PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

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ASX Announcement

24 November 2004

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

MEDIA RELEASE – HALF YEAR RESULTS

Please find attached a copy of the media release announcing the results for the half year ended 30th September 2004.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
<u>Secretary</u>

PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

ASX/media release
24 November 2004

9.5% profit increase by Programmed Maintenance Services

Interim dividend up 18%

Programmed Maintenance Services Limited, Australia's leading property services group, today announced a record $6.6 million profit after tax for the six months to 30 September 2004. This represents a 9.5 per cent increase over the first half of 2003/4. Revenue was $110.4 million, compared with $96.2 million.

Results summary for half year ended	**30 – 9 – 04 A$m**	**30 – 9 – 03 A$m**	**% increase**
Revenue	110.4	96.2	14.7
Earnings before interest, tax, depreciation and amortisation	15.1	13.7	10.1
Earnings before interest and tax	11.3	10.4	8.8
Profit before tax	9.8	9.0	8.4
Income tax expense	3.1	2.9	6.4
Profit after tax	**6.6**	**6.1**	**9.5**
Earnings per share (cents)	9.6	9.0	6.7
Interim dividend (cents)	6.5	5.5	18.2

The directors have declared an increased interim dividend of 6.5 cents per share franked to 60 per cent, payable on 27 January 2005 to shareholders on the register at 11 January. This compares with interim dividends of 5.5 cents per share franked to 50 per cent in 2003/4 and 4.0 cents per share franked to 30 per cent in 2002/3. The company's dividend reinvestment plan will apply to this dividend, with shares issued at market price, and not underwritten.

'This result reflects the success of our strategy to broaden our property service offering and expand our geographical coverage', said Mr Max Findlay, managing director. 'It is our sixth consecutive increase in first half profit; and our 9.5 per cent profit increase in what has been a more difficult market demonstrates the company's ongoing growth potential. The United Kingdom operations have returned to profitability with further growth in programme sales.

'Programmed Maintenance Services' progress from a painting company into a broader international property services group continues to gather momentum. During the period, we took over infrastructure services contracts from Serco Australia Pty. Ltd. which will contribute $20 million of revenue on an annualised basis. These have formed the basis of a new 'Infraserv' business which will continue to broaden our offering in the property maintenance market.

'Infraserv's business model is based on strategic alliances with customers, sharing the benefits of improvements in business outcomes. We expect Infraserv to make a small contribution to earnings in the current year due to establishment costs with the full benefit to profit emerging in 2005/6. The additional service offering of Infraserv will provide further growth opportunities.

'Our building services, grounds management, industrial services and Infraserv divisions, together with our New Zealand and United Kingdom businesses, provided 59 per cent of the group's first half revenue, which is a significant change from 1999/2000 when 44 per cent of revenue came from businesses other than Australian painting. Australian painting has continued to grow over this period, but the other businesses have shown higher growth rates. As planned, this change in business mix has improved the group's operational cash flow and franking capacity.

'We are particularly pleased that the group's average margin has remained above 10 per cent of revenue, despite the fact that margins on some of our new services tend to be lower than traditional maintenance painting programmes.'

Outlook

'As usual, we expect revenue and earnings to be stronger in the second half, due to increased property maintenance activity during the summer. Traditionally, the PMS group has earned 40% of annual profit in the first half year and 60% of profit in the second half year. The group's net profit after tax for the full year is expected to be between 11 per cent and 13 per cent above the $16.3 million achieved in 2003/4, although we will have a better indication after the completion of the busy Christmas holiday period' said Mr Findlay.

AUSTRALIA

<u>Property maintenance</u>

Results for half year ended	**30 – 9 – 04 A$m**	**30 – 9 – 03 A$m**	**% increase**
Revenue	75.4	63.5	18.9
Earnings before interest and tax	6.6	5.8	12.6

The company's property maintenance business continued to increase its revenue and earnings, helped by accelerated growth in non-painting services which provided 46 per cent of revenue, compared with 39 per cent in 2003/4. Management was strengthened with the appointment of two national general managers – one responsible for painting and the other for building services, grounds management and Infraserv – based in the corporate office.

The painting business had a slow start to the year, with a less buoyant market impacting upon sales. The painting business is increasingly tailoring its maintenance programmes to meet individual customers' needs in a price-conscious market. The work projections are healthy and the second half is expected to show improvement in sales and earnings over the first half.

The building services business, which now operates nationally and contributes 25 per cent of Australian property maintenance revenue, again performed strongly. Revenue increased by 43 per cent, with similar improvements in earnings and operating cash flow. The contract to provide maintenance services to 54 New South Wales schools has been extended until April 2005 and now covers a further 158 schools on a 'caretaker' basis. The business is currently preparing to re-tender for the contract early in 2005.

