PROGRAMMED Group

ASX Release

Wednesday, 25 May 2011

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

Dear Sir,

APPENDIX 4E: YEAR ENDED 31 MARCH 2011

Please find attached the Appendix 4E containing details of the Programmed Group's results for the year ended 31 March 2011.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Stephen Leach
Company Secretary

PROGRAMMED MAINTENANCE SERVICES LIMITED

APPENDIX 4E

(ABN 61 054 742 264)

PRELIMINARY FINAL REPORT

For the year ended 31 March 2011

APPENDIX 4E – PRELIMINARY FINAL REPORT Results for Announcement to the Market
For the year ended 31 March 2011
(Previous corresponding period: year ended 31 March 2010)

				$'000
Revenue from ordinary activities (continuing and discontinued) *(Appendix 4E item 2.1)*	up	5.7%	to	1,227,570
Profit from ordinary activities after tax attributable to members (continuing and discontinued) *(Appendix 4E item 2.2)*	down	58.2%	to	10,428
Profit for the year attributable to members *(Appendix 4E item 2.3)*	down	58.2%	to	10,428

(Appendix 4E item 2.6)
During the year ended 31 March 2011, 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 year have been restated. The nature of the change in accounting policy and retrospective adjustments are shown in detail on pages 14 to 16.

The results for the year ended 31 March 2011 shown above are not directly comparable to the previous year ended 31 March 2010 due to the differing impacts of the following items which are described in the attached results commentary and financial report:
Year ended 31 March 2011
- *Restructuring costs incurred in the year ended 31 March 2011 ($5,866 thousand).*
- *The costs of exiting and sale of the United Kingdom painting business ($11,848 thousand, disclosed as discontinued operations).*

Year ended 31 March 2010
- *the acquisition of the KLM business on 22 January 2010 (two months' contribution)*

Dividends *(Appendix 4E item 2.4)*	**Amount per security (cents)**	**Franked amount per security (cents)**
Dividends paid		
Interim 2010 – 27 January 2010	3.0	3.0
Final 2010 – 27 July 2010	6.0	6.0
Interim 2011 – 27January 2011	3.0	3.0
Dividends to be paid		
Final 2011 – 27 July 2011	6.0	6.0

Record date for determining entitlements to the final dividend 2011.
(payment date of 27 July 2011)

8 July 2011

	31 March 2011 (cents)	**31 March 2010 (Restated) (cents)**
Net Tangible Assets per Ordinary Share	85.0	83.8

PRELIMINARY FINAL REPORT

Year ended 31 March 2011

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APPENDIX 4E - RESULTS COMMENTARY

YEAR ENDED 31 MARCH 2011

Programmed Group, which provides staffing, maintenance and project services, today announced earnings before interest, tax and amortisation (EBITA) of $48.0 million from continuing operations for the year ended 31 March 2011, before restructuring costs of $5.9 million. This compares with $58.0 million for FY2010 and our forecast in November 2010 of approximately $46 million.

In the second half, EBITA from continuing operations was $31.8 million (2H2010: $31.1 million) and after-tax profit from continuing operations was $17.5 million (2H2010:$14.1 million).

The company's after-tax profit from continuing operations for the full year was $22.2 million (FY2010: $25.8 million). The statutory after-tax profit from both continuing and discontinued operations was $10.4 million after a loss of $11.8 million resulting from exiting the UK business.

Revenue from continuing operations was $1,220 million, an increase of 6.8% over FY2010 ($1,142 million).

The board has determined to pay a fully franked final dividend of 6.0 cents per share, in line with the previous year, bringing dividends for the full year to 9.0 cents per share fully franked (FY2010: 9.0 cents). The final dividend will be paid on 27 July 2011 to shareholders on the register at 8 July.

Chris Sutherland, managing director of Programmed, said: 'We are pleased that the restructuring we have undertaken has resulted in a significant improvement in earnings for the second half. In particular, the changes in our Property Services business, where costs were reduced by $7.5 million on an annualised basis, have already had a substantial impact on the business' earnings.

'The group's improved performance in the second half followed a disappointing first half when earnings were impacted by weaker demand across retail and commercial markets and by reduced manning levels within our marine business due to an industrial dispute.

'With stronger demand projected for our services and a lower cost base in all three divisions than two years ago, we are expecting improved earnings in FY2012.'

