PROGRAMMED Group

ASX Release

5 August 2011

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

Dear Sir,

2011 Annual General Meeting
Chairman's and Managing Director's Addresses

Please find attached the addresses to be given by the Chairman, Mr. Geoff Tomlinson, and the Managing Director, Mr. Chris Sutherland, at the Annual General Meeting to be held in Melbourne later this morning.

Yours faithfully,

K. Nadebaum

Katina Nadebaum
Company Secretary

PROGRAMMED Group

CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING
5 AUGUST 2011

Good morning ladies and gentlemen.

It is my pleasure to welcome you to the twelfth Annual General Meeting of Programmed Maintenance Services Limited as a listed company.

This morning, I will give you an overview of Programmed's performance and our outlook for the year ahead. I'll then hand over to our managing director, Chris Sutherland, and after Chris speaks, there will be an opportunity for discussion on any matter related to our business.

This is your company's 60th year. It was founded in 1951 as a Victorian painting company. Since that time, we have grown our business through expansion and mergers and acquisitions. Today Programmed provides staffing, maintenance and project services across Australia and New Zealand and has three divisions – Property & Infrastructure, Resources & Industrial, and Workforce. We employ more than 10,000 skilled and semi-skilled staff and tradespeople directly, and our staffing services are supported by an active database of about 60,000 people.

2011 performance

Let me now turn to the company's performance. Your directors are pleased to report that Programmed remains in good shape, with improved prospects in the coming year. This follows a difficult year, when in the first half, demand for property services fell and there was reduced demand for our offshore oil and gas services due to an industrial dispute.

Group revenues from continuing operations rose by 7% to $1.2 billion. The KLM electrical business acquired in January 2010 made a positive contribution to the full year results. This sound sales performance, despite weakness in significant parts of the economy, demonstrates the strengths provided by the group's strategy and diversity.

Programmed's first half earnings were affected by reduced demand for property services, in contrast to the prior year, when we benefited greatly from federal government-funded stimulus work.

We responded by reducing the annual costs of the property services business by $7.5 million, appointing new management and revitalising the service offering. We addressed the impact of higher finance costs which had made existing programmes less profitable, and changed the accounting policy for painting programmes to reflect more appropriately the business' financial position and performance. The resulting restructure was the catalyst for a significant improvement in the second half.

The SWG engineering services operation was also restructured. This included selling its offshore contracting business to a third party, and merging the construction and maintenance business with the marine business. This resulted in an annual saving of more than $5 million.

Programmed exited the UK business during the year with an after-tax loss of $11.8 million, which included the effects of the significant appreciation of the Australian dollar against the pound sterling.

Along with improved demand in the offshore oil and gas sector, this helped the group achieve full year earnings before interest, tax and amortisation (EBITA) of $48 million from continuing operations, before restructuring costs. The group result was slightly above the guidance last November and 17% below the 2010 financial year's EBITA. Second half EBITA from continuing operations, at $31.8 million, exceeded our 2010 financial year's second half result of $31.1 million.

Net profit from continuing operations was $22.2 million, down just 14% on the prior year despite the weak first half. Interest expenses were lower due to reduced [average gross] debt, and taxation was lower due to changes to tax consolidation rules.

The group's statutory profit after tax was $10.4 million after the UK exit loss of $11.8 million.

We continue to enjoy strong relationships with our banks and are in negotiations to renew our current facility.

Dividend

I am pleased to report that a final dividend of 6 cents a share was paid to shareholders in July bringing total dividends to 9 cents a share fully franked for the year, the same as for the previous year.

As reported at last year's AGM, several capital management initiatives were introduced to reduce debt. These initiatives worked well, although with growth in two of the three divisions' operations, working capital requirements increased. In addition, we funded the exit from the UK and the restructuring of the property services business. As a result, our gearing level rose slightly to 33%, which is comfortably below the board's target of 40%.

Following improvement in balance sheet strength and maintaining the 50% dividend payout ratio, the dividend reinvestment plan continues to be suspended.

AGM resolutions

There are four items of business that we need to consider today. I will ask you to vote on these resolutions later in this AGM. These items regard the financial statements and the remuneration report, followed by the re-election of a director and the grant of performance rights to the managing director.

