

# ASX Release

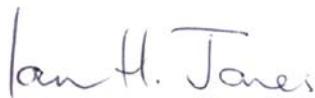
Wednesday 12 May 2010

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

Dear Sir,

Please find attached the ASX Release, issued by the Company today, announcing that it proposes to exit its UK painting business and refocus SWG.

Yours sincerely,  
**PROGRAMMED MAINTENANCE SERVICES LIMITED**



Ian H. Jones  
Company Secretary

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## Programmed proposes to exit UK and refocus SWG

### Earnings guidance confirmed

Programmed Group announced today that, following a strategic review of its operations and taking into account changes in market conditions over the past 18 months, it proposes to exit its UK painting business and refocus SWG.

#### UK business

The UK painting business, acquired in 2000, has no significant relationship or synergy with the rest of the group's operations or customers. Its FY10 revenue was GBP 11.6m (\$19.3m at GBP 0.6 = \$1.0), representing less than 2% of group revenue, and it made a loss of GBP 0.5m (\$0.9m). Market conditions in the UK remain difficult and recovery is not expected in FY11.

The business has significant working capital and contract recoverables of \$12m at 31 March 2010, and the proposed option is to scale it down and convert the capital to cash. Restructuring is proposed during the northern summer so existing programmes are serviced, while no new contracts are sought.

The proposal would result in a provision in Programmed's FY11 accounts of approximately \$7.6m after tax to cover expected redundancies, lease liabilities, right-down of PPE and impairment of goodwill (\$1.9m) that would occur over the next two years as the business is scaled down. The aim would be to sell the remaining servicing contract assets by 30 June 2012. The projected net cash/capital return to Programmed would be POSITIVE \$5m which would be re-invested in the group's businesses in Australia and New Zealand.

The group has entered into a consultation process with its UK employees about the proposed changes prior to reaching any conclusion.

#### SWG

Trading has been difficult during the past 18 months, with many resource/industrial companies (in particular, small and medium size companies) reducing expenditure and deferring projects and maintenance. In addition, major projects that currently are being awarded carry greater risks than previous projects. Consequently, Programmed has decided to sell SWG's offshore contracting activities to DOF Subsea, a leading international subsea engineering contractor.

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A non-binding term sheet has been agreed with a sale price of between \$3m and \$7m dependent on certain conditions being met over the next 12 months. The transaction is subject to due diligence and agreement on final terms and is expected to be completed before the end of June 2010.

Separately, Programmed is seeking to establish a manning services agreement covering DOF's vessels in the region.

Following the sale of the offshore contracting activities, SWG's construction and maintenance activities will be combined with Programmed's Australian and New Zealand marine services businesses in a new division branded Programmed Resources. This will enable the construction and maintenance business unit to offer its services more seamlessly to existing group customers in the offshore oil and gas sector and to develop new customers in the resources and industrial sectors.

The impact of these changes on FY11 earnings is expected to be between \$1m and \$2m, due to restructuring costs and loss of offshore contracting earnings. This is expected to be outweighed in the future as Programmed benefits from additional work with DOF Subsea and from offering a broader range of services to oil and gas customers, where the group believes there are significant opportunities. No impairment of goodwill is envisaged.

#### **FY10 results**

Programmed confirms that, subject to audit, its FY10 results are expected to be EBITA \$58m and NPAT \$26m, within the previous guidance range. The group's results are due to be announced on 26 May 2010.

For further information contact:

<b>General Enquiries</b> Chris Sutherland Managing Director Programmed Group Telephone: +61 3 8542 5702 Fax: +61 3 9543 3760	<b>General Enquiries</b> Ian Jones Company Secretary Programmed Group Telephone: +61 3 8542 5704 Fax: +61 3 9543 3760	<b>Media Enquiries</b> Anthony Tregoning Financial & Corporate Relations Telephone: +61 411 852 448 / +61 2 8264 1000
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