Results commentary year ended 31 March 2011 (continued)

Group Results	Year ended 31 March 2011 $m	Year ended 31 March 2010[1] (Restated)[2] $m	% change
Continuing operations			
Revenue	**1,220.2**	**1,142.0**	**6.8%**
EBITDA (before restructuring costs)	60.2	70.6	(14.8%)
Depreciation	(12.2)	(12.6)	3.2%
EBITA (before restructuring costs)	**48.0**	**58.0**	**(17.3%)**
Restructuring costs	(5.9)	0.0	
EBITA	**42.1**	**58.0**	**(27.5%)**
Amortisation	(0.5)	(1.6)	68.8%
EBIT	**41.6**	**56.4**	**(26.3%)**
Net Interest	(13.7)	(17.1)	19.9%
Profit Before Tax	**27.9**	**39.3**	**(29.1%)**
Income Tax Expense[3]	(5.7)	(13.5)	57.8%
Profit From Continuing Operations	**22.2**	**25.8**	**(14.1%)**
Discontinued operations[4]	(11.8)	(0.9)	
Profit After Tax (statutory basis)	**10.4**	**24.9**	**(58.5%)**
Profit After Tax (pre amortisation)	10.9	26.5	59.1%
Earnings Per Share (pre amortisation)	**9.2**	**25.0**	**(63.3%)**
Earnings Per Share (continuing operations)	**18.8**	**24.3**	**(22.5%)**
Weighted Average Shares on Issue (million)	118.2	106.2	11.3%

[1] *FY 2010 results includes 2 months contribution from KLM Group*

[2] *FY 2010 results have been restated as a result of the change in accounting policy for painting programmes announced on 10 November 2010 and reclassification of discontinued operations*

[3] *FY 2011 includes $1.9m tax benefit from retrospective change in tax consolidation rules to allow additional deductions for assets acquired after 1 July 2002*

[4] *Discontinued operations comprise the United Kingdom painting business and include a loss of $3.2m attributable to transfer of a foreign curreny translation reserve to profit & loss*

Results commentary year ended 31 March 2011 (continued)

Revenue by division (continuing operations)	**First Half**		**Second Half**		**Full Year**	
	FY2011 $m	**FY2010[1,2] $m**	**FY2011 $m**	**FY2010[1,2] $m**	**FY2011 $m**	**FY2010[1,2] $m**
Property & Infrastructure	298.1	239.0	305.2	260.9	603.3	499.9
Resources & Industrial	103.5	147.6	110.0	118.7	213.5	266.3
Workforce	201.5	180.8	196.0	186.0	397.5	366.8
Total	**603.1**	**567.4**	**611.2**	**565.6**	**1,214.3**	**1,133.0**

[1] *FY 2010 results includes 2 months contribution from KLM Group*
[2] *FY 2010 results have been restated as a result of the change in accounting policy for painting programmes announced on 10 November 2010 and reclassification of discontinued operations*

EBITA[1] by division (continuing operations)	**First Half**		**Second Half**		**Full Year**	
	FY2011 $m	**FY2010[2,3] $m**	**FY2011 $m**	**FY2010[2,3] $m**	**FY2011 $m**	**FY2010[2,3] $m**
Property & Infrastructure	10.5	14.1	21.0	17.6	31.5	31.7
Resources & Industrial	4.3	12.3	10.0	10.3	14.3	22.6
Workforce	5.3	4.0	5.8	4.0	11.1	8.0
Unallocated	(3.9)	(3.5)	(5.0)	(0.8)	(8.9)	(4.3)
Total	**16.2**	**26.9**	**31.8**	**31.1**	**48.0**	**58.0**

[1] *Before restructuring costs*
[2] *FY 2010 results includes 2 months contribution from KLM Group*
[3] *FY 2010 results have been restated as a result of the change in accounting policy for painting programmes announced on 10 November 2010 and reclassification of discontinued operations*

Property & Infrastructure division

The Property and Infrastructure division includes the Property Services, KLM Electrical and Facilities Management businesses. The UK painting business' results are reported as discontinued operations.

The division's overall earnings were similar to FY2010, with improved performance by the Property Services business in the second half following a weak first half caused partly by customers' budget cuts and reluctance to commit to new expenditure. This improvement in Property Services' earnings follows restructuring initiatives during the year including:

- Reduction in overheads by $7.5 million per annum across Australia and New Zealand, leading to a restructuring charge of $3.5 million in 1H 2011
- Appointment of Steve Taylor, formerly CEO of the Facilities Management business, as CEO of the division to drive business improvement
- Introduction of additional programme models to meet customers' diverse requirements and lessen the impact of higher financing costs
- Change in accounting policy for painting programmes – using a prevailing rate of interest to determine the implicit rate of interest in contracts to reflect more appropriately the business' financial position and performance
- Improved internal systems and processes to improve commercial management and customer interaction and to lower administration costs
- Exit the loss-making UK painting business

Results commentary year ended 31 March 2011 (continued)

These changes positively impacted Property Services' results in 2H 2011, with the business achieving similar volumes to FY2010 but with a significantly lower cost base, resulting in an improved second half operating profit.

The KLM business outperformed expectations in its first full year contribution to group results, completing a number of profitable contracts. The acquisition of KLM has added to the group's capabilities and further opportunities exist to sell its electrical, communication, data and audio visual services to customers across the Property and Infrastructure division.

The Facilities Management business was impacted by reductions in expenditure and tighter budgets, although public housing contract wins resulted in similar revenue to the prior year and improved second half earnings. There is a healthy pipeline of opportunities to target through the next year.

Resources and Industrial division

The Marine Services business and the Construction & Maintenance business (formerly SWG) were combined to form the Resources and Industrial division in the first half of FY2011.

