PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

52 RICKETTS ROAD
MOUNT WAVERLEY
VICTORIA 3149

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(03) 9562 8033
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ASX Announcement

23 November 2005

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

Dear Sir,

APPENDIX 4D – HALF YEAR REPORT

Please find attached a copy of the Appendix 4D – Half Year Report announcing the results for the half year ended 30th September 2005.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

Appendix 4D

Programmed Maintenance Services Limited

ABN 61 054 742 264

Half year report

Half Year ended 30 September 2005

Current reporting period	- Half year ended 30 September 2005
Previous corresponding period	*- Half year ended 30 September 2004*

Results for announcement to the market

				A$'000
Total revenues	up	16.6 %	to	127,753
Profit from continuing operations after tax attributable to members	up	7.7 %	to	7,221
Profit for the period attributable to members	**up**	**7.7 %**	**to**	**7,221**

EXPLANATION
From 1 April 2005, Programmed Maintenance Services Limited is required to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). This is the first half-year report to be prepared under A-IFRS, and comparative information for previous reporting periods has been restated for comparability as if it had been prepared under A-IFRS. Detailed notes explaining these changes are included in this half year report.

Dividends	Amount per security	Franked amount per security
Interim dividend	7.5 ¢	7.5 ¢
Previous corresponding period	6.5 ¢	3.9 ¢
Record date for determining entitlements to the dividend (payment date of 25 January 2006)	12 January 2006	

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Appendix 4D

Programmed Maintenance Services Limited
ABN 61 054 742 264

Half year report
Half Year ended 30 September 2005

Contents

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2005 and any public announcements made by Programmed Maintenance Services Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange.

PROGRAMMED
MAINTENANCE
SERVICES

RESULTS COMMENTARY

First half profit up 8%

Interim dividend up 15% and fully franked

Programmed Maintenance Services Limited, one of Australia's leading property maintenance and infrastructure services group, today announced a record $7.2 million profit after tax for the six months to 30 September 2005. This represents a 7.7 per cent increase over the first half of 2004/5. Revenue increased by 16.6 per cent to $127.8 million; and earnings before interest and tax increased by 10.9 per cent to $12.5 million, compared with an increase of 8.8 per cent in the previous corresponding period.

The directors have declared an increased interim dividend of 7.5 cents per share fully franked, payable on 25 January 2006 to shareholders on the register at 12 January. This compares with an interim dividend of 6.5 cents franked to 60 per cent in 2004/5. The dividend reinvestment plan remains suspended.

Results summary for the six months ended	**30 Sept 05 A$m**	**30 Sept 04* A$m**	**% increase**
Revenue	127.8	109.6	16.6
Earnings before interest, tax, depreciation and amortisation	16.8	15.1	11.6
Earnings before interest and tax	12.5	11.3	10.9
Profit before tax	10.6	9.8	7.8
Income tax expense	3.4	3.1	8.2
Profit after tax	**7.2**	**6.7**	**7.7**
Earnings per share (cents)	10.4	9.6	7.7
Interim dividend (cents)	7.5	6.5	15.4
Franking (%)	100	60	66.7

* From 1 April 2005, Programmed Maintenance Services Limited is required to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). This is the first half-year report to be prepared under A-IFRS, and comparative information has been restated under A-IFRS.

'This result, Programmed Maintenance Services' seventh consecutive increase in first half profit, demonstrates the success of our strategy to build a broad, international property services group on the foundation of our Australian maintenance painting business,' said Mr Max Findlay, managing director. 'For the first time, more than 50 per cent of our Australian revenue came from services other than painting.

'We have continued to expand our range of services with the acquisition of Tungsten Group, which was completed on 10 October. Tungsten assists industrial, commercial and government customers throughout Australia and New Zealand with a wide range of resources and activities that are non-core to their day-to-day operations. These activities complement those of our building services and Infraserv divisions and strengthen our position in the facilities maintenance market. Tungsten's net revenue and earnings before interest and tax for the year to 31 December 2005 are expected to exceed $15 million and $2 million respectively.

'Our industrial services business had a strong half year; and our overseas businesses also performed well, with good earnings increases in both New Zealand and the United Kingdom.

'Pleasingly, the group's average margin remained in line with that for the first half of 2004/5, in spite of the fact that margins on some of our new services tend to be lower than on traditional maintenance painting programmes.

'We are delighted we are able to fully frank the interim dividend and expect the final dividend to be fully franked too. This reflects our strategy of diversifying our operations, with a lower proportion of Australian revenue and earnings coming from maintenance painting programmes.'

Outlook

'The group's revenue is continuing to increase and we currently expect net profit after tax for the full year to 31 March 2006 to be between 8 per cent and 11 per cent above the $18.1 million achieved in 2004/5. As in previous years, we will have a better indication of our second half performance after the busy Christmas holiday period,' said Mr Findlay.

