SERVCORP LIMITED
ABN 97 089 222 506

APPENDIX 4E

Preliminary Final Report for the financial year ended 30 June 2013

The information in this document should be read in conjunction with the 2013 Financial Report and any public announcements made during the period in accordance with continuous disclosure obligations arising under Corporations Act 2001 and ASX Listing Rules

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Reporting Period

Current period:	1 July 2012 to 30 June 2013
Previous corresponding period:	1 July 2011 to 30 June 2012

Results for announcement to the market

				$'000
Revenue and other income from ordinary activities	up	4%	to	207,995
Profit from ordinary activities after tax attributable to members	up	44%	to	21,271
Net profit for the period attributable to members	up	44%	to	21,271

Dividends	Total amount $'000	Amount per security	Franked amount per security
Current period			
Final dividend declared	7,382	7.500c	7.500c
Interim dividend paid	7,382	7.500c	7.500c
Previous corresponding period			
Final dividend declared	7,383	7.500c	6.375c
Interim dividend paid	7,383	7.500c	3.750c

Record date for determining entitlements to the dividend	20 September 2013

	30 June 2013 $	30 June 2012 $
Net tangible asset backing		
Net tangible asset backing per ordinary security	$1.96	$1.87

Control over entities

Control was not gained or lost over any entity during the financial year ended 30 June 2013 that had a material effect on the profit for the period.

Material interest in entities

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

Details of associates and Joint Venture entities

There are no associates or joint venture entities.

Management Discussion & Analysis

SERVCORP REPORTS NPBT IN LINE WITH GUIDANCE

- Revenue of $207,995,000 for FY 2013, up 4%
- NPBT of $27,630,000 for FY 2013
- NPAT of $21,271,000 for FY 2013
- Mature floor NPBT of $42,216,000 for FY 2013
- NPBT growth in H2 FY 2013 of 22% compared to H1 FY 2013
- Free cash produced (before tax) of $37,223,000 for FY 2013
- Unencumbered cash balances of $90,616,000 at 30 June 2013
- NTA backing of $1.96 per share at 30 June 2013
- EPS of $0.22 cents per share for FY 2013
- Final dividend of 7.50 cents per share, fully franked declared for FY 2013
- Dividends payable of 15.00 cents per share, fully franked for FY 2013
- Forecast FY 2014 dividend of no less than 16.00 cents per share

Change in Depreciation Estimate

The Board of Directors elected to change the depreciation rate of leasehold improvements from 15% to 10%, effective 1st July 2012. A depreciation rate of 10% more accurately reflects the actual life of a Servcorp floor, and also more closely aligns Servcorp's depreciation policy to the industry standards.

The impact of the rate change was to increase NPBT by $6,130,000 in FY 2013. A summary of the impact, split between mature and immature floors is outlined in the following table:

	Normalised Result $AUD 000's	Statutory Result $AUD 000's	Impact $AUD 000's
Mature Profit	38,004	42,216	4,212
Immature Loss	(16,504)	(14,586)	1,918
NPBT	21,500	27,630	6,130

Note: All results shown are consistent with the statutory accounts.

FY 2013 Normalised Results

A summary of the normalised results for FY 2013 compared to FY 2012 are outlined as follows:

	FY 2013 $AUD 000's	FY 2012 $AUD 000's	Impact $AUD 000's	%
Mature Profit	38,004	37,307	697	2%
Immature Loss	(16,504)	(18,978)	2,474	13%
NPBT	21,500	18,329	3,171	17%

On a normalised basis, mature floor profit was up 2% and NPBT was up 17% compared to FY 2012.

Management Discussion & Analysis

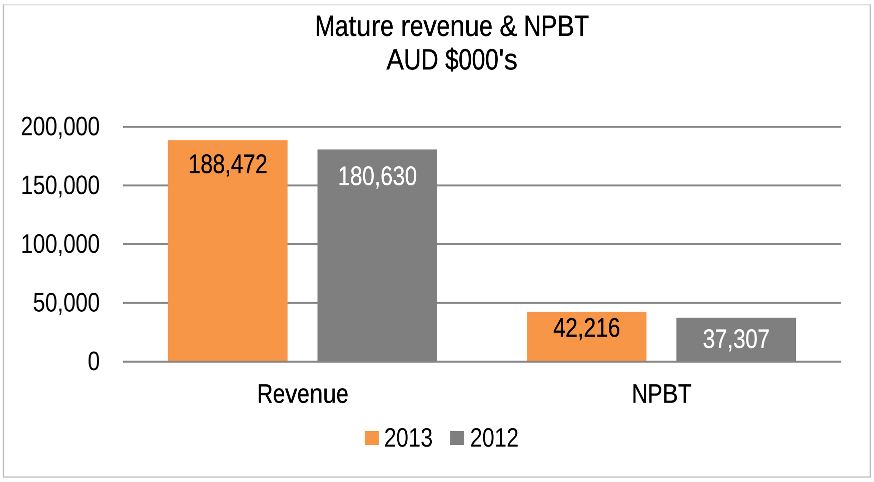
H2 FY 2013 vs. H1 FY 2013

A summary of the results for H2 FY 2013 compared to H1 FY 2013 are as follows:

	H2 FY 2013 $AUD 000's	H1 FY 2013 $AUD 000's	Variance $AUD 000's	%
Revenue	105,327	102,668	2,659	3%
Mature NPBT	22,665	19,551	3,114	16%
Immature NPBT	(7,507)	(7,079)	(428)	(6%)
NPBT	15,158	12,472	2,686	22%

Revenue and NPBT improved by 3% and 22% respectively in H2 FY 2013 compared to H1 FY 2013.

Mature Business



The mature floor profit for FY 2013 was $42,216,000 (FY 2012: $37,307,000).

During H1 FY 2013 business conditions remained challenging. Aggressive price competition impacted the entry pricing point for new clients, and this adversely impacted revenue growth. Conditions improved in H2 FY 2013 and this is evident by the NPBT growth of 22% compared to H1 FY 2013.

Despite the strong AUD headwind, mature revenue increased by 4% during FY 2013 compared to FY 2012.

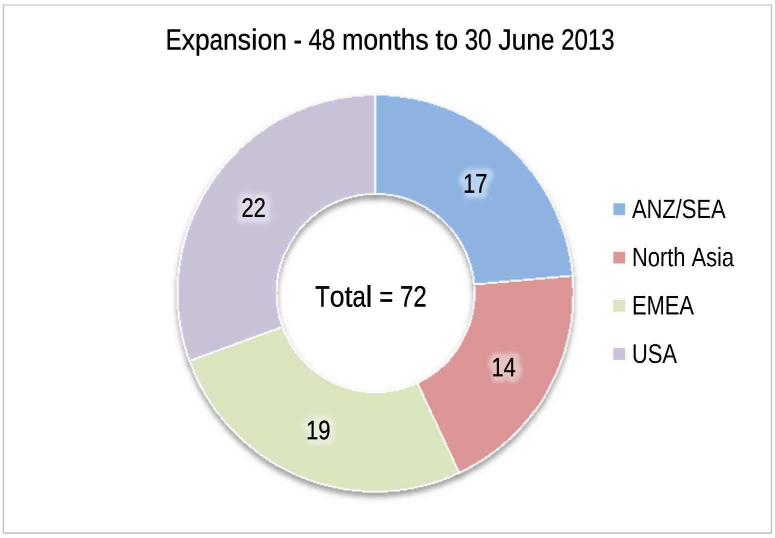
Average mature floor occupancy for FY 2013 was 79% (FY 2012: 78%). As previously stated, the Company's current objective is to increase occupancy to approximately 85% - 90% by the end of the 2013 calendar year. The Company is encouraged by the progress to date and can confirm that mature occupancy had reached 81% by Q4 FY 2013.

The Company is satisfied with the performance of the Virtual Office business.

Management Discussion & Analysis

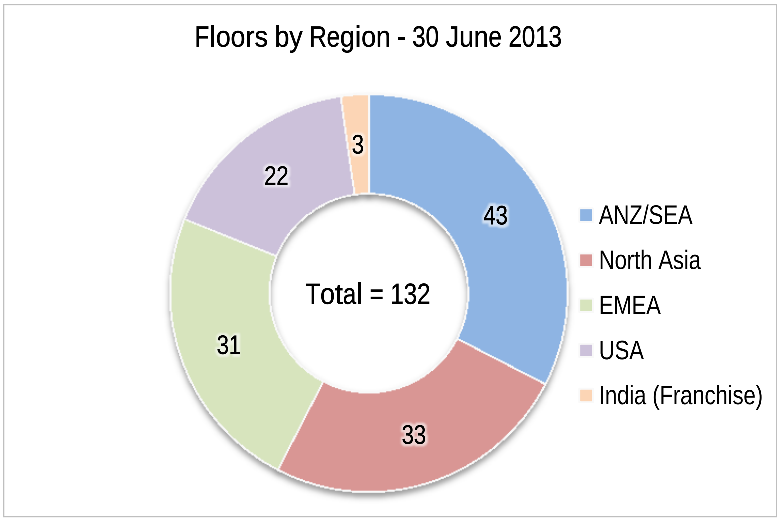
The Servcorp Footprint

A total of 10 new floors were opened in FY 2013, bringing the total new floor openings to 72 floors in the 48 months to 30 June 2013, in the following regions:

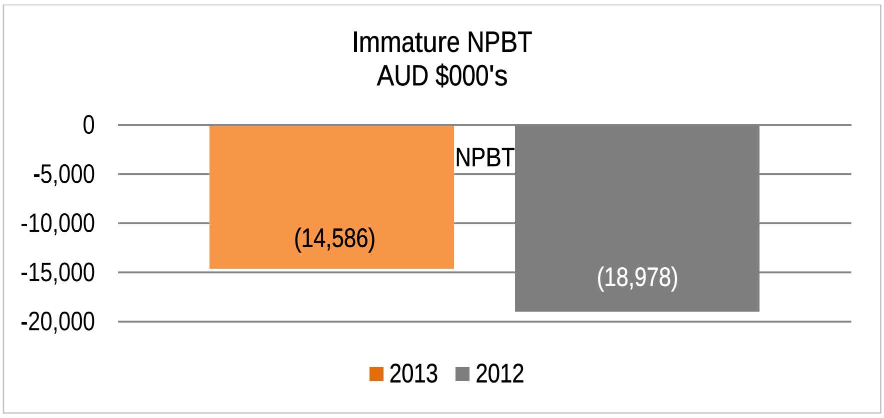


There are plans to open a further 8 large floors, adding approximately 10% to office capacity in FY 2014.

