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,

MEDIA RELEASE

Please find attached a copy of the Media Release announcing the Annual Results for the year ended 31st March 2007.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

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 (ASX: PRG) is a leading provider of facilities maintenance and management services, with over 60 branches throughout Australia, New Zealand and the United Kingdom. Founded in 1951 as a maintenance painting business, today the company provides a growing range of services to private and public sector organisations, as well as maintaining 60,000 buildings for over 5,000 customers. From June 2007, Integrated Group Limited (ASX: IWF) will become part of Programmed Maintenance Services, expanding the group's services to include recruitment, labour hire and managed labour services. The combined group's annualised revenue will be over $800 million and its market capitalisation is expected to be about $500 million.

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