		IMPACT ON EQUITY CONSOLIDATED	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Pre tax gain / (loss)				
AUD/USD (i) +11% (2014: +9%)	295	99	3,247	(1,524)
AUD/USD (i) -11% (2014: -9%)	(83)	576	(4,084)	4,508
AUD/JPY +9% (2014: +9%)	3,211	2,363	1,438	(975)
AUD/JPY -9% (2014: -9%)	(2,356)	1,561	(1,716)	1,162
AUD/EUR +6% (2014: +10%)	266	(92)	266	(888)
AUD/EUR -6% (2014: -10%)	(261)	75	(297)	(663)
AUD/RMB +11% (2014: +9%)	(528)	(201)	170	(75)
AUD/RMB -11% (2014: -9%)	658	875	(211)	235
AUD/SGD +7% (2014: +5%)	(356)	(205)	254	(189)
AUD/SGD -7% (2014: -5%)	408	172	(79)	208
AUD/HKD +11% (2014: +9%)	(2,099)	417	-	-
AUD/HKD -11% (2014: -9%)	2,643	(299)	-	-

Notes:
i Servcorp is exposed to Dirhams (Dubai), Dinars (Bahrain and Kuwait), Rials (Qatar), Riyals (Saudi Arabia), Pounds (Lebanon) and Hong Kong Dollars (Hong Kong). These currencies are pegged to the USD.

20. FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk (continued)

i. Foreign exchange risk (continued)

Forward foreign currency exchange contracts

The following table sets out the details of forward foreign currency exchange contracts in place as at 30 June 2015. These are Level 2 fair value measurements derived from inputs as defined in Note 20(e).

	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		FAIR VALUE	
	2015	2014	2015 MILLION	2014 MILLION	2015 \$'000	2014 \$'000
Outstanding contracts						
CONSOLIDATED						
Sell JPY						
Not later than one year	84.52	87.27	600	475	(609)	(321)
Later than one year and not later than five years	86.95	85.55	750	900	(156)	(519)
Sell USD						
Not later than one year	0.8156	-	4	-	258	-
Later than one year and not later than five years	0.8475	-	3	-	447	-
Sell EUR						
Not later than one year	0.71	0.73	2	1	113	127

ii. Interest rate risk

Interest rate risk on cash or short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The following table summarises the sensitivity of the financial instruments held at balance date, following a movement to interest rates, with all other variables held constant. The sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates.

	IMPACT ON PROFIT CONSOLIDATED	
	2015 \$'000	2014 \$'000
Pre tax gain / (loss)		
AUD balances		
125 basis point increase	927	740
125 basis point decrease	(915)	(1,796)
Other balances		
250 basis point increase	194	52
250 basis point decrease	(109)	(121)

20. FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk (continued)

iii. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long term funding. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities.

The following table details the Consolidated Entity's expected maturity for its financial assets. The table below was drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned.

	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 + YEARS	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
CONSOLIDATED							
2015							
NON-INTEREST BEARING							
Cash and cash equivalents	24,157	-	-	-	-	24,157	2.56%
Receivables	39,159	-	-	-	-	39,159	
Lease deposits	1,051	1,536	7,004	16,692	2,656	28,939	
Forward foreign currency exchange contracts	1,596	434	11,059	13,461	-	26,550	
INTEREST BEARING							
Cash and cash equivalents (i)	9,411	17,196	50,899	-	-	77,506	1.73%
Variable rate securities	16,614	-	-	-	-	16,614	5.57%
	91,988	19,166	68,962	30,153	2,656	212,925	

2014

NON-INTEREST BEARING

Cash and cash equivalents	23,972	-	-	-	-	23,972	
Receivables	32,243	-	-	-	-	32,243	
Lease deposits	-	3,881	5,467	13,739	2,289	25,376	
Forward foreign currency exchange contracts	-	-	5,421	11,844	-	17,265	

INTEREST BEARING

Cash and cash equivalents (i)	5,861	25,535	37,347	-	-	68,743	3.52%
Variable rate securities	16,306	-	-	-	-	16,306	6.77%
	78,382	29,416	48,235	25,583	2,289	183,905	

Notes:

- i Fixed interest rate instruments.

20. FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk (continued)

iii. Liquidity risk (continued)

The following table details the Consolidated Entity's remaining contractual maturity for its financial liabilities. The table is based on the earliest date on which undiscounted cash flows of financial liabilities are contractually to be paid. The table includes both principal and interest cash flows.