AUSTRALIA
Property maintenance

Results for the six months ended	**30 Sept 05 A$m**	**30 Sept 04 A$m**	**% increase**
Revenue	85.9	74.7	15.0
Earnings before interest and tax	5.8	6.6	(11.6)

The Australian property maintenance business continued to increase its revenue, with non-painting services contributing 42 per cent of the total. Earnings, however, were constrained through lower margins and more subdued demand in the painting division as well as the loss in 2004/5 of the building services division's New South Wales schools contract. Business development resources have been strengthened to counter increased competition, especially in painting.

The painting division is taking steps to reduce fixed costs and to upgrade its products to improve its competitive position. Greater focus is also being placed on customer service, with the sales team playing an increased role in project delivery.

The building services division has made significant progress with winning new business to replace the New South Wales schools contract; and its 2006/7 earnings are expected to at least equal its earnings in 2004/5. The division now has a broader range of customers, including commercial and government organisations, retirement villages and religious orders, with services ranging from building audits to refurbishment.

The grounds management division continued to perform well, especially in Victoria, and achieved significant growth in both revenue and earnings. The division expanded its customer base and began to introduce landscaping services nationally, following their success in Victoria.

The Infraserv division also performed well, with all its six contracts exceeding expectations. Infraserv, which provides infrastructure services through strategic alliances that share the benefits of performance improvements with the customer, has a pipeline of prospects which are expected to lead to further growth.

Following the acquisition of Tungsten Group, more than 50 per cent of Australian property maintenance revenue is now expected to come from non-painting services.

Industrial services

Results for the six months ended	30 Sept 05 A$m	30 Sept 04 A$m	% increase
Revenue	14.4	9.6	50.3
Earnings before interest and tax	1.4	0.5	202.3

The industrial services business, which trades as Barry Bros. Specialised Services, continued to grow strongly, with a significant increase in average margin. Depreciation was higher as a result of investment during the second half of 2004/5 in new water recycling equipment and non-destructive digging and water cleaning/vacuum units, which were fully utilised.

Barry Bros. plans to continue to invest in new equipment to take advantage of growing market demand. Rationalisation in its markets also provides opportunities for further growth.

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NEW ZEALAND

Results for the six months ended	30 Sept 05 A$m	30 Sept 04 A$m	% increase
Revenue	15.2	13.3	14.1
Earnings before interest and tax	3.8	3.4	12.2

The New Zealand property maintenance business continued to perform well, with a robust second quarter more than compensating for a subdued start to the year. The order book is strong and, subject to the weather, further revenue and earnings growth are expected in the second half.

UNITED KINGDOM

Results for the six months ended	30 Sept 05 A$m	30 Sept 04 A$m	% change
Revenue	12.3	12.0	1.9
Earnings before interest and tax *	1.4	0.8	75.6
** Earnings are after deduction of UK head office costs*			

The company's UK business, Whittle Painting Group, increased its earnings by 96 per cent in pounds sterling, reflecting a higher proportion of revenue from maintenance programmes.

Maintenance programmes, which are unique in the UK market and usually carry higher margins than one-off painting jobs, provided 25 per cent of revenue, compared with 18 per cent in the previous year. More than 260 programmes have been contracted so far, with the majority in the education sector and a total contract value exceeding A$20 million; and growth is expected to follow the pattern of the New Zealand business.

Whittle currently has six branches covering the north-east, midlands and west of England. Four additional branches are planned during the next 12 months to broaden geographic coverage to the south and east.

OCCUPATIONAL HEALTH AND SAFETY

The company continued to invest in occupational health and safety and introduced a new campaign with the goal of achieving 'zero harm' throughout the workforce. The lost time injury frequency rate during the half-year was 48 per cent lower than in the previous corresponding period, with most injured employees returning to work after one day.

CASH FLOW AND BALANCE SHEET

Gross operating cash flow increased by 19 per cent to $15.0 million, representing the growing proportion of group revenue from non-painting services. After higher Australian tax and interest payments, net operating cash flow was $8.8 million, an increase of 14 per cent over the previous corresponding period.

Net debt was higher at $50.4 million (42 per cent of equity) compared with $47.2 million (40 per cent of equity) at 31 March 2005, due to higher borrowings to fund the growth in United Kingdom programmes and the purchase of plant and equipment by the industrial services business.

The total value of contract recoverables and work in progress at 30 September 2005 was $173.2 million, an increase of 7.4 per cent higher over 31 March 2005. Contract recoverables in the United Kingdom rose by 32 per cent, due to the solid growth in programme sales, while contract recoverables in Australia and New Zealand grew by 6 per cent and 8 per cent respectively.

Net tangible assets per share at 30 September 2005 were $1.62, compared with $1.60 at 31 March 2005.