Marine manning levels were relatively low in the first half as the business recovered from a major industrial dispute in early 2010. Activity increased in the second half as a number of vessels were mobilised for projects which previously had been delayed, although some offshore construction work has been pushed out further into FY2012.

The restructure of SWG has been completed with the sale of the offshore contracting business to a third party and the merger of SWG's back office functions with those of the Marine business. This has resulted in a lowering of the fixed cost base by more than $5 million per annum and incurred restructuring costs of $2.3 million. While the business incurred a first half loss, the refocus of activities towards smaller maintenance and managed workforce opportunities, resulted in a return to profitability in the second half.

Workforce division

The staffing services division delivered a pleasing result on the back of tight cost control and improving demand for labour. Revenue growth was achieved on a lower fixed cost base while maintaining consistent gross margins throughout the year. The business will continue to benefit as the economy recovers and demand for labour grows, particularly in mining and infrastructure.

Discontinued operations – UK painting business

The company announced in May 2010 its intention to exit its loss-making UK painting business and booked a provision of $7.6 million in 1H2011 for the estimated cost after tax. The company completed most of the redundancies and restructuring before entering into a sale agreement with Hankinson Painting Group (UK) for the remaining painting contracts.

Under the terms of the sale agreement, Programmed will receive 80% of all contract recoverables collected up to 31 March 2014 and 50% of the balance of the contract recoverables still due at 31 March 2014. The after-tax loss of $11.8 million from the sale of the UK business includes a non-cash expense of $3.2 million relating to the realisation of a foreign currency translation reserve through profit and loss which was not foreseen in 1H2011.

Balance sheet and cash flows

Gross operating cash flow was lower than FY2010 as a result of lower earnings, restructuring costs, UK exit costs and increased working capital requirements. The ratio of gross cash flow to EBITDA (continuing and discontinued operations) was 69% compared with 83% in FY2010 due to the increase in working capital. Interest payments were lower due to the repayment of senior debt during the year.

Net debt at 31 March 2011 was $118.3 million compared with $106.6 million at 31 March 2010 due to the factors mentioned above. The net debt to equity ratio was 33.6% compared with 30.3%, well below the target of 40%.

Results commentary year ended 31 March 2011 (continued)

Board renewal

The chairman, Mr Geoff Tomlinson has advised the Board of his intention not to seek re-election at the forthcoming AGM. It is the intention of the Board to elect Mr Bruce Brook as chairman, on Mr Geoff Tomlinson's retirement.

The company thanks Mr Tomlinson for 12 years of dedicated service to the company since its listing in 1999.

The Board will seek a new director to join the Board over the next few months.

Business outlook for FY12

Demand in the retail, commercial and light industrial sectors remains tight. Whilst new opportunities are being developed with the government sector, many retail and commercial clients are cautious about their prospects and are restricting maintenance and project expenditure.

Demand in the resources sector has increased with additional offshore oil and gas opportunities forecast in FY2012.

The general staffing sector is recovering, with leading indicators pointing to increased labour demand, but small and medium size businesses generally remain cautious.

Overall, the group's earnings are expected to improve in FY2012, with stronger demand projected for its services and a lower cost base in all three divisions than two years ago.

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2011

	Note	2011 $'000	2010 (Restated) $'000
Continuing operations			
Revenue	3	1,220,183	1,141,964
Other income	4	3,776	2,350
Share of net loss of associate accounted for using the equity method		(394)	(379)
Changes in inventories of finished goods		16,296	5,478
Raw materials and consumables used		(120,667)	(76,490)
Employee benefits expense	4	(749,453)	(690,251)
Sub contractor expenses		(254,297)	(267,478)
Equipment and motor vehicle costs		(15,581)	(15,583)
Information technology and telecommunication costs		(7,115)	(5,988)
Other expenses		(37,722)	(22,130)
Earnings before interest, tax, depreciation and amortisation		55,026	71,493
Depreciation and amortisation expense	4	(12,668)	(14,198)
Earnings before interest and tax		42,358	57,295
Finance costs	4	(14,413)	(18,028)
Profit before income tax		27,945	39,267
Income tax expense	5	(5,669)	(13,513)
Profit for the year from continuing operations		22,276	25,754
Discontinued operations			
Loss from discontinued operations	13	(11,848)	(821)
Profit attributable to members of Programmed Maintenance Services Limited	9	10,428	24,933
		Cents	**Cents**
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share		8.8	23.5
Diluted earnings per share		8.8	23.1
From continuing operations:			
Basic earnings per share		18.8	24.3
Diluted earnings per share		18.7	23.8

Notes to the consolidated financial statements are included on pages 14 to 28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 $'000	2010 (Restated) $'000
Profit for the year	9	10,428	24,933
Other comprehensive income			
Exchange differences arising on translation of foreign operations	8	(2,616)	(6,454)
Gain on cash flow hedges taken to equity net of tax	8	1,018	4,512
Other comprehensive income for the year (net of tax)		(1,598)	(1,942)
Total comprehensive income for the year attributable to owners of the parent entity		8,830	22,991

