PROGRAMMED Group

ASX Release

Wednesday 24 November 2010

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

Dear Sir,

APPENDIX 4D: Half Year ended 30 Sept. 2010

Please find attached the Appendix 4D containing details of the Programmed Group's results for the half year ended 30 September 2010.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Company Secretary

PROGRAMMED MAINTENANCE SERVICES LIMITED

PROGRAMMED Group

(ABN 61 054 742 264)

HALF YEAR REPORT

For the half-year ended 30 September 2010

APPENDIX 4D – HALF YEAR REPORT

Results for Announcement to the Market

For the half-year ended 30 September 2010
(Previous corresponding period: half-year ended 30 September 2009)

				$'000
Revenue from ordinary activities (continuing and discontinuing) *(Appendix 4D item 2.1)*	up	4.3%	to	611,351
Profit from ordinary activities after tax attributable to members (continuing and discontinuing) *(Appendix 4D item 2.2)*	down	125.4%	to	(3,065)
Profit for the period attributable to members *(Appendix 4D item 2.3)*	down	125.4%	to	(3,065)

During the half-year ended 30 September 2010, the Company changed its accounting policy for long term maintenance painting contracts This change has been applied retrospectively, and therefore the comparative figures for the prior corresponding period have been restated. The nature of the change in accounting policy and retrospective adjustments are shown in detail on pages 19 and 20.

The results for the half-year ended 30 September 2010 shown above are not directly comparable to the previous half-year ended 30 September 2009 due to the differing impacts of the following items which are described in the attached results commentary and financial report:

- *Six months' contribution from the KLM business (acquired on 22 January 2010).*
- *Restructuring costs incurred in the half year ended 30 September 2010.*
- *The costs of exiting the United Kingdom painting business (disclosed as discontinuing operations).*
- *Three months' contribution from SWG Offshore Pty Ltd prior to its sale on 1 July 2010.*

Dividends/distributions *(Appendix 4D item 2.4)*			Amount per security (cents)	Franked amount per security (cents)
Interim dividend determined			3.0	3.0
Previous corresponding period			3.0	3.0

Record date for determining entitlements to the dividend (payment date of 27 January 2011): 11 January

The dividend reinvestment plan remains suspended.

			30 September 2010 (cents)	30 September 2009 (cents)
Net Tangible Assets per Ordinary Share			76.2	43.5

HALF YEAR FINANCIAL REPORT

Half-year ended 30 September 2010

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This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2010 and any public announcements made by Programmed Maintenance Services Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange.

RESULTS COMMENTARY

Programmed First Half FY11 Results

Programmed Group, which provides staffing, maintenance and project services, today announced EBITA (earnings before interest, tax and amortisation) of $16.2 million for the six months to 30 September 2010, before restructuring costs of $5.9 million. This compares with EBITA of $26.9 million for 1H10.

The company reported an after-tax loss of $3.1 million, after booking a loss of $7.6 million resulting from exiting the UK business (classified now as discontinuing operations) compared with a profit of $12.1 million in 1H10. Profit from continuing operations was $4.6 million, compared to $11.7 million in 1H10.

Revenue from continuing operations was $604.7 million, up 5.6%.

The board has determined to pay a fully franked interim dividend of 3.0 cents per share (1H10: 3.0 cents) on 27 January 2011 to shareholders on the register at 11 January. The decision to base the interim dividend on profit before restructuring costs reflects the board's confidence in the company's future performance and cash flow.

Chris Sutherland, managing director of Programmed said: 'As we reported earlier this month, the performance of our Property & Infrastructure division has been affected by customers' budget cuts and reluctance to commit to new expenditure; this was less evident in FY10 due to government stimulus expenditure. At the same time, our Resources & Industrial division's revenue has suffered from the effects of the industrial dispute at the beginning of 2010 and delays in the start of some major projects.

'The Property & Infrastructure division has now been restructured and, following the earlier restructuring of the Resources & Industrial and Workforce divisions, all our operations have a lower cost base and are trading more efficiently.

'Our Workforce division's performance has shown solid improvement and this is expected to continue, while our Resources & Industrial division is forecasting significant increases in revenue and earnings in 2H11 and FY12. With the Property and Infrastructure division now operating with a lower cost base, we are confident of a stronger result in the second half, with EBITA of approximately $30 million, similar to 2H10.

'This would lead to EBITA of approximately $46 million before restructuring costs for the full year.'

