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ASX Announcement

7 January 2008

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

Dear Sir,

APPENDIX 3X – INITIAL DIRECTOR'S INTEREST NOTICE AND OTHER DISCLOSURES

Please find attached Appendix 3X 'Initial Director's Interest Notice' and a 'Summary of the Executive Service Agreement' for Chris Sutherland, the newly-appointed Managing Director of Programmed Maintenance Services Limited.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

A handwritten signature in blue ink that reads "Ian H. Jones".

Ian H. Jones
Secretary

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Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	PROGRAMMED MAINTENANCE SERVICES LIMITED
ABN	61 054 742 264

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	CHRISTOPHER GLEN SUTHERLAND
Date of appointment	21 JANUARY 2008

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities

+ See chapter 19 for defined terms.

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Appendix 3X
Initial Director's Interest Notice

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest	Number & class of Securities
<small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Fully Paid Ordinary Shares
C&K Sutherland Unit A/c	45,240
Sutho One Pty. Ltd. (Sutho One Super Fund A/c)	86,000
Sutho One Pty. Ltd. (The Sutherland Family A/c)	363,800
	Total 495,040

Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	
Nature of interest	
Name of registered holder (if issued securities)	
No. and class of securities to which interest relates	

+ See chapter 19 for defined terms.

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SUMMARY OF EXECUTIVE SERVICE AGREEMENT

PROGRAMMED MAINTENANCE SERVICES LIMITED

and

CHRISTOPHER GLEN SUTHERLAND

1. MANAGING DIRECTOR

The Executive Service Agreement (“the Agreement”) employs Mr. Sutherland (“the Executive”) as the Managing Director of Programmed Maintenance Services Limited (“the Company”). He is a Board member of the Company, and is a Board member of the subsidiary companies in the PMS Group.

The Agreement requires the Executive to give the whole of his time, ability and attention in normal working hours, or when reasonably required outside those hours, to the business and affairs of the Company.

2. TERM

The Agreement commences on 21st January 2008, and continues until one of the following occurs:-

- (a) The Company terminates the Agreement at any time and for any reason (including redundancy) by giving 6 months' written notice;
- (b) The Executive may at any time and for any reason resign by giving the Company 6 months' written notice;
- (c) The Company may terminate the Agreement immediately by notice to the Executive in writing if, at any time, the Executive:
 - (i) commits any serious or persistent breach of this Agreement including intentional disobedience, serious misconduct, dishonesty, or conducts himself in a manner which will detrimentally affect the Company or any other member of the Group.;
 - (ii) is declared bankrupt or generally enters into any composition or arrangement with his creditors; or
 - (iii) becomes a person whose person or estate is liable to be dealt with in any way under laws relating to mental health.

If the Agreement is terminated under any event in (c) above, the Company will not be obliged to pay the Executive any moneys other than any accrued remuneration, including superannuation and leave entitlements.

If the Agreement is terminated under (a) or (b) above where notice is given by the Company or the Executive, the Company may, in its discretion at the outset of, or at any time during, a period of notice given by the Company or the Executive:

- (a) bring the Employment to an immediate end and pay the Executive an amount equal to the remuneration that the Executive would have received during the remaining portion of that notice period; and
- (b) require the Executive to undertake alternative duties or to remain at home for the remaining portion of that notice period.

3. REMUNERATION

The Company will provide the Executive with a fixed annual remuneration package equivalent to \$650,000 per annum. The remuneration package comprises base salary, superannuation contribution and benefits as allocated by the Executive in accordance with the Company's policies.

As the Executive is required to travel within and outside Australia, the Company will reimburse the Executive for all travelling and other out of pocket expenses properly incurred by the Executive in accordance with the Company's policies.

Under the Agreement, the Executive is entitled to the following leave conditions

Annual Leave

- Four weeks' annual leave per annum (in addition to public holidays)

Long Service Leave

- in accordance with the Victorian Long Service Leave Act 1992, pro rata long service leave after ten (10) years service or seven (7) years on termination.

Personal/Carers Leave

- ten (10) days paid Personal or Carer's Leave per annum accruing pro rata and accumulating from year to year
- in addition, two (2) unpaid days as a result of personal illness or carer responsibilities

Compassionate Leave

- a maximum of three paid days compassionate leave on the death or imminent death of an immediate family member

Parental Leave

- as defined in the Company's Maternity/ Parental Leave Policy

4. SHORT TERM INCENTIVE BONUS

The Executive shall have the opportunity to receive a cash incentive bonus up to the value of 50% of his remuneration package upon achievement of key performance indicators to be agreed upon between the Executive and Board as part of the annual budget process.

5. LONG TERM INCENTIVE PLAN

The Executive will initially be allocated a combination of Performance Rights and Performance Options as detailed below. Each tranche of Performance Rights and Performance Options will be subject to assessment against performance criteria set out below. Each Performance Right or Performance Option effectively becomes, subject to performance criteria, one Share in the Company.

