PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

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ASX Announcement

30 May 2007

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

Dear Sir,

APPENDIX 4E - PRELIMINARY FINAL REPORT

Please find attached a copy of the Appendix 4E – Preliminary Final Report announcing the Annual Results for the year ended 31st March 2007.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

PEOPLE
TAKING CARE
OF PROPERTY

ASX Announcement

Programmed Maintenance Services Limited

ABN 61 054 742 264

Appendix 4E – Preliminary Final Report

Year ended: 31 March 2007

Previous corresponding period: 31 March 2006

Results for Announcement to the Market				**$A'000**
Revenue from ordinary activities	up	17.5%	to	**332,999**
Profit from ordinary activities after tax attributable to members	up	11.0%	to	**22,399**
Net profit for the period attributable to members	up	11.0%	to	**22,399**

Dividends

	Amount per security	Franked amount per security	Record date for determining entitlements to the dividend
Dividends paid			
Interim 2006 - 25 Jan. 2006	7.5 cents	7.5 cents	
Final 2006 - 24 July 2006	9.5 cents	9.5 cents	
Interim 2007 – 25 Jan. 2007	8.5 cents	8.5 cents	
Dividends to be paid			
Final 2007 - 26 July 2007	10.0 cents	10.0 cents	11 July 2007

In accordance with the Rules of the Dividend Reinvestment Plan (DRP), the Board of Directors have decided that the DRP remains suspended for the final dividend.

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Appendix 4E

Programmed Maintenance Services Limited
ABN 61 054 742 264

Preliminary Final report

Year ended 31 March 2007

Contents

PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

ASX/media release 30 May 2007

FY2007 profit up 11 per cent to $22.4 million

Ninth consecutive year of double digit profit growth

Programmed Maintenance Services Limited, a leader in outsourced services, today announced an 11 per cent increase in profit after tax to a record $22.4 million for the year to 31 March 2007. Revenue increased by 17.5 per cent to $333.0 million.

The directors have increased the final dividend to 10.0 cents per share fully franked (2005/6: 9.5 cents), payable on 26 July 2007 to shareholders on the register at 11 July. This brings total dividends for 2006/7 to 18.5 cents fully franked (2005/6: 17.0 cents). The dividend reinvestment plan remains suspended.

Results summary for the year ended	31 – 3 – 07 (A$m)	31 – 3 – 06 (A$m)	% increase
Revenue	333.0	283.4	17.5
Earnings before interest, tax, depreciation and amortisation	50.6	43.2	17.3
Earnings before interest and tax	38.8	33.9	14.5
Profit before tax	32.6	29.7	9.6
Income tax expense	(10.2)	(9.6)	6.3
Profit after tax	22.4	20.2	11.0
Earnings per share (cents)	31.5	28.5	10.0
Final dividend (cents)	10.0	9.5	5.3
Franking (%)	100.0	100.0	-

'We are very pleased to report another record result – our ninth consecutive year of double digit profit growth,' said Mr Max Findlay, managing director. 'During the year, we also accelerated the expansion and diversification of our services with an agreement to acquire Integrated Group. The acquisition, which became effective this week and will be completed on 7 June, is projected to be earnings per share positive before synergies in 2007/8.

'The company's strong performance in 2006/7 was led by the Australian property maintenance business, and especially its painting and grounds management businesses. There was significant growth in revenue from multiple-service contracts, and 60 per cent of Australian revenue came from services other than painting, compared with 50 per cent the previous year. Margins on some of these new services tend to be lower than on our traditional maintenance painting programmes, and the average margin of 11.6 per cent was in line with plan.

'We continued to invest to attract and retain high quality people, and have introduced on-line recruitment and induction programmes which are being rolled out across all businesses. To help overcome the shortage of skilled tradespeople, we currently have 150 apprentices, and six painters were seconded from our business in the United Kingdom to Western Australia during the peak summer season. Safety remains a high priority, and the lost-time injury rate has continued to fall, halving over the past 12 months.

'We are very excited by the opportunities which Integrated Group will bring, through introducing customers to both businesses and broadening their geographic coverage, expanding our service offering and providing greater scale and labour flexibility. The acquisition is a logical step in Programmed Maintenance Services' growth as a leading provider of outsourced services, following our purchase of infrastructure services contracts from Serco in 2004 and of the Tungsten infrastructure and facilities management business in 2005. After completion of the transaction, the company will have annual revenue of approximately $800 million, a more diversified earnings base and some 9,500 employees.

'We are well advanced with planning the integration of the two companies. Integrated Group, which provides recruitment, labour hire and managed labour services to a wide range of sectors, will operate under its current management as a business of Programmed Maintenance Services. Together, the two companies have over one hundred offices throughout Australia, New Zealand and the UK, providing opportunities to cross-sell services and make cost savings where functions are duplicated.