Group Results	1H11 30 Sep 2010[1] $m	1H10 30 Sep 2009 $m	% Change
Continuing Operations:-			
Revenue	604.7	572.3	5.6%
EBITDA	22.7	33.1	(31.4%)
Depreciation	(6.5)	(6.2)	(4.6%)
EBITA (before restructuring costs)	**16.2**	**26.9**	**(39.8%)**
Restructuring costs	(5.9)	0.0	0.0%
EBITA	**10.3**	**26.9**	**(61.6%)**
Amortisation	(0.2)	(0.8)	76.9%
Earnings before interest expense and tax	**10.2**	**26.1**	**(61.1%)**
Net interest expense	(6.8)	(8.4)	19.2%
Profit before tax	**3.4**	**17.7**	**(81.0%)**
Income tax benefit/(expense)[2]	1.2	(6.0)	120.1%
Profit from continuing operations	**4.6**	**11.7**	**(60.9%)**
Discontinuing operations[3]	(7.6)	0.4	
Profit after tax (statutory basis)	**(3.1)**	**12.1**	**(125.4%)**
Profit after tax (pre amortisation)	(2.9)	12.9	(122.3%)
Earnings per share (pre amortisation)	**(2.4)**	**12.9**	**(118.9%)**
Weighted average shares on issue (million)	118.2	99.2	19.1%

[1] Half year ended 30 Sept 2010 results include 6 months contribution from KLM Group

[2] Includes $1.8m tax benefit from retrospective change in tax consolidation rules to allow additional deductions for assets acquired after 1 July 2002

[3] Discontinuing operations comprise the United Kingdom painting business

Results by Division

Property & Infrastructure	1H11 30 Sep 2010[1] $m	1H10 30 Sep 2009 $m	% Change
Revenue	298.1	240.9	23.8%
EBITA	10.5	14.1	(25.6%)

[1] *Includes revenue of $75.4m and EBITA of $2.9m from KLM Group (acquired in Jan 2010)*

Results were affected by customers' budget cuts and reluctance to commit to new expenditure, which were less evident in FY10 due to federal government stimulus work. The division's response has included a reduction in overhead costs by $7.5 million per annum and expansion of painting programme service options. Full details of these initiatives, which will begin to benefit earnings in 2H11, were contained in the ASX announcement of 10 November 2010 (available on the Programmed website: www.programmed.com.au).

Future facility management earnings will benefit from the start of a 25-year $200 million prison contract and from recently-awarded public housing contracts. Electrical / communication services activities (KLM) are expected to continue to perform well, and work in hand at the end of September 2010 was $80 million compared with $45 million at the time of the business' purchase in January 2010.

While the division has been responding to the weaker demand, it has continued to focus on its strategy, which is to maintain strong, long-term relationships with many customers and to expand its range of services. The acquisition of KLM in January 2010 has added capability, and further opportunities exist to grow the volume and range of maintenance and project services for many customers as the economy recovers.

The present value before tax liabilities of the division's contract recoverable asset at 30 September 2010 was $138.6 million before tax; this relates to work previously performed but yet to be invoiced per the terms of long-term painting maintenance programmes.

Resources & Industrial	1H11 30 Sep 2010 $m	1H10 30 Sep 2009 $m	% Change
Revenue	103.5	147.6	(29.9%)
EBITA	4.3	12.3	(65.0%)

Activity levels in 1H11 were well below the prior corresponding period due to delays in work restarting after the major industrial dispute at the beginning of 2010 and to lower levels of general maintenance / construction work.

The general maintenance and construction operations have been restructured through merging the back office with the larger marine services operations. This has lowered the fixed cost base by more than $5 million, as anticipated in May 2010, and has resulted in a restructuring cost of $2.3 million in 1H11.

A substantial uplift in revenue is expected in 2H11 and FY12. Work in hand at September 2010 and due to be completed by March 2012 was greater than $350 million, and opportunities for additional new work are being pursued.

The division continues to seek opportunities to expand the range of maintenance and project services it can deliver customers in the resources and industrial markets.

Workforce	1H11 30 Sep 2010 $m	1H10 30 Sep 2009 $m	% Change
Revenue	201.5	180.8	11.5%
EBITA	5.3	4.0	32.7%

The performance of the company's staffing services division has been pleasing, recovering from its low in mid-2009 as the economy strengthens, and the reduction of the cost base in the prior year will provide further upside as revenue grows. Demand has been building across the mining and construction markets and recovery has commenced in the SME market. The improvement in demand, together with strong cost management, has resulted in an increased EBITA margin.

Unallocated Costs (1H 11 -$3.9m vs -$3.5m pcp).
These costs relate to corporate overheads and a range of non-trading income and expenses.

Change in accounting policy for painting programmes

The change in accounting policy for painting programmes, as announced on 10 November 2010 (available on the Programmed website: www.programmed.com.au), has been applied retrospectively so FY11 financial results can be compared with previous years. The main consequence of this change is a non-cash reduction of $27.6 million in the book value of the contract recoverable asset at 31 March 2010 and a similar increase in interest income to be recognised in future years. This has resulted in an increase of $0.2 million in 1H10 EBITA and an increase of $0.7 million in 1H11 EBITA.

