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 Australian Stock Exchange Limited  
**By electronic lodgement**

**SERVCORP SURPRISES COMPETITORS  
 WITH 35% PROFIT UPGRADE  
 11 May 2004**

The international serviced office provider Servcorp has today upgraded its 2004 profit guidance after a solid performance from its global office portfolio.

With 45 floors, in 36 buildings in 11 countries, the ASX-listed Servcorp has emerged a strong leader in a highly competitive market place, today announcing it expects full year profits to climb 35 per cent above its previous guidance.

Servcorp Chief Executive Officer Mr Alf Moufarrige said the result was recognition by small business operators of Servcorp's superior IT and business solutions.

"In our 2003 annual report, we projected that mature floor locations in 2004 would show a profit of A\$11 million while we expected our immature locations - growth opportunities for the future - would lose as much as A\$2 million, giving Servcorp a before tax profit of A\$9 million," Mr Moufarrige said.

"However, it is now our view that the A\$11 million projected on mature floors will in fact exceed A\$13 million. Also, we now expect our immature floor losses will be no more than A\$1 million, giving rise to a before tax profit of no less than A\$12 million, or 35 per cent above our prior guidance and 110% above the \$5.25 million in the 2003 financial year."

Servcorp anticipates continuing its dividend policy of paying 3.75¢ per share every six months.



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“Our clients are starting to realise that being with Servcorp gives them a commercial advantage. They can sit down, plug in and start work immediately - no other operator of our type can deliver that yet,” Mr Moufarrige said.

“We have an IT help desk of more than 40 people, not including developers and administrators - that is 10 times the number offered per serviced office client than any of our competitors.”

Mr Moufarrige said Servcorp had opened two new centres in Tokyo, is building a new centre in Beijing and will complete new serviced offices in Nagoya by December, three months before the city is due to host the World Expo.

“We intend to dominate the regions in which we have a significant presence and that includes Australia and Japan,” Mr Moufarrige said.

The serviced office market has changed dramatically in recent years, with the A\$3000 million listing of Regus.

However, Regus and other major serviced office competitors have stumbled in the heightened competitive environment. Regus has entered into Chapter 11 bankruptcy protection in the US and curtailed its aggressive expansion in the Asian territories serviced by Servcorp. The world’s second largest serviced office operator, HQ, has also filed for bankruptcy protection while one of Servcorp’s most aggressive competitors in Paris, MWB, has filed for bankruptcy in Europe.

“We have a great advantage over our competitors and that is that we own all of our intellectual property right here in Australia,” Mr Moufarrige said.

“All of our competitors still think this is a real estate play, whereas Servcorp knows it is about providing IT and business solutions - that’s our advantage.”

*Greg Pearce*  
*Company Secretary*

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