PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

52 RICKETTS ROAD
MOUNT WAVERLEY
VICTORIA 3149

PO BOX 331
MOUNT WAVERLEY
VICTORIA 3149

TELEPHONE
(03) 9562 8033
FACSIMILE
(03) 9562 8006

ASX Announcement

25 May 2005

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

Dear Sir,

MEDIA RELEASE

Please find attached a copy of the Media Release announcing the Annual Results for the year ended 31st March 2005.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

PROGRAMMED
MAINTENANCE
SERVICES

ASX/media release 25 May 2005

11.2% full year profit increase

Dividends for full year up 25%

Programmed Maintenance Services Limited, Australia's leading property maintenance and infrastructure services group, today announced an 11.2 per cent increase in profit after tax to a record $18.1 million for the year to 31 March 2005. Revenue increased by 13.2 per cent to $233.1 million.

The directors have increased the final dividend by 31 per cent to 8.5 cents per share franked to 80 per cent (2003/4: 6.5 cents franked to 50 per cent), payable on 22 July 2005 to shareholders on the register at 7 July. This brings total dividends for 2004/5 to 15.0 cents franked to 71 per cent, compared with 12.0 cents franked to 50 per cent in 2003/4 and 9.0 cents franked to 41 per cent in 2002/3. The dividend payout ratio for 2004/5 will be 57% (2003/4: 50%). The dividend reinvestment plan has been suspended.

Results summary for the year ended	**31 – 3 – 05 A$m**	**31 – 3 – 04 A$m**	**% increase**
Revenue	233.1	205.9	13.2
Earnings before interest, tax, depreciation and amortisation	38.0	34.1	11.5
Earnings before interest and tax	29.9	26.6	12.5
Profit before tax	26.7	24.0	11.0
Income tax expense	8.5	7.7	10.3
Profit after tax	**18.1**	**16.3**	**11.2**
Earnings per share (cents)	26.1	23.9	9.2
Final dividend (cents)	8.5	6.5	31.0
Franking (%)	80	50	

'This strong result demonstrates the value our customers place on our services and the continuing potential of our business model and growth strategy. It is the seventh consecutive year that Programmed Maintenance Services has increased both its revenue and earnings by more than 10 per cent, and over these seven years our profit after tax has increased by more than 115 per cent,' said Mr Max Findlay, managing director.

'This growth has been achieved through expanding our range of services and increasing our geographical footprint. Twenty years ago we were a maintenance painting business, based only in Australia; in 1986 we extended the business to New Zealand; and over the past twelve years we have added building services in Australia and New Zealand, grounds management and underground asset maintenance services in Australia, and painting services in the United Kingdom. During the past year, we have enlarged our service offering again with the addition of infrastructure services, which have a different business model based on strategic alliances with customers.

'Our 'building block' approach – introducing a service in one Australian state and progressing to other states and then internationally – has diversified and strengthened the group's business. Fifty-eight per cent of last year's revenue came from businesses other than Australian painting, compared with fifty-two per cent the previous year and forty-four per cent five years ago, and this trend will accelerate as we benefit from a full year's revenue from the new Infraserv division and as the group continues to expand.

'We are also pleased that the group's average EBIT to sales margin has remained above 12 per cent.'

Outlook

'There has been a solid start to the new year and, based on current works projections, we expect to continue earnings growth for the year to 31 March 2006,' said Mr Findlay.

AUSTRALIA

Property maintenance

Results for year ended	31 – 3 – 05 A$m	31 – 3 – 04 A$m	% increase
Revenue	158.5	139.5	13.6
Earnings before interest and tax	17.2	16.6	3.2

The Australian property maintenance business continued to increase its revenue, with non-painting services providing 37 per cent of revenue, compared with 29 per cent in 2003/4. Second half earnings, however, were constrained by wet weather during the Christmas period, when a significant proportion of school painting takes place, and by one-off costs related to contract tenders and corporate activity.

The painting division was restructured during the year as a national unit to improve operational consistency and strategic alignment. Offices were opened at Port Macquarie, NSW and Sunshine Coast, Queensland. A new apprenticeship program was introduced, increasing the number of apprenticeships by 20 per cent to 120 to address a shortage of tradespeople.

The building services division continued to grow strongly, with a 29 per cent increase in revenue and significantly higher earnings and operational cash flow. Results in Victoria, New South Wales and South Australia were particularly encouraging. The division now has a presence in every state and national coverage has been expanded with the opening of regional offices at Newcastle, NSW and Lismore, NSW.

The building services division's tender for New South Wales schools maintenance from July 2005 was unsuccessful. While we are disappointed at not retaining this business (2004/5 revenue of $15 million), future revenue would have been at lower margins. We have won other significant contracts that will contribute revenue in 2005/6, and we will continue our marketing efforts to maintain our revenue momentum.

