PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

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ASX Announcement

29 November 2006

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 results for the half year ended 30th September 2006.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

PROGRAMMED
MAINTENANCE
SERVICES

ASX/Media Release 29 November 2006

First half profit up 8%

Interim dividend up 13%

Programmed Maintenance Services Limited, one of Australia's leading property maintenance and infrastructure services groups, today announced a record $7.8 million profit after tax for the six months to 30 September 2006. This represents an 8.2 per cent increase over the first half of 2005/6. Revenue increased by 22.3 per cent to $156.3 million; and earnings before interest and tax increased by 15.7 per cent to $14.5 million, compared with an increase of 10.9 per cent in the previous corresponding period.

The directors have declared an increased interim dividend of 8.5 cents per share fully franked, payable on 25 January 2007 to shareholders on the register at 10 January. This compares with an interim dividend of 7.5 cents fully franked in 2005/6. The final dividend, payable in July 2007, is also likely to be fully franked. The dividend reinvestment plan remains suspended.

Results summary for the six months ended	30 Sept 06 A$m	30 Sept 05 A$m	% increase
Revenue	156.3	127.8	22.3
Earnings before interest, tax, depreciation and amortisation	20.0	16.8	18.9
Earnings before interest and tax	14.5	12.5	15.7
Profit before tax	11.5	10.6	8.3
Income tax expense	3.7	3.4	8.4
Profit after tax	7.8	7.2	8.2
Earnings per share (cents)	11.0	10.2	7.8
Interim dividend (cents)	8.5	7.5	13.3
Franking (%)	100	100	-

'We are very pleased with this result – our eighth consecutive increase in first half revenue and profit, demonstrating the continuing growth potential of our business model,' said Mr. Max Findlay, managing director. 'We are also delighted that Programmed Maintenance Services is one of 27 Australian companies included in Forbes Asia's list of the region's best 200 companies with sales under US$1 billion, based on their records of sustained growth and profitability.

'This half year, for the first time, more than 50 per cent of total revenue came from services other than painting, reflecting the success of our strategy to broaden the company's operations and build a strong, efficient international property services group. The acquisitions of Infraserv in 2004 and Tungsten in 2005 have expanded our expertise and formed the basis of a growing infrastructure and facilities management business. We are also winning an increasing number of multi-trade contracts from customers including the Australian Electoral Commission, Medibank Private and Myer.

'The average EBIT/revenue margin of 9.3 per cent, compared with 9.8 per cent for the first half of 2005/6, is in line with our strategy. This reflects the lower margins from some of our new services where we have invested additional resources in business development to accelerate growth. We are delighted with the improved margin achieved by the Australian painting division, which was anticipated in the full year results announcement in May.

'We have continued to increase investment in human resources programmes in order to attract and retain high quality people and develop their skills. We currently have 150 apprentices across a range of trades, and are offering our tradespeople opportunities to transfer temporarily between Australia and the United Kingdom to take advantage of seasonal variations in demand. An online learning programme, providing low-cost access to training in remote locations, has recently been introduced.

'Safety remains an important consideration throughout our operations, and our "zero harm" campaign resulted in a further 35 per cent decline in lost-time injury statistics.

'Reflecting greater recognition of the company's value, improved dividends and potential by the investment community, our shareholder base increased by 10 per cent to 4,400 during the half year. The company's share price increased from $3.61 at 31 March 2006 to $4.17 at 30 September and since then has been over $4.80.'

Outlook

'Revenue projections in both Australia and New Zealand are encouraging,' said Mr. Findlay. 'While the busy Christmas holiday period is still ahead of us, we currently expect that the percentage increase in earnings for the year to 31 March 2007 will be at least as high as the 10.5 per cent achieved in 2005/6.'

AUSTRALIA

Property maintenance

Results for the six months ended	30 Sept 06 A$m	30 Sept 05 A$m	% increase
Revenue	109.4	85.9	27.3
Earnings before interest and tax	7.8	5.8	34.0

The Australian property maintenance business had a successful half year, with strong earnings growth led by the painting division. A positive contribution by Tungsten, acquired in October 2005, compensated for lower earnings by the building services division following the loss of the New South Wales schools contract in 2004/5.

The increase in the painting division's earnings resulted from greater focus on margins, operational initiatives and more effective time management, as anticipated in May. Performance was particularly strong in New South Wales and Victoria; and tradespeople are being seconded from the United Kingdom to Western Australia, where labour shortages constrained revenue. Corporate imaging revenue and earnings increased, due partly to project management of the Coles supermarkets traffic safety programme, which will be completed in the next few months.