'Programmed Maintenance Services' consistent revenue and earnings growth validates our strategy, which is to leverage our maintenance painting programme business through broadening our range of services and geographic coverage. This has enabled us to pay increasing fully franked dividends and has led to a re-rating of the company's shares. Over the past three years, the price:earnings ratio has grown from 11 times to over 17 times and our number of shareholders has increased by over 60 per cent to 4,700. The acquisition of Integrated Group will open up further opportunities to increase shareholder value.'

Outlook

'There has been an encouraging start to 2007/8, with strong order books across the group,' said Mr Findlay.

AUSTRALIA

Property maintenance

Results summary for the year ended	**31 – 3 – 07** (A$m)	**31 – 3 – 06** (A$m)	**% increase**
Revenue	233.1	196.0	19.0
Earnings before interest and tax	22.6	17.2	31.9

The Australian property maintenance business had a very successful year, with a significantly higher average margin and with all businesses increasing their earnings.

The painting business performed strongly, especially in Victoria, New South Wales and Queensland, and more effective time management contributed to improved earnings in all states. Interior refurbishment of a number of David Jones stores was completed successfully in the second half of the year, and significant contracts were renewed with the Victorian Racing Club, Sunshine Coast Turf Club, Geelong Grammar School and Pembroke School. Corporate Imaging revenue and earnings also grew strongly, due partly to national projects completed for Tyrepower and Coles Group.

The building services business continued to diversify its revenue and skill base and had an encouraging second half, with excellent performance in South Australia and considerable progress in Victoria and New South Wales. A significant new contract was secured from a major retail group, and the business also won contracts from several multiple-site national customers which are expected to lead to further revenue and earnings growth in 2007/8.

The grounds management business also had a very strong year, especially in Victoria, South Australia and Queensland. The division's national presence enabled it to secure a major contract for Woolworths' petrol stations, and it was appointed by Spotless to maintain the grounds at Defence Department bases in south-east Queensland.

The Tungsten division, which now incorporates Infraserv, continued to strengthen its position in the growing infrastructure and facilities management sector. It secured a new contract covering BHP Billiton sites in Western Australia until 2011, and its contract for BHP Billiton sites in Victoria and South Australia was extended until 2011. Significant new contracts were also won from Port of Melbourne Corporation, the Water Corporation of Western Australia, Yarra Valley Water and ASSA Abloy.

Industrial services

Results summary for the year ended	**31 – 3 – 07** (A$m)	**31 – 3 – 06** (A$m)	**% change**
Revenue	33.6	28.3	19.0
Earnings before interest and tax	3.1	3.1	(1.0)

The Barry Bros. industrial services business continued to increase its revenue following recent investment in new equipment and the opening of new branches at Gosford, NSW and the Gold Coast. Earnings, however, were constrained by the drought which caused under-utilisation of equipment. Interest payable was significantly higher due to equipment ordered in 2005/6 and delivered during the year. Gross operating cash flow was $5.8 million, compared with $4.8 million in 2005/6.

There is growing demand for new services, such as non-destructive digging and industrial infrastructure sweeping, which have been introduced to reduce Barry Bros.' dependence on drain cleaning, and the business has been particularly successful in securing work in Victoria and Queensland. Greater equipment utilisation and stronger earnings are expected in 2007/8, helped by contracts secured in the second half of 2006/7.

NEW ZEALAND

Results summary for the year ended	**31 – 3 – 07** (A$m)	**31 – 3 – 06** (A$m)	**% change**
Revenue (A$m)	40.4	36.9	9.5
(NZ$m)	47.0	40.2	16.9
Earnings before interest and tax (A$m)	11.2	11.9	(5.9)
(NZ$m)	13.0	12.9	0.8

The performance of the New Zealand property maintenance business was affected by poor weather, which interrupted some projects, and by the strength of the Australian dollar. Contract recoverables, financed in New Zealand dollars, grew by 17 per cent to NZ$65 million.

New branches were opened on the north shore of Auckland and in Gisborne, bringing the total to 15, and some of the long term contracts renewed included Port of Auckland, Fisher and Paykel's main manufacturing plant, the Southern Institute of Technology in Invercargill and several major schools. A new project to refurbish the heritage listed Old Government Buildings in Wellington, the largest timber building in the southern hemisphere, has been completed successfully since the end of the year. The building services business continued to grow strongly from a low base, completing a number of significant projects, and made a positive contribution.

New programmes are being introduced to improve project planning, operational performance, customer satisfaction and safety, and also to attract and retain skilled tradespeople, who remain in short supply.