Notes to the consolidated financial statements are included on pages 14 to 28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2011

	Note	2011 $'000	2010 * (Restated) $'000	1 April 2009 * (Restated) $'000
CURRENT ASSETS				
Cash and cash equivalents		29,595	48,167	38,229
Trade and other receivables		241,591	239,851	231,729
Other financial assets		5,048	-	-
Inventories		60,154	44,342	35,846
Current tax assets		732	1,072	3,881
Other		10,775	16,258	16,931
Total current assets		347,895	349,690	326,616
NON-CURRENT ASSETS				
Trade and other receivables		67,552	77,744	87,852
Inventories		13,667	10,930	7,907
Other financial assets		3,724	-	-
Property, plant and equipment		24,414	28,679	34,826
Deferred tax assets		18,750	17,760	20,476
Goodwill		238,397	240,945	221,076
Other intangible assets		12,650	11,886	12,625
Total non-current assets		379,154	387,944	384,762
TOTAL ASSETS		727,049	737,634	711,378
CURRENT LIABILITIES				
Trade and other payables		134,309	136,744	130,251
Borrowings		28,844	6,721	37,303
Current tax payable		2,827	3,934	1,751
Provisions		26,988	25,966	22,790
Total current liabilities		192,968	173,365	192,095
NON-CURRENT LIABILITIES				
Borrowings		119,087	148,025	178,170
Other financial liabilities		161	1,616	8,062
Deferred tax liabilities		54,897	54,945	58,681
Provisions		8,480	7,829	8,095
Total non-current liabilities		182,625	212,415	253,008
TOTAL LIABILITIES		375,593	385,780	445,103
NET ASSETS		351,456	351,854	266,275
EQUITY				
Issued capital	7	235,714	236,060	165,862
Reserves	8	(4,221)	(4,376)	(3,312)
Retained earnings	9	119,963	120,170	103,725
TOTAL EQUITY		351,456	351,854	266,275

* See note 1 for details regarding the change in accounting policy.

Notes to the consolidated financial statements are included on pages 14 to 28

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	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 year	-	-	-	-	-	24,933	24,933
Exchange differences arising on translation of foreign operations (note 8)	-	(6,454)	-	-	-	-	(6,454)
Gain on cash flow hedges (note 8)	-	-	-	-	4,512	-	4,512
Total comprehensive income for the year	-	(6,454)	-	-	4,512	-	(1,942)
Issue of shares (note 7)	70,056	-	-	-	-	-	70,056
Recognition of share-based payments (note 8)	-	-	-	1,020	-	-	1,020
Transfer from equity-settled employee benefits reserve (note 7)	142	-	-	(142)	-	-	-
Payment of dividends (note 11)	-	-	-	-	-	(8,488)	(8,488)
Restated balance at 31 March 2010	236,060	(11,300)	5,535	2,521	(1,132)	120,170	351,854
Restated balance at 1 April 2010	236,060	(11,300)	5,535	2,521	(1,132)	120,170	351,854
Profit for the year	-	-	-	-	-	10,428	10,428
Exchange differences arising on translation of foreign operations (note 8)	-	(2,616)	-	-	-	-	(2,616)
Gain on cash flow hedges (note 8)	-	-	-	-	1,018	-	1,018
Total comprehensive income for the year	-	(2,616)	-	-	1,018	-	(1,598)
Income tax related to share issue costs (note 7)	(346)	-	-	-	-	-	(346)
Recognition of share-based payments (note 8)	-	-	-	(1,405)	-	-	(1,405)
Disposal of subsidiaries (note 8)	-	3,158	-	-	-	-	3,158
Payment of dividends (note 11)	-	-	-	-	-	(10,635)	(10,635)
Balance at 31 March 2011	235,714	(10,758)	5,535	1,116	(114)	119,963	351,456

Notes to the consolidated financial statements are included on pages 14 to 28

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Receipts from customers [1]		1,346,497	1,291,670
Payments to suppliers and employees		(1,317,426)	(1,231,708)
Interest and other cost of finance paid		(14,853)	(20,460)
Income tax paid		(8,942)	(6,440)
Net cash provided by operating activities	15	5,276	33,062
Cash flows from investing activities			
Interest received		748	882
Payments for property, plant and equipment		(5,268)	(3,871)
Proceeds from sale of property, plant and equipment		2,405	6,576
Payments for development software		(1,136)	(1,757)
Payments for intangible assets		(891)	-
Payments for brands		-	(44)
Payments for businesses	12	(103)	(22,737)
Proceeds from sale of businesses	13,14	3,130	-
Net cash used in investing activities		(1,115)	(20,951)
Cash flows from financing activities			
Proceeds from borrowings		52,000	43,682
Repayments of borrowings		(71,088)	(106,236)
Dividends paid	11	(10,635)	(6,356)
Proceeds from issue of equity securities (net of costs)	7	-	67,084
Net cash used in financing activities		(29,723)	(1,826)
Net (decrease)/increase in cash and cash equivalents		(25,562)	10,285
Cash and cash equivalents at the beginning of the year		46,527	36,184
Effects of exchange rate changes on the balance of cash held in foreign currencies		(208)	58
Disposal of subsidiaries	13,14	(648)	-
Cash and cash equivalents at the end of the year		20,109	46,527
Reconciliation of cash			
Cash and cash equivalents per balance sheet		29,595	48,167
Bank overdrafts		(9,486)	(1,640)
Cash and cash equivalents per cash flow statement		20,109	46,527