	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5+ YEARS	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
CONSOLIDATED							
2015							
NON-INTEREST BEARING							
Payables	5,989	13,438	-	-	-	19,427	
Security deposits (i)	-	-	32,005	-	-	32,005	
Forward foreign currency exchange contracts	1,653	488	10,568	13,075	-	25,784	
INTEREST BEARING							
Bank loans (i)	133	10	368	2,254	-	2,765	
Bank overdrafts (ii)	-	-	-	6,351	-	6,351	
	7,775	13,936	42,941	21,680	-	86,332	
2014							
NON-INTEREST BEARING							
Payables	5,888	6,369	-	-	-	12,257	
Security deposits (i)	-	-	24,887	-	-	24,887	
Forward foreign currency exchange contracts	-	-	4,964	10,850	-	15,814	
INTEREST BEARING							
Bank loans (i)	131	10	422	2,213	-	2,776	2.42%
	6,019	6,379	30,273	13,063	-	55,734	

Notes:

- i Fixed interest rate instruments.
ii Variable interest rate instruments at LIBOR + 2%.

d. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to any single counterparty or any group of any counterparties having similar characteristics. Details of credit enhancements in the form of serviced office security deposits retained from customers are further disclosed in Note 16.

Credit risk on cash and short term fixed deposits is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies. These liquid funds are managed centrally by Servcorp's senior management on a daily basis.

20. FINANCIAL INSTRUMENTS (CONTINUED)

e. Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities approximate their fair value other than in respect of Servcorp Limited's investment in subsidiaries.

Financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	CONSOLIDATED		
	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
30 JUNE 2015			
Bank hybrid variable rate securities	16,614	-	-
Forward foreign currency exchange contracts	-	(53)	-
	16,614	(53)	-
30 JUNE 2014			
Bank hybrid variable rate securities	16,306	-	-
Forward foreign currency exchange contracts	-	712	-
	16,306	712	-

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

FINANCIAL ASSETS	FAIR VALUE AS AT 30 JUNE 2015 \$'000	FAIR VALUE AS AT 30 JUNE 2014 \$'000	FAIR VALUE HIERACHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)
Bank hybrid variable rate securities	16,614	16,306	1	Quoted prices in an active market
Forward foreign currency exchange contracts	(53)	712	2	Future cash flows are estimated based on observable forward exchange rates

21. EMPLOYEE BENEFITS

Defined contribution fund

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contributions. The Company's controlled entities are legally obliged to contribute to employee nominated defined contribution superannuation plans.

Details of contributions to funds during the year ended 30 June 2015 are as follows:

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Employer contributions	1,892	1,882

As at 30 June 2015, there were no outstanding employer contributions payable to other funds.

22. COMMITMENTS FOR EXPENDITURE

CAPITAL EXPENDITURE COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

Contracted but not provided for and payable:

Not later than one year	8,047	21,422
Later than one year but not later than five years	-	-
Later than five years	-	-
	8,047	21,422

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year	118,951	83,763
Later than one year but not later than five years	282,595	170,220
Later than five years	190,758	73,652
	592,304	327,635

The Consolidated Entity leases property under operating leases expiring from 1 to 15 years. Liabilities in respect of lease incentives are disclosed in Note 15 to the Consolidated financial report.

Operating leases

Leasing arrangements

Operating leases have been entered into to operate serviced office floors. The Consolidated Entity does not have an option to purchase the leased asset at the expiry of the lease period.

23. SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2015 %	2014 %
PARENT ENTITY			
Servcorp Limited (i)	Australia		
CONTROLLED ENTITIES			
Servcorp Australian Holdings Pty Ltd	Australia	100	100
Servcorp Offshore Holdings Pty Ltd	Australia	100	100
Servcorp Exchange Square Pty Ltd	Australia	100	100
Servcorp (Miller Street) Pty Ltd	Australia	100	100
Servcorp (North Ryde) Pty Ltd	Australia	100	100
Servcorp Smart Office Pty Ltd	Australia	100	100
Servcorp Smart Homes Pty Ltd	Australia	100	100
Servcorp Business Service (Beijing) Pty Ltd	Australia	100	100
Servcorp Virtual Pty Ltd	Australia	100	100
Servcorp Holdings Pty Ltd	Australia	100	100
Servcorp Administration Pty Ltd	Australia	100	100
Servcorp Adelaide Pty Ltd	Australia	100	100
Servcorp Barangaroo Pty Ltd (iii) (formerly Servcorp Brisbane George Street Pty Ltd)	Australia	100	100
Servcorp Brisbane Pty Ltd	Australia	100	100
Servcorp Workspaces Pty Ltd	Australia	100	100
Servcorp Gateway Pty Ltd	Australia	100	100
Servcorp Chifley 29 Pty Ltd	Australia	100	100
Servcorp Communications Pty Ltd	Australia	100	100
Servcorp IT Pty Ltd	Australia	100	100
Servcorp Melbourne Virtual Pty Ltd	Australia	100	100
Servcorp MLC Centre Pty Ltd	Australia	100	100
Servcorp Melbourne 27 Pty Ltd	Australia	100	100
Servcorp Sydney Virtual Pty Ltd	Australia	100	100
Servcorp William Street Pty Ltd	Australia	100	100
Servcorp Melbourne 18 Pty Ltd	Australia	100	100
Servcorp Perth Pty Ltd	Australia	100	100
Servcorp Brisbane Riverside Pty Ltd	Australia	100	100
Servcorp Market Street Pty Ltd	Australia	100	100
Office Squared Pty Ltd	Australia	100	100
Servcorp WA Pty Ltd	Australia	100	100
Servcorp Parramatta Pty Ltd	Australia	100	100
Servcorp Sydney 56 Pty Ltd	Australia	100	100
Servcorp Norwest Pty Ltd	Australia	100	100
Servcorp Level 12 Pty Ltd	Australia	100	100
Servcorp Western Australia Pty Ltd	Australia	100	100
Office Squared (Nexus) Pty Ltd	Australia	100	100
Servcorp SA 30 Pty Ltd	Australia	100	100

23. SUBSIDIARIES (CONTINUED)

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2015 %	2014 %
CONTROLLED ENTITIES (CONTINUED)			
Servcorp City Square Pty Ltd	Australia	100	100
Servcorp North Sydney 32 Pty Ltd	Australia	100	100
Servcorp Docklands Pty Ltd	Australia	100	100
Servcorp Sydney 22 Pty Ltd	Australia	100	100
Servcorp Hobart Pty Ltd	Australia	100	100
Servcorp Brisbane 400 Pty Ltd	Australia	100	100
Servcorp Southbank Pty Ltd	Australia	100	100
Office Squared (Atlas) Pty Ltd	Australia	100	100
Gnee Pty Ltd	Australia	100	100
Beechreef (New Zealand) Limited	New Zealand	100	100
Servcorp New Zealand Limited	New Zealand	100	100
Company Headquarters Limited	New Zealand	100	100
Servcorp Wellington Limited	New Zealand	100	100
Servcorp Queen Street Limited (iii) (formerly Servcorp Christchurch Limited)	New Zealand	100	100
Servcorp Serviced Offices Pte Ltd	Singapore	100	100
Servcorp Battery Road Pte Ltd	Singapore	100	100
Servcorp Marina Pte Ltd	Singapore	100	100
Servcorp Franchising Pte Ltd	Singapore	100	100
Servcorp Singapore Holdings Pte Ltd	Singapore	100	100
Servcorp Metropolis Pte Ltd	Singapore	100	100
Servcorp Hottdesk Singapore Pte Ltd	Singapore	100	100
Servcorp Square Pte Ltd	Singapore	100	100
Servcorp SR Pte Ltd	Singapore	100	100
Servcorp Hong Kong Limited	Hong Kong	100	100
Servcorp Communications Limited (iv)	Hong Kong	-	100
Servcorp HK Central Limited	Hong Kong	100	100
Servcorp Business Service (Shanghai) Co. Ltd	China	100	100
Servcorp Business Service (Beijing) Co. Ltd	China	100	100
Chengdu Servcorp Business Service Co. Ltd	China	100	100
Beijing Servcorp Sihui Business Service Co. Ltd	China	100	100
Guangzhou Servcorp Business Service Co. Ltd	China	100	100
Chengdu Servcorp (OAC) Business Service Co. Ltd	China	100	100
Hangzhou Servcorp Business Consulting Co. Ltd	China	100	100
Amalthea Nominees (Malaysia) Sdn Bhd	Malaysia	100	100
Office Squared Malaysia Sdn Bhd	Malaysia	100	100
Servcorp Manila, Inc	Philippines	100	100
Servcorp Thai Holdings Limited	Thailand	100	100
Servcorp Company Limited	Thailand	100	100
Headquarters Co. Limited	Thailand	100	100
PT Servcorp Jakarta Selatan	Indonesia	100	-