PROGRAMMED MAINTENANCE SERVICES LIMITED

DIRECTORS' REPORT

The Directors of Programmed Maintenance Services Limited submit herewith the financial report for the half year ended 30th September 2005. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the company during or since the end of the half-year are:

Geoffrey Allan Tomlinson, Chairman
Maxwell John Findlay, Managing Director
Susan Mary Oliver
Brian John Pollock

Review of Operations

Consolidated revenue from continuing activities for the half year ended 30th September 2005 was $127.753 million, which is 16.6% higher than the corresponding period last year.

For the half-year ended 30th September 2005, the consolidated profit before tax amounted to $10.612 million, and after tax $7.221 million, which are respectively 7.8% and 7.7% above the comparable results for the half-year ended 30th September 2004.

From 1 April 2005, Programmed Maintenance Services Limited is required to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). This is the first half-year report to be prepared under A-IFRS, and comparative information has been restated under A-IFRS.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 of the half year financial report.

Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10th July 1998 and in accordance with that Class Order amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

M. J. Findlay
Director

Melbourne, 23 November 2005

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Programmed Maintenance Services Limited
52 Ricketts Road
Mount Waverley
VIC 3149

23 November 2005

Dear Board Members

Programmed Maintenance Services 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 Programmed Maintenance Services Limited.

As lead audit partner for the review of the financial report of Programmed Maintenance Services Limited for the financial half year ended 30 September 2005, 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

J B West

J. B. West
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of
Deloitte Touche Tohmatsu

Programmed Maintenance Services Limited
Consolidated Income Statement
For The Half Year Ended 30 September 2005

	Half Year ended 30-Sep-05 $'000	Half Year ended 30-Sep-04 $'000
Revenue	127,753	109,594
Other Income	113	339
Changes in inventories of finished goods	(68)	440
Raw materials and consumables used	(11,052)	(9,332)
Employee benefits expenses	(61,445)	(46,881)
Sub Contractor expenses	(19,708)	(25,425)
Depreciation and amortisation expense	(4,339)	(3,743)
Finance costs	(1,972)	(1,574)
Equipment & motor vehicle costs	(6,954)	(5,514)
Information technology & telecommunications costs	(1,383)	(1,370)
Impairment of non-current assets	-	-
Other expenses	(10,334)	(6,692)
Profit before income tax expense	10,612	9,842
Income tax expense	(3,391)	(3,135)
Profit from continuing operations	7,221	6,707
Profit from discontinued operations	-	-
Profit attributable to members of the parent entity	7,221	6,707
Earnings Per Share:		
Basic (cents per share)	10.4	9.6
Diluted (cents per share)	10.4	9.5

Notes to the financial statements are included on pages 13 to 30.

Programmed Maintenance Services Limited
Consolidated Balance Sheet
As At 30 September 2005

	Note	30-Sep-05 $'000	31-Mar-05 $'000
Current Assets			
Cash and cash equivalents		2,496	2,209
Trade and other receivables		106,589	109,303
Other financial assets		-	26
Inventories		18,410	15,449
Current tax assets		764	-
Other		4,414	3,081
Total Current Assets		132,673	130,068
Non-Current Assets			
Trade and other receivables		84,890	83,589
Inventories		9,552	7,782
Property, plant and equipment		28,893	26,009
Deferred tax assets		4,639	4,231
Goodwill		2,335	2,335
Other intangible assets		2,423	2,677
Total Non-Current Assets		132,733	126,623
Total Assets		265,405	256,691
Current Liabilities			
Trade and Other Payables		30,302	27,640
Borrowings		9,392	6,159
Current tax liabilities		-	2,546
Provisions		8,007	7,125
Total Current Liabilities		47,701	43,470
Non-Current Liabilities			
Borrowings		43,514	43,297
Deferred tax liabilities		51,450	48,548
Provisions		2,983	2,854
Total Non-Current Liabilities		97,947	94,699
Total Liabilities		145,648	138,169
Net Assets		119,757	118,522
Equity			
Issued Capital	4	26,568	26,219
Reserves		8,086	8,263
Retained earnings		85,103	84,040
Total Equity		119,757	118,522

Notes to the financial statements are included on pages 13 to 30.

Programmed Maintenance Services Limited
Consolidated Statement of Recognised Income and Expense
For The Half Year Ended 30 September 2005

	Half Year ended 30/09/2005 $'000	Half Year ended 30/09/2004 $'000
Translation of foreign operations		
Exchange differences taken to equity	(177)	2,143
Income tax on items taken directly to or transferred from equity	-	-
Net income recognised directly in equity	(177)	2,143
Profit for the period	7,221	6,707
Total recognised income and expense for the period	7,044	8,850

Notes to the financial statements are included on pages 13 to 30.