Discontinued operations – UK painting business

As announced in May 2010, Programmed has decided to exit its UK painting business. Most of the redundancies and restructuring of the business has been completed and a provision of $7.6 million has been booked in 1H11 for the estimated loss after tax on exiting the business. Offers are currently being evaluated for the contract book, with the aim of generating a net cash surplus of approximately $5 million, to be received over a number of years and invested in the group's Australian and New Zealand businesses.

Balance sheet and cash flows

Gross operating cash flow was $15.9 million, 4% higher than the previous corresponding period ($15.3 million). After significantly lower interest and income tax payments than 1H10, net operating cash flow was $2.1 million.

With the continued focus on capital management, the group's net debt at 30 September 2010 was almost unchanged at $108.5 million, compared with $106.6 million at 31 March 2010. Due to the reduction in net assets from the change in accounting policy, the net debt to equity ratio increased to 32% at 30 September 2010 from 30% at 31 March 2010.

DIRECTORS' REPORT

The directors of Programmed Maintenance Services Limited submit herewith the financial report of Programmed Maintenance Services Limited and its subsidiaries (the Group) for the half-year ended 30 September 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Geoffrey Allan Tomlinson
Christopher Glen Sutherland
Bruce Robert Brook
Susan Mary Oliver
Brian John Pollock
Emma Rachel Stein
Jonathan Gladstone Whittle

The above named directors held office during the whole of the half-year and since the end of the half-year except for:

Brian John Pollock – resigned 6 August 2010
Bruce Robert Brook – appointed 16 June 2010
Emma Rachel Stein – appointed 16 June 2010

REVIEW OF OPERATIONS

Consolidated revenue (continuing and discontinuing operations) for the half-year ended 30 September 2010 was $611,351 thousand, which is 4.3% higher than the corresponding period last year.

For the half-year ended 30 September 2010, the consolidated loss before tax (continuing and discontinuing operations) amounted to $5,617 thousand and consolidated loss after tax amounted $3,065 thousand (profit of $18,053 thousand and $12,088 thousand respectively for the half-year ended 30 September 2009).

CHANGES IN STATE OF AFFAIRS

On 12 May 2010, the consolidated entity announced that, following a strategic review of its operations and taking into account changes in market conditions over the past 18 months, it proposed to exit its United Kingdom painting business. After completing the consultation process with its UK employees, the consolidated entity has significantly reduced the size of the UK operations and will only service existing painting programmes. No new programmes will be sought. The exit will provide a projected net cash/capital return of $5 million to be re-invested in Australia and New Zealand. The results of the United Kingdom painting business are disclosed as discontinuing operations in the half year financial statements, and recorded a loss after tax of $7,635 thousand.

As part of the restructure of the SWG business, on 12 May 2010, the consolidated entity announced the proposed sale of the SWG offshore contracting business to DOF Subsea. This business was sold on 1 July 2010, and the half year financial report includes three months' results from the SWG offshore contracting business, including a gain on disposal of $587 thousand. Restructuring of the remaining SWG business incurred costs of $2,305 thousand which have been recognised in the half year ended 30 September 2010.

DIRECTORS' REPORT (CONTINUED)

During the half year, the consolidated entity restructured its property services business comprising the painting, grounds and corporate imaging businesses. A business review was completed during the half year and a number of actions taken to improve performance including overhead reduction, management restructure, improved internal systems and processes, a revitalisation of the service offering, and changes in internal management reporting. Restructuring costs of $3,561 thousand have been recognised in the half year ended 30 September 2010.

Following the business review, a change in accounting policy for painting programmes was announced by the Company on 10 November 2010. The policy has been applied retrospectively, with the main result of this change being a restatement of the balance sheet at 31 March 2010, with a reduction of $27,573 thousand in the book value of the contract recoverable asset and a reduction of $19,343 thousand in retained earnings.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the previous financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration is included on page 10 of the half-year financial report.

ROUNDING OFF OF AMOUNTS

The company is of a kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

C. Sutherland

C G SUTHERLAND
DIRECTOR

MELBOURNE, VICTORIA
24 NOVEMBER 2010

Deloitte.

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24 November 2010

The Board of Directors
Programmed Maintenance Services Limited
1500 Centre Road
CLAYTON VIC 3168

Dear Board Members

Programmed Maintenance Services Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Programmed Maintenance Services Limited.