As at 30 June 2013 there were 132 floors in 52 cities in 21 countries.

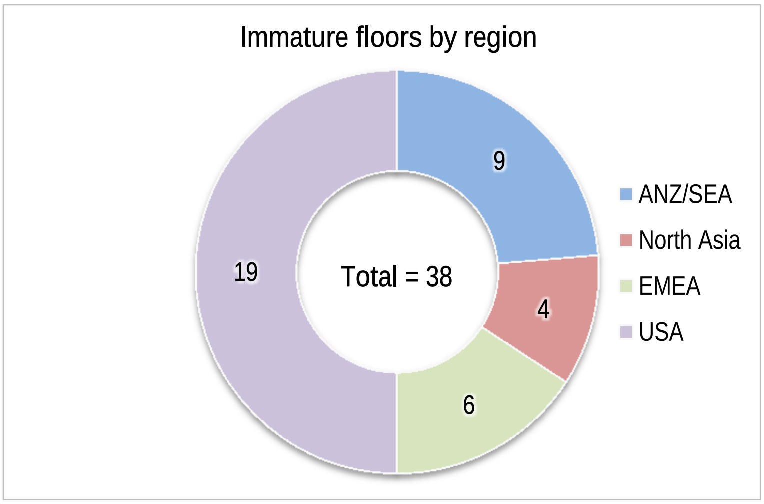


Immature Business



The immature floor loss for FY 2013 was $14,586,000 (FY 2012: loss of $18,978,000).

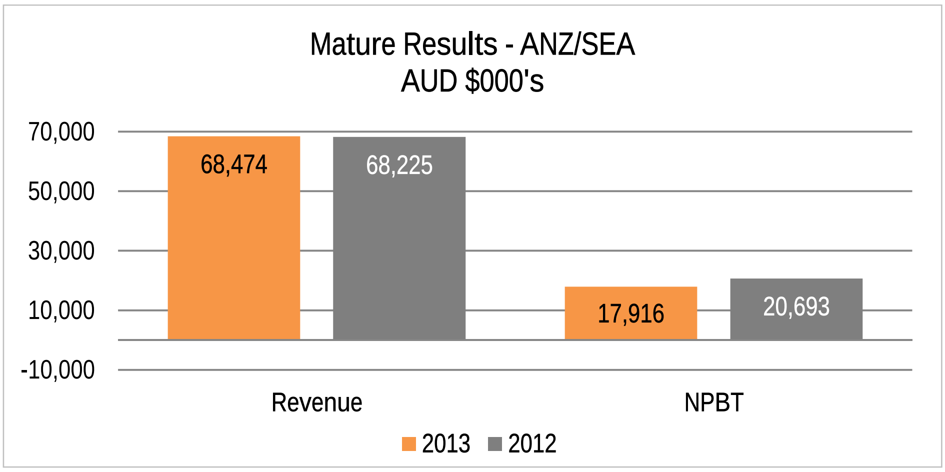
Revenue and occupancy continues to improve in the immature business. 38 floors were immature at 30 June 2013 in the following regions:



It is anticipated that 23 of the above floors will mature in early FY 2014.

Operating Summary by Region

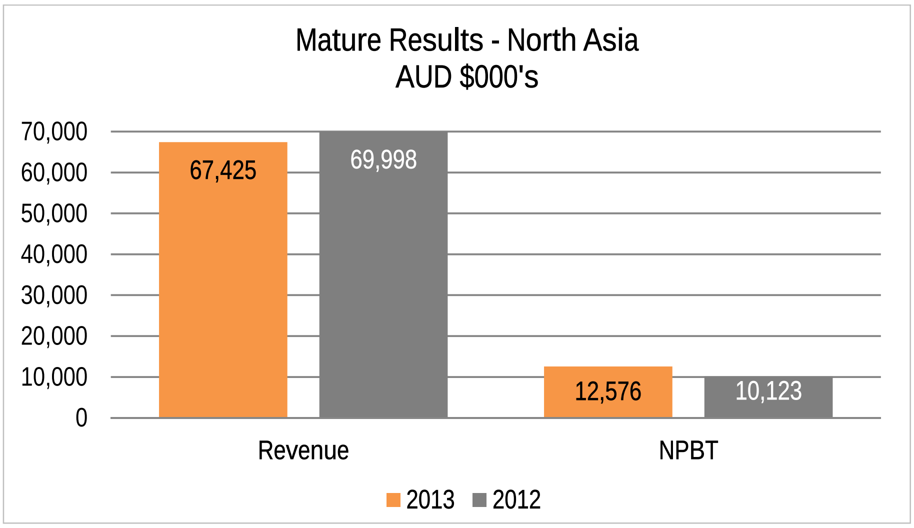
ANZ / SEA



Mature floors
During FY 2013 the performance in New Zealand, Thailand and Malaysia was consistent with FY 2012. However, the performance in Perth, Sydney and Singapore was worse than anticipated. We were slow to react with pricing changes required in the Australian market and we believe a management restructure combined with a review of pricing has rectified these issues. The Perth market however continues to remain challenging. A floor in Singapore was closed in H2 FY 2013.

Immature floors
Five new floors opened in Singapore, Manila, Melbourne, Parramatta and Perth during FY 2013. Immature floor losses were $4.58M for FY 2013 (FY 2012: $2.36M).

NORTH ASIA

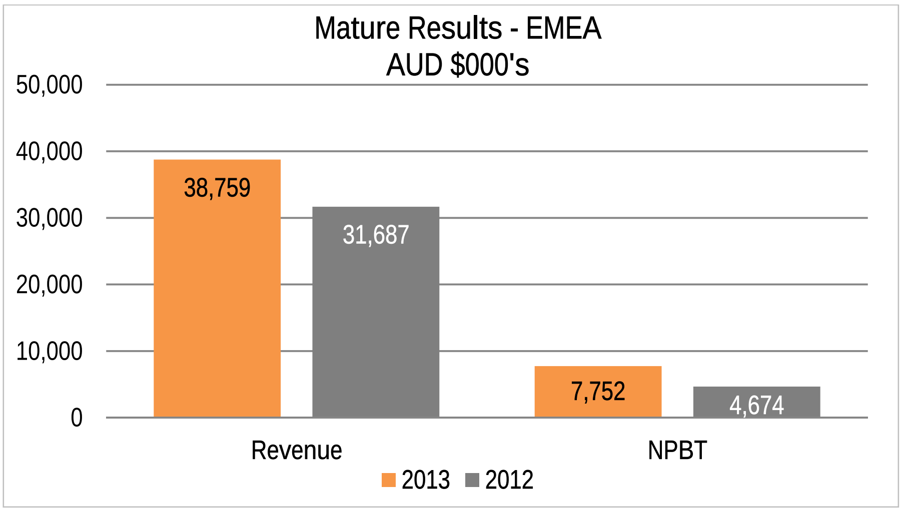


Mature floors
North Asia as a whole produced a solid result in FY 2013. The results from Shanghai and Hong Kong however continue to disappoint. The Company is now focused on rectifying the issues identified in each of these cities. The weak JPY during the period had an impact on translated revenue and profits, however underlying earnings from Japan continue to remain robust. A floor in Tokyo was closed during H1 FY 2013.

Management Discussion & Analysis

Immature floors
Immature floor losses in North Asia were $1.90M for FY 2013 (FY 2012: $1.80M).