UNITED KINGDOM

Results summary for the year ended	31 – 3 – 07 (A$m)	31 – 3 – 06 (A$m)	% increase
Revenue (A$m)	25.8	22.3	16.1
Earnings before interest and tax*	1.9	1.7	9.6
** Earnings are after deduction of UK head office costs*			

The UK business, Whittle Painting Group, continued to increase its revenue and earnings, although margins were affected by a bad debt in the first half and under-performance by two branches. Market coverage was expanded through the acquisition of a small painting business in Leeds, bringing the number of branches to nine covering the north-west, north-east, midlands, south-west and east of England, as well as the Thames Valley.

The value of Whittle's maintenance programmes, which are unique in the UK market, is gaining increasing recognition, especially in the education sector. A further 70 contracts were signed during the year, bringing the total to over 420 with an overall value of £14.8 million (A$36 million), and there was strong growth in work in progress and recoverables.

Business development was strengthened during the year, and two salesmen with experience of programmes were transferred from Australia and New Zealand to increase the rate of growth. Whittle achieved ISO 9001 accreditation for its products and services, and a survey reflected a high level of customer satisfaction.

CASH FLOW AND BALANCE SHEET

A major benefit of Programmed Maintenance Services' strategic progression over recent years has been the strong growth in gross operating cash flow. For 2006/7, gross operating cash flow was $31.3 million, an increase of 71 per cent over 2005/6, while net operating cash flow increased by $10.0 million to $16.8 million. These solid results were achieved despite contract recoverables increasing by 7 per cent and higher interest charges.

The $16.1 million net purchases of plant and equipment was the key item leading to an increase in net debt to $91.5 million from $74.4 million at 31 March 2006, with interest cover for 2006/7 at 6.2 times. As a consequence, the group's debt:equity ratio increased to 67 per cent from 59 per cent at 31 March 2006. Contract recoverables at 31 March 2007 totalled $187.4 million, compared with $176.9 million at 31 March 2006.

The total equity base at 31 March 2007 was $136.6 million, an increase of 8.4 per cent over 31 March 2006 ($126.0 million), due to the solid operating results offset by higher dividend payments. Net tangible assets per share at 31 March 2007 were $1.76, or 9.4 per cent higher than at 31 March 2006 ($1.61).

Programmed Maintenance Services Limited
Consolidated Income Statement
For The Year Ended 31 March 2007

	Note	2007 $'000	2006 $'000
Revenue	2	332,999	283,379
Other Income	2	652	251
Changes in inventories of finished goods and work in progress		(22)	494
Raw materials and consumables used		(25,803)	(24,910)
Employee benefits expenses		(147,466)	(129,711)
Sub Contractor expenses		(66,488)	(54,209)
Depreciation and amortisation expense		(11,867)	(9,306)
Finance costs		(6,473)	(4,283)
Equipment & motor vehicle costs		(15,403)	(14,240)
Information technology & telecommunications costs		(2,930)	(2,673)
Impairment of non-current assets		-	-
Other expenses		(24,646)	(15,065)
Profit before income tax expense	2	32,553	29,727
Income tax expense	3	(10,154)	(9,556)
Profit from continuing operations		22,399	20,171
Profit from discontinued operations		-	-
Profit attributable to members of the parent entity		22,399	20,171
Earnings Per Share:			
Basic (cents per share)	17	31.5	28.5
Diluted (cents per share)	17	31.5	28.4

Notes to the financial statements are included on pages 11 to 25.

Programmed Maintenance Services Limited
Consolidated Balance Sheet
As At 31 March 2007

	Note	2007 $'000	2006 $'000
Current Assets			
Cash and cash equivalents		5,213	6,527
Trade and other receivables	6	143,065	131,313
Inventories	7	17,459	18,534
Current tax assets	3	2,624	459
Other	8	3,776	3,903
Total Current Assets		172,137	160,736
Non-Current Assets			
Trade and other receivables	9	97,897	90,417
Inventories	10	10,395	7,681
Property, plant and equipment		43,262	32,945
Deferred tax assets	3	5,038	5,666
Goodwill	11	9,428	9,378
Other intangible assets	12	2,022	2,297
Total Non-Current Assets		168,042	148,384
Total Assets		340,179	309,120
Current Liabilities			
Trade and Other Payables		37,852	35,970
Borrowings		12,857	11,810
Current tax payables	3	2,397	2,363
Provisions		9,644	10,473
Total Current Liabilities		62,750	60,616
Non-Current Liabilities			
Borrowings		83,872	69,074
Deferred tax liabilities	3	55,044	51,145
Provisions		1,868	2,241
Total Non-Current Liabilities		140,784	122,460
Total Liabilities		203,534	183,076
Net Assets		136,645	126,044
Equity			
Issued Capital	14	27,290	27,198
Reserves		6,898	5,976
Retained earnings	15	102,457	92,870
Total Equity		136,645	126,044

Notes to the financial statements are included on pages 11 to 25.