Notes to the consolidated financial statements are included on pages 14 to 28

[1] Receipts from customers include interest revenue on long term maintenance contracts of $4,203 thousand (2010: $3,935 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2011

1. Significant accounting policies

Basis of preparation

This preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The preliminary final report contains the consolidated financial statements of Programmed Maintenance Services Limited and the entities it controlled at the end of, or during the year ended 31 March 2011.

The consolidated 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 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 report are consistent with those adopted and disclosed in the 2010 annual financial report except as noted below.

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

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 non-current assets	414,933	(26,989)	387,944
Total assets	764,623	(26,989)	737,634
Deferred tax liabilities	62,591	(7,646)	54,945
Total non-current liabilities	220,061	(7,646)	212,415
Total liabilities	393,426	(7,646)	385,780
Net assets	371,197	(19,343)	351,854
Retained earnings	139,513	(19,343)	120,170
Total equity	371,197	(19,343)	351,854

Group	31 Mar 2009 $'000	Increase/ (Decrease) $'000	1 April 2009 (Restated) $'000
Balance sheet (extract)			
Non-current trade and other receivables	113,667	(25,815)	87,852
Deferred tax assets	19,892	584	20,476
Total non-current assets	409,993	(25,231)	384,762
Total assets	736,609	(25,231)	711,378
Deferred tax liabilities	65,800	(7,119)	58,681
Total non-current liabilities	260,127	(7,119)	253,008
Total liabilities	452,222	(7,119)	445,103
Net assets	284,387	(18,112)	266,275
Retained earnings	121,837	(18,112)	103,725
Total equity	284,387	(18,112)	266,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

1. Significant accounting policies (continued)

Income statement for the year ended 31 March 2010:

Group	31 Mar 2010	Profit increase/(Decrease) Change in accounting policy	Reclassified as discontinued operations	31 Mar 2010 (Restated)
	$'000	$'000	$'000	$'000
Income statement (extract)				
Revenue from rendering of services	1,158,154	(5,693)	(19,523)	1,132,938
Income tax expense	(13,727)	527	(313)	(13,513)
Profit for the year from continuing operations	26,164	(1,231)	821	25,754
Loss from discontinued operations	-	-	(821)	(821)
Profit attributable to members of Programmed Maintenance Services Limited	26,164	(1,231)	-	24,933

Earnings per share

Group	31 Mar 2010	Impact of discontinued operations	Decrease	31 Mar 2010 (Restated)
	Cents	Cents	Cents	Cents
From continuing and discontinued operations:				
Basic earnings per share	24.6	-	(1.1)	23.5
Diluted earnings per share	24.2	-	(1.1)	23.1
From continuing operations:				
Basic earnings per share	24.6	0.8	(1.1)	24.3
Diluted earnings per share	24.2	0.8	(1.2)	23.8

2. Segment Information

Change in total assets

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

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 year ended 31 March 2011, 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 year ended 31 March 2011. Comparatives for the year ended 31 March 2010 have been restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

2. Segment Information (continued)

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

	Workforce		Property & Infrastructure		Resources & Industrial		Total continuing operations		Discontinued operations UK Painting		Consolidated	
	2011	2010	2011	2010 (Restated)	2011	2010	2011	2010 (Restated)	2011	2010	2011	2010 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue[1]	397,455	366,783	603,295	499,912	213,522	266,243	**1,214,272**	**1,132,938**	7,373	19,523	**1,221,645**	**1,152,461**
Segment result												
Earnings before interest, tax, amortisation, restructuring and unallocated costs	11,107	8,017	31,496[2]	31,718[2]	14,328	22,589	**56,931**	**62,324**	(12,408)	(854)	**44,523**	**61,470**
Unallocated costs							**(8,969)**	**(4,289)**	-	-	**(8,969)**	**(4,289)**
Earnings before interest, tax, amortisation and restructuring costs							**47,962**	**58,035**	(12,408)	(854)	**35,554**	**57,181**
Amortisation of contract intangibles							**(486)**	**(1,622)**	-	-	**(486)**	**(1,622)**
Restructuring costs							**(5,866)**	**-**	-	-	**(5,866)**	**-**
Earnings before interest and tax							**41,610**	**56,413**	(12,408)	(854)	**29,202**	**55,559**
Net finance costs							**(13,665)**	**(17,146)**	(187)	(280)	**(13,852)**	**(17,426)**
Profit/(loss) before tax							**27,945**	**39,267**	(12,595)	(1,134)	**15,350**	**38,133**
Income tax benefit/(expense)							**(5,669)**	**(13,513)**	747	313	**(4,922)**	**(13,200)**
Profit/(loss) for the year							**22,276**	**25,754**	(11,848)	(821)	**10,428**	**24,933**