EMEA

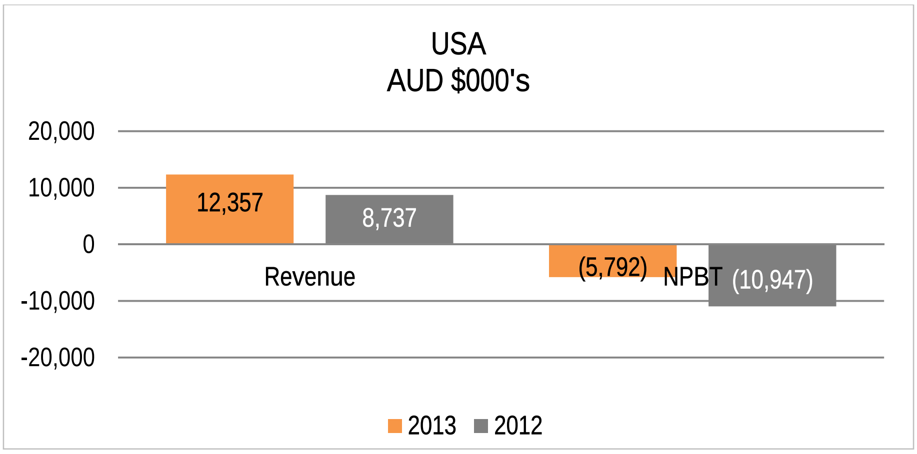


Mature floors
EMEA remains a key growth market for Servcorp. Revenues and profits from the region continue to improve. London, Qatar, UAE, Saudi Arabia and Bahrain continue to grow in line with expectations.

We now comply with licensing regulations in the Kingdom of Saudi Arabia and as at 30 June 2013 our financial investment in this country was $13.72M.

Immature floors
Four new floors opened in Dubai, Riyadh (2) and Dammam in FY 2013. Immature floor losses were $2.32M in FY 2013 (FY 2012: $2.99M).

USA



Revenue from our USA business continues to improve. On a run rate basis, the USA business as a whole (excluding the floor opened in March 2013 in New York) is now cash neutral. All floors in the USA (except 1 new floor) will mature at the beginning of FY 2014. Occupancy across the entire USA portfolio had reached 88% by June 2013.

Management Discussion & Analysis

FINANCIAL SUMMARY

	FY 2013 $000's	FY 2012 $000's	% Growth
Total Revenue	207,995	200,785	4%
NPBT*	27,630	18,329	51%
NPAT*	21,271	14,801	44%
	$	$	% Growth
EPS	$0.22	$0.15	47%
NTA	$1.98	$1.87	6%

* FY 2013 results are based on the new depreciation rates
* FY 2012 results are based on the old depreciation rates

Translation of foreign currency results to Australian Dollars

Revenue and other income from operating activities was up 4% to $208.00M for FY 2013 (FY 2012: $200.79M). During FY 2013 the AUD decreased by an average of 1% against the USD, and appreciated by 3% and 10% against the EUR and JPY respectively. In constant currency terms revenue increased by 5% compared to FY 2012.

NPBT for FY 2013 was $27.63M, up 51% from a NPBT of $18.33M in FY 2012. When expressed in constant currency terms NPBT increased by 53%.

Cash Balance

Cash balances as at 30 June 2013 remained strong at $99.76M (30 June 2012: $104.33M). Of this balance, $9.14M was lodged with banks as collateral for bank guarantees and facilities, leaving an unencumbered free cash balance of $90.62M in the business as at 30 June 2013 (30 June 2012: $95.77M).

The business produced cash flows before tax during FY 2013 of $37.22M (FY 2012: $37.39M).

DIVIDEND

The Directors have declared a final dividend payable of 7.5 cents per share, fully franked, bringing total dividends payable in relation to FY 2013 to 15.0 cents per share, fully franked.

Dividends of no less than 16.0 cents per share are expected to be paid in relation to the 2014 financial year. At this point, future franking levels are uncertain.

This payment is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.

Management Discussion & Analysis

SHARE BUY-BACK

The Directors have resolved to continue the share buy-back for a further 12 months. The share buy-back originally commenced on 11 September 2012. No director or entity associated with a director will sell any shares into the buy-back.

OUTLOOK

Notwithstanding the continuing volatility in global markets, the Company remains optimistic about the outlook of Servcorp. We are encouraged by the continued growth in revenue and the improvement in occupancy, particularly in Q4 FY 2013. We remain focused on reducing vacancy across the Serviced Office portfolio over the remainder of the 2013 calendar year. We will also continue to focus on growing the Virtual Office package base.

Over the last four years we have more than doubled the Servcorp footprint, adding 72 new floors. We will continue to grow our footprint in strategic locations, and expect to add 10% to office capacity in FY 2014.

We will not be providing a financial forecast for FY 2014, however we do expect our growth to continue.

Key:

FY 2012	Year ended 30 June 2012
FY 2013	Year ending 30 June 2013
FY 2014	Year ending 30 June 2014
H1 FY 2013	First Half 2013 Financial Year
H2 FY 2013	Second Half 2013 Financial Year
Q4 FY 2013	Fourth Quarter 2013 Financial Year
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax

Servcorp Limited

and its controlled entities

2013 Statutory Accounts

For the 12 months ended

30 June 2013

SERVCORP

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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 6 to 10 of this annual report.

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 11 and 12 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 T 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 T Moufarrige is the only non-executive director who has ever been employed by Servcorp. Mr T 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 2013 AGM	Seeking re-election at 2013 AGM
B Corlett	19 October 1999	Yes	Yes	Yes	Yes
R Holliday-Smith	19 October 1999	Yes	Yes	No	N/A
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 26 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. The Chairman 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.

Corporate governance (continued)

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.

Full time employees	Total No.	Women %	Men %
Consolidated entity	763	82%	18%
Senior executives	21	57%	43%
Board	5	0%	100%

Under the Workplace Gender Equality (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 2013 with the WGE Agency.

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

A majority of members are independent non-executive directors. 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
- Mr T Moufarrige

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.

The Remuneration Committee met once 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

Corporate governance (continued)

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 2nd edition of the Principles and Recommendations with 2010 Amendments.

Principle 1	**Lay solid foundations for management and oversight** *Establish and disclose the respective roles and responsibilities of board and management.*
Recommendation 1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
Servcorp Board Response	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 2 . The Board Charter is available on the Company's website; servcorp.com.au
Recommendation 1.2	Disclose the process for evaluating the performance of senior executives.
Servcorp Board Response	The process for evaluating the performance of senior executives is included in the remuneration report on pages 21 to 24 of this annual report.
Recommendation 1.3	Provide the information indicated in the Guide to reporting on Principle 1.
Servcorp Board Response	All relevant information is included in the corporate governance section on pages 2 to 10 of this annual report.
Principle 2	**Structure the board to add value** *Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.*
Recommendation 2.1	A majority of the board should be independent directors.
Servcorp Board Response	The Board has a majority of independent directors. Three of the four currently serving non-executive directors are independent.
Recommendation 2.2	The chair should be an independent director.
Servcorp Board Response	The Chair is an independent director.
Recommendation 2.3	The roles of chair and chief executive officer should not be exercised by the same individual.
Servcorp Board Response	The roles of Chair and Managing Director/CEO are not exercised by the same individual.
Recommendation 2.4	The board should establish a nomination committee.
Servcorp Board Response	The Board has not established a nomination committee. Given the size of the current Board, efficiencies are not forthcoming from a separate committee structure. 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. 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.
Recommendation 2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.
Servcorp Board Response	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. 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. 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.
Recommendation 2.6	Provide the information indicated in the Guide to reporting on Principle 2.
Servcorp Board Response	All relevant information is included in the corporate governance section on pages 2 to 10 of this annual report.

Principle 3	**Promote ethical and responsible decision-making** *Actively promote ethical and responsible decision-making.*
Recommendation 3.1	Establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity; ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Servcorp Board Response	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. In regard to stakeholders, the Company: ▪ reports its financial performance twice a year to the Australian Securities Exchange; ▪ maintains a website; ▪ publishes external announcements to the website and maintains these announcements for at least two years; ▪ at general meetings, shareholders are given a reasonable opportunity to ask questions; ▪ briefings are held following the release of the half-year and full-year financial results.
Recommendation 3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
Servcorp Board Response	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 bring any efficiency or greater benefit to the current diverse culture.
Recommendation 3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
Servcorp Board Reponse	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.
Recommendation 3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
Servcorp Board Reponse	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 Board supports diversity in gender and is interested in having the best Board available, therefore appointment is based on merit, not gender. The proportion of women employees in the Company is provided in the table on page 4 of this annual report.
Recommendation 3.5	Provide the information indicated in the Guide to reporting on Principle 3.
Servcorp Board Response	An explanation of departures from Recommendations 3.2 and 3.3 is included in the respective responses. The relevant information is made publicly available by inclusion of the main provisions in the annual report. Complete versions are not available on the Company's website as they form part of manuals which are proprietary and confidential.

Corporate governance (continued)

ASX principles compliance statement (continued)

Principle 4	**Safeguard integrity in financial reporting** *Have a structure to independently verify and safeguard the integrity of the company's financial reporting.*
Recommendation 4.1	The board should establish an audit committee.
Servcorp Board Response	The Board has established an Audit and Risk Committee.
Recommendation 4.2	The audit committee should be structured so that it: ▪ consists only of non-executive directors; ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair, who is not chair of the board; ▪ has at least three members.
Servcorp Board Response	All three members of the Audit and Risk Committee are non-executive directors, and two members are independent directors. The Chair of the committee is not the Chair of the Board.
Recommendation 4.3	The audit committee should have a formal charter.
Servcorp Board Response	The Audit and Risk Committee has a formal charter which sets out its specific roles and responsibilities and composition requirements. The Audit and Risk Committee charter is available on the Company's website; servcorp.com.au
Recommendation 4.4	Provide the information indicated in the Guide to reporting on Principle 4. ▪ the names and qualifications of those appointed to the audit committee, and their attendance at meetings of the committee; ▪ the number of meetings of the audit committee.
Servcorp Board Response	This information is provided on pages 4, and 11 to 13 of this annual report.
Recommendation 4.4 (continued)	▪ procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
Servcorp Board Response	The external auditor, Deloitte Touche Tohmatsu (Deloitte), under the scrutiny of the Audit and Risk Committee, presently conducts the statutory audits in return for reasonable fees. Deloitte were appointed at the annual general meeting of the Company held on 6 November 2003. The committee also has specific responsibility for recommending the appointment or dismissal of external auditors and monitoring any non-audit work carried out by the external audit firm. No director has any association, past or present, with the external auditor. Deloitte rotate their audit engagement partner every five years.
Principle 5	**Make timely and balanced disclosure** *Promote timely and balanced disclosure of all material matters concerning the company.*
Recommendation 5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
Servcorp Board Response	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.
Recommendation 5.2	Provide the information indicated in the Guide to reporting on Principle 5.
Servcorp Board Response	There is no further information to be provided.