Explanatory notes to each of these resolutions were sent to you in the notice of meeting and I will be happy to take questions on these resolutions in the formal part of the meeting.

Regarding the grant of performance rights, your directors - with the exception of Chris Sutherland, who was excluded from these discussions - believe that the continued success of the company will depend in large measure on the skills, motivation and leadership of the managing director in overseeing the management of the company's operations and strategy.

Your directors took into account the nature of the managing director's position, the function and purpose of the long-term incentive component of the company's remuneration strategy, benchmarking against the practices of its Australian peer companies and other relevant information provided by external remuneration consultants.

Your directors consider that the grant of these performance rights is an appropriate form of remuneration and is part of a reasonable remuneration package.

In the non-executive directors' view, it is in the best interests of shareholders to approve the share based long-term incentive arrangement for the company's managing director because it appropriately aligns his remuneration with shareholder returns. The company must achieve significant performance improvement for the long-term incentive components to become exercisable. The non-executive directors therefore recommend that shareholders approve this resolution.

Chairman's retirement and succession

It is with a little sadness that I am retiring from this company after 12 years as its Chairman. I have been fortunate to have worked in that time with many dedicated directors and managers, past and present. At the same time I have had the pleasure of seeing our business grow to its current size through the committed and selfless efforts of its employees. In that time I have also met many of our shareholders, many of whom have loyally supported us through the tough times and the good times.

It is therefore with some sadness and a considerable degree of pride that I will now be passing the chair of this company to the more than capable hands of your new Chairman, Bruce Brook. He is a highly experienced and capable director with particular knowledge of the mining industry, and a director of Programmed since June 2010. I am pleased to leave the chair of this company in such good hands.

Outlook

In this early stage of the 2012 financial year our business overall is trading in line with budget.

Our budget assumes growth in Property and Infrastructure division earnings supported by the benefit of costs taken out last year.

Our Resources and Industrial division budget assumes growth in revenue and earnings with the benefit of strong market conditions and work in hand.

Our Workforce division budget assumes growth in revenue and earnings arising from a tightening labour market and growing demand in resources and major infrastructure.

Since we reported in May 2011;

- the external business environment has remained challenging, and demand in the retail, commercial and light industrial sectors continues to be tight;
- our work volumes in the resources sector have increased and we expect additional offshore oil and gas opportunities later this year; and
- in the general staffing sector, whilst leading indicators point to increased labour demand, recent internal indicators would indicate flat conditions over the past few months.

Conclusion

Ladies and gentlemen, our team is continuing to respond appropriately to the challenges thrown at us by the external business environment, and I am confident that I leave the company in good hands and with a strong future.

Before I conclude and hand over to Chris, I would like to thank him and his entire team for their support and commitment to customers and shareholders and look forward to watching the company continue to grow over the next few years.

I would also like to thank our shareholders for their continuing support.

Geoff Tomlinson
Chairman

MANAGING DIRECTOR'S ADDRESS TO THE ANNUAL GENERAL MEETING 5 AUGUST 2011

This year Programmed is celebrating its 60th anniversary.

Most businesses which started in 1951 did not make the next century. We have survived many challenges over these 60 years because, while demand for our services can vary with the economy, in the main they are always required. After managing our way through the global financial crisis and recent difficult economic conditions, we believe Programmed is well positioned to prosper during the next 60 years.

Our Company today

Today, we have over 10,000 employees in three divisions, helping us progress towards our vision of becoming a leading provider of staffing, maintenance and project services, without injury.

We have over 100 branches throughout Australia and New Zealand, and nearly 40% of our revenue comes from Western Australia where all our business units operate.

The services we provide are central to some of the major energy, resources and infrastructure projects in Australia and also touch the lives of many people. For example, we are working on oil and gas platforms and driving iron ore trains for major resource companies. We are repairing water infrastructure; painting school buildings; maintaining gardens at universities; and fitting the electrical system for a new hospital. We are also rebranding stores for major supply and hire companies; refurbishing supermarkets for major retailers; and driving forklifts for major beverage companies.

Our business is built around the provision of people. Customers contract our staffing service, a task-based service or a complete management or maintenance solution, often under a long-term contract.