Programmed Maintenance Services Limited
Consolidated Cash Flow Statement
For The Half Year Ended 30 September 2005

	Half Year ended 30/09/2005 $'000	Half Year ended 30/09/2004 $'000
Cash flows From operating activities		
Receipts from customers	136,597	115,818
Payments to suppliers and employees	(121,561)	(103,160)
Interest and other costs of finance paid	(1,888)	(1,564)
Income Tax Paid	(4,314)	(3,418)
Net cash provided by operating activities	8,833	7,676
Cash flows From investing activities		
Interest received	95	82
Payment for property, plant and equipment	(2,453)	(2,717)
Proceeds from sale of property, plant and equipment	468	770
Payments for acquisition of long-term contracts	-	(1,109)
Net cash used in investing activities	(1,890)	(2,974)
Cash flows From financing activities		
Repayment of borrowings	(3,369)	(4,428)
Proceeds from issue of equity securities	349	2,785
Dividends paid	(6,019)	(3,505)
Net cash used in financing activities	(9,038)	(5,148)
Net decrease in cash and cash equivalents	(2,095)	(446)
Cash and cash equivalents at the beginning of the half year	508	71
Effect of exchange rate changes on the balance of cash held in foreign currencies	56	(75)
Cash and cash equivalents at the end of the half year	(1,531)	(450)

Notes to the financial statements are included on pages 13 to 30.

1 Summary of accounting policies

Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The consolidated entity changed its accounting policies on 1 April 2005 to comply with Australian equivalents to International Financial Reporting Standards. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 April 2004 as the date of transition. An explanation of how the transition from superceded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in note 10.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 30 September 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 April 2004 (as disclosed in note 10), the consolidated entity's date of transition. The consolidated entity has not restated comparative financial information for financial instruments, including derivatives, as permitted under the first time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2004 annual financial report.

The impact of changes in these accounting policies on 1 April 2005, the date of transition for financial instruments is disclosed further in note 1(u).

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report:

(a) Revenue Recognition

Rendering of Services

The revenue recognised from rendering of services combines:-

(i) invoicing from the provision of the company's services inclusive of the amounts due and payable under the terms of the long term maintenance contacts;

(ii) revenue not yet invoiced but earned on work completed in servicing long term maintenance contracts which, while owing to the company under the terms of those contracts, will not become payable until future years; and

(iii) revenue not yet invoiced but earned on work completed under contracts other than long term maintenance contracts.

The revenue earned on work completed comprises the costs incurred plus the individual contract margin earned to date, based on the percentage of completion and the expected contract margin.

The long term maintenance contracts specifically detail both services to be performed and the invoicing components for each year of the contracts. The company's contract administration system enables the stage of completion of each contract to be reliably measured against predetermined budgets and regularly updated assessments of the work required for completion of the contract.

1 Summary of accounting policies (continued)

(a) Revenue Recognition (continued)

The company's long term maintenance contracts include indexation clauses to allow for cost escalations. Labour and material costs are indexed on publicly available indices, with overhead costs being indexed at long term interest rates.

The company reviews the projected inflows of sales receipts to determine whether the values of revenue earned for the reporting period and Contracts in Progress at Recoverable Value at the reporting date are at their fair values. The fair values would be calculated by indexing the nominal values at the weighted average of the indexation and then discounting these amounts by the implicit rate of interest. As the current view of the company is that the weighted average of the indexation equates to the implicit rate of interest, there is no material difference between the nominal values and fair values of the revenue earned and the recoverable values. Accordingly, the revenue not yet invoiced but earned on work completed is recorded at fair value.

Dividend and Interest Revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(b) Contracts in progress at recoverable value

The revenue earned on long term maintenance contracts includes a portion that will only become payable after the reporting date. This revenue is carried forward and shown in the statement of financial position as contracts in progress at recoverable value.

As described above in the accounting policy on revenue recognition, contracts in progress at recoverable value are reviewed and recorded at fair value on initial recognition, and are subsequently measured at amortised cost which includes the adjustment for indexation.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value, except for work in progress which is valued at recoverable value.

(d) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

1 Summary of accounting policies (continued)

(d) Income tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group group under Australian taxation law. Programmed Maintenance Services Limited is the head entity in the tax-consolidated group.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Programmed Maintenance Services Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

(e) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method. The estimated useful lives , residual values and depreciation method is review at the end of each annual reporting period.

The following estimated lives are used in the calculation of depreciation:

Buildings	20 - 30 years
Leasehold improvements - Buildings	5 years
Plant and equipment	3 - 15 years
Equipment under finance lease	5 years

1 Summary of accounting policies (continued)

(f) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and

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

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

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

(g) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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

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

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

1 Summary of accounting policies (continued)

(h) Financial assets

Trade and other receivables

Trade receivables and other receivables are recorded at amortised cost less impairment.

(i) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(j) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

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

(k) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Summary of accounting policies (continued)

(k) Impairment of assets (continued)

Goodwill and intangible assets not yet available for use are tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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

(l) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(o) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment at each reporting date and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also note 1(k).

1 Summary of accounting policies (continued)

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

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

(q) Goods & services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(r) Value of long term contracts acquired

Included in intangible assets is the value of long term contracts acquired. The consolidated entity the value of these intangible assets as the total of the purchase consideration and the fair value of the net liabilities acquired. These intangible assets are being amortised over six years.