Principle 6	**Respect the rights of shareholders** **Respect the rights of shareholders and facilitate the effective exercise of those rights.**
Recommendation 6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.
Servcorp Board Response	Servcorp aims to communicate clearly and transparently with shareholders and the community. Servcorp places company announcements on its website and also displays annual and half-year reports. Shareholders are given a reasonable opportunity to ask questions at the annual general meeting. Briefings are held following the release of annual and half-year results and the time and location of these briefings are notified to the market.
Recommendation 6.2	Provide the information indicated in the Guide to reporting on Principle 6.
Servcorp Board Response	The information has been provided in the response to recommendation 6.1.
Principle 7	**Recognise and manage risk** *Establish a sound system of risk oversight and management and internal control.*
Recommendation 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
Servcorp Board Response	Management has a sound and comprehensive understanding of the inherent risks of the business which have been identified and managed through the experience of the Chief Executive Officer and long serving executives. Management have identified and documented the key risks of the business across the spectrum of strategic, information technology, human resources, operational, financial and legal/ compliance. The company does not have formal written policies for all aspects of its risk oversight and management. The company is a globally run business where senior executives have oversight through the systems and reporting mechanisms of all activities in all global locations. The systems infrastructure is centrally managed through a small group of senior executives. Management's objective is to create a culture in which all executives focus on risk as a natural part of their day to day activities. The senior executives responsible for the day to day management of key risks have been identified. Many processes are documented through the Company's manuals which are proprietary and confidential, and these are regularly being strengthened and improved with time. Business processes are continually improved to reduce the potential for financial loss.
Recommendation 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
Servcorp Board Response	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. 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 Board defines risk to be any event that, if it occurs, will have a material impact on the ability of the Company to achieve its objectives. Risk is considered across the financial, operational and organisational aspects of the Company's affairs. The Audit and Risk Committee is working with management to ensure continuous improvement to the risk management and internal control systems.

Corporate governance (continued)

ASX principles compliance statement (continued)

Principle 7 (continued)	**Recognise and manage risk** *Establish a sound system of risk oversight and management and internal control.*
Recommendation 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
Servcorp Board Response	The Chief Executive Officer and Chief Financial Officer provide such assurance.
Recommendation 7.4	Provide the information indicated in the Guide to reporting on Principle 7.
Servcorp Board Response	This information is provided above.
Principle 8	**Remunerate fairly and responsibly** *Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.*
Recommendation 8.1	The board should establish a remuneration committee.
Servcorp Board Response	The Board has established a Remuneration Committee.
Recommendation 8.2	The remuneration committee should be structured so that it: ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair; ▪ has at least three members.
Servcorp Board Response	All three members of the Remuneration Committee are non-executive directors and two members are independent directors. The Chair of the Committee is an independent non-executive director.
Recommendation 8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
Servcorp Board Response	This information is provided in the remuneration report on page 20 of this annual report.
Recommendation 8.4	Provide the information indicated in the Guide to reporting on Principle 8. ▪ the names of the members of the remuneration committee and their attendance at meetings of the committee.
Servcorp Board Response	This information is provided on pages 5 and 13 of this annual report.
Recommendation 8.4 (continued)	▪ the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors.
Servcorp Board Response	There are no such schemes in existence.

Directors' report

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 2013.

Directors

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

Alf Moufarrige

Managing director

Chief Executive Officer
Appointed August 1999

Alf is one of the global leaders in the serviced office industry, with 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

Member of Audit and Risk Committee
Appointed October 1999

For more than 30 years Bruce has been a director of many publicly listed companies. He has an extensive business background involving a range of industries including banking, property and maritime. His other publicly listed directorship is Chair of The Trust Company Limited.

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 since October 2000 (Chair).

Rick Holliday-Smith

Independent non-executive director

BA (Hons), CA, FAICD

Chair of Audit and Risk Committee
Member of Remuneration Committee
Appointed October 1999

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

The Hon. Mark Vaile AO

Independent non-executive director

Chair of Remuneration Committee
Appointed June 2011

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 also 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 also Chair of Whitehaven Coal Limited and GEMs Education Regional Board. Mark also provides corporate advice to a number of Australian companies in the international marketplace.

Directorships of listed entities in the last three years:

- Aston Resources Limited since September 2009 (Aston Resources merged with Whitehaven Coal and was removed from the official list of ASX on 3 May 2012);
- CBD Energy Limited from August 2008 to February 2013 (Chair);
- StamfordLand Corporation Ltd (listed on SGX) since August 2009;
- Virgin Australia Holdings Limited since September 2008;
- Whitehaven Coal Limited since May 2012 (Chair).

Taine Moufarrige

Non-executive director

BA, LLB

Member of Audit and Risk Committee
Member of Remuneration Committee
Appointed November 2004

Taine joined Servcorp in 1996 as a Trainee Manager.

Taine played a key role in establishing Servcorp locations in Europe, the Middle East, 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.

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

Directorships of listed entities in the last three years:

- None.

Company Secretary

Greg Pearce

B Com, CA, ACSA, 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 ten 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 Chartered Secretaries Australia.

Directors' report (continued)

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	1
Number of meetings attended			
B Corlett	6	4	
R Holliday-Smith	6	3	1
A G Moufarrige	6		
T Moufarrige	6	4	1
M Vaile	6		1

The details of the function and membership of the committees are presented in the Corporate Governance statement on pages 4 and 5.

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	49,566, 667	-
T Moufarrige (i)	-	1,800,000	-
M Vaile	-	-	-

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 (2012: 140,000 options).

Options expired

During the year, 140,000 options over unissued shares expired and were cancelled.

These options were granted under the Servcorp Executive Share Option Scheme on 22 February 2008 with an expiry date five years after the issue date of the option.

Details of the options were:

Grant date	22 February 2008
Expiry date	22 February 2013
Exercise price	$4.60

Shares issued on the exercise of options

No shares were issued by the Company during the year or since the end of the financial year 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 2013, 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).

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

- Number of Shares 8,532
- Total consideration paid $26,449.20

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

Directors' report(continued)

Principal activities

The principal activities of the Consolidated Entity during the course of 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.

Consolidated results

Net profit after tax for the financial year was $21.27 million (2012: $14.80 million). Operating revenue was $208.00 million (2012: $200.79 million). Basic and diluted earnings per share was 21.6 cents (2012: 15.0 cents).

	2013 $'000	2012 $'000
Revenue & other income	207,995	200,785
Net profit before tax	27,630	18,329
Net profit after tax	21,271	14,801
Net operating cash flows	27,092	32,003
Cash & cash equivalents	99,758	104,334
Net assets	207,900	198,709
Earnings per share	$0.216	$0.150
Dividends per share	$0.150	$0.150

Dividends

Dividends totalling $14.76 million have been paid or declared by the Company in relation to the financial year ended 30 June 2013 (2012: $14.77 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.

Dividends paid and declared

Type		Cents per share	Total amount $'000	Date of payment	Franked %	Tax rate for franking credit
In respect of the previous financial year: 2012						
Interim	Ordinary shares	7.50	7,383	4 April 2012	50%	30%
Final	Ordinary shares	7.50	7,383	4 October 2012	85%	30%
In respect of the current financial year: 2013						
Interim	Ordinary shares	7.50	7,382	4 April 2013	100%	30%
Final	Ordinary shares	7.50	7,382	2 October 2013	100%	30%

Review of operations

Revenue and other income from ordinary activities for the twelve months ended 30 June 2013 was $208.00 million, up 4% from the twelve months ended 30 June 2012. During the year the Australian dollar decreased by an average of 1% against the US dollar and increased 3% against the Euro and 10% against the Japanese Yen. In constant currency terms revenue increased by 5% compared to the 2012 year.

Net profit before tax for the twelve months to 30 June 2013 was $27.63 million, up 51% from $18.33 million in the prior year. When expressed in constant currency terms, net profit before tax increased by 53% compared to the 2012 year.

Cash balances were $99.76 million at 30 June 2013 (30 June 2012: $104.33 million). Of this balance, $9.14 million has been pledged with banks as collateral for bank guarantees and facilities, leaving an unencumbered cash balance of $90.62 million in the business as at 30 June 2013 (30 June 2012: $95.77 million).

The business generated strong net operating cash flows during the 2013 financial year of $27.09 million, down 15% compared to the 2012 financial year (2012: $32.00 million). Before tax payments, the business produced cash flows of $37.22 million (2012: $37.39 million).