As lead audit partner for the review of the financial statements of Programmed Maintenance Services Limited for the half-year ended 30 September 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

C Biermann
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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Independent Auditor's Review Report to the Members of Programmed Maintenance Services Limited

We have reviewed the accompanying half-year financial report of Programmed Maintenance Services Limited, which comprises the condensed consolidated statement of financial position as at 30 September 2010, and condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Programmed Maintenance Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Programmed Maintenance Services Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 24 November 2010

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors

C. Sutherland

C G SUTHERLAND
DIRECTOR

MELBOURNE, VICTORIA
24 NOVEMBER 2010

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010

	Note	Consolidated Half-year ended 30 Sep 2010 $'000	Consolidated Half-year ended 30 Sep 2009 (Restated) $'000
Continuing operations			
Revenue		604,669	572,332
Other income		1,135	1,295
Share of net loss of associate accounted for using the equity method		(391)	-
Changes in inventories of finished goods		5,501	1,461
Raw materials and consumables used		(61,610)	(26,563)
Employee benefits expense		(367,711)	(345,473)
Sub-contractor expenses		(123,309)	(146,940)
Depreciation and amortisation expense	3	(6,703)	(7,042)
Finance costs	3	(7,289)	(8,797)
Equipment and motor vehicle costs		(8,911)	(7,123)
Information technology and telecommunication costs		(5,178)	(3,539)
Other expenses		(26,842)	(11,925)
Profit before income tax		3,361	17,686
Income tax benefit/(expense)	4	1,209	(6,000)
Profit for the period from continuing operations		4,570	11,686
Discontinuing operations			
(Loss)/profit from discontinuing operations	8	(7,635)	402
(Loss)/profit attributable to members of Programmed Maintenance Services Limited		(3,065)	12,088
		Cents	Cents
Earnings per share			
From continuing and discontinuing operations:			
Basic (loss)/earnings per share		(2.6)	12.2
Diluted (loss)/earnings per share		(2.6)	11.9
From continuing operations:			
Basic earnings per share		3.9	11.8
Diluted earnings per share		3.8	11.5

Notes to the condensed consolidated financial statements are included on pages 19 to 29

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010

	Consolidated Half-year ended 30 Sep 2010 $'000	Consolidated Half-year ended 30 Sep 2009 (Restated) $'000
(Loss)/profit for the period	(3,065)	12,088
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(765)	(2,071)
Gain on cash flow hedges taken to equity net of tax	650	2,971
Other comprehensive income for the period (net of tax)	(115)	900
Total comprehensive income for the period attributable to owners of the parent entity	(3,180)	12,988

Notes to the condensed consolidated financial statements are included on pages 19 to 29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2010

	Note	Consolidated 30 Sep 2010 $'000	31 Mar 2010 (Restated) $'000
CURRENT ASSETS			
Cash and cash equivalents		27,158	48,167
Trade and other receivables		225,313	239,851
Inventories		49,151	44,342
Current tax assets		368	1,072
Other		13,066	16,258
Total current assets		315,056	349,690
Total assets classified as held for sale		11,806	-
		326,862	349,690
NON-CURRENT ASSETS			
Trade and other receivables		69,706	77,744
Inventories		11,487	10,930
Property, plant and equipment		26,814	28,679
Deferred tax assets		21,057	17,760
Goodwill		238,484	240,945
Other intangible assets		11,855	11,886
Total non-current assets		379,403	387,944
TOTAL ASSETS		706,265	737,634
CURRENT LIABILITIES			
Trade and other payables		126,892	136,744
Borrowings		33,655	6,721
Current tax payables		3,163	3,934
Provisions		28,553	25,966
Total current liabilities		192,263	173,365
Liabilities directly associated with total assets classified as held for sale		9,864	-
		202,127	173,365
NON-CURRENT LIABILITIES			
Borrowings		102,029	148,025
Other financial liabilities		687	1,616
Deferred tax liabilities		52,335	54,945
Provisions		8,858	7,829
Total non-current liabilities		163,909	212,415
TOTAL LIABILITIES		366,036	385,780
NET ASSETS		340,229	351,854
EQUITY			
Contributed equity	7	235,796	236,060
Reserves		(5,582)	(4,376)
Retained earnings		110,015	120,170
TOTAL EQUITY		340,229	351,854

Notes to the condensed consolidated financial statements are included on pages 19 to 29