Programmed Maintenance Services Limited
Consolidated Statement of Recognised Income and Expense
For The Year Ended 31 March 2007

	2007 $'000	2006 $'000
Translation of foreign operations		
Exchange differences taken to equity	922	(2,287)
Income tax on items taken directly to or transferred from equity	-	-
Net income recognised directly in equity	922	(2,287)
Profit for the period	22,399	20,171
Total recognised income and expense for the period	23,321	17,884

Notes to the financial statements are included on pages 11 to 25.

Programmed Maintenance Services Limited
Consolidated Cash Flow Statement
For The Year Ended 31 March 2007

		2007 $'000	2006 $'000
Cash Flows From Operating Activities			
Receipts from customers		351,257	288,927
Payments to suppliers and employees		(319,971)	(270,592)
Interest and other costs of finance paid		(6,473)	(4,283)
Income tax paid		(8,035)	(7,641)
Net cash provided by operating activities	16(b)	16,778	6,411
Cash Flows From Investing Activities			
Interest received		254	145
Payment for property, plant and equipment		(5,228)	(4,588)
Proceeds from sale of property, plant and equipment		1,512	869
Payment for development software		(312)	(108)
Payment for businesses	16(c)	(50)	(8,332)
		(3,824)	(12,014)
Net cash used in investing activities			
Proceeds from issue of equity securities		92	979
Proceeds from borrowings		5,742	21,529
Repayment of borrowings		(6,001)	(5,818)
Dividends paid		(12,812)	(11,341)
Net cash used in financing activities		(12,979)	5,349
Net Increase/(Decrease) In Cash Held		(25)	(254)
Cash At The Beginning Of The Financial Year		270	508
Effect of exchange rate changes on the balance of		(145)	16
Cash At The End Of The Financial Year	16(a)	100	270

Notes to the financial statements are included on pages 11 to 25.

1 Summary of accounting policies

Basis of preparation

This preliminary final report has been prepared in accordance with ASX listing rule 4.3 and the disclosure requirements of ASX Appendix 4E.

This preliminary final report contains the consolidated financial statements of Programmed Maintenance Services Limited and the entities it controlled at the end of, or during the year ended 31 March 2007.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the preliminary final report are rounded off to the nearest thousand dollars, unless otherwise indicated.

In the current year, the consolidated entity has adopted all of the new or revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1st April 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the consolidated entities policies.

Significant Accounting Policies
The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the 2006 annual financial report.

2 Profit from operations

(a) Revenue

	2007 $'000	2006 $'000
Revenue from continuing operations consisted of the following items:-		
Revenue from rendering of services:		
Invoiced	323,513	265,789
Not Yet Invoiced		
- Increase in amounts recoverable	8,323	15,083
- Work in progress	434	2,048
	332,270	282,920
Interest revenue		
- other entities	254	145
	254	145
Rental revenue		
- operating lease rental revenue	158	164
Other Income	317	150
Total Revenue	332,999	283,379

2 Profit from operations (continued)

(b) Profit before income tax

	2007 $'000	2006 $'000
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:		
Gain/(loss) on disposal of property, plant & equipment	708	346
Net foreign exchange gains/(losses)	(56)	(95)
Total Other income	652	251
Profit before income tax has been arrived at after charging the following expenses attributable to continuing operations:		
Finance Costs:		
Interest on loans		
- other entities	(3,778)	(2,612)
- finance lease finance charges	(2,400)	(1,529)
Total interest expense	(6,178)	(4,141)
Other finance costs	(295)	(142)
	(6,473)	(4,283)
Net bad and doubtful debts arising from		
- other entities	(404)	(190)
Depreciation of non-current assets		
- Property,plant and equipment	(4,402)	(3,645)
Amortisation of non-current assets		
- Finance lease assets	(6,878)	(5,088)
- Value of long term contracts acquired	(510)	(510)
- Value of development software	(77)	(63)
	(7,465)	(5,661)
Operating lease rental expense		
- Minimum lease payments	(2,681)	(2,821)
Employee benefit expense:		
Post employment benefits		
- Defined contribution plans (superannuation contributions)	(8,544)	(6,629)
Termination benefits	(1,558)	(1,172)
Other employee benefits	(137,364)	(121,910)
Total employee benefit expense:	(147,466)	(129,711)

3 Income taxes

(a) Income tax recognised in profit and loss

Tax expense comprises:

	2007	2006
Current tax expense	5,998	7,468
Deferred tax expense relating to the origination and reversal of temporary differences	4,156	2,088
Total tax expense	10,154	9,556

3 Income taxes (continued)

(a) Income tax recognised in profit and loss	2007 $'000	2006 $'000
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	32,553	29,727
Income tax expense calculated at 30%	9,766	8,918
Amortisation of intangibles	153	153
Non-deductible expenses	146	257
Effect of different rates of tax on overseas income	256	282
	10,321	9,610
Over provision of income tax in previous year	(167)	(54)
Total tax expense	10,154	9,556

(b) Current tax assets and liabilities

	2007 $'000	2006 $'000
Current tax assets:		
Tax losses - revenue	-	459
Temporary differences	2,624	-
Current tax payables:		
Income tax attributable to:		
Parent entity	488	615
Entities in the tax-consolidated group	1,448	434
Other	461	1,314
	2,397	2,363

(c) Deferred tax balances

	2007 $'000	2006 $'000
Deferred tax assets comprise:		
Tax losses - revenue	-	-
Temporary differences	5,038	5,666
	5,038	5,666
Deferred tax liabilities comprise:		
Temporary differences	55,044	51,145

3 Income taxes (continued)

(c) Deferred tax balances

Taxable and deductible temporary differences attributable to continuing operations arise from the following:

Consolidated - 2007	Opening balance $'000	Charged to income $'000	Acquisitions /Disposals $'000	Exchange differences $'000	Closing balance $'000
Gross deferred tax liabilities:					
Inventories	(7,822)	(630)	-	(52)	(8,504)
Contracts in progress at recoverable value	(42,938)	(2,967)	-	(325)	(46,230)
Property, plant & equipment	(222)	84	-	-	(138)
Other	(163)	(9)	-	-	(172)
	(51,145)	(3,522)	-	(377)	(55,044)
Gross deferred tax assets:					
Provisions	3,317	128	-	3	3,448
Property, plant & equipment	117	(16)	-	2	103
Doubtful Debts	284	113	-	3	400
Other	1,948	(859)	-	(2)	1,087
	5,666	(634)	-	6	5,038
	(45,479)	(4,156)	-	(371)	(50,006)

Consolidated - 2006	Opening balance $'000	Charged to income $'000	Acquisitions /Disposals $'000	Exchange differences $'000	Closing balance $'000
Gross deferred tax liabilities:					
Inventories	(7,015)	(736)	(184)	113	(7,822)
Contracts in progress at recoverable value	(41,575)	(2,404)	-	1,041	(42,938)
Property, plant & equipment	(281)	59	-	-	(222)
Other	323	293	-	(779)	(163)
	(48,548)	(2,788)	(184)	375	(51,145)
Gross deferred tax assets:					
Provisions	3,049	(11)	258	21	3,317
Property, plant & equipment	-	(8)	-	125	117
Doubtful Debts	228	(16)	15	57	284
Other	954	735	1	258	1,948
	4,231	700	274	461	5,666
	(44,317)	(2,088)	90	836	(45,479)

Relevance of tax consolidation to the consolidated entity
The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Programmed Maintenance Services Limited.

3 Income taxes (continued)

Nature of tax funding arrangements and tax sharing agreements
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. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

4 Acquisition of businesses

	Name of business acquired	Principal Activity	Date of Acquisition	Proportion of shares acquired (%)	Cost of Acquisition $'000
2007:	Nil	-	-	-	-
2006:	Tungsten Group Pty. Limited	Operations Management	10/10/2005	100%	10,006

(a) Acquisition of Tungsten Group Pty. Limited

	$'000
The cost of acquisition comprises:-	
Cash	9,376
Issue of equity securities	630
Total cost of acquisition	10,006

Net assets acquired:	Book value $'000	Fair value adjustment $'000	Total fair value on acquisition $'000
Current assets			
Cash	1,550	-	1,550
Receivables	5,415	-	5,415
Other financial assets	198	(16)	182
Inventories	612	-	612
Current tax asset	890	(127)	763
Non-current assets			
Other financial assets	74	-	74
Property, plant & equipment	533	(4)	529
Current liabilities			
Trade and other payables	(5,167)	(67)	(5,234)
Borrowings	(46)	-	(46)
Current tax payables	-	(24)	(24)
Provisions	(446)	-	(446)
Non-current liabilities			
Borrowings	(52)	-	(52)
Deferred tax liabilities	(84)	(100)	(184)
Provisions	(226)	-	(226)
	3,251	(338)	2,913
Goodwill on acquisition			
Total cost of acquisition			10,006
Less: Net assets acquired			2,913
Goodwill on acquisition			7,093

Further details of the business acquired during the previous financial year are disclosed in note 16.