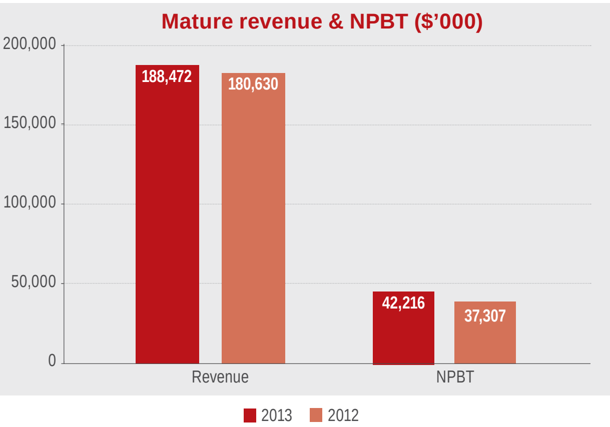
Mature business

The mature floor profit before tax for the twelve months ended 30 June 2013 was $42.22 million (2012: $37.31 million).

Business conditions remained challenging during the first half of the 2013 financial year. Aggressive price competition impacted the entry pricing point for new clients, and this adversely impacted revenue growth. Conditions improved in the second half of the 2013 financial year and this is evidenced by the net profit before tax growth of 22% compared to the first half. Despite the strong Australian dollar headwind, mature revenue increased by 4% compared to the 2012 financial year.

Average mature floor occupancy for the 2013 financial year was 79% (2012: 78%). As previously stated, the Company's current objective is to increase occupancy to approximately 85% to 90% by the end of the 2013 calendar year. The Company is encouraged by the progress to date and can confirm that mature occupancy had reached 81% by the fourth quarter of the 2013 financial year.

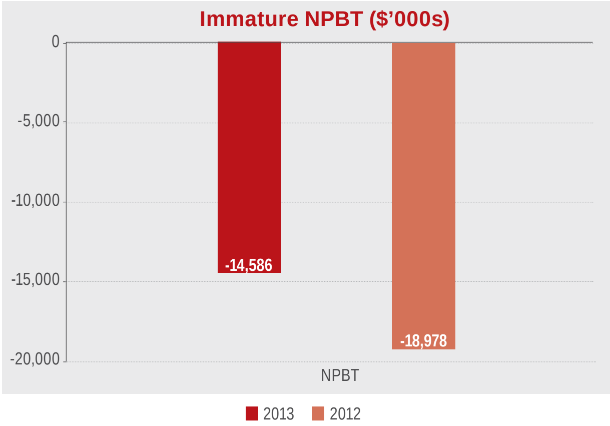
The Company is satisfied with the performance of the Virtual Office business.



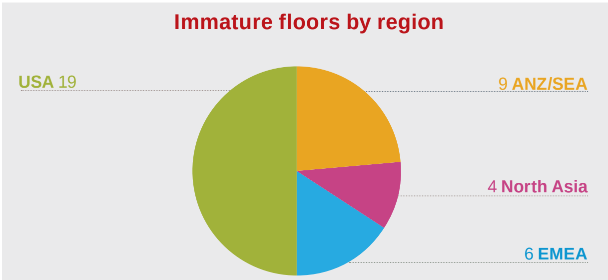
Immature business

The immature floor loss for the twelve months ended 30 June 2013 was $14.59 million (2012: $18.98 million).

Revenue and occupancy continues to improve in the immature business.



38 floors were immature at 30 June 2013 in the following regions. It is anticipated that 23 of these floors will mature early in the 2014 financial year.



ANZ/SEA	Australia, New Zealand and South East Asia
North Asia	Japan and Greater China
EMEA	Europe and the Middle East
USA	United States of America

Change in depreciation rate

The Board of Directors elected to change the depreciation rate of leasehold improvements from 15% to 10%, effective 1 July 2012. A depreciation rate of 10% more accurately reflects the actual life of a Servcorp floor, and also more closely aligns Servcorp's depreciation policy to the industry standards.

The impact of the rate change was to increase net profit before tax by $6.13 million in the 2013 financial year.

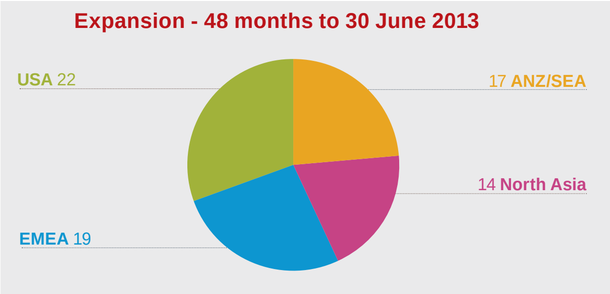
Directors' report(continued)

Review of operations (continued)

Expansion

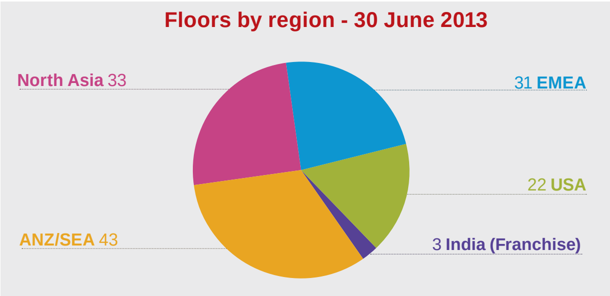
Our intention in the 2013 financial year was to continue to grow the Servcorp footprint in established markets.

In the 2013 financial year ten new floors were opened, bringing total new floor openings to 72 floors in the 48 months to 30 June 2013.



There are plans to open a further eight large floors in the 2014 financial year, adding approximately 10% to office capacity.

As at 30 June 2013, Servcorp operated 132 floors in 52 cities across 21 countries.

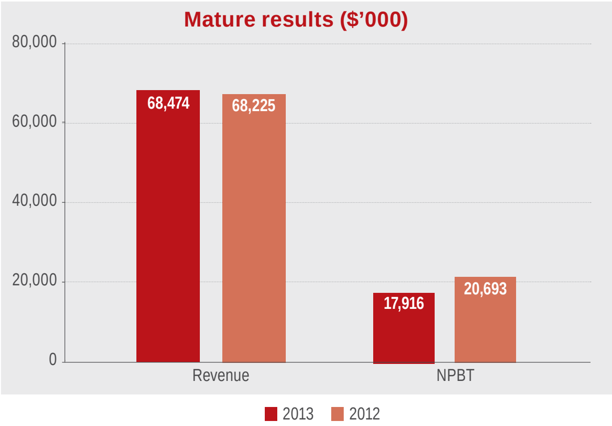


Australia, New Zealand and Southeast Asia

Mature floors

During the 2013 financial year the performance in New Zealand, Thailand and Malaysia was consistent with the 2012 financial year. However, the performance in Perth, Sydney and Singapore was worse than anticipated. We were slow to react with pricing changes required in the Australian market and we believe a management restructure combined with a review of pricing has rectified these issues. The Perth market however continues to remain challenging.

A floor in Singapore was closed in the second half of the 2013 financial year.



Immature floors

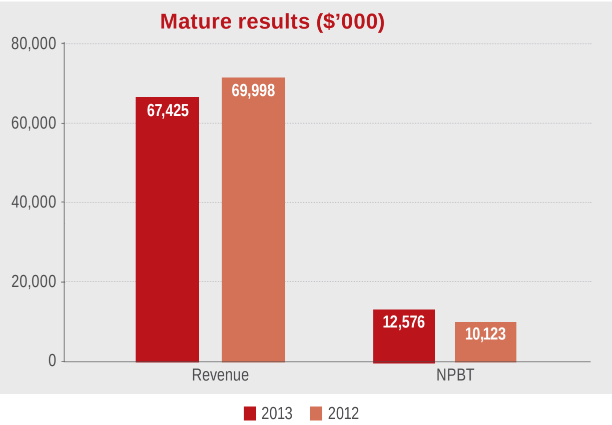
Five new floors opened in Singapore, Manila, Melbourne, Parramatta and Perth during the 2013 financial year. Immature floor losses were $4.58 million for the 2013 financial year (2012: $2.38 million).

North Asia

Mature floors

North Asia produced a solid result in the 2013 financial year. The results from Shanghai and Hong Kong however continue to disappoint. The Company is now focused on rectifying the issues identified in each of these cities. The weak Japanese Yen during the period had an impact on translated revenue and profits, however underlying earnings from Japan continue to remain robust.

A floor in Tokyo was closed during the first half of the 2013 financial year.



Immature floors

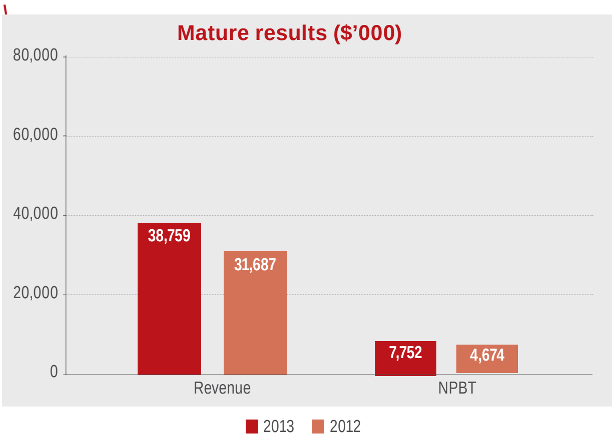
Immature floor losses in North Asia were $1.90 million for the 2013 financial year (2012: $1.80 million).