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Capital profits reserve $'000	Equity settled employee benefits reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2009	165,862	(4,846)	5,535	1,643	(5,644)	121,837	284,387
Adjustment on change in accounting policy (net of tax)	-	-	-	-	-	(18,112)	(18,112)
Restated balance at 1 April 2009	165,862	(4,846)	5,535	1,643	(5,644)	103,725	266,275
Profit for the period	-	-	-	-	-	12,088	12,088
Exchange differences arising on translation of foreign operations	-	(2,071)	-	-	-	-	(2,071)
Gain on cash flow hedges	-	-	-	-	2,971	-	2,971
Other comprehensive income for the period	-	(2,071)	-	-	2,971	-	900
Issue of shares (note 7)	1,468	-	-	-	-	-	1,468
Recognition of share-based payments	-	-	-	420	-	-	420
Transfer from equity-settled employee benefits reserve (note 7)	100	-	-	(100)	-	-	-
Payment of dividends (note 6)	-	-	-	-	-	(4,949)	(4,949)
Restated balance at 30 September 2009	167,430	(6,917)	5,535	1,963	(2,673)	110,864	276,202
Restated balance at 1 April 2010	236,060	(11,300)	5,535	2,521	(1,132)	120,170	351,854
Loss for the period	-	-	-	-	-	(3,065)	(3,065)
Exchange differences arising on translation of foreign operations	-	(765)	-	-	-	-	(765)
Gain on cash flow hedges	-	-	-	-	650	-	650
Other comprehensive income for the period	-	(765)	-	-	650	-	(115)
Recognition of share-based payments	-	-	-	(1,091)	-	-	(1,091)
Income tax related to share issue costs	(264)	-	-	-	-	-	(264)
Payment of dividends (note 6)	-	-	-	-	-	(7,090)	(7,090)
Balance at 30 September 2010	235,796	(12,065)	5,535	1,430	(482)	110,015	340,229

Notes to the condensed consolidated financial statements are included on pages 19 to 29

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010

	Note	Consolidated Half-year ended 30 Sep 2010 $'000	Consolidated Half-year ended 30 Sep 2009 $'000
Cash Flows from Operating Activities			
Receipts from customers		687,822	630,646
Payments to suppliers and employees		(671,918)	(615,352)
Interest and other cost of finance paid		(6,978)	(13,195)
Income tax paid		(6,809)	(8,443)
Net cash provided by/(used in) operating activities		2,117	(6,344)
Cash flows from investing activities			
Interest received		405	287
Payment for property, plant and equipment		(3,098)	(2,398)
Proceeds from sale of property, plant and equipment		981	3,016
Payment for development software		(538)	(560)
Payment for businesses		(60)	(1,988)
Proceeds from sale of businesses	8	3,000	-
Net cash provided by/(used in) investing activities		690	(1,643)
Cash flows from financing activities			
Proceeds from borrowings		30,306	6,682
Repayment of borrowings		(55,411)	(18,213)
Dividends paid		(7,090)	(3,481)
Net cash used in financing activities		(32,195)	(15,012)
Net decrease in cash and cash equivalents		(29,388)	(22,999)
Cash and cash equivalents at the beginning of the period		46,527	36,184
Effects of exchange rate changes on the balance of cash held in foreign currencies		(104)	229
Disposal of subsidiary	8	(25)	-
Cash and cash equivalents at the end of the period		17,010	13,414
Reconciliation of cash			
Cash and cash equivalents per balance sheet		27,158	20,438
Cash and cash equivalents classified as held for sale		590	-
Bank overdrafts		(10,738)	(7,024)
Cash and cash equivalents per cash flow statement		17,010	13,414

Notes to the condensed consolidated financial statements are included on pages 19 to 29

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 31 March 2010 except as noted below.

(a) Revenue

As outlined in note 2(f) of the consolidated entity's 2010 annual financial report for the financial year ended 31 March 2010, revenue not yet invoiced but earned on work completed in servicing long term maintenance contracts is measured at the fair value of the consideration received or receivable, and is recognised as an asset (described as 'contracts in progress').

As revenue earned by the consolidated entity on work completed will not become receivable until future years, the fair value is determined by discounting the future amounts receivable by the implicit rate of interest. In accordance with Australian Accounting Standards, the implicit rate of interest may be determined by application of one of two available methods; by reference to prevailing market rates at inception of the contract; or by reference to the rate of interest that discounts the amounts receivable under the contract to the current cash sales price of the services provided.

In prior years, the consolidated entity adopted the method of determining the implicit rate of interest by reference to the current cash sales price of the services provided, which was assumed to be equivalent to the nominal contractual amounts (before indexation under the terms of the contract).

Due to the long term nature of the maintenance contracts, changes in prevailing market rates of interest and changes to the methods and processes adopted by management to assess the performance of the business, it is the view of the consolidated entity that it is more appropriate to determine the implicit rate of interest on long term maintenance contracts by reference to prevailing market rates at inception of the contract, and that such method will provide more relevant information regarding the financial position and performance of the consolidated entity. This change in accounting policy has been applied retrospectively.

