ASX Announcement

26 March 2009

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

Dear Sir,

OPERATIONAL UPDATE

Please find attached a copy of the Operational Update, issued by the Company today.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

PROGRAMMED Group

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PROGRAMMED OPERATIONAL UPDATE

Programmed Group (PRG) has reviewed its operations in light of present market conditions. Programmed has recognised reduced demand for services in some sectors (particularly resources), and accordingly some staff have been made redundant in the Workforce and SWG divisions.

In addition, Programmed has reviewed further opportunities arising from the recent completion of a single common IT network across the group. This review has resulted in a decision to further amalgamate some divisional activities and functions and the co-location of different business units in common premises thus reducing office lease and staff expenses. Some staff have been made redundant as part of this restructure.

As a result of these changes that are due to be completed by 31st March 2009, the company will incur redundancy costs of $3.4 million to be expensed prior to 31st March 2009. Annualised savings from these changes will be more then $10 million per year commencing 1st April 2009.

FY09 TRADING UPDATE

Based upon our unaudited year to date (Feb) results and review of our management forecasts for March, Programmed is providing a trading update.

Our EBITA for the year ending 31st March 2009 is expected to be in the range of $70 to $71 million excluding the Spotless defence costs of $3.5 million (as has been previously advised) and before redundancy costs of $3.4 million (as announced above).

Programmed believes that incurring redundancy expenses and lowering the cost base of the business is a prudent measure to ensure the company goes into FY10 with a lower cost base than in FY09.

Despite significant changes to general economic conditions during the second half of our FY09 year, Programmed believes this forecast EBITA result demonstrates the resilience of the Group's earnings arising from the diversity of its services and the significant volumes of work under long term contracts.

CURRENT MARKET CONDITIONS

We advise of current market trading conditions;

Workforce – a predominantly blue collar casual labour hire business

a) Average Jan / Feb casual headcount was 13% down on Jan / Feb prior year (2008).
b) Fall in demand in mining and transport sectors. Increase in demand in food retailing and government sectors. Local councils are significant beneficiaries of the Federal Government stimulus.
c) Large industrial companies are looking at more blue collar casual labour to reduce fixed costs and prepare business for post WorkChoices environment. A number of large companies have come to market in past three months, however some margin pressure in pricing these opportunities.
d) Easing of candidate shortages compared to 12 months ago means unfilled order rates are lower. i.e. orders are easier to fill and less staff needed to source candidates.
e) Impacts of new IR laws starting to be assessed by SME's, in particular, who are concerned about revisions to the unfair dismissal laws. This will be a positive influence on casual labour demand but unlikely to be seen until later this year
f) Overhead costs in Workforce are being significantly reduced.
g) Leakage of clients from significantly smaller, poorly capitalised competitors has commenced
h) Permanent placement and white collar demand is very weak but is a much smaller segment of our business compared to nearly all other listed recruitment companies.

Marine – a marine manning and vessel management business servicing the offshore oil and gas industry

a) Strong year on year growth
b) Strong trading conditions continue
c) Good visibility of work over next 12 months as existing oil and gas fields continue to operate and major oil companies move into the construction phase of a number of major offshore developments

Property Services – task based services including long term painting programmes

a) Summer workload being delivered as planned. No noticeable loss of volumes
b) Pricing new work to schools as a result of Federal Government stimulus package
c) Pricing new works arising from councils and public housing sector
d) Some deferrals of work in manufacturing sector

Facility Management – total facility management and maintenance services in the property and infrastructure sectors

a) Experiencing good growth
b) Strong pipeline of opportunities in education, retail, and government
c) Opportunities are arising out of Federal Government education and public housing stimulus package
d) Maintenance is often not discretionary expenditure. It is required to stay in business

SWG – engineering maintenance and project services in the oil / gas and resources industry

a) Tight market conditions being felt with some deferral of work but opportunities still being priced and developed
b) Looking further in Asia for oil and gas opportunities
c) Overhead costs in SWG are being significantly reduced
d) Integration into Programmed is complete

Overall, whilst Programmed is currently seeing impacts of a slowing economy inside its business with some clients in some sectors such as transportation and non oil / gas resources, the Programmed sees growth in demand for its services in other sectors such as oil/gas, food retail, education and government and will also pursue further cost savings throughout FY10.

For further information contact:

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