

ASX Release

Friday 30 July 2010

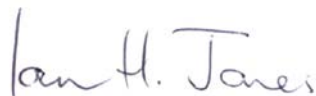
Company Announcements Office
ASX Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir,

Market Update

Please find attached the Market Update, issued by the Company today.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED



Ian H. Jones
Company Secretary

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Market Update

We update the market with respect to our first quarter (April to June 2010) trading performance and outlook for the FY11 year ending 31 March 2011.

We note three impacts affecting our current trading performance and our outlook in the Property and Infrastructure segment as follows:-

- a) Volumes and margins in our Property Services division are lower in our first quarter this year compared to last year. It is clear that a number of our retail / commercial customers are operating at reduced levels of maintenance and project expenditures, compared to a year ago.
- b) We are unlikely to replace all of the new work we won last year that arose from the Federal government's stimulus package in education and public housing. (This was approximately \$25m).
- c) In the year to date, renewal of traditional maintenance programmes remain lower than average as some customers seek to defer a commitment in the short term. Hence earnings this year from painting programmes are forecast to be lower. We would expect renewal rates to increase when our customers become more confident with their own financial position.

We are responding to the above impacts by:-

- i) restructuring the Property Services operations to lower our fixed operating costs,
- ii) implementing alternate painting programme models and,
- iii) improving our capability to market all services across our Property and Infrastructure customers

As a result of the above, we currently project our FY11 EBITA to be approximately the same as last year (\$58.9m). Our NPAT for FY11 is projected to be approximately 10% higher than last year (\$26.2m) due to lower interest expense, before adjustment of the net expense to close our UK operations (\$7.6m after tax, as previously announced). This projection is subject to assumptions including:-

- a) retail trading conditions leading into Christmas 2010;
- b) general strength of economic recovery;
- c) improved painting programme renewal rates in the second half of the year; and
- d) timing of commencement of major marine projects in the second half of the year.

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We note our previous advice regarding expansion of marine activities in the second half; hence our marine result will be lower in the first half and stronger in the second half (the reverse of the prior year which had a strong first half result and a weaker second half result). Therefore we expect our group results to be skewed more towards the second half than the prior year.

For further information contact:

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