[1] Segment revenue represents revenue from rendering of services to external customers.
[2] Property & Infrastructure results include interest revenue on long term maintenance contracts of $4,203 thousand (2010: $3,935 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

3. Revenue

An analysis of the Group's revenue for the year, from both continuing and discontinued operations, is as follows:

	2011 $'000	2010 (Restated) $'000
Continuing operations		
Revenue from rendering of services:		
Invoiced	1,217,188	1,142,928
Not yet invoiced		
- Change in amounts recoverable (note 6)	(11,710)	(9,012)
- Change in work in progress at recoverable value (note 6)	8,794	(978)
	1,214,272	1,132,938
Interest revenue		
- Other entities	748	882
- On long term maintenance contracts (note 6)	4,203	3,935
Rental revenue		
- Operating lease rental revenue	144	64
Other revenue	816	4,145
	1,220,183	1,141,964
Discontinued operations (note 13)	7,387	19,556
	1,227,570	1,161,520

4. Profit/(loss) for the year before income tax

(a) Gains and losses

Profit/(loss) for the year has been arrived at after crediting/(charging) the following specific gains and losses:

	Continuing [1]		Discontinued		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Gain on disposal of property, plant and equipment	827	2,676	112	14	939	2,690
Gain/(loss) on disposal of business	587	-	(7,704)	-	(7,117)	-
Fair value gains on other financial assets at fair value through profit or loss (note 14)	2,432	-	-	-	2,432	-
Net foreign exchange losses	(70)	(326)	-	-	(70)	(326)
	3,776	2,350	(7,592)	14	(3,816)	2,364

[1]Programmed incurred a number of non-recurring costs during the financial years that approximately offset the one off gains above, for the purpose of determining a trading result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

4. Profit/(loss) for the year before income tax (continued)

(b) Other expenses

Profit/(loss) for the year includes the following expenses:

	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Finance costs:						
Interest on bank overdrafts and loans	10,695	15,042	113	158	10,808	15,200
Interest on obligations under finance leases	1,078	937	27	52	1,105	989
Total interest expense	11,773	15,979	140	210	11,913	16,189
Other finance costs	2,640	2,049	47	70	2,687	2,119
Total finance costs	14,413	18,028	187	280	14,600	18,308
Depreciation of non-current assets						
- Property, plant and equipment	7,981	7,628	53	82	8,034	7,710
Amortisation of non-current assets						
- Finance lease assets	3,190	4,063	303	515	3,493	4,578
- Value of long term contracts acquired	486	1,622	-	-	486	1,622
- Value of development software and other	1,011	885	-	-	1,011	885
	4,687	6,570	303	515	4,990	7,085
Total depreciation and amortisation of non-current assets	12,668	14,198	356	597	13,024	14,795
Operating lease rental expenses:						
- Minimum lease payments	9,823	8,198	161	209	9,984	8,407
Employee benefit expense:						
- Defined contribution plans (superannuation contributions)	34,974	42,337	86	167	35,060	42,504
- Equity settled share based payments	(1,405)	1,020	-	-	(1,405)	1,020
- Other employee benefits	715,884	646,894	5,945	12,731	721,829	659,625
Total employee benefit expense	749,453	690,251	6,031	12,898	755,484	703,149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

5. Income taxes

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

	2011 $'000	2010 (Restated) $'000
Profit from continuing operations	27,945	39,267
Loss from discontinued operations	(12,595)	(1,134)
Profit from operations	15,350	38,133
Income tax expense calculated at 30%	4,605	11,440
Effect of amounts that are not deductible/(assessable) in determining taxable profit:		
Amortisation of intangibles	146	565
Non-deductible loss on disposal of businesses	2,135	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(297)	(198)
Benefit of tax losses not recognised	1,333	-
Tax consolidation deduction	(1,900)	-
Effect on deferred tax balances due to change in NZ corporate income tax rate from 30% to 28% effective 1 April 2011	(1,061)	-
Other sundry items	414	769
	5,375	12,576
Adjustments recognised in the current year in relation to the current tax of prior years	(453)	624
Income tax expense	4,922	13,200
Continuing operations	5,669	13,513
Discontinued operations (note 13)	(747)	(313)
	4,922	13,200

6. Contracts and work in progress at recoverable value

	2011 $'000	2010 (Restated) $'000
Contracts in progress		
Balance at the beginning of year	152,272	187,926
Impact of change in accounting policy	-	(27,573)
Restated balance at the beginning of year	152,272	160,353
Decrease in amounts recoverable: Continuing	(7,507)	(5,077)
(Decrease)/increase in amounts recoverable: Discontinued	(986)	3,885
Effect of foreign currency movements	(2,940)	(6,889)
Disposal of subsidiaries	(7,054)	-
Balance at the end of year	133,785	152,272
Categorised as:		
Current	66,460	74,596
Non-current	67,325	77,676
	133,785	152,272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