The change in accounting policy resulted in the following adjustments to the financial statements:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

1. Significant accounting policies (continued)

Balance sheet as at 31 March 2010:

Group	31 Mar 2010 $'000	Increase/ (Decrease) $'000	31 Mar 2010 (Restated) $'000
Balance sheet (extract)			
Non-current trade and other receivables	105,317	(27,573)	77,744
Deferred tax assets	17,176	584	17,760
Total assets	764,623	(26,989)	737,634
Deferred tax liabilities	62,591	(7,646)	54,945
Total liabilities	393,426	(7,646)	385,780
Net assets	371,197	(19,343)	351,854
Retained earnings	139,513	(19,343)	120,170

Income statement for the half year ended 30 September 2009:

Group		Profit increase/(Decrease)		
	30 Sep 2009 $'000	Change in accounting policy $'000	Reclassified as discontinuing operations $'000	30 Sep 2009 (Restated) $'000
Income statement (extract)				
Revenue from rendering of services	583,118	170	(14,059)	569,229
Income tax expense	(5,914)	(51)	(35)	(6,000)
Profit attributable to members of Programmed Maintenance Services Limited	11,969	119	-	12,088

Earnings per share

Group	30 Sep 2009 Cents	Impact of discontinuing operations Cents	Increase Cents	30 Sep 2009 (Restated) Cents
From continuing and discontinuing operations:				
Basic earnings per share	12.1	-	0.1	12.2
Diluted earnings per share	11.8	-	0.1	11.9
From continuing operations:				
Basic earnings per share	12.1	(0.4)	0.1	11.8
Diluted earnings per share	11.8	(0.4)	0.1	11.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

2. Segment Information

Change in total assets

Due to the change in accounting policy described in note 1(a) above, there has been a change in total assets at 31 March 2010 (refer note 1(a)).

Basis of segmentation

During the year ended 31 March 2010, the group's business was organised into 5 operating and reportable segments (Workforce, Property Services, Facilities Management, Marine and Engineering Services). During the half year ended 30 September 2010, the group's business was reorganised into the following operating and reportable segments:

- Workforce
- Property & Infrastructure
- Resources & Industrial

Information has been reported for the 3 segments in the half year ended 30 September 2010. Comparatives for the half year ended 30 September 2009 have been restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

2. Segment Information (continued)

The following is an analysis of the revenue and results for the period, analysed by reportable operating segment.

	Workforce		Property & Infrastructure		Resources & Industrial		Total continuing operations		Discontinuing operations UK Painting		Consolidated	
	2010	2009	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue[1]	201,531	180,770	298,107	240,877	103,504	147,582	603,142	569,229	6,669	14,059	609,811	583,288
Segment result												
Earnings before interest, tax, amortisation, restructuring and unallocated costs	5,321	4,010	10,478	14,077	4,310	12,322	20,109	30,409	(8,858)	583	11,251	30,992
Amortisation of contract intangibles							(187)	(811)	-	-	(187)	(811)
Restructuring costs							(5,866)	-	-	-	(5,866)	
Unallocated costs							(3,895)	(3,495)	-	-	(3,895)	(3,495)
Earnings before interest and tax							10,161	26,103	(8,858)	583	1,303	26,686
Net finance costs							(6,800)	(8,417)	(120)	(216)	(6,920)	(8,633)
Profit/(loss) before tax							3,361	17,686	(8,978)	367	(5,617)	18,053
Income tax benefit/(expense)							1,209	(6,000)	1,343	35	2,552	(5,965)
Profit/(loss) for the year							4,570	11,686	(7,635)	402	(3,065)	12,088

[1] Segment revenue represents revenue from rendering of services to external customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

3. Profit

	Consolidated Half-year ended 30 Sep 2010 $'000	Consolidated Half-year ended 30 Sep 2009 $'000
Profit before income tax includes the following specific expenses:		
Finance Costs:		
Total interest costs	6,079	7,491
Other finance costs	1,330	1,494
	7,409	8,985
Continuing operations	7,289	8,797
Discontinuing operations	120	188
	7,409	8,985
Depreciation and amortisation of non-current assets		
- Plant and equipment	6,144	6,345
- Identifiable intangibles	303	942
- Other non-current assets	506	123
	6,953	7,410
Continuing operations	6,703	7,042
Discontinuing operations	250	368
	6,953	7,410

4. Income taxes

The income tax (benefit)/expense for the half year can be reconciled to the accounting (loss)/profit as follows:

	30 Sep 2010	30 Sep 2009
Profit from continuing operations	3,361	17,686
(Loss)/profit from discontinuing operations	(8,978)	367
(Loss)/profit from operations	(5,617)	18,053
Income tax (benefit)/expense calculated at 30%	(1,685)	5,416
Effect of amounts that are not deductible/(assessable) in determining taxable profit:		
Amortisation of intangibles	78	283
Non-assessable gain on disposal of business	(176)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(139)	(321)
Benefit of tax losses not recognised	433	-
Impairment of assets	1,218	-
Tax consolidation deduction	(1,840)	-
Other sundry items	(95)	205
	(2,206)	5,583
Adjustments recognised in the current year in relation to the current tax of prior years	(346)	382
Income tax (benefit)/expense	(2,552)	5,965
Continuing operations	(1,209)	6,000
Discontinuing operations	(1,343)	(35)
	(2,552)	5,965