These intangible assets are tested for impairment whenever there is an indication that the intangible assets may be impaired. Any impairment is recognised immediately in profit or loss. Refer also note 1(k).

(t) Share-based payments

No equity-settled share based payments have been granted after 7 November 2002. The consolidated entity has elected to take advantage of Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" first time adoption elections. Any equity-settled share based payments made in the future will be measured at fair value at the date of the grant. The fair value determined at the grant date will be expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(u) Comparative information

The consolidated entity has not elected to restate comparative financial instruments within the scope of Accounting Standards AASB 132 "Financial Instruments: Disclosure and presentation" and AASB 139 "Financial Instruments: Recognition and measurement", as permitted on first time adoption of A-IFRS. There is no effect on the balance sheet as at 1 April 2005 following the changes in the accounting policies for financial instruments.

2. Share options

The company has a share option scheme for directors and senior executives. Each share option upor exercise becomes one fully paid ordinary share in Programmed Maintenance Services Limited. No amounts are paid or payable by the recipients on receipt of the share option

In accordance with the provisions of the scheme, as approved by shareholders' consent, certain directors senior executives and employees have been offered and accepted options which can be exercised at variou expiry dates up to 29 September 2006. The options are offered at the discretion of the board, with the issu price of an option to equal or exceed the market price of one fully paid ordinary share on the date the option is granted.

	30-Sep-05 No.	30-Sep-04 No.
Balance at beginning of the half year (i)	193,500	1,412,000
Granted during the half year (ii)	-	-
Exercised during the half year (iii)	(157,500)	(1,218,500)
Lapsed during the half year (iv)	-	-
Balance at end of the half year (v)	36,000	193,500

(i) Balance at beginning of the half year

Options - Series	No.	Vesting Date	Expiry/ Exercise Date	Exercise Price $
(3) Granted 29 September, 1999	97,500	29.09.03	29.09.05	2.00
(6) Granted 8 May, 2002	96,000	29.09.04	29.09.06	2.57
Balance at end of the half year	193,500			

(ii) Granted during the half year

No share options were granted during the current or previous half year reporting period.

(iii) Exercised during the half year

Options - Series	No. of Options Exercised	Vesting Date	Expiry/ Exercise Date	Exercise Price $	No. of Shares Issued	Fair Value Received $	Fair Value of shares at date of issue $
(3) Granted 29 Sept., 1999	97,500	29.09.03	29.09.05	2.00	97,500	195,000	305,175
(6) Granted 8 May, 2002	60,000	29.09.04	29.09.06	2.57	60,000	154,200	187,800
	157,500				157,500	349,200	492,975

The fair value of shares at date of exercise was determined by using the market price of the company's ordinary shares on 27 September 2005. At this date, the market price was $3.13 per share.

2 Share options (continued)

Exercised during the previous half year

Options - Series	No. of Options Exercised	Vesting Date	Expiry/ Exercise Date	Exercise Price $	No. of Shares Issued	Fair Value Received $	Fair Value of shares at date of issue $
(2) Granted 29 Sept., 1999	546,000	29.09.02	29.09.04	2.00	546,000	1,092,000	1,829,100
(3) Granted 29 Sept., 1999	448,500	29.09.03	29.09.05	2.00	448,500	897,000	1,502,475
(4) Granted 8 May, 2002	128,000	29.09.02	29.09.04	2.49	128,000	318,720	428,800
(5) Granted 8 May, 2002	96,000	29.09.03	29.09.05	2.54	96,000	243,840	321,600
	1,218,500				1,218,500	2,551,560	4,081,975

The fair value of shares at date of exercise was determined by using the market price of the company's ordinary shares on 27 September 2004. At this date, the market price was $3.35 per share.

(iv) Lapsed during the half year

No share options lapsed during the current or previous half year reporting period.

(v) Balance at end of the half year

Options - Series	No	Vested No	Unvested No	Vesting Date	Expiry/ Exercise Date	Exercise Price $
(6) Granted 8 May, 2002	36,000	36,000	-	29.09.04	29.09.06	2.57
	36,000	36,000	-			

Executive share options carry no rights to dividends and no voting rights.
The market price of the company's ordinary shares at 30 September 2005 was $3.09.