Europe and the Middle East

Mature floors

Europe and the Middle East remains a key growth market for Servcorp. Revenues and profits from the region continue to improve. London, Qatar, UAE, Saudi Arabia and Bahrain continue to grow in line with expectations.

We now comply with licensing regulations in the Kingdom of Saudi Arabia and as at 30 June 2013 our financial investment into the Kingdom of Saudi Arabia was $13.72 million.

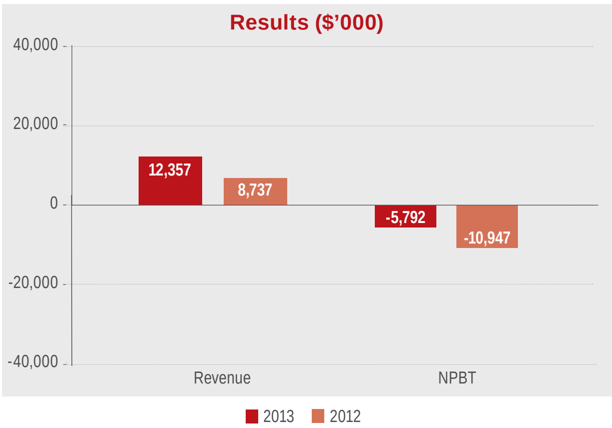


Immature floors

Four new floors opened in Dubai, Riyadh (two) and Dammam in the 2013 financial year. Immature floor losses were $2.32 million in the 2013 financial year (2012: $2.99 million).

USA

Revenue from our USA business continues to improve. On a run rate basis, the USA business as a whole (excluding the floor opened in March 2013 in New York) is now cash neutral. All floors in the USA (except one new floor) will mature at the beginning of the 2014 financial year. Occupancy across the entire USA portfolio had reached 88% by June 2013.



Directors' report (continued)

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
Singapore	Level 26, PSA Building	39	July 2012
Melbourne	Level 18, 101 Collins Street	40	September 2012
Parramatta	Level 15, Deloitte Building	51	November 2012
Perth	Level 11, Brookfield Place	41	November 2012
Dubai	Level 21, Al Habtoor Business Tower, Dubai Marina	18	December 2012
Riyadh	Level 6, Akaria Plaza	55	January 2013
Riyadh	Level 1, The Business Gate	35	January 2013
Dammam	Level 20, Al Hugayet Tower	15	January 2013
New York	Level 40, 17 State Street	38	March 2013
Manila	Level 17, 6750 Ayala Avenue Office Tower	47	March 2013

Events subsequent to balance date

Dividend

On 27 August 2013 the directors declared a fully franked final dividend of 7.50 cents per share, payable on 2 October 2013.

The Key Executive Bonus Pool Scheme which was effective from 1 July 2010 was wound up after the end of the year.

The financial effect of the above transactions have not been brought to account in the financial statements for the year ended 30 June 2013.

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.

Remuneration report

Remuneration principles

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

The objective of the Consolidated Entity's 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 strategic objectives and the creation of value for shareholders.

Executive remuneration packages involve a balance between fixed and incentive pay. In determining the appropriate balance, regular reviews are undertaken that involve cross referencing position descriptions to reliable accessible remuneration surveys and comparing current remuneration packages with the latest survey information.

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

- provides competitive rewards that attract, retain and motivate the highest calibre executives;
- encourages a strong and long term commitment to Servcorp;
- builds a structure for long term growth and succession planning;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within Australia and, for certain roles, internationally;
- aligns executive incentive rewards with the creation of value for shareholders;
- complies with applicable legal requirements and appropriate standards of governance.

The framework may provide a mix of fixed and variable pay, and a blend of short and long term incentives.

The Board's current policy regarding remuneration for key management personnel is summarised on pages 21 to 24. Non-executive directors are remunerated on a different basis to senior executives as set out below.

Non-executive directors

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.

The most recent review of directors' fees was effective 1 January 2010 when non-executive directors' fees were set as:

- Chair - $150,000 per annum including superannuation;
- Non-executive - $80,000 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.

There was no increase in individual non-executive directors' fees during the 2013 financial year.

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 2013 are set out on pages 25 and 26.

Remuneration report (continued)

Key management personnel (other than non-executive directors)

Remuneration structure

The key management personnel remuneration and reward framework has three components:

- Fixed remuneration;
- Short term incentives;
- Long term incentives.

The combination of these comprises the key management personnel's total remuneration. No key management personnel are employed under a contract.

The Remuneration Committee frequently reviews the Consolidated Entity's remuneration practices to ensure they provide key management personnel with a structured scheme for long term and short term incentives, based on earnings, earnings growth and individual performance criteria. The criteria for each year have been detailed in the remuneration report included in the respective year's annual reports.

The Remuneration Committee has continued to develop the incentive schemes to take into consideration the cyclical nature of the Consolidated Entity's results caused by the ratio of mature to immature floors and also external economic factors.

The current scheme was developed by the Remuneration Committee to more closely link key management personnel remuneration to the Consolidated Entity's performance and shareholder reward. Payment of incentives under this scheme commenced in the 2012 financial year.

Following the first 3 years of operation, the Remuneration Committee has undertaken a review of the current scheme. Having carefully reflected on the design of the scheme, the Remuneration Committee resolved to wind up the current scheme following the 2013 financial year.

The Remuneration Committee, in consultation with the Chief Executive Officer, will design a new scheme which will be more broadly based and reward key management personnel on the performance of both the Consolidated Entity and the individual. The new scheme will operate for the 2014 financial year.

Details of incentive schemes are included on pages 23 and 24.

Consolidated Entity performance

Determination of the nature and amount of remuneration of key management personnel, and the relationship between such policy and the Consolidated Entity's performance in this financial year and in the previous four financial years, has taken into account the foreseen negative impact of the Consolidated Entity's expansion program during those years.

In October 2009 the Consolidated Entity began an aggressive expansion program to substantially expand the Servcorp footprint globally. Seventy new floors have opened between October 2009 and June 2013, more than doubling the number of floors that were operating at 30 June 2009. The large number of immature floors as a consequence of the expansion program has had a material negative impact on profitability from 2010 through to this year.

The 2009 financial year witnessed a record result for the Consolidated Entity prior to the global financial crisis. The Consolidated Entity's net profit after tax increased to $34.10 million in 2009. Largely due to the expansion program, net profit after tax decreased to $2.01 million in 2010. As the immature floors come to maturity, net profit after tax has steadily increased. In 2011, net profit after tax increased marginally to $2.49 million and this trend continued in 2012 with net profit after tax rising to $14.80 million. In 2013, net profit after tax increased by 44% to $21.27 million.

After dropping to $25.13 million in 2010, mature floor net profit before tax increased to $31.19 million in 2011 and to $37.31 million in 2012, an increase of 24% and 20% in the respective years. It continued to increase to $42.22 million in 2013, an increase of 13% for the year.

Shareholder wealth also increased in the 2009 financial year. Dividends paid were 25.0 cents per share in 2009, with the Consolidated Entity's strong performance and healthy cash flow and balance sheet reflected in its ability to pay a 'special' dividend. Earnings per share increased to 42.7 cents per share in 2009. Due to the decreased profits in 2010 and 2011, dividends per share also decreased, however management's ability to closely manage cash flows and maintain a strong balance sheet in the high profit years meant that shareholders were still rewarded with dividends of 10.0 cents per share in each of the 2010 and 2011 financial years, despite earnings per share decreasing to 2.2 cents and 2.5 cents respectively. Dividends increased to 15.0 cents per share in each of 2012 and 2013 and it is anticipated they will increase should higher profits be generated. Earnings per share increased to 15.0 cents in 2012 and to 21.6 cents in 2013, an increase of 44%.

Over the same five year period, the average total remuneration paid to key management personnel, including executive directors, showed similar trends. The average decreased by 1.4% over 2009 and 2010 and decreased by 4% in the 2011 financial year. If the effects of termination benefits paid to T Moufarrige are removed, the increase in 2012 was 21%. The average total remuneration paid to key management personnel increased by 32% in 2013. The increase is predominantly due to payments made under the key executive bonus pool scheme.

Remuneration report (continued)

Key management personnel (continued)

Consolidated Entity performance (continued)

In response to the expected negative impact of the expansion program on profitability, and the resultant decrease in financial rewards for shareholders, the directors and management agreed that short term and long term incentives should not be paid to key management personnel for the 2010 and 2011 years, except for exceptional circumstances. In 2012 discretionary bonuses totalling $0.59 million were paid to key management personnel. In recognition of the substantial efforts and commitment of key management personnel in achieving the Consolidated Entity's improved results over the previous two years, the Remuneration Committee exercised its discretion under the executive bonus pool scheme, and paid bonuses totalling $1.36 million to key management personnel in 2013. This amount represents 6.4% of net profit after tax.

Performance comparison

Financial year	Net profit after tax	Mature floor net profit	Earnings per share	KMP average remuner-ation
	% increase (decrease) year on year			
2009	0.8%	3.0%	1.7%	(3.7%)
2010	(94.1%)	(53.8%)	(94.8%)	2.3%
2011	24.3%	24.1%	13.6%	(3.8%)
2012	493.7%	19.6%	501.4%	21.4%
2013	43.7%	13.2%	43.7%	31.8%

Most of the Consolidated Entity's key management personnel are long-serving employees. All but one have been employed for more than 10 years and (excluding the CEO) they have an average of 15 years of service. They are committed to the long term performance of the Consolidated Entity and the associated reward for its shareholders.