5 Share options

The company has a share option scheme for directors and senior executives. Each share option upon 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 had been offered and accepted options which could be exercised at various expiry dates up to 29 September 2006. The options were offered at the discretion of the board, with the issue price of an option to equal or exceed the market price of one fully paid ordinary share on the date the option is granted.

	2007 No.	2006 No.
Balance at beginning of the financial year (i)	36,000	193,500
Granted during the financial year (ii)	-	-
Exercised during the financial year (iii)	(36,000)	(157,500)
Lapsed during the financial year (iv)	-	-
Balance at end of the financial year (v)	-	36,000

(i) Balance at beginning of the financial year 2007

Options - Series	No.	Vesting Date	Expiry/ Exercise Date	Exercise Price $
(6) Granted 8 May, 2002	36,000	29.09.04	29.09.06	2.57
Balance at the beginning of the year	36,000			

(ii) Granted during the financial year 2007

No share options were granted during the financial year or the previous financial year.

(iii) Exercised during the financial year 2007

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 $
(6) Granted 8 May, 2002	36,000	29.09.04	29.09.06	2.57	36,000	92,520	150,120
	36,000				36,000	92,520	150,120

The fair value of shares at date of exercise was determined by using the market price of the company's ordinary shares on 29 September 2006. At this date, the market price was $4.17 per share.

5 Share options (continued)

Exercised during the previous financial year 2006

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
(5) 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.

(iv) Lapsed during the financial year 2007

No share options lapsed during the financial year or the previous financial year.

(v) Balance at end of the financial year 2007

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

Executive share options carry no rights to dividends and no voting rights.
The market price of the company's ordinary shares at 31 March 2007 was $5.15.

6 Current trade and other receivables

	2007 $'000	2006 $'000
Trade receivables	75,514	64,289
Allowance for doubtful debts	(1,318)	(996)
	74,196	63,293
Contracts in progress at recoverable value	68,713	66,702
Other amounts due from customers under long-term contracts	156	1,318
	143,065	131,313

7 Current inventories

	2007 $'000	2006 $'000
At cost:		
Raw materials and stores	1,420	1,444
Work in progress	5,147	4,424
Finished goods	192	215
At recoverable amount:		
Work in progress	10,700	12,451
	17,459	18,534

8 Other current assets

	2007 $'000	2006 $'000
Prepayments	2,917	3,003
Other	859	900
	3,776	3,903

9 Non-current trade and other receivables

	2007 $'000	2006 $'000
Contracts in progress at recoverable value	97,628	90,104
Other amounts due from customers under long term contracts	269	313
	97,897	90,417

10 Non-current inventories

	2007 $'000	2006 $'000
At cost:		
Work in progress	-	-
At recoverable amount:		
Work in progress	10,395	7,681
	10,395	7,681

11 Goodwill

	2007 $'000	2006 $'000
Gross carrying amount		
Balance at beginning of financial year	9,378	2,335
Additional amounts recognised from business combinations occurring during the year	50	7,043
Balance at end of financial year	9,428	9,378
Net book value		
Balance at beginning of financial year	9,378	2,335
Balance at end of financial year	9,428	9,378

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units:

	2007 $'000	2006 $'000
United Kingdom	2,335	2,335
Tungsten Group	7,093	7,043
	9,428	9,378

12 Other intangible assets

(i) Value of long-term contracts acquired

	2007 $'000	2006 $'000
Gross carrying amount		
Balance at beginning of financial year	3,037	3,037
Additions during the year	-	-
Balance at end of financial year	3,037	3,037
Accumulated amortisation		
Balance at beginning of financial year	(870)	(360)
Amortisation for the year	(510)	(510)
Balance at end of financial year	(1,380)	(870)

12 Other intangible assets (continued)

	2007 $'000	2006 $'000
Net book value		
Balance at beginning of financial year	2,167	2,677
Balance at end of financial year	1,657	2,167
(ii) Value of development software		
Gross carrying amount		
Balance at beginning of financial year	1,326	1,218
Additions during the year	312	108
Balance at end of financial year	1,638	1,326
Accumulated amortisation		
Balance at beginning of financial year	(1,196)	(1,133)
Amortisation for the year	(77)	(63)
Balance at end of financial year	(1,273)	(1,196)
Net book value		
Balance at beginning of financial year	130	85
Balance at end of financial year	365	130
Total other intangible assets		
Net book value		
Balance at beginning of financial year		
Value of long-term contracts acquired	2,167	2,677
Value of development software	130	85
	2,297	2,762
Balance at end of financial year		
Value of long-term contracts acquired	1,657	2,167
Value of development software	365	130
	2,022	2,297