3 Contracts and work in progress at recoverable value

	Half Year ended 30-Sep-05 $'000	Year ended 31-Mar-05 $'000	Half Year ended 30-Sep-04 $'000
Contracts in Progress			
Balance at beginning of year	144,684	131,342	131,342
Increase in amounts recoverable	5,363	11,251	2,998
Effect of foreign currency movements	(485)	2,091	2,952
Balance at end of year	149,562	144,684	137,293
Shown in the financial statements as:			
Current	65,363	61,857	59,530
Non-Current	84,199	82,827	77,763
	149,562	144,684	137,293

3 Contracts and work in progress at recoverable value (continued)

	Half Year ended 30-Sep-05 $'000	Year ended 31-Mar-05 $'000	Half Year ended 30-Sep-04 $'000
Work in Progress			
Balance at beginning of year	16,646	16,516	16,516
Increase in amounts recoverable	7,049	(13)	5,719
Effect of foreign currency movements	(53)	143	255
Balance at end of year	23,642	16,646	22,490
Shown in the financial statements as:			
Current	14,090	9,008	15,526
Non-Current	9,552	7,638	6,964
	23,642	16,646	22,490
Total Contracts and Work in Progress			
Shown in the financial statements as:			
Current	79,452	70,865	75,056
Non-Current	93,751	90,465	84,727
	173,203	161,330	159,783

4 Issued capital

	Half Year ended 30-Sep-05 $'000	Year ended 31-Mar-05 $'000	Half Year ended 30-Sep-04 $'000
70,963,815 fully paid ordinary shares (31 March 2005 70,806,315 and 30 Sept. 2004 70,327,360)	26,568	26,219	24,592

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Half Year Ended 30-Sep-05		Year Ended 31-Mar-05		Half Year Ended 30-Sep-04	
Fully Paid Ordinary Shares	No.'000	$'000	No.'000	$'000	No.'000	$'000
Balance at beginning of the half year	70,806	26,219	68,800	21,082	68,800	21,082
Issue of shares - dividend reinvestment plan						
23 July 2004, DRP share price of $3.09	-	-	313	968	313	968
27 Jan. 2005, DRP share price of $3.41	-	-	474	1,617	-	-
Issue of new shares	158	349	1,214	2,552	1,214	2,542
Balance at end of the half year	70,964	26,568	70,801	26,219	70,327	24,592

5 Net tangible assets per share

	30-Sep-05 Cents per share	31-Mar-05 Cents per share
Net Tangible Assets per ordinary security	162.2	160.3

6 Segment information

Segment Revenues

	External Sales				Other		Total	
	Property Maintenance		Industrial Services					
	30-Sep-05 $'000	30-Sep-04 $'000	30-Sep-05 $'000	30-Sep-04 $'000	30-Sep-05 $'000	30-Sep-04 $'000	30-Sep-05 $'000	30-Sep-04 $'000
Australia	85,823	74,493	14,259	9,456	173	1,024	100,255	84,973
New Zealand	15,171	13,270	-	-	(15)	0	15,156	13,270
United Kingdom	12,225	12,013	-	-	22	26	12,247	12,039
Total of all segments							127,658	110,282
Unallocated							95	(688)
Consolidated							127,753	109,594

Segment Results

	Property Maintenance		Industrial Services		Total	
	30-Sep-05 $'000	30-Sep-04 $'000	30-Sep-05 $'000	30-Sep-04 $'000	30-Sep-05 $'000	30-Sep-04 $'000
Australia	6,358	7,101	1,309	264	7,667	7,365
New Zealand	3,810	3,398	-	-	3,810	3,398
United Kingdom	1,437	818	-	-	1,437	818
Total of all segments					12,914	11,581
Unallocated					(415)	(247)
Profit before interest and income tax expense					12,499	11,334
Net borrowing and financing charges					(1,887)	(1,492)
Profit before income tax expense					10,612	9,842
Income tax expense					(3,391)	(3,135)
Profit for the period					7,221	6,707

6 Segment information (continued)

The consolidated entity operates in three principal geographic locations - Australia, New Zealand and the United Kingdom. The composition of each geographical segment is as follows:

Australia -	- Property maintenance services includes maintenance painting, corporate signage, grounds maintenance, building services and infrastructure services
	- Industrial services includes sewerage and drainage maintenance, vacuum high pressure cleaning and non-destructive digging
New Zealand	- Property maintenance services - maintenance painting and building services
United Kingdom	- Property maintenance services - painting

7 Subsequent events

On 10 October 2005, Programmed Maintenance Services Limited announced that it had reached agreement to acquire Tungsten Group Pty. Ltd. (Tungsten), one of Australia's leading facilities maintenance operators. With a blue chip client base in the industrial, commercial and government sectors, Tungsten has operations in Melbourne, Sydney, Perth, Brisbane, Darwin, Newcastle, Adelaide and Wellington, and employs 160 people.

The total purchase price will depend upon the earnings of Tungsten during the year following its acquisition, and is expected to equal an EBIT multiple of up to five times. The initial purchase consideration was $8.7 million, funded by debt. The operating results of Tungsten for the period from 10 October 2005 to 31 March 2006 will be included in the consolidated financial statements for the year ending 31 March 2006.

