

ASX Announcement

16 June 2008

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

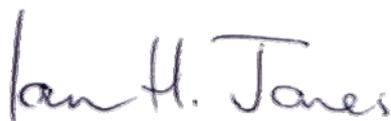
Dear Sir,

MAILING TO SHAREHOLDERS

In accordance with Listing Rule 3.17, please find attached the letter which will be mailed to shareholders of Programmed Maintenance Services Limited later today.

Yours sincerely,

PROGRAMMED MAINTENANCE SERVICES LIMITED



Ian H. Jones
Secretary

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13 June 2008

Shareholder letter 13 June 2008

Dear Shareholder

As you may be aware, Spotless has announced that it will allow its offer for Programmed to lapse today. The unsolicited offer attracted acceptances in respect of only 1.4 per cent of Programmed shares since it was announced on 27 March, and it became increasingly clear that the 90 per cent acceptance condition set by Spotless would not be satisfied.

We are pleased that so many of our shareholders have agreed with the board's recommendation to reject the offer. We are particularly grateful for the many letters of support we have received from shareholders who value the company's record of consistent earnings growth over many years.

When Spotless announced it would let the offer lapse, it gave two reasons. These were that Programmed's earnings before interest and tax (EBIT) for the year to 31 March 2008 had not satisfied a Spotless' Offer condition that they should exceed \$56 million, and an assertion that lower earnings by our Property Maintenance division indicated a concern with Programmed's business model. We would like to clarify the situation on both these points.

First, the \$56 million EBIT condition was set by Spotless not by Programmed. We achieved another solid result with earnings before interest, tax and amortisation (EBITA) for the year to 31 March 2008 of \$57.5 million. Higher amortisation (a non cash expense) due to the acquisition of Integrated Group in June 2007 resulted in an EBIT of \$54.4 million.

Second, while the Property Maintenance division's earnings were affected by a lower contribution by the New Zealand Painting business due to poor weather and lower productivity in some areas, other divisions performed strongly. This demonstrates one of the major strengths of Programmed's business model – the diversity of our four divisions, with a wide range of customers across different sectors.

The strength of Programmed's business model has enabled us to achieve our tenth consecutive year of revenue and earnings growth in the year to 31 March 2008. Profit after tax increased by 26.9 per cent to \$28.4 million; earnings per share pre-amortisation increased by 13.4 per cent to 36.5 cents; and dividends for the full year increased to 20.0 cents per share fully franked from 18.5 cents.

When we announced Programmed's results for the year to 31 March 2008, we also outlined our strategies to create further value in each of our four divisions. Growth initiatives already under way include:

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Property Maintenance

- A plan to improve utilisation during wet periods in New Zealand
- Targeting major multi-site property maintenance contracts which leverage the group's total network. (A contract to undertake certain works at Coles supermarkets across Australia was announced on 7 May 2008.)
- Adding building and grounds services to existing long-term painting clients
- Opening new branches in Australia, New Zealand and the United Kingdom

Facilities Management

- Further investment in systems
- Increased project management capability
- Leveraging the group's Workforce and Property Maintenance capabilities within larger FM contracts
- Securing further major contracts currently being tendered

Workforce

- Eight new branches planned
- Four branches to be co-located with existing Programmed offices
- Commence in New Zealand
- Explore opportunities in the United Kingdom

Marine

- Major investment in training new people
- Explore opportunities in the United Kingdom
- Expand manning services further in other non-marine categories (eg offshore trade and rig labour)

The acquisition of SWG, which is on track for completion by 30 June 2008, will give Programmed a fifth division with significant growth potential. Headquartered in Bunbury, Western Australia, SWG is an engineering maintenance services company specialising in the offshore oil & gas and onshore mining industries.

We are continuing to focus our energy on these growth creation strategies, and will provide an update at the annual general meeting, currently scheduled for 8 August 2008. We hope you will be able to join us there. Meanwhile, if you have any queries, please contact our Company Secretary, Ian Jones on (03) 8676 5555.

Yours sincerely,

PROGRAMMED MAINTENANCE SERVICES LIMITED

Chris Sutherland
Managing Director

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