13 Contracts and work in progress at recoverable value

	2007 $'000	2006 $'000
Contracts in Progress		
Balance at beginning of year	156,806	144,684
Increase in amounts recoverable	8,323	15,083
Effect of foreign currency movements	1,212	(2,961)
Balance at end of year	166,341	156,806
Shown in the financial statements as:		
Current	68,713	66,702
Non-Current	97,628	90,104
	166,341	156,806

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

	2007 $'000	2006 $'000
Work in Progress		
Balance at beginning of year	20,132	16,646
Increase in amounts recoverable	804	3,630
Effect of foreign currency movements	159	(144)
Balance at end of year	21,095	20,132
Shown in the financial statements as:		
Current	10,700	12,451
Non-Current	10,395	7,681
	21,095	20,132
Total Contracts and Work in Progress		
Shown in the financial statements as:		
Current	79,413	79,153
Non-Current	108,023	97,785
	187,436	176,938

14 Issued Capital

	2007 $'000	2006 $'000
71,195,705 fully paid ordinary shares (31 March 2006 71,159,705)	27,290	27,198

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

Fully Paid Ordinary Shares	2007 No.'000	$'000
Balance at beginning of financial year	71,159	27,198
Issue of shares under director and senior executive share option plan (note 5)	36	92
Balance at end of financial year	71,195	27,290

15 Retained Profits

	2007 $'000	2006 $'000
Balance at beginning of financial year	92,870	84,040
Profit from ordinary activities after related income tax expense	22,399	20,171
Dividends provided for or paid (note 20)	(12,812)	(11,341)
Balance at end of financial year	102,457	92,870

16 Notes to Statement of Cash Flows

	2007 $'000	2006 $'000
(a) Reconciliation of Cash		
Cash	5,213	6,527
Bank overdraft	(5,113)	(6,257)
	100	270
(b) Reconciliation of profit for the period to net cash flows from operating activities		
Profit for the period	22,399	20,171
(Gain)/loss on sale of non current assets	(708)	(346)
Depreciation and amortisation of non-current assets	11,867	9,306
Interest income received and receivable	(254)	(144)
(Increase)Decrease in current tax assets	(2,086)	459
Increase(Decrease) in current tax liability	45	(155)
Increase(Decrease) in deferred tax balances	4,160	1,611
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
current receivables	(11,793)	(18,020)
current inventories	1,145	(2,563)
other current assets	(114)	(347)
non-current receivables	(6,025)	(9,335)
non-current inventories	(2,579)	489
Increase/(decrease) in liabilities		
current payables	1,930	3,180
current provisions	(837)	2,945
other current liabilities	-	-
non-current trade payables	(372)	-
non-current provisions	-	(840)
Net cash from operating activities	16,778	6,411

(c) Businesses acquired

During the previous financial year, the business of Tungsten Group Pty. Limited was acquired.

The financial details of these acquisitions are:-

	2007 $'000	2006 $'000
Consideration		
Cash and cash equivalents	50	9,956

16 Notes to Statement of Cash Flows (continued)

	2007 $'000	2006 $'000
(c) Businesses acquired (continued)		
Fair value of net assets acquired		
Current assets		
Cash	-	1,550
Receivables	-	5,415
Other financial assets	-	182
Inventories	-	612
Current tax asset	-	763
Non-current assets		
Receivables	-	-
Other financial assets	-	74
Property, plant & equipment	-	529
Deferred tax asset	-	-
Current liabilities		
Payables	-	(5,234)
Borrowings	-	(46)
Current tax payables	-	(24)
Provisions	-	(446)
Non-current liabilities		
Borrowings	-	(52)
Deferred tax liabilities	-	(184)
Provisions	-	(226)
Net assets/(liabilities) acquired	-	2,913
Goodwill on acquisition	50	7,043
	50	9,956
Net cash outflow on acquisition		
Cash and cash equivalents consideration	50	9,956
Less: Cash and cash equivalent balances acquired	-	1,624
	50	8,332
(d) Non-cash financing and investing activities		
Aggregate amount of property, plant and equipment acquired during the financial year by entering into hire purchase agreements and finance leases. These acquisitions are not reflected in the statement of cash flows	17,573	11,369

17 Earnings per share

	2007 Cents per share	2006 Cents per share
Basic earnings per share	31.5	28.5
Diluted earnings per share	31.5	28.4

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2007 $'000	2006 $'000
Earnings	22,399	20,171

	2007 No.'000	2006 No.'000
Weighted average number of ordinary shares	71,178	70,898

17 Earnings per share (continued)

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:	2007 $'000	2006 $'000
Earnings	22,399	20,171