8 Dividends

	Half Year Ended 30-Sep-05		Half Year Ended 30-Sep-04	
	Cents per Share	Total $'000	Cents per Share	Total $'000
Recognised Amounts				
Fully Paid Ordinary Shares				
Final Dividend				
- franked to 80% (2004: 50%)	8.5	6,019	6.5	4,472
		6,019		4,472
Unrecognised Amounts				
Fully Paid Ordinary Shares				
Interim Dividend - payable 25 January 2006				
- franked to 100% (2004: 60%)	7.5	5,322	6.5	4,572
		5,322		4,572

9 Contingent Liabilities

In the 2005 Annual Report, Programmed Maintenance Services Limited advised that a legal action was commenced by a subcontractor making a number of claims regarding entitlement to provide services under a long-term agreement. This legal action is still outstanding and the directors consider that adequate provision has been made in these financial statements for the costs of resolving this legal action.

The directors are not aware of any other contingent liabilities.

10 Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS)

The consolidated entity changed its accounting policies on 1 April 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 April 2004 as the date of transition.

An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Effect of A-IFRS on the balance sheet as at 1 April 2004

		Consolidated		
	Note	Superseded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Current Assets				
Cash and cash equivalents		2,059	-	2,059
Trade and other receivables		96,754	-	96,754
Inventories		12,978	-	12,978
Current tax assets		245	-	245
Other		3,794	-	3,794
Total Current Assets		115,830	-	115,830
Non-Current Assets				
Trade and other receivables		73,535	-	73,535
Inventories		7,300	-	7,300
Other financial assets		282	-	282
Property, plant and equipment		20,802	-	20,802
Deferred tax assets		3,305	-	3,305
Goodwill	a	2,335	-	2,335
Total Non-Current Assets		107,559	-	107,559
Total Assets		223,389	-	223,389
Current Liabilities				
Trade and Other Payables		23,362	-	23,362
Borrowings		5,531	-	5,531
Current tax liabilities		2,845	-	2,845
Provisions		5,630	-	5,630
Total Current Liabilities		37,368	-	37,368

10 Impacts of the adoption of Australian equivalents to IFRS (continued)

		Consolidated		
	Note	Superseded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Non-Current Liabilities				
Borrowings		38,266	-	38,266
Deferred tax liabilities		44,344	-	44,344
Provisions		804	-	804
Total Non-Current Liabilities		83,414	-	83,414
Total Liabilities		120,782	-	120,782
Net Assets		102,607	-	102,607
Equity				
Issued Capital		21,082	-	21,082
Reserves		6,695	-	6,695
Retained earnings	d	74,830	-	74,830
Total Equity		102,607	-	102,607

* Reported financial position for the financial year ended 31 March 2004.

Effect of A-IFRS on the income statement for the half year ended 30 September 2004

		Consolidated		
	Note	Superseded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Revenue	b	110,364	(770)	109,594
Other Income	b	-	339	339
Changes in inventories of finished goods		440	-	440
Raw materials and consumables used		(9,332)	-	(9,332)
Employee benefits expenses		(46,881)	-	(46,881)
Sub Contractor expenses		(25,425)	-	(25,425)
Depreciation and amortisation expense	a	(3,815)	72	(3,743)
Finance costs		(1,574)	-	(1,574)
Equipment & motor vehicle costs		(5,514)	-	(5,514)
Information technology & telecommunications costs		(1,370)	-	(1,370)
Impairment of non-current assets		-	-	-
Other expenses	b	(7,123)	431	(6,692)
Profit before income tax expense		9,770	72	9,842
Income tax expense		(3,135)	-	(3,135)
Profit from continuing operations		6,635	72	6,707
Profit from discontinued operations		-	-	-
Profit attributable to members of the parent entity		6,635	72	6,707

* Reported financial results under previous Australian GAAP

10 Impacts of the adoption of Australian equivalents to IFRS (continued)

Effect of A-IFRS on the income statement for the year ended 31 March 2005

		Consolidated		
	Note	Super-seded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Revenue	b	233,071	(1,069)	232,002
Other Income	b	-	410	410
Changes in inventories of finished goods		496	-	496
Raw materials and consumables used		(19,700)	-	(19,700)
Employee benefits expenses		(97,493)	-	(97,493)
Sub Contractor expenses		(53,528)	-	(53,528)
Depreciation and amortisation expense	a	(8,109)	144	(7,965)
Finance costs		(3,395)	-	(3,395)
Equipment & motor vehicle costs		(11,328)	-	(11,328)
Information technology & telecommunications costs		(2,673)	-	(2,673)
Impairment of non-current assets		-	-	-
Other expenses	b	(10,687)	659	(10,028)
Profit before income tax expense		26,654	144	26,798
Income tax expense		(8,543)	-	(8,543)
Profit from continuing operations		18,111	144	18,255
Profit from discontinued operations		-	-	-
Profit attributable to members of the parent entity		18,111	144	18,255