The grounds management division also grew strongly, increasing revenue by 28 per cent, due partly to the Transfield/Telstra contract which covers over 6,000 sites and is progressing successfully. The division completed its national network with the opening in June of a Queensland branch which was profitable in its first year.

All five Infraserv contracts were successfully integrated into PMS and met or exceeded their first year targets. The Infraserv division, which provides infrastructure services through strategic alliances under which the benefits of performance improvements are shared with customers, has further expanded the group's diverse range of skills. The division has developed a focused growth strategy, and has already signed a contract with a Queensland power station to provide services which previously had been outsourced to a number of suppliers.

With the continuing investment in Occupational Health and Safety, it is pleasing to note our safety record has shown further improvement. During the 2004/5 year, there was a 35% reduction in the average lost time injury frequency rate, and the vast majority of injured employees returned to work within one day.

Industrial services

Results for year ended	**31 – 3 – 05 A$m**	**31 – 3 – 04 A$m**	**% increase**
Revenue	20.9	18.8	11.2
Earnings before interest and tax	1.6	1.3	23.0

The industrial services business, which trades as Barry Bros. Specialised Services and provides sewer and underground asset maintenance, had a very strong second half. Revenue was higher in Victoria, New South Wales and Queensland; plant utilisation improved; and margins increased. Revenue from non-destructive digging services, which use high-pressure air or water to locate or excavate underground cables and pipes, increased by 77 per cent.

The business expanded its operations to Tasmania and South Australia, and investment of $5 million in new equipment, including three additional non-destructive digging units, will facilitate further growth. Two water recycling plants were opened at Parramatta, NSW, and these and a similar plant operated in conjunction with City of Port Phillip, Victoria are now processing every month more than one million litres of water.

NEW ZEALAND

Results for year ended	31 – 3 – 05 A$m	31 – 3 – 04 A$m	% increase
Revenue	32.1	29.1	10.3
Earnings before interest and tax	10.0	8.5	18.2

The New Zealand property maintenance business recovered strongly in the second half, after first half results were affected by wet weather. Revenue increased in all regions, and operating cash flow was strong. The building services division continued to expand its customer base.

Customer appraisals showed increased customer satisfaction; and the lost time injury frequency rate (LTIFR) was zero, reflecting the group's focus on workplace safety.

The New Zealand business has increased its revenue by an average of 12 per cent per annum over the past four years, and its continuing growth indicates further market potential.

UNITED KINGDOM

Results for year ended	31 – 3 – 05 A$m	31 – 3 – 04 A$m	% change
Revenue	21.6	18.5	16.6
Earnings before interest and tax *	1.1	0.2	626.7
** Earnings are after deduction of goodwill amortisation and UK head office costs*			

Following a strong first half, the company's UK business, Whittle Painting Group, continued to increase its earnings in the second half, when winter weather constrains painting activity. A change in business mix resulted in higher margins and all branches were profitable. Importantly, the Manchester branch, following a change in management, returned to profitability after making a loss of £200,000 (A$0.5m) in the previous year.

Long-term maintenance programmes contributed 19 per cent of revenue; and 80 new programmes were sold during the year, bringing sales to date to over 210 with a total value of $16.25 million. The customer profile is similar to that in New Zealand, with most of the new programmes sold to local education authority schools and the remainder spread across hospitals, aged care facilities, racecourses, retail groups and historic buildings.

Programmes, which in the UK market are unique to Whittle, are achieving targeted margins and the business' earnings increases in both half-years demonstrate the potential for further significant growth.

CASH FLOW AND BALANCE SHEET

Growth in contract recoverables, together with increased income tax payments in Australia and higher interest charges resulted in an 18 per cent decrease in net operating cash flow to $13.0 million. While the purchase of the Infraserv contracts, together with higher capital expenditure, increased net debt to $47.2 million from $41.7 million at 31 March 2004, the group's debt: equity ratio declined minimally to 40 per cent from 41 per cent at 31 March 2004. Contract recoverables at 31 March 2005 totalled $161.3 million, compared with $147.9 million at 31 March 2004, and the ratio of net debt to contract recoverables remained unchanged at 28 per cent.

The total equity base at 31 March 2004 was $118.38 million, an increase of 15 per cent over 31 March 2004 ($102.6 million), due to the solid operating results and equity contributions from the dividend reinvestment plan and the exercise of share options. Net tangible assets per share at 31 March 2005 were $1.55, compared with $1.41 at 31 March 2004.

The company currently has over 3,600 shareholders, which is an increase of 30 per cent since May 2004, reflecting greater recognition of the company's value and potential by the investment community.

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 5,000 customers, only two of which provide more than 1 per cent of total revenue, and has 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 $220 million.

For further information contact:

Max Findlay
Managing Director
Tel: 03 9562 8033
Mobile: 0412 342 741

Ian Jones
Chief Financial Officer
Tel: 03 9562 8033
Mobile: 0402 440 004