	2007 No.'000	2006 No.'000
Weighted average number of ordinary shares and potential ordinary shares	71,178	70,906

Weighted average number of ordinary shares and potential ordinary shares in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:	2007 No.'000	2006 No.'000
Weighted average number of ordinary shares used in Basic EPS calculation	71,178	70,898
Employee options	-	8
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	71,178	70,906

18 Net tangible assets per share

	2007 Cents per share	2006 Cents per share
Net Tangible Assets per ordinary security	175.8	160.7

19 Segment information

Segment Revenues

	External Sales							
	Property Maintenance		Industrial Services		Other		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Australia	232,610	195,689	33,436	28,118	449	268	266,495	224,075
New Zealand	40,474	36,906	-	-	(54)	2	40,420	36,908
United Kingdom	25,749	22,207	-	-	81	45	25,830	22,252
Total of all segments							332,745	283,235
Unallocated							254	144
Consolidated							332,999	283,379

19 Segment information (continued)

Segment Results

	Property Maintenance		Industrial Services		Total	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Australia	23,650	17,739	2,927	3,097	26,577	20,836
New Zealand	11,156	11,854	-	-	11,156	11,854
United Kingdom	1,909	1,740	-	-	1,909	1,740
Total of all segments					39,642	34,430
Unallocated					(616)	(420)
Profit before interest and income tax expense					39,026	34,010
Net borrowing and financing charges					(6,473)	(4,283)
Profit before income tax expense					32,553	29,727
Income tax expense					(10,154)	(9,556)
Profit for the period					22,399	20,171

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 loading, high pressure cleaning and non-destructive digging

New Zealand - Property maintenance services - maintenance painting and building services
United Kingdom - Property maintenance services - painting

20 Dividends

	2007		2006	
	Cents per Share	Total $'000	Cents per Share	Total $'000
Recognised Amounts				
Interim Dividend				
Fully Paid Ordinary Shares				
- franked to 100% at 30% tax rate (2006:100%)	8.5	6,052	7.5	5,322
Final Dividend				
- franked to 100% at 30% tax rate (2006: 80%)	9.5	6,760	8.5	6,019
		12,812		11,341
Unrecognised Amounts				
Fully Paid Ordinary Shares				
Final Dividend				
- franked to100% at 30% tax rate (2006: 100%)	10.0	9,001	9.5	6,760
		9,001		6,760

21 Subsequent Events

On 12 February 2007, Programmed Maintenance Services Limited and Integrated Group Limited ("Integrated") announced a proposal to merge the two companies by way of a scheme of arrangement ("the Scheme"). The Scheme was approved at a meeting of Integrated shareholders held on 10 May 2007. Following various regulatory requirements, Integrated and its subsidiaries effectively became part of the consolidated entity on 28 May 2007.

On 7 June 2007, the Company is anticipating to pay the Scheme consideration of $1.25 in cash and 0.26 of the Company's fully paid ordinary share for each Integrated share. This is expected to result in a total payment of $90,500 thousand and the issue of 18.8 million shares to former Integrated shareholders. The newly issued 18.8 million shares will rank equally in all respects, including the final dividend described in Note 20 above, with the existing issued 70.2 million shares, to comprise the new issued capital of 90 million shares.

To fund the cash component of the Scheme consideration and to refinance the existing debt of the consolidated entity, the consolidated entity has entered into an unsecured loan facility with Westpac Banking Corporation that expires in May 2010. Under the loan facility, the consolidated entity is restricted from creating security interests over its assets, having capital expenditure exceed prescribed limits and other limitations depending on financial ratios which form part of the facility covenants. As previously announced, the costs of financial and legal advisers in relation to the Scheme of Arrangement are expected to be $6,500 thousand.

With the inclusion of Integrated's business, the consolidated entity has become a substantial provider of temporary and permanent labour hire together with the existing maintenance solutions and facility management activities throughout Australia, New Zealand and the United Kingdom. As publicly stated previously by the Company, it is the Board's intention to have two directors of Integrated, Neil Hamilton and Jon Whittle, join the Board of the Company.

The size and composition of the financial statements of the consolidated entity is expected to materially change, with annual revenue projected to exceed $800,000 thousand, total assets to exceed $580,000 thousand, total intangible assets to exceed $180,000 thousand and total borrowings to exceed $210,000 thousand.

Apart from the above, there has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

22 Other Information

Information on Audit or Review

This preliminary final report is based upon the financial statements which are in the process of being audited.

Annual General Meeting

The Annual General Meeting will be held as follows:-

Place:	Deloitte Touche Tohmatsu, 180 Lonsdale Street, Melbourne, Victoria
Date:	Friday, 3rd August 2007
Time:	11:00am

The approximate date the Annual Report will be available is 4th July 2007.