6. Contracts and work in progress at recoverable value (continued)

	2011 $'000	2010 (Restated) $'000
Work in progress		
Balance at the beginning of year	22,845	24,026
Increase/(decrease) in amounts recoverable: Continuing	8,794	(978)
(Decrease)/increase in amounts recoverable: Discontinued	(1,872)	578
Effect of foreign currency movements	(270)	(781)
Disposal of subsidiaries	(500)	-
Balance at the end of year	28,997	22,845
Categorised as:		
Current	15,330	11,915
Non-current	13,667	10,930
	28,997	22,845
Total contracts and work in progress		
Categorised as:		
Current	81,790	86,511
Non-current	80,992	88,606
	162,782	175,117

7. Issued capital

	2011 $'000	2010 $'000
118,169,908 fully paid ordinary shares (2010: 118,169,906)	235,714	236,060
Nil performance shares (2010: 2,000)	-	-
	235,714	236,060

	2011 No.'000	2011 $'000	2010 No.'000	2010 $'000
Ordinary shares				
Balance at the beginning of the year	118,170	236,060	98,981	165,862
Issue of shares for cash (net of costs)	-	-	18,389	67,084
Income tax related to share issue costs	-	(346)	-	840
Issue of shares under the Dividend Reinvestment Plan	-	-	754	2,132
Issue of shares under the Long Term Incentive Plan	-	-	46	142
Balance at the end of the year	118,170	235,714	118,170	236,060

	No.	$'000	No.	$'000
Performance shares				
Balance at the beginning of the year	2,000	-	-	-
Issued during the year	-	-	3,000	-
Converted during the year	(2,000)	-	(1,000)	-
Balance at the end of the year	-	-	2,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

7. Issued capital (continued)

Performance shares

As a result of the sale of SWG Offshore Pty Limited (refer note 14) 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 year 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.

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

8. Reserves

	2011 $'000	2010 $'000
Foreign currency translation reserve	(10,758)	(11,300)
Capital profits reserve	5,535	5,535
Equity settled employee benefits reserve	1,116	2,521
Hedging reserve	(114)	(1,132)
	(4,221)	(4,376)
Foreign currency translation reserve:		
Balance at the beginning of the financial year	(11,300)	(4,846)
Translation of foreign operations	(2,616)	(6,454)
Disposal of subsidiaries (note 13)	3,158	-
Balance at the end of the financial year	(10,758)	(11,300)
Capital profits reserve:		
Balance at the beginning and end of the financial year	5,535	5,535
Equity settled employee benefits reserve:		
Balance at the beginning of the financial year	2,521	1,643
Share-based payments	(1,405)	1,020
Transfer to issued capital	-	(142)
Balance at the end of the financial year	1,116	2,521
Hedging reserve:		
Balance at the beginning of the financial year	(1,132)	(5,644)
Gain recognised on cash flow hedges- Interest rate swaps	1,454	6,446
Income tax related to losses recognised in equity	(436)	(1,934)
Balance at the end of the financial year	(114)	(1,132)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

9. Retained earnings

	2011 $'000	2010 (Restated) $'000
Balance at the beginning of the financial year	120,170	121,837
Adjustment on change in accounting policy (net of tax)	-	(18,112)
Restated balance at the beginning of the financial year	120,170	103,725
Net profit attributable to members of the parent entity	10,428	24,933
Dividends provided for or paid (note 11)	(10,635)	(8,488)
Balance at the end of the financial year	119,963	120,170

10. Share-based payments

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

	Performance rights		Performance options	
	2011 No.	2010 No.	2011 No.	2010 No.
Balance at the beginning of the financial year	952,500	1,029,304	3,185,000	3,360,000
Granted during the financial year	759,000	25,000	-	100,000
Exercised during the financial year	-	(43,080)	-	(2,854)
Lapsed during the financial year	(715,000)	(58,724)	(1,368,000)	(272,146)
Balance at the end of the financial year	996,500	952,500	1,817,000	3,185,000

11. Dividends

	2011		2010	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% at 30% tax rate (2010: 100%)	6.0	7,090	5.0	4,949
Interim dividend – franked to 100% at 30% tax rate (2010: 100%)	3.0	3,545	3.0	3,539
	9.0	10,635	8.0	8,488
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% at 30% tax rate (2010: 100%)	6.0	7,090	6.0	7,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

12. Acquisition of businesses

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition $'000
2010				
KLM Group Ltd	Design, installation and maintenance of integrated electrical and communications systems.	22 January 2010	100	29,199

Acquisition of businesses in the financial year ended 31 March 2010
On 22 January 2010, 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 $954 thousand were paid in cash during the 2010 financial year with a further $103 thousand paid during the 2011 financial year.