The grounds management business increased its revenue by 21 per cent, primarily due to the Telstra/Transfield contract which began in May. All states performed well, with the exception of South Australia where margins declined due to the re-negotiation of a major contract. The grounds management business is also now operating nationally, following the opening of a Queensland branch in June.

Industrial services

Results for half year ended	**30 – 9 – 04 A$m**	**30 – 9 – 03 A$m**	**% change**
Revenue	9.6	9.6	0.2
Earnings before interest and tax	0.47	0.55	-13.5

The industrial services business, which trades as Barry Bros. Specialised Services, was affected by the drought in Queensland and New South Wales which restricted demand for its sewer and underground asset maintenance services. The second half has started strongly and earnings for the full year are expected to exceed 2003/4 results.

Demand for non-destructive digging services, which use high-pressure air or water to excavate or locate underground cables and pipes, continues to grow, and a seventh dedicated unit is on order.

A second Barry Bros. water recycling plant was opened in October at Parramatta, NSW and will use water from underground telecommunications ducts and data cabling pits throughout Sydney to irrigate a six hectare sports ground. Between 20,000 and 50,000 litres of water, which previously was discharged into sewers, is being collected and treated each day. The Parramatta plant and a similar plant operated in conjunction with the City of Port Phillip, Victoria will save approximately 12.5 million litres of water a year; and a number of other councils have expressed interest in the technology.

NEW ZEALAND

Results for half year ended	30 – 9 – 04 A$m	30 – 9 – 03 A$m	% change
Revenue	13.3	13.5	-1.4
Earnings before interest and tax	3.4	3.8	-11.5

The results of the New Zealand property maintenance business were affected by wet weather which reduced the number of working days. Furthermore, the results in the first half of 2003/4 included the refurbishment of 165 Westpac branches, which was not available in the current half year. All branches are performing well, and a strong second half is expected.

A new customer care programme has been introduced with the aim of improving customer relationships and the quality of the business' product offering. The building services division, launched in October 2003, is growing satisfactorily and made a small contribution to earnings.

UNITED KINGDOM

Results for half year ended	30 – 9 – 04 A$m	30 – 9 – 03 A$m	% increase
Revenue	12.0	9.7	23.9
Earnings before interest and tax*	0.8	0.1	539.9
** Earnings are after deduction of goodwill amortisation and UK head office costs*			

The improved performance of Whittle Painting Group, the company's UK business, reflected growing demand for long-term maintenance programmes, which are unique in the market. A further 45 programme contracts were sold during the period, bringing the total to 180 with a value of over $14.5 million. The customer profile is similar to that in New Zealand, and to date 66% of the programmes are for schools while the other customers are spread across hospitals, racecourses, commercial premises and industrial facilities.

All branches were profitable, with the Preston branch benefiting from the Lancaster PPP (public private partnership) contract to paint and maintain 4,600 council-owned houses.

Maintenance programmes, which usually carry higher margins than one-off painting work, now provide 19 per cent of revenue, compared with 10 per cent a year ago. The business is on track for further growth, although second half earnings will be constrained by the winter weather.

CASH FLOW AND BALANCE SHEET

The continuing improvement in gross operating cash flow enabled the further growth in contract recoverables to be funded internally. Net operating cash flow decreased to $7.8 million from $9.1 million in the previous corresponding period, reflecting the increasing level of tax payments in Australia with the changing mix in operating revenue. Net debt increased slightly to $42.6 million (41 per cent of equity) from $41.7 million (43 per cent of equity) at 31 March 2004, due to the growth in borrowings to fund the growth in United Kingdom programmes. The ratio of net debt to contract recoverables and work in progress fell to 27 per cent, compared with 28 per cent at 31 March 2004.

The total equity base is now $110.4 million, an increase of 7.6 per cent over 31 March 2004 ($102.6 million), due to the operating results and the equity contributions from the dividend reinvestment plan and from the exercising of share options. Net tangible assets per share at 30 September 2004 were $1.43, compared with $1.41 at 31 March 2004.

SHARE REGISTRY

The company now has over 3,300 shareholders, an increase of 15 per cent since May 2004.

'The better understanding by the investment community of our business model has led to the increase in the number of our shareholders over the past year. Most of the increase has come from retail shareholders with holdings of less than 10,000 shares' said Mr Findlay.

Programmed Maintenance Services, founded in 1951, provides a growing range of property maintenance services to commercial, industrial and institutional property owners. It operates the largest contract painting businesses in Australia and New Zealand, an expanding contract painting business in the United Kingdom, one of Australia's three largest grounds management businesses, building services businesses in Australia and New Zealand, and an industrial services business in Australia. The company maintains 60,000 buildings for over 5,500 customers, only one of which provides more than 1 per cent of total revenue, and has over 50 branches throughout Australia, New Zealand and the United Kingdom. Programmed Maintenance Services is listed on the Australian Stock Exchange and has a market capitalisation of $230 million.

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