Given the impact of the global financial crisis and the substantial expansion in the Consolidated Entity's global footprint, the directors are satisfied with the results achieved and remain confident that shareholder wealth will continue to increase in the future.

Fixed remuneration

This is targeted to be reasonable and fair, taking into account the Consolidated Entity's legal and industrial obligations, labour market conditions and the scale of the Consolidated Entity. This fixed remuneration component reflects core performance requirements and expectations.

Fixed remuneration is reviewed annually to ensure the key management personnel's remuneration is competitive with the market. Remuneration is also reviewed on promotion. There are no guaranteed fixed remuneration increases for any key management personnel.

Short term incentives

The short term incentive component of key management personnel remuneration may comprise an annual cash incentive which is linked to the performance of both the Consolidated Entity and the individual key management personnel.

For the 2013 financial year, short term incentives were governed by the objectives and criteria set out in the Servcorp Key Executive Bonus Pool Scheme which became effective on 1 July 2010. Specific details of this Scheme are set out on pages 23 and 24.

Key management personnel do not have a fixed proportion of their total remuneration that is performance related. The short term incentive target is reviewed annually. Performance targets are agreed with KMP at the start of each year to ensure they meet specific business objectives to which the individual can contribute.

Cash incentives (bonuses) are payable following finalisation of full-year results. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

Long term incentives

The long term incentive component of key management personnel remuneration may comprise a cash incentive which is linked to the performance of the Consolidated Entity and to future service requirements of the individual key management personnel. In prior years, share options have also been utilised.

For the 2013 financial year, long term incentives were governed by the objectives and criteria set out in the Servcorp Key Executive Bonus Pool Scheme which became effective on 1 July 2010. Specific details of this Scheme are set out on pages 23 and 24.

Retirement benefits

Retirement payments for key management personnel are provided to the extent required by the law of the country in which they reside. Key management personnel are not contractually entitled to any other retirement allowances.

The Board may, in its discretion, determine to make a termination payment to key management personnel taking into consideration matters such as length of service and their overall contribution to the Consolidated Entity.

Details of remuneration

Details of the nature and amount of each element of the remuneration of each member of the key management personnel of the Company and the Consolidated Entity for the financial year ended 30 June 2013 are set out in the table on pages 27 and 28.

Directors' report (continued)

Remuneration report (continued)

Key executive bonus pool scheme

Effective 1 July 2010, the Remuneration Committee adopted a new key executive bonus pool scheme.

As stated on page 21, the key executive bonus pool scheme was wound up following the end of the 2013 financial year. A new scheme to be effective for the 2014 financial year and beyond will be designed by the Remuneration Committee in consultation with the Chief Executive Officer.

The terms of the scheme operating for the 2013 financial year are summarised below.

Objectives

The scheme objectives were:

- to motivate key executives to maximise the profits of the Consolidated Entity and to enhance shareholder return;
- to retain the key executives of the Consolidated Entity;
- to formalise a visible and transparent incentive structure for the key executives of the Consolidated Entity.

The scheme acted as both a short term and long term incentive scheme.

Accumulation of funds

A bonus pool was established that accumulated funds based on a percentage of both mature floor net profit before tax performance and net profit before tax performance of the Consolidated Entity for each financial year.

Accumulation of funds in the bonus pool started in the 2011 financial year based on the percentages of profit outlined below. There was no minimum net profit before tax threshold for accumulation.

Accumulating parameters were:

- for the 2011, 2012 and 2013 financial years, funds accumulated in the bonus pool based on:
  - 2.0% of achieved mature floor net profit before tax; plus
  - 3.0% of achieved net profit before tax.
- should mature floor net profit before tax in any given year have exceeded $75 million, the following bonus pool accumulation percentages would have applied:
  - 2.5% of achieved mature floor net profit before tax; plus
  - 3.5% of achieved net profit before tax.
- should mature floor net profit before tax in any given year have exceeded $100 million, the following bonus pool accumulation percentages would have applied:
  - 3.0% of achieved mature floor net profit before tax; plus
  - 4.0% of achieved net profit before tax.

Over the term of the scheme, the accumulation of funds was:

Financial year	Funds accumulated $
2011	714,930
2012	1,296,047
2013	1,405,071

Scheme participation

The Remuneration Committee, on written recommendation from the CEO, could from time to time invite key executives to join the scheme. The maximum number of participants in any given year was 14 key executives.

The following base distribution participation levels applied to the scheme for key management personnel:

Title	Scheme base distribution level
Executive Directors (excluding CEO)	7%
Chief Operating Officer	7%
General Managers	6%
Chief Financial Officer	5%

It is important to note that the CEO, Alf Moufarrige, elected not to participate in the scheme.

Short term incentive scheme

The short term incentive scheme criteria were:

- the first short term incentive distribution year was based on the results for the 2012 financial year;
- the minimum mature net profit before tax thresholds before any distributions (other than discretionary distributions) could be made from the bonus pool each financial year were as follows:
  - 2012 financial year - $40 million;
  - 2013 financial year - $40 million;
  - 2014 financial year - $44 million;
  - 2015 and subsequent financial years - the previous year's threshold increased by 10%.
- if the minimum threshold of mature floor net profit before tax was not reached in any performance year, then accumulated bonus pool funds rolled forward to the next financial year;
- a minimum of 85% and a maximum of 90% of the bonus pool accumulated funds could be distributed as short term incentive to qualifying key executives in relation to each financial year;
- short term incentive payments were inclusive of any superannuation guarantee or equivalent local payments;
- if a general manager received a bonus locally, this bonus was deducted from their entitlement under this scheme such that the maximum bonus they received would be the amount under this scheme;
- discretionary cash bonuses could also be paid;
- the discretionary bonus component of the scheme was defined as the difference between the total base bonus percentage component payable to key executives and 85%;
- the discretionary component of the bonus scheme could only be distributed to participating key executives for each particular year;
- any discretionary bonus payable to a key executive was directly linked to the key executive's individual performance and was at the discretion of the Remuneration Committee, based on a written recommendation from the Chief Executive Officer;
- all or a portion of the discretionary bonus component could be distributed each performance year notwithstanding that minimum thresholds for base short term incentive distributions were not met.

Remuneration report (continued)

Key executive bonus pool scheme (continued)

Long term incentive scheme

The long term incentive scheme criteria were:

- the long term incentive would be paid in cash;
- long term incentive funds would vest in the qualifying key executives in direct proportion to the executive's short term incentive component for that year;
- the long term incentive cash component would be paid to qualifying key executives on the 5th anniversary of the base short term incentive payment date in relation to each financial year.

Vesting criteria

The vesting criteria for the scheme were:

- base short term incentive bonuses would vest in participating key executives and, if the profit targets for the year were achieved, would be paid no later than 5 business days after the Consolidated Entity released its full-year financial results to the ASX;
- if the profit targets for the year were not achieved, the vested short term incentive bonuses rolled forward to each subsequent financial year until the profit targets were achieved;
- vested long term incentive bonuses would be paid on the 5th anniversary of the performance year, but only if the short term incentive component was paid to the key executive in relation to the performance year;
- if by the 5th anniversary the short term incentive had not been paid, the long term incentive payment date would coincide with the payment date for the short term incentive;
- unvested discretionary short term incentive amounts (and associated long term incentive amounts) would carry forward to the following performance year and would add to the general pool for the following performance year;
- scheme participants must have been employed by the Consolidated Entity on the last day of the financial year to receive a short term incentive for that year;
- to qualify for the scheme each year, general managers would need to make a profit of greater than zero in their respective area;
- scheme participants must have been employed by the Consolidated Entity on the 5th anniversary of the performance year to receive a long term incentive payment for that year;
- notwithstanding the above, the Remuneration Committee, on written recommendation from the Chief Executive Officer, had the discretion to pay departing key executives their vested base short term incentive amounts in relation to previous performance years, a pro-rated base short term incentive in relation to the current performance year and vested long term incentive amounts in relation to previous performance years.

The stewardship of the scheme was be the responsibility of the Remuneration Committee.

Wind up of scheme

As stated on page 21, the Remuneration Committee has resolved to wind up the current Key Executive Bonus Pool Scheme following the 2013 financial year.

Prior to winding up the scheme, the Remuneration Committee exercised its discretion to pay participating executives, including key management personnel, their cumulative short term incentive entitlement. This decision took into account a recommendation from the Chief Executive Officer. The Consolidated Entity had achieved a mature floor net profit before tax of just over $38 million (adjusted to remove the impact of the change in depreciation rate of leasehold improvements from 15% to 10% effective 1 July 2012). Based on the performance of the key management personnel over the previous three years in difficult economic conditions and especially their commitment during the Consolidated Entity's expansion phase, the directors believed the results achieved warranted payment of bonus entitlements.

Amounts paid to key management personnel are disclosed in the remuneration table on pages 27 and 28. All participants in the scheme agreed to forfeit any accumulated long term incentive entitlements.

Executive share option scheme

The Consolidated Entity also has in place an Executive Share Option Scheme. The Scheme was first approved by shareholders on 19 October 1999 and was subject to various amendments until November 2008.