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

	2011			2010		
	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
Trade and other receivables	-	-	-	19,630	-	19,630
Inventories	-	-	-	6,298	-	6,298
Other current assets	-	-	-	826	-	826
Non-current assets						
Property, plant and equipment	-	-	-	3,014	(564)	2,450
Deferred tax assets	-	-	-	1,454	-	1,454
Current liabilities						
Trade and other payables	-	-	-	(27,464)	-	(27,464)
Current tax payable	-	-	-	(463)	-	(463)
Provisions	-	-	-	(2,998)	(207)	(3,205)
Non-current liabilities						
Borrowings	-	-	-	(219)	-	(219)
Provisions	-	-	-	(202)	-	(202)
	-	-	-	8,242	(771)	7,471
Goodwill arising on acquisition			103			21,625
Total consideration			103			29,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

12. Acquisition of businesses (continued)

Net cash flow on acquisitions:

	2011 $'000	2010 $'000
Consideration and acquisition costs paid in cash	103	29,096
Less: cash and cash equivalent	-	(8,366)
	103	20,730

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.

The acquired businesses contributed revenues of $30,279 thousand and net profit of $444 thousand to the Group for the period from 22 January 2010 to 31 March 2010.

It was impracticable to determine what the revenue and profit for the Group would have been had the acquisition occurred on 1 April 2009.

13. Discontinued operations

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 preceding 18 months, it proposed to exit its United Kingdom painting business. The business, consisting of Programmed Maintenance Services (UK) Limited and its subsidiaries was disposed of on 14 February 2011.

	2011 $'000	2010 $'000
Loss for the year from discontinued operations		
Loss of the business for the year	(3,560)	(821)
Loss on disposal of the business	(8,288)	-
	(11,848)	(821)
The following were the results of the business for the year:		
Revenue from rendering services	7,373	19,523
Other revenue	14	33
Other income	112	14
Operating expenses	(11,847)	(19,827)
Depreciation and amortisation expense	(356)	(597)
Finance costs	(187)	(280)
Operating loss before tax	(4,891)	(1,134)
Income tax benefit	1,331	313
Loss after tax	(3,560)	(821)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

13. Discontinued operations (continued)

Cash flows from discontinued operations

	2011 $'000	2010 $'000
Net cash flows from operating activities	(2,313)	(2,635)
Net cash flows from investing activities	608	(7)
Net cash flows from financing activities	(6,204)	1,201
Net cash flows	(7,909)	(1,441)

The carrying amounts of assets and liabilities as at the date of disposal (14 February 2011) are as follows:

Cash and cash equivalents	623	-
Trade and other receivables	9,228	10,685
Inventories	500	2,355
Current tax assets	179	61
Property, plant and equipment	-	1,005
Goodwill	-	1,978
Deferred tax assets	1,322	806
Total assets	11,852	16,890
Trade and other payables	7,359	2,853
Borrowings	-	7,591
Total liabilities	7,359	10,444
Net assets	4,493	6,446

Details of the sale of business

Consideration received: Cash and cash equivalents	130	-
Consideration receivable	362	-
Carrying amount of net assets sold	(4,493)	-
Foreign currency translation reserve transferred to profit and loss	(3,158)	-
Goodwill written off	(1,961)	-
Other fair value adjustments	1,416	-
Loss on disposal	(7,704)	-
Income tax expense	(584)	-
Loss on disposal after tax	(8,288)	-
Net cash outflow on disposal:		
Cash and cash equivalents consideration	130	-
Less cash and cash equivalents disposed of	(623)	-
	(493)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

14. Disposal of subsidiary

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 year end, the Group has calculated a fair value of $2,432 thousand for the performance component. The Group has therefore recorded a financial asset at fair value through the profit or loss for that amount and a corresponding gain in the income statement in the 2011 financial year (note 4)

Details of the sale of the subsidiary:

	2011 $'000	2010 $'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 March 2011

15. Note to the consolidated statement of cash flows

Reconciliation of profit for the year to net cash flows from operating activities

	2011 $'000	2010 (Restated) $'000
Profit for the year	10,428	24,933
Gain on sale of non-current assets (note 4)	(939)	(2,690)
Loss on disposal of business (note 4)	7,117	-
Depreciation and amortisation of non-current assets (note 4)	13,024	14,795
Interest income received and receivable (note 3)	(748)	(882)
Equity settled share-based payments (note 4)	(1,405)	1,020
Change in net current tax balances	(945)	5,346
Change in deferred tax balances	(2,667)	434
Changes in net assets and liabilities, net of effects of acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables	(5,476)	9,395
Current inventories	(16,312)	(4,676)
Other current assets	5,301	5,536
Non-current receivables	4,422	10,108
Non-current inventories	(2,737)	(3,023)
Increase/(decrease) in liabilities:		
Current payables	(1,916)	(3,132)
Current provisions	1,022	596
Other current liabilities	(3,544)	(24,567)
Non-current provisions	651	(131)
Net cash from operating activities	5,276	33,062

16. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the 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.

17. Other information

Information on audit
This report is based on accounts which are in the process of being audited.