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

5. Contracts and work in progress at recoverable value

Consolidated	Half-year ended 30 Sep 2010 $'000	Year ended 31 Mar 2010 (Restated) $'000	Half-year ended 30 Sep 2009 (Restated) $'000
Contracts in progress at recoverable value			
Balance at the beginning of period	152,272	187,926	187,926
Impact of change in accounting policy	-	(27,573)	(25,645)
Restated balance at the beginning of period	152,272	160,353	162,281
Decrease in amounts recoverable	(4,560)	(1,192)	(113)
Impairment provision	(1,239)	-	-
Effect of foreign currency movements	(1,451)	(6,889)	(2,205)
Balance at end of period	145,022	152,272	159,963
Categorised as:			
Current	69,138	74,596	73,641
Assets classified as held for sale	6,406	-	-
Non-current	69,478	77,676	86,322
	145,022	152,272	159,963
Work in progress at recoverable value			
Balance at the beginning of period	22,845	24,026	24,026
Increase/(decrease) in amounts recoverable	3,229	(400)	3,130
Effect of foreign currency movements	(1,029)	(781)	(518)
Balance at end of period	25,045	22,845	26,638
Categorised as:			
Current	12,128	11,915	19,646
Assets classified as held for sale	1,430	-	-
Non-current	11,487	10,930	6,992
	25,045	22,845	26,638
Total contracts and work in progress at recoverable value			
Categorised as:			
Current	81,266	86,511	93,287
Assets classified as held for sale	7,836	-	-
Non-current	80,965	88,606	93,314
	170,067	175,117	186,601

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

6. Dividends

During the period, Programmed Maintenance Services Limited made the following dividend payments:

	Half-year ended 30 Sep 2010		Half-year ended 30 Sep 2009	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	6.0	7,090	5.0	4,949

On 24 November 2010, the directors determined a fully franked interim dividend of 3.0 cents per share (2009: 3.0 cents) to the holders of fully paid ordinary shares in respect of the half-year ended 30 September 2010, to be paid to shareholders on 27 January 2011. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $3,545 thousand (2009: $3,516 thousand).

7. Contributed equity and issuance of equity securities

	30 Sep 2010 $'000	30 Sep 2009 $'000
118,169,908 fully paid ordinary shares (2009: 99,582,071)	235,796	167,430
Nil performance shares (2009: 3,000)	-	-
	235,796	167,430

	Half-year ended 30 Sep 2010		Half-year ended 30 Sep 2009	
	No.'000	$'000	No.'000	$'000
Ordinary shares				
Balance at the beginning of the half-year	118,170	236,060	98,981	165,862
Income tax related to share issue costs	-	(264)	-	-
Issue of shares under the Dividend Reinvestment Plan	-	-	571	1,468
Issue of shares under the Long Term Incentive Plan	-	-	30	100
Balance at the end of the half-year	118,170	235,796	99,582	167,430
Performance shares				
Balance at the beginning of the half-year	2,000	-	-	-
Issue of shares during the half-year	-	-	3,000	-
Converting during the half-year	(2,000)	-	-	-
Balance at the end of the half-year	-	-	3,000	-

Performance shares

As a result of the sale of SWG Offshore Pty Limited (refer note 8(iii)) and in accordance with the terms of the SWG share purchase agreement (dated 1 July 2008), the remaining 2,000 performance shares converted during the half year reporting

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

period into only two Programmed ordinary shares. Accordingly, there are now no performance shares currently on issue and there is no further deferred consideration payable under the SWG share purchase agreement.

7. Contributed equity and issuance of equity securities

Apart from those noted above, there were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year reporting period.

Performance rights and options

The following reconciles the outstanding Performance rights and options under the Long Term Incentive Plan at the beginning and end of the half-year:

	Performance rights Half year ended		Performance options Half year ended	
	30 Sep 2010 No.	30 Sep 2009 No.	30 Sep 2010 No.	30 Sep 2009 No.
Balance at the beginning of the half-year	952,500	1,029,304	3,185,000	3,360,000
Granted during the half-year	684,000	-	-	-
Exercised during the half-year	-	(30,000)	-	-
Lapsed during the half-year	(477,500)	(35,000)	(100,000)	(125,000)
Balance at the end of the half-year	1,159,000	964,304	3,085,000	3,235,000

8. Acquisition and disposal of subsidiaries

(i) Discontinuing operations in the half year ended 30 September 2010

On 12 May 2010, the consolidated entity announced that, following a strategic review of its operations and taking into account changes in market conditions over the past 18 months, it proposed to exit its United Kingdom painting business. After completing the consultation process with its UK employees, the consolidated entity has significantly reduced the size of the UK operations and will only service existing painting programmes. No new programmes will be sought. The exit will provide a projected net cash/capital return of $5m to be re-invested in Australia and New Zealand.