Options do not form a fixed percentage of any key management personnel's remuneration. The Board may grant options to eligible key management personnel in accordance with the Executive Share Option Scheme. Any person who is employed on a full or part time basis by the Company and any of its controlled entities in a management role and whom the Board determines is eligible to participate in the Scheme is entitled to participate in the Scheme. Non-executive directors are therefore ineligible to participate in the Scheme but executive directors are eligible to participate.

Pursuant to the Scheme, options will only vest (and hence be capable of being exercised) if the Consolidated Entity meets specified earnings per share hurdles. The options will vest in increasing proportions, depending on the level of growth in the Consolidated Entity's earnings per share. No options will vest unless the Consolidated Entity achieves earnings per share growth of at least 10% in the specified financial year. The exercise period for vested options commences 3 years after issue date and expires 5 years after issue date.

In the current financial year, the directors did not grant any options under the Scheme. Options were last granted under the Scheme on 22 September 2008, but these lapsed as the vesting criteria was not met.

Options on issue under the Scheme at 30 June 2012, which were issued on 22 February 2008 at an exercise price of $4.60, expired on 22 February 2013 and were cancelled.

Directors' report (continued)

Directors' remuneration

Name & title	Notes	Year	Short term employee benefits				Post-employment benefits	
			Salary and fees $	Short-term 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)	2013	430,947	-	99,802	-	27,000	-
		2012	448,350	-	145,568	-	27,000	-
B Corlett Non-executive director		2013	137,615	-	-	-	12,385	-
		2012	137,615	-	-	-	12,385	-
R Holliday-Smith Non-executive director		2013	82,569	-	-	-	7,431	-
		2012	82,569	-	-	-	7,431	-
J King Non-executive director	(iii)	2012	33,333	-	-	-	-	-
T Moufarrige Non-executive director		2013	73,395	-	-	-	6,605	-
Non-executive director	(iv)	2012	36,697	-	-	-	3,303	-
Executive director	(v)	2012	240,346	200,000	9,938	-	36,578	-
M Vaile Non-executive director		2013	73,395	-	-	-	6,605	-
		2012	73,395	-	-	-	6,605	-
Aggregate		2013	797,921	-	99,802	-	60,026	-
		2012	1,052,305	200,000	155,506	-	93,302	-

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 and fees of A G Moufarrige include a component paid in Yen. The decrease in the 2013 year reflects the change in foreign currency exchange rate, not a change in salary in base currency terms.

iii. J King retired as a director effective 16 November 2011.

iv. T Moufarrige was an executive director until 31 December 2011. He resigned from his operational role at Servcorp effective 31 December 2011 but remained as a non-executive director. His remuneration for 2012 has been disclosed for each of these two roles.

v. The Board resolved to exercise its discretion to approve the following payments to T Moufarrige upon his resignation as an executive:
- Bonus $200,000 (including $70,834, being 50% of his entitlement from the executive bonus pool scheme);
- Termination payment $378,922 (based on one year's salary reduced by annual leave entitlement);
- Long service leave $105,230 (disclosed under Termination benefits).

Long term employee benefits	Termin-ation 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 accrued and not yet due %	LTI forfeited %	Maximum future value of vested LTI $
-	-	557,749	-	-	-	-	-	-	-
-	-	620,918	-	-	-	-	-	-	-
-	-	150,000	-	-	-	-	-	-	-
-	-	150.000	-	-	-	-	-	-	-
-	-	90,000	-	-	-	-	-	-	-
-	-	90,000	-	-	-	-	-	-	-
-	-	33,333	-	-	-	-	-	-	-
-	-	80,000	-	-	-	-	-	-	-
-	-	40,000	-	-	-	-	-	-	-
-	484,152	971,014	50.0%	-	50.0%	-	-	-	-
-	-	80,000	-	-	-	-	-	-	-
-	-	80,000	-	-	-	-	-	-	-
-	-	957,749	-	-	-	-	-	-	-
-	484,152	1,985,265	50.0%	-	50.0%	-	-	-	-

Directors' report (continued)

Key management personnel remuneration

Name & title	Notes	Year	Short term employee benefits				Post-employment benefits	
			Salary and fees $	Short-term cash profit-sharing and bonuses (i) (ii) $	Non-monetary benefits $	Other short-term benefits $	Super benefits $	Other post-employment benefits $
M Moufarrige Chief Operating Officer		2013	531,002	250,494	16,941	-	47,790	-
		2012	462,845	64,220	17,982	-	47,436	-
T Wallace Chief Financial Officer		2013	348,306	178,924	318	-	31,376	-
		2012	300,000	32,110	-	-	29,890	-
S Martin GM Southeast Asia	(iii) (vii)	2013	260,981	214,709	40,648	-	21,240	-
		2012	222,308	60,000	41,306	-	19,920	-
O Vlietstra GM Japan	(iv)	2013	347,746	214,709	31,291	-	-	-
		2012	390,325	60,000	25,481	-	-	-
J Goodwyn VP & GM USA	(v)	2013	323,450	25,000	2,022	-	4,981	-
		2012	294,377	30,000	1,576	-	6,202	-
L Lahdo GM Middle East	(vi)	2013	246,640	214,709	21,378	-	54,771	-
		2012	208,437	50,000	15,955	-	17,326	-
L Gorman GM Australia & NZ		2013	236,777	214,709	16,245	-	22,500	-
		2012	227,096	95,872	6,238	-	29,628	-
Aggregate		2013	2,294,902	1,313,254	128,843	-	182,658	-
		2012	2,105,388	392,202	108,538	-	150,402	-

Notes:

i. Amounts disclosed as short-term cash profit-sharing and bonuses in the 2013 year represent bonuses paid in August 2013 from the executive bonus scheme pool.

ii Amounts disclosed as short-term cash profit-sharing and bonuses in the 2012 year represent discretionary bonuses paid in August 2012 from the executive bonus scheme pool at the discretion of the Remuneration Committee. L Gorman also received an additional $50,000 (included in the 2012 amount) which was paid in August 2011 with respect to her performance in the 2011 year.

iii. The salary and fees of S Martin are paid in SGD. The increase in the 2013 year predominantly reflects the change in foreign currency exchange rate, with a minor change in salary in base currency terms.

iv. The salary and fees of O Vlietstra are paid in JPY. The decrease in the 2013 year reflects the change in foreign currency exchange rate, not a change in salary in base currency terms.

v. The salary and fees of J Goodwyn are paid in USD. The increase in the 2013 year reflects the change in foreign currency exchange rate, not a change in salary in base currency terms.

vi. The salary and fees of L Lahdo are paid in AED. The increase in the 2013 year predominantly reflects the change in foreign currency exchange rate, with a minor change in salary in base currency terms.

vii. S Martin ceased employment with Servcorp effective 16 August 2013. Under the terms of her resignation, the Board agreed to pay her long term incentive entitlements.

viii.The Maximum future value of vested STI and LTI grants represents the maximum amount of remuneration that could arise in the event that mature floor net profit before tax threshholds, as outlined on page 23, are achieved. Minimum future value of vested STI and LTI grants is nil.

Long term employee benefits	Termin-ation 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 accrued and not yet due %	LTI forfeited %	Maximum future value of vested LTI $
-	-	846,227	100.0%	-	-	-	-	100.0%	-
-	-	592,483	33.2%	66.8%	-	140,768	100.0%	-	37,194
-	-	558,924	100.0%	-	-	-	-	100.0%	-
-	-	362,000	25.8%	74.2%	-	100,549	100.0%	-	23,920
48,478	-	586,056	100.0%	-	-	-	-	-	-
-	-	343,534	33.2%	66.8%	-	120,659	100.0%	-	31,881
-	-	593,746	100.0%	-	-	-	-	100.0%	-
-	-	475,806	33.2%	66.8%	-	120,659	100.0%	-	31,881
-	-	355,453	21.0%	-	79.0%	-	-	100.0%	-
-	-	332,155	19.9%	-	80.1%	-	19.9%	80.1%	5,294
-	-	537,498	100.0%	-	-	-	-	100.0%	-
-	-	291,718	29.3%	70.7%	-	120,659	100.0%	-	30,116
-	-	490,231	100.0%	-	-	-	-	100.0%	-
-	-	358,834	29.3%	70.7%	-	120,659	100.0%	-	30,116
48,478	-	3,968,135	86.2%	-	13.8%	-	-	86.2%	-
-	-	2,756,530	29.6%	60.3%	10.1%	723,953	89.9%	10.1%	190,402

Directors' report (continued)

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, Mrs J King, The Hon. Mark Vaile, Mr T Moufarrige and Mr B Pashby 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.

State of affairs

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

Corporate governance

A statement of the Board's governance practices is set out on pages 2 to 10 of this annual report.

Environmental management

The Consolidated Entity's operations are not subject to any particular and significant environmental regulations under either Commonwealth or State legislation.

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.

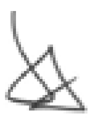
The Board of directors has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with the general standard of independence for auditors, 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 30 and forms part of thiws 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.

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 27th day of August 2013.

Deloitte Touche Tohmatsu
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The Board of Directors
Servcorp Limited
Level 12, MLC Centre
Martin Place
SYDNEY NSW 2000

27 August 2013

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 review of the financial statements of Servcorp Limited for the financial year ended 30 June 2013, 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

S C Gustafson
Partner
Chartered Accountants