23. SUBSIDIARIES (CONTINUED)

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2015 %	2014 %
Servcorp Japan KK	Japan	100	100
Servcorp Tokyo KK	Japan	100	100
Servcorp Shinagawa KK	Japan	100	100
Servcorp Co-working GK	Japan	100	-
Servcorp Paris SARL	France	100	100
Servcorp Edouard VII SARL	France	100	100
Servcorp Brussels SPRL	Belgium	100	100
Servcorp UK Limited	United Kingdom	100	100
Servcorp Leadenhall Limited	United Kingdom	80	80
Servcorp Mayfair Limited	United Kingdom	100	100
Servcorp LLC (ii)	UAE	49	49
Servcorp Administration Services WLL (ii)	UAE	49	49
Servcorp Level 54 DMCC	UAE	100	-
Servcorp Business Centres Operation Limited Liability Partnership	Turkey	100	100
Servcorp BFH WLL	Bahrain	100	100
Servcorp Qatar LLC (ii)	Qatar	49	49
Servcorp Aswad Real Estate Company WLL (ii)	Kuwait	49	49
Servcorp Phoenicia SAL	Lebanon	100	100
Jeddah Branch of Servcorp Square Pte Ltd	Saudi Arabia	100	100
Servcorp US Holdings, Inc.	United States	100	100
Servcorp America LLC	United States	100	100
Servcorp Atlanta LLC	United States	100	100
Servcorp Boston LLC	United States	100	100
Servcorp New York LLC	United States	100	100
Servcorp Washington LLC	United States	100	100
Servcorp Philadelphia LLC	United States	100	100
Servcorp Dallas LLC	United States	100	100
Servcorp Houston LLC	United States	100	100
Servcorp Los Angeles LLC	United States	100	100
Servcorp Denver LLC	United States	100	100
Servcorp Miami LLC	United States	100	100
Servcorp San Francisco LLC	United States	100	100
Servcorp State Street LLC	United States	100	100
Servcorp Fulton Street LLC (iii) (formerly Servcorp Liberty Street LLC)	United States	100	100

- Notes:
- i Servcorp Limited is the head entity within the Australian tax consolidated group.
 - ii A Company in the Consolidated Entity exercises control over Servcorp LLC, Servcorp Administration Services WLL, Servcorp Qatar LLC and Servcorp Aswad Real Estate Company WLL despite owning 49% of the issued capital. Arrangements are in place that entitle the Company or its controlled entities to all the benefits and risks of ownership notwithstanding that the majority shareholding may be vested in another party.
 - iii a) Servcorp Brisbane George Street Pty Ltd changed its name to Servcorp Barangaroo Pty Ltd on 25 September 2014.
b) Servcorp Christchurch Limited changed its name to Servcorp Queen Street Limited on 18 March 2015.
c) Servcorp Liberty Street LLC changed its name to Servcorp Fulton Street LLC on 22 August 2014.
 - iv The entity was deregistered during the financial year (refer to Note 25).

24. JOINT VENTURE

NAME OF JOINT VENTURE	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	2015 %	2014 %
Etihad Towers Service Offices LLC	Serviced offices and virtual offices	UAE	49	-

On 13 March 2014, a company in the Consolidated group entered into a joint venture with Emirates Consortium LLC. The name of the joint venture is Etihad Towers Service Offices LLC.

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with AASBs (adjusted by the Group for equity and accounting purposes).

	THE COMPANY	
	2015 \$'000	2014 \$'000
FINANCIAL POSITION		
ASSETS		
Current assets	592	-
Non-current assets	2,305	-
Total assets	2,897	-
LIABILITIES		
Current liabilities	3,341	-
Non-current liabilities	-	-
Total liabilities	3,341	-
Net assets	(444)	-
FINANCIAL PERFORMANCE		
Revenue	168	-
Loss for the year	(490)	-
Other comprehensive loss for the period	-	-
Total comprehensive loss for the period	(490)	-
Reconciliation of the above summarised information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:		
Share of net assets in joint venture	(222)	-
Share of losses in joint venture	(245)	-

The share of losses in the joint venture consist of share capital totalling \$26,903 invested by Servcorp and \$218,040 of losses recognised against Servcorp's contributions during the financial year ended 30 June 2015 totalling \$1,368,354.