* Reported financial results under previous Australian GAAP

10 Impacts of the adoption of Australian equivalents to IFRS (continued)

Effect of A-IFRS on the balance sheet as at 30 September 2004

		Consolidated		
	Note	Super-seded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Current Assets				
Cash and cash equivalents		2,909	-	2,909
Trade and other receivables		101,285	-	101,285
Other financial assets		28	-	28
Inventories		16,698	-	16,698
Other		4,021	-	4,021
Total Current Assets		124,941	-	124,941
Non-Current Assets				
Trade and other receivables		78,922	-	78,922
Inventories		6,964	-	6,964
Property, plant and equipment		24,057	-	24,057
Deferred tax assets		4,406	-	4,406
Goodwill	a	2,263	72	2,335
Other intangible assets		3,271	-	3,271
Total Non-Current Assets		119,883	72	119,955
Total Assets		244,824	72	244,896
Current Liabilities				
Trade and Other Payables		29,737	-	29,737
Borrowings		7,029	-	7,029
Current tax liabilities		1,761	-	1,761
Provisions		7,815	-	7,815
Total Current Liabilities		46,342	-	46,342
Non-Current Liabilities				
Borrowings		38,504	-	38,504
Deferred tax liabilities		47,027	-	47,027
Provisions		2,529	-	2,529
Total Non-Current Liabilities		88,060	-	88,060
Total Liabilities		134,402	-	134,402
Net Assets		110,422	72	110,494
Equity				
Issued Capital		24,592	-	24,592
Reserves		8,838	-	8,838
Retained earnings	d	76,992	72	77,064
Total Equity		110,422	72	110,494

* Reported financial position under previous Australian GAAP

10 Impacts of the adoption of Australian equivalents to IFRS (continued)

Effect of A-IFRS on the balance sheet as at 31 March 2005

		Consolidated		
	Note	Super-seded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Current Assets				
Cash and cash equivalents		2,209	-	2,209
Trade and other receivables		109,303	-	109,303
Other financial assets		26	-	26
Inventories		15,449	-	15,449
Other		3,081	-	3,081
Total Current Assets		130,068	-	130,068
Non-Current Assets				
Trade and other receivables		83,589	-	83,589
Inventories		7,782	-	7,782
Property, plant and equipment		26,009	-	26,009
Deferred tax assets		4,231	-	4,231
Goodwill	a	2,191	144	2,335
Other intangible assets		2,677	-	2,677
Other		-	-	-
Total Non-Current Assets		126,479	144	126,623
Total Assets		256,547	144	256,691
Current Liabilities				
Trade and Other Payables		27,640	-	27,640
Borrowings		6,159	-	6,159
Current tax liabilities		2,546	-	2,546
Provisions		7,125	-	7,125
Total Current Liabilities		43,470	-	43,470
Non-Current Liabilities				
Borrowings		43,297	-	43,297
Deferred tax liabilities		48,548	-	48,548
Provisions		2,854	-	2,854
Total Non-Current Liabilities		94,699	-	94,699
Total Liabilities		138,169	-	138,169
Net Assets		118,378	144	118,522
Equity				
Issued Capital		26,219	-	26,219
Reserves		8,263	-	8,263
Retained earnings	d	83,896	144	84,040
Total Equity		118,378	144	118,522

* Reported financial position under previous Australian GAAP

10 Impacts of the adoption of Australian equivalents to IFRS (continued)

Effect of A-IFRS on the cash flow statement for the year ended 31 March 2005

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

Notes to the reconciliations of income and equity

(a) Goodwill

The consolidated entity has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed. In addition, goodwill arising from these business combinations that involved the acquisition of foreign businesses will be treated as an Australian dollar denominated asset.

However, goodwill, which was amortised under superseded policies, is not amortised under A-IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by $72 thousand and an increase in net profit before tax of $72 thousand for the half-year ended 30 September 2004, and by $144 thousand and an increase in net profit before tax of $144 thousand for the financial year ended 31 March 2005. There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

(b) Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a 'gross' basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a 'net' basis, and is classified as income, rather than revenue. Accordingly, the 'gross' amounts have been reclassified within the income statement for A-IFRS reporting purposes.

(c) Deferred tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

There is no effect on the deferred tax balances from the adoption of A-IFRS methodology.

(d) Retained earnings

The effect of the above adjustments on retained earnings are as follows:-

	Consolidated		
	01-Apr-04	30-Sep-04	31-Mar-05
	$'000	$'000	$'000
Goodwill no longer amortised	-	72	144
Net increase in retained earnings	-	72	144

PROGRAMMED MAINTENANCE SERVICES LIMITED

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

M. J. Findlay
Director

Melbourne, 23 November 2005

Deloitte.

Deloitte Touche Tohmatsu
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Independent review report to the members of Programmed Maintenance Services Limited

Scope

The financial report and directors' responsibility
The financial report comprises the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expenses, accompanying notes to the financial statements and the directors' declaration for the consolidated entity for the half-year ended 30 September 2005 as set out on pages 9 to 31. The consolidated entity comprises both Programmed Maintenance Services Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach
We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Programmed Maintenance Services Limited is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2005 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J B West

J. B. West
Partner
Chartered Accountants
Melbourne, 23 November 2005

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Member of
Deloitte Touche Tohmatsu