Performance Rights

The Executive will be allocated 180,000 Performance Rights which will vest in the following three equal tranches:

- (i) The first tranche of 60,000 Performance Rights will vest on the third anniversary of commencement in the role;
- (ii) The second tranche of 60,000 Performance Rights will vest on the fourth anniversary of commencement in the role; and
- (iii) The third and final tranche of 60,000 Performance Rights will vest on the fifth anniversary of commencement in the role.

Performance Options

The Executive will be allocated 450,000 Performance Options which will be issued in three equal tranches with each tranche becoming exercisable on the third anniversary of issue:

- (i) The first tranche of 150,000 Performance Options will be issued upon commencement in the role of Managing Director and exercisable on the third anniversary of commencement;
- (ii) The second tranche of 150,000 Performance Options will be issued upon the first anniversary of commencement in the role and exercisable on the fourth anniversary of commencement; and
- (iii) The third and final tranche of 150,000 Performance Options will be issued upon the second anniversary of commencement in the role and exercisable on the fifth anniversary of commencement.

The exercise price for each tranche will be the weighted average market price of the Company's shares for the five ASX trading days prior to issue.

Performance Criteria

The Performance Criteria is based on the Company's performance ranking over the relevant period (the "Performance Period") determined by reference to the Total Shareholder Return ("TSR") of the Company during the Performance Period as compared to the TSR for each company in a peer group of companies.

The peer group of companies comprises the companies listed in the S&P/ASX 300 (ranked by market capitalisation) after excluding resource companies, banks and listed property trusts. A peer company must have been in the S&P/ASX 300 for the entire Performance Period (ie new entrants and companies dropping out of the S&P/ASX 300 companies are excluded).

The Company's Performance Ranking within that group of companies at the end of the relevant Performance Period determines the number of Performance Rights or Performance Options in the particular Tranche that become exercisable (if any), on the following basis:

Performance Criteria	Number of Performance Rights or Performance Options exercisable
Performance Ranking 50 th Percentile	No Performance Rights or Performance Options exercisable (as applicable)
Performance Ranking above 50 th Percentile	50% of the Performance Rights or Performance Options (as applicable) in the Tranche available to be exercised
Performance Ranking between the 50 th and 75 th Percentile (both inclusive)	Performance Rights or Performance Options (as applicable) in the Tranche available to be exercised will be determined on a pro-rata basis between 50% and 100% depending on the Company's percentile Performance Ranking
Performance Ranking above 75 th Percentile	100% of Performance Rights or Performance Options (as applicable) in the Tranche available to be exercised

The Performance Rights and Performance Options in each particular Tranche which become exercisable will become available for exercise from the day after the last day of the Performance Period (the "Exercise Date"). Any Performance Rights or Performance Options in a particular Tranche which do not become exercisable in accordance will lapse on the last day of the Performance Period.

The Performance Rights and Performance Options available for exercise can be exercised at any time over the twelve month period beginning on the Exercise Date (the "Exercise Period").

Any Performance Rights or Performance Options that have not been exercised by the end of the Exercise Period will lapse at that time.

Takeover

If the Company becomes the subject of:

- (a) a takeover bid of and the bid is accepted;
 - (b) a scheme of arrangement and the scheme proceeds with shareholder and regulatory approval; or
 - (c) an arrangement which passes control of 51% or more of the share capital
- then any unvested Performance Right or Performance Option instalment issued will vest upon acceptance subject to the Performance Criteria described above, with the implied price of the Company's shares at the completion of the takeover or scheme to be used in determining the Company's Performance Ranking.

Capital Reconstruction

In the event of any capital reconstruction (e.g. bonus issues or rights issues), the number of Performance Rights or Performance Options allocated to the Executive will

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be adjusted in proportion for the impact of the capital reconstruction at the discretion of the Board.

Member approval

In accordance with the ASX Listing Rules, the Executive's long term incentive arrangements will be subject to approval by the shareholders at a General Meeting.

6. SUSPENSION

The Company may suspend the Executive on full pay for any period if the Company considers it in the best interests of the Company to do so.

7. RESTRAINT DURING AND AFTER EMPLOYMENT

The Executive shall not carry on (whether as a lender, investor, shareholder, unitholder, beneficiary or otherwise) any of the "Restrained Activities" which include:

- a business or activity of a type similar to any business or activity conducted by any member of the PMS Group;
- an attempt to seek custom from any customer of the PMS Group;
- an attempt to hire any employee (or full time consultant) of the PMS Group.

Duration of restraint

The restraint applies for the duration of the term of employment and for a period of six months after the term ceases.

Geographic constraint

The restraint applies to all countries in which the PMS Group operates.

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