The (loss)/profit for the half-year from the discontinuing operation is analysed as follows:

	Half-year ended 30 Sep 2010 $'000	Half-year ended 30 Sep 2009 $'000
(Loss)/profit of the business for the half-year	(7,635)	402

The following were the results of the business for the half-year:

Revenue and other income	6,722	14,083
Operating expenses	(11,268)	(13,160)
Depreciation and amortisation expense	(250)	(368)
Finance costs	(120)	(188)
Operating (loss)/profit before tax	(4,916)	367
Impairment expense	(4,062)	-
(Loss)/profit before income tax	(8,978)	367

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

Income tax benefit	1,343	35
(Loss)/profit after tax	(7,635)	402

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

8. Acquisition and disposal of subsidiaries (continued)

(ii) Acquisition of subsidiaries

On 22 January 2010 (in the prior financial year), the Group acquired 96.31% of the issued share capital of KLM Group Ltd ("KLM group") for cash consideration of $27,102 thousand. A further $1,040 thousand was paid on 5 March 2010 to compulsorily acquire the remaining 3.69%. Acquisition costs amounting to $1,014 thousand have been paid.

The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Half-year ended 30 September 2010			Half-year ended 30 September 2009		
	Book value $'000	Fair value adjustments $'000	Fair value on acquisition $'000	Book value $'000	Fair value adjustments $'000	Fair value on acquisition $'000
Net assets acquired:						
Current assets						
Cash and cash equivalents	8,366	-	8,366	177	-	177
Trade and other receivables	19,630	-	19,630	13,427	(111)	13,316
Inventories	6,298	-	6,298	1,527	(193)	1,334
Other current assets	826	-	826	800	-	800
Non-current assets						
Property, plant and equipment	3,014	(564)	2,450	3,139	(29)	3,110
Deferred tax assets	1,454	-	1,454	302	33	335
Current liabilities						
Trade and other payables	(27,464)	-	(27,464)	(8,686)	-	(8,686)
Borrowings	-	-	-	(2,021)	-	(2,021)
Current tax payable	(463)	-	(463)	(1,255)	-	(1,255)
Provisions	(2,998)	(207)	(3,205)	-	(527)	(527)
Non-current liabilities						
Borrowings	(219)	-	(219)	-	-	-
Deferred tax liabilities	-	-	-	(485)	58	(427)
Provisions	(202)	-	(202)	-	-	-
	8,242	(771)	7,471	6,925	(769)	6,156
Goodwill arising on acquisition			21,685			21,796
Total consideration			29,156			27,952

Net cash flow on acquisitions:

	Half-year ended 30 Sep 2010 $'000	Half-year ended 30 Sep 2009 $'000
Total purchase consideration	29,156	27,952
Less non cash consideration: issue of equity securities	-	(26,816)
Consideration and acquisition costs paid in cash	29,156	1,136
Less: cash and cash equivalents	(8,366)	(177)
	20,790	959

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2010

8. Acquisition and disposal of subsidiaries (continued)

(ii) Acquisition of subsidiaries (continued)

Goodwill arose in the business combinations because the cost of the combination included a control premium paid to acquire the businesses. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(iii) Disposal of subsidiary in the half year ended 30 September 2010

On 1 July 2010, the Group disposed of SWG Offshore Pty Limited. The consideration consisted of an upfront cash receipt of $3,000 thousand offset by a rise and fall adjustment of $630 thousand payable to the acquirer 12 months after completion, and a performance component of up to $4,000 thousand receivable 12 months after completion on satisfaction of certain conditions. At half year end, there is insufficient information to determine whether the performance component is receivable and is therefore attached a fair value of nil.

Details of the sale of the subsidiary:

	Half-year ended 30 Sep 2010 $'000	Half-year ended 30 Sep 2009 $'000
Consideration received: Cash and cash equivalents	3,000	-
Rise and fall adjustment	(630)	-
Net consideration	2,370	-
Carrying amount of net assets (including goodwill) sold	(1,783)	-
Gain on disposal	587	-
Income tax	-	-
Gain on disposal after tax	587	-
Net cash inflow on disposal:		
Cash and cash equivalents consideration	3,000	-
Less cash balance disposed of	(25)	-
	2,975	-

The sale has not been presented as a discontinued operation since SWG Offshore Pty Ltd was not a major line of business of the group.

9. Subsequent events

There has been no matter or circumstance that has arisen since the end of the half year, other than those referred to in the financial statements or notes thereto, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.