25. FORMATION / DEREGISTRATION OF CONTROLLED ENTITIES

	CONSIDERATION \$'000	COUNTRY OF INCORPORATION	THE CONSOLIDATED ENTITY'S INTEREST %
FORMATIONS 2015			
PT Servcorp Jakarta Selatan The entity was formed on 25 May 2015	-	Indonesia	100
Servcorp Co-working GK The entity was formed on 8 June 2015	-	Japan	100
Servcorp Level 54 DMCC The entity was formed on 21 December 2014	-	UAE	100
FORMATIONS 2014			
Servcorp Leadenhall Limited The entity was formed on 31 October 2013	-	United Kingdom	80
Servcorp Mayfair Limited The entity was formed on 12 May 2014	-	United Kingdom	100
Servcorp Liberty Street LLC The entity was formed on 4 October 2013	-	United States	100
			COUNTRY OF INCORPORATION
DEREGISTRATIONS 2015			
Servcorp Communications Limited The entity was deregistered on 9 January 2015			Hong Kong
DEREGISTRATIONS 2014			
Office Squared Network Technology Services (Hangzhou) Co. Ltd The entity was deregistered on 16 July 2013			China
Servcorp Nippon International KK The entity was deregistered on 1 February 2014			Japan
Servcorp Marunouchi KK The entity was deregistered on 17 July 2013			Japan
Servcorp Ginza KK The entity was deregistered on 1 February 2014			Japan
Servcorp Nagoya KK The entity was deregistered on 1 February 2014			Japan
Servcorp Fukuoka KK The entity was deregistered on 17 July 2013			Japan
Call Centre Enterprises KK The entity was deregistered on 1 February 2014			Japan
Servcorp Seoul LLC The entity was deregistered on 2 June 2014			Korea

26. NOTES TO STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
A. RECONCILIATION OF CASH AND CASH EQUIVALENTS		
For the purpose of the Statement of cash flows, cash and cash equivalents includes cash on hand and at bank, and 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 Statement of cash flows are reconciled to the related items in the Statement of financial position as follows:		
Cash at bank	24,157	23,972
Short term deposits	73,680	68,510
Cash and cash equivalents	97,837	92,482
B. RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax	33,141	26,336
Add / (less) non-cash items:		
Movements in provisions	1,056	41
Depreciation of non-current assets	18,345	15,899
Share of losses of joint venture	(245)	-
(Gain) / loss on disposal of non-current assets	(52)	274
Increase / (decrease) in current tax liability	4,457	1,306
(Increase) / decrease in deferred tax balances	(7,571)	2,379
Unrealised foreign exchange (gain)	(5,653)	(2,450)
Changes in net assets and liabilities during the financial period:		
Increase in prepayments and receivables	(3,168)	(1,642)
Increase in trade debtors	(6,916)	(9,283)
Increase in current assets	(1,410)	(562)
Increase in deferred income	5,276	636
Increase in client security deposits	7,118	3,234
Increase in accounts payable	15,550	4,046
Net cash provided from operating activities	59,928	40,214

27. RELATED PARTY DISCLOSURES

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 23 to the financial report.

Other transactions with the Company and its controlled entities

From time to time directors of the Company and its controlled entities, or their director-related entities, may purchase goods from or provide services to the Consolidated Entity. These purchases or sales are on the same terms and conditions as those entered into by other employees, suppliers or customers of the Consolidated Entity and are trivial or domestic in nature. All transactions with director-related entities are disclosed to the Board and reviewed to ensure they bring a benefit to the Consolidated Entity.

A director of the Company, Mr A G Moufarrige, has an interest in and is a director of Tekfon Pty Ltd. The Consolidated Entity has a lease on arm's length terms with Tekfon Pty Ltd for the use of Tekfon's premises for storage. The Board, with Mr A G Moufarrige absent, reviews the lease with Tekfon Pty Ltd on an annual basis to ensure that the terms are at market rate or better.

A relative of a director of the Company, Mr A G Moufarrige, has an interest in Enideb Pty Ltd. Mr A G Moufarrige has no interest in the affairs of Enideb Pty Ltd. Enideb Pty Ltd operates the Servcorp franchise in Canberra on arm's length terms.

A director of the Company, Mr A G Moufarrige, has an interest in and is a director of Air Office Pty Ltd. Air Office Pty Ltd is provided IT services by the Consolidated Entity, which are reimbursed at arm's length terms. At various times during the year, Air Office Pty Ltd was also a client of Servcorp in Adelaide, Brisbane, Hobart, Melbourne and Sydney. Effective 1 July 2015, the Consolidated Entity took over the Air Office client base. No consideration was paid. The directors consider that the client base will integrate seamlessly under its Virtual Office offering, and will bring a positive cash and revenue stream to the Consolidated Entity.

A director of the Company, Mr A G Moufarrige, has an interest in and is a director of Sovori Pty Ltd. Mr T Moufarrige, a director of the Company, is also a director of Sovori Pty Ltd.

A director of the Company, Mr A G Moufarrige, has an interest in Thru, Inc. A director of the Company, Mr R Holliday-Smith, has an interest in and is a director of Thru, Inc. Thru, Inc. provides IT services to Servcorp on arm's length terms. Mr A G Moufarrige and Mr R Holliday-Smith did not have any involvement in the negotiation of the terms of the arrangement with Thru, Inc. Thru, Inc is also a client of Servcorp in Sydney.

A director of the Company, Mr T Moufarrige, has an interest in and is the CEO of Nualight AUSNZ Pty Ltd. Nualight AUSNZ Pty Ltd is a client of Servcorp in Sydney, Melbourne, Wellington and in Beijing. Nualight AUSNZ Pty Ltd also provides lighting products to the Consolidated Entity on arm's length terms.

A director of the Company, Mr T Moufarrige, had an interest in and was the CEO of Light Energy Australia Pty Ltd. Light Energy Australia Pty Ltd was a client of Servcorp in Sydney and in Beijing. Light Energy Australia Pty Ltd also provided lighting products to the Consolidated Entity on arm's length terms. Light Energy Australia Pty Ltd stopped trading in March 2015.

A director of the Company, Mr T Moufarrige, was a consultant to Cutting Edge Post Pty Ltd. Cutting Edge Post Pty Ltd provides advice on online training programs to the Consolidated Entity on arm's length terms. Mr T Moufarrige ceased acting as a consultant to Cutting Edge Post Pty Ltd in August 2013.

A director of the Company, Mr T Moufarrige, has an interest in and is a director of Spigoli Pty Ltd. Mr T Moufarrige and Spigoli Pty Ltd are clients of Servcorp in Sydney.

A relative of a director of the Company, Mr B Corlett, has an interest in TDM Asset Management Pty Ltd. TDM Asset Management Pty Ltd was a client of Servcorp in Sydney and is a client in New York. Mr B Corlett has no interest in the affairs of TDM Asset Management Pty Ltd nor any involvement in the negotiation of the terms of the arrangement with TDM Asset Management Pty Ltd.

A director of the Company, Mr B Corlett, has an interest in and is the Chairman of Australian Maritime Systems Limited. Australian Maritime Systems Limited is a client of Servcorp in Perth. Mr B Corlett did not have any involvement in the negotiation of the terms of the arrangement with Australian Maritime Systems Limited.

A relative of a director of the Company, Mr B Corlett, has an interest in Highbury Partnership. Highbury Partnership is a client of Servcorp in Sydney. Mr B Corlett did not have any involvement in the negotiation of the terms of the arrangement with Highbury Partnership.

A director of the Company, Mr B Corlett, is a director of Fortius Funds Management Pty Ltd, a related company of Fortius Global Real Estate Securities. Fortius Global Real Estate Securities is a client of Servcorp in Singapore. Mr B Corlett did not have any involvement in the negotiation of the terms of the arrangement with Fortius Global Real Estate Securities.

A director of the Company, Mr B Corlett, had an interest in and was the Chairman of The Trust Company Limited. The Trust Company Limited was a client of Servcorp in Perth. Mr Corlett did not have any involvement in the negotiation of the terms of the arrangement with The Trust Company Limited. Mr B Corlett's relationship with The Trust Company Limited ceased in December 2013.

A director of the Company, Mr R Holliday-Smith, has an interest in and is the Chairman of ASX Limited. ASX Operations Pty Ltd, a subsidiary company of ASX Limited, is a client of Servcorp in London. Mr R Holliday-Smith did not have any involvement in the negotiation of the terms of the arrangement with ASX Operations Pty Ltd.

27. RELATED PARTY DISCLOSURES (CONTINUED)

Other transactions with the Company and its controlled entities (continued)

The terms and conditions of the transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director-related entities on an arm's length basis.

The value of the transactions during the year with directors and their director-related entities were as follows:

DIRECTOR	DIRECTOR-RELATED ENTITY	TRANSACTION	CONSOLIDATED	
			2015 \$	2014 \$
A G Moufarrige	Tekfon Pty Ltd	Premises rental	86,445	84,712
A G Moufarrige	Enideb Pty Ltd	Franchisee	1,002,858	737,381
A G Moufarrige	Air Office Pty Ltd	Client	4,404	2,254
A G Moufarrige	Air Office Pty Ltd	Reimbursements	20,707	42,806
A G Moufarrige, T Moufarrige	Sovori Pty Ltd	Reimbursements	320,740	250,434
A G Moufarrige, R Holliday-Smith	Thru, Inc.	IT services Client	109,719 5,116	116,972 9,559
T Moufarrige	Nualight AUSNZ Pty Ltd	Client	7,169	-
T Moufarrige	Nualight AUSNZ Pty Ltd	Supplier	38,337	-
T Moufarrige	Light Energy Australia Pty Ltd	Client	-	6,699
T Moufarrige	Light Energy Australia Pty Ltd	Supplier	202,982	371,229
T Moufarrige	Cutting Edge Post Pty Ltd	Supplier	24,937	27,929
T Moufarrige	Spigoli Pty Ltd	Client	5,499	8,041
T Moufarrige	Taine Moufarrige	Reimbursements	2,889	9,072
B Corlett	TDM Asset Management Pty Ltd	Client	37,653	23,955
B Corlett	Australian Maritime Systems Limited	Client	8,112	36,870
B Corlett	Highbury Partnership	Client	87,186	-
B Corlett	Fortius Global Real Estate Securities	Client	6,433	-
B Corlett	The Trust Company Limited	Client	-	92,930
R Holliday-Smith	ASX Operations Pty Ltd	Client	32,650	-

Amounts receivable from and payable to directors and their director-related entities at balance sheet date arising from these transactions were as follows:

Current receivable / (payable)	2015 \$	2014 \$
Enideb Pty Ltd	73,905	78,020
Enideb Pty Ltd	(26,398)	(25,455)
Air Office Pty Ltd	1,851	564
Sovori Pty Ltd	12,323	-
Thru, Inc	-	799
Thru, Inc	(3,007)	(2,075)
Nualight AUSNZ Pty Ltd	511	-
Light Energy Australia Pty Ltd	-	(93,894)
Spigoli Pty Ltd	484	1,076
Taine Moufarrige	924	9,072
TDM Asset Management Pty Ltd	466	3,671
Australian Maritime Systems Limited	683	638
Highbury Partnership	7,291	-
Fortius Global Real Estate Securities	230	-
The Trust Company Limited	-	658
ASX Operations Pty Ltd	4,403	-

28. PARENT ENTITY DISCLOSURES

	THE COMPANY	
	2015 \$'000	2014 \$'000
FINANCIAL POSITION		
ASSETS		
Current assets	215,622	184,435
Non-current assets	22,393	20,696
Total assets	238,015	205,131
LIABILITIES		
Current liabilities	60,432	32,753
Total liabilities	60,432	32,753
EQUITY		
Issued capital	154,122	154,122
Retained earnings	23,461	18,256
Total equity	177,583	172,378
FINANCIAL PERFORMANCE		
Profit for the year	26,859	11,584
Total comprehensive income	26,859	11,584

As at 30 June 2015:

- i Servcorp Limited guaranteed Company Headquarters Limited (a subsidiary) as part of a New Zealand lease negotiated in 2002.
- ii On 24 March 2015 Servcorp Limited renewed a Corporate Guarantee and Indemnity with the Australian and New Zealand Banking Group Limited, pursuant to which the bank agreed to make available to the Consolidated Entity a \$37,000,000 interchangeable facility for general corporate purposes. The liability under the deed by and between the Australian and New Zealand companies is limited to \$52,000,000. As at 30 June 2015 the fair value of these commitments was Nil (2014: Nil).
- iii There were no contingent liabilities of the parent entity.
- iv There were no commitments for the acquisition of property, plant and equipment by the parent entity.

29. SUBSEQUENT EVENTS

Other than the matters noted below, there has not arisen in the interval between reporting date and the date of this Financial Report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Dividend

On 25 August 2015 the directors declared a final dividend of 11.00 cents per share, franked to 40%, payable on 24 September 2015.

Air Office

Effective 1 July 2015, the Consolidated Entity took over the Air Office client base. No consideration was paid. The directors consider that the client base will intergrade seamlessly under its Virtual Office offering, and will bring a positive cash and revenue stream to the Consolidated Entity.

The financial effects of the above transactions have not been brought to account in the financial statements for the year ended 30 June 2015.

Directors' Declaration

The directors declare that:

- a. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b. the attached financial statements, set out on pages 59 to 98 are in compliance with International Financial Reporting Standards, as stated in Note 1 to the Consolidated financial report;
- c. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - i. compliance with accounting standards; and
 - ii. giving a true and fair view of the financial position and performance of the Consolidated Entity;
- d. the directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors pursuant to section 295(5) of the *Corporations Act 2001*.



A G Moufarrige
Managing Director and CEO

Dated at Sydney this 25th day of August 2015.



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Servcorp Limited

Report on the Financial Report

We have audited the accompanying financial report of Servcorp Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 59 to 99.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member of Deloitte Touche Tohmatsu Limited.

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Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Servcorp Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Servcorp Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

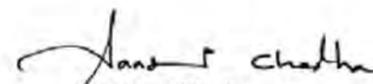
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 57 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Servcorp Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



Sandeep Chadha
Partner
Chartered Accountants
Sydney, 25 August 2015

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The shareholder information set out below is provided in accordance with the Listing Rules and was applicable as at 02 September 2015.

CLASS OF SHARES AND VOTING RIGHTS

Ordinary shares

There were 2,296 holders of the ordinary shares of the Company.

At a general meeting:

- On a show of hands, every member present in person or by direct vote, proxy, attorney or representative has one vote;
- On a poll, every member present has one vote for each fully paid share held.

Options

There were no holders of options over unissued ordinary shares of the Company.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

The share buy-back that commenced on 11 September 2012 was finalised on 26 August 2014.

DISTRIBUTION OF SHAREHOLDERS

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF SHARES
1 - 1,000	726	360,880	0.37%
1,001 - 5,000	1,081	2,850,408	2.90%
5,001 - 10,000	273	2,066,899	2.10%
10,001 - 100,000	188	4,682,664	4.75%
100,001 and over	28	88,471,424	89.88%
Totals	2,296	98,432,275	100.00%

There were 70 holders of ordinary shares holding less than a marketable parcel, based on the closing market price at the specified date.

SUBSTANTIAL SHAREHOLDERS

The following organisations have given a substantial shareholder notice to Servcorp.

NAME	NUMBER OF SHARES	% OF VOTING POWER
Sovori Pty Ltd	49,812,927	50.61%
Perpetual Limited	12,885,221	13.09%

TWENTY LARGEST SHAREHOLDERS

HOLDER NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD
BNP Paribas Nominees Pty Ltd (DRP)	700,874	0.71%
Citicorp Nominees Pty Limited	5,582,506	5.67%
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	788,577	0.80%
Eniat Pty Ltd	1,800,000	1.83%
HSBC Custody Nominees (Australia) Limited	7,563,747	7.68%
HSBC Custody Nominees (Australia) Limited (Nt-Commonwealth Super Corp A/C)	607,635	0.62%
JP Morgan Nominees Australia Limited	4,815,472	4.89%
MFLE Pty Ltd	1,800,000	1.83%
Moufarrige, Alfred George	547,436	0.56%
National Nominees Limited	8,350,469	8.48%
Omnioffices Pty Limited	302,808	0.31%
RBC Investor Services Australia Nominees Pty Limited (Bkcust A/C)	503,214	0.51%
RBC Investor Services Australia Nominees Pty Limited (Piselect)	258,834	0.26%
Sandhurst Trustees Ltd (Wentworth Williamson A/C)	253,777	0.26%
Sidekick No 2 Pty Limited (R Holliday-Smith Super Fund Account)	250,000	0.25%
Sovori Pty Ltd	42,095,859	42.77%
UBS Nominees Pty Ltd	6,419,199	6.52%
UBS Nominees Pty Ltd	4,275,580	4.34%
UBS Wealth Management Australia Nominees Pty Ltd	445,238	0.45%
Uvira Superannuation Pty Limited (Uvira Holdings Employees Super Fund Account)	413,474	0.42%
Totals for Top 20	87,774,699	89.17%

CORPORATE INFORMATION

Directors

Bruce Corlett	Chairman & non-executive director, independent
Rick Holliday-Smith	Non-executive director, independent
Alf Moufarrige	CEO & Managing director
Taine Moufarrige	Non-executive director
Mark Vaile	Non-executive director, independent

Company secretary

Greg Pearce

Registered office and principal office

Level 63, MLC Centre
19 Martin Place
Sydney NSW 2000

Telephone: + 61 (2) 9231 7500

Facsimile: + 61 (2) 9231 7665

Auditor

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000

Share registry

Boardroom Pty Limited

Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

GPO Box 3993

Sydney NSW 2001

Telephone: 1300 737 760

+ 61 (2) 9290 9600

Facsimile: 1300 653 459

+ 61 (2) 9279 0664

Email: enquiries@boardroomlimited.com.au

Stock exchange

Servcorp Limited shares are quoted on the Australian Securities Exchange under the code **SRV**.

The Home Exchange is Sydney.

Annual general meeting

The annual general meeting of Servcorp Limited will be held at 4.30pm on Wednesday, 11 November 2015 at:

The Westin
Level 6, Barnet Room
1 Martin Place
Sydney NSW 2000