The Infraserv and Tungsten divisions are currently being integrated under a single brand, in order to strengthen the company's position and potential in the rapidly growing infrastructure and facilities management sector and to reduce overhead costs. Infraserv secured a significant facilities management contract from the Port of Melbourne Corporation and continued to exceed revenue and earnings expectations; while Tungsten's earnings contribution was significantly higher than in the second half of 2005/6.

The grounds management division continued its strong revenue growth, especially in Victoria and South Australia. The division is beginning to benefit from its national presence and Spotless awarded us a significant contract to maintain the grounds at Defence Department bases in south-east Queensland.

Industrial services

Results for the six months ended	30 Sept 06 A$m	30 Sept 05 A$m	% change
Revenue	15.6	14.4	8.5
Earnings before interest and tax	1.1	1.4	(19.5)

The industrial services business, which trades as Barry Bros. Specialised Services, increased its revenue following recent equipment purchases and geographic expansion. Earnings, however, were affected by the drought, especially in New South Wales, and by a significant increase in depreciation as a result of the new equipment. Gross operating cash flow was $3.6 million, compared with $2.1 million in the previous corresponding period.

Greater focus is being placed on equipment utilisation, and a stronger second half is expected, helped by a sales campaign to broaden the customer base into new market segments.

NEW ZEALAND

Results for the six months ended	30 Sept 06	30 Sept 05	% increase
Revenue - A$m	16.2	15.2	6.7
- NZ$m	19.3	16.5	17.2
Earnings before interest and tax - A$m	3.9	3.8	2.5
-NZ$m	4.7	4.1	12.6

The New Zealand property maintenance business continued to perform strongly, in spite of poor weather delaying completion of some painting projects. In New Zealand dollars, revenue grew by 17 per cent and earnings grew by 13 per cent. Due to the New Zealand currency depreciating against the Australian currency by nearly 10 per cent over the half year, the percentage increases in revenue and earnings when translated into Australian dollars are significantly lower. Contract recoverables, financed out of local cash flow, increased by nearly 10 per cent to NZ$67 million.

The building services division made a positive contribution, helped by contracts to project manage the refurbishment of a hotel in Dunedin and the construction of a science block for a secondary school in Hamilton.

UNITED KINGDOM

Results for the six months ended	30 Sept 06 A$m	30 Sept 05 A$m	% increase
Revenue	15.1	12.3	23.1
Earnings before interest and tax *	1.6	1.4	11.6
** Earnings are after deduction of UK head office costs*			

The UK business, Whittle Painting Group, continued to increase its revenue, but earnings growth was affected by a $70,000 bad debt. Unlike New Zealand, there was minimal change in the UK exchange rate over the half year.

A further 50 long-term maintenance programmes were signed during the half year, bringing the total to 350 with an overall contract value of $29.5 million, and contract recoverables, financed through local borrowings, now exceed $8 million. These programmes are unique in the UK market and are particularly popular in the education sector, which makes up approximately 60 per cent of the number sold to date.

The new branches in Slough, to service customers on the western side of London, and in Cambridge operated profitably. These have brought the number of branches to eight, covering the north-west, south-west and east of England, as well as the Thames valley, and further expansion is under consideration.

CASH FLOW AND BALANCE SHEET

Gross operating cash flow increased by 23 per cent to $18.4 million, reflecting the growing proportion of revenue from non-painting services. Net operating cash flow was $12.0 million, an increase of 36 per cent over the previous corresponding period, with lower income tax payments as a result of the tax losses in Tungsten Group.

Net debt at 30 September 2006 was $82.7 million (64 per cent of equity), compared with $74.4 million (59 per cent of equity) at 31 March 2006, due to higher borrowings to fund the purchase of plant and equipment and growth in United Kingdom programmes.

The total value of contract recoverables and work in progress at 30 September 2006 was $180.1 million, an increase of 2 per cent over 31 March 2006. Contract recoverables in the United Kingdom rose by 20 per cent, due to further growth in programme sales.

Net tangible assets per share at 30 September 2006 were $1.63, compared with $1.61 at 31 March 2006.

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, an industrial services business in Australia, and facility maintenance services in Australia and New Zealand. The company maintains 60,000 buildings for over 5,000 customers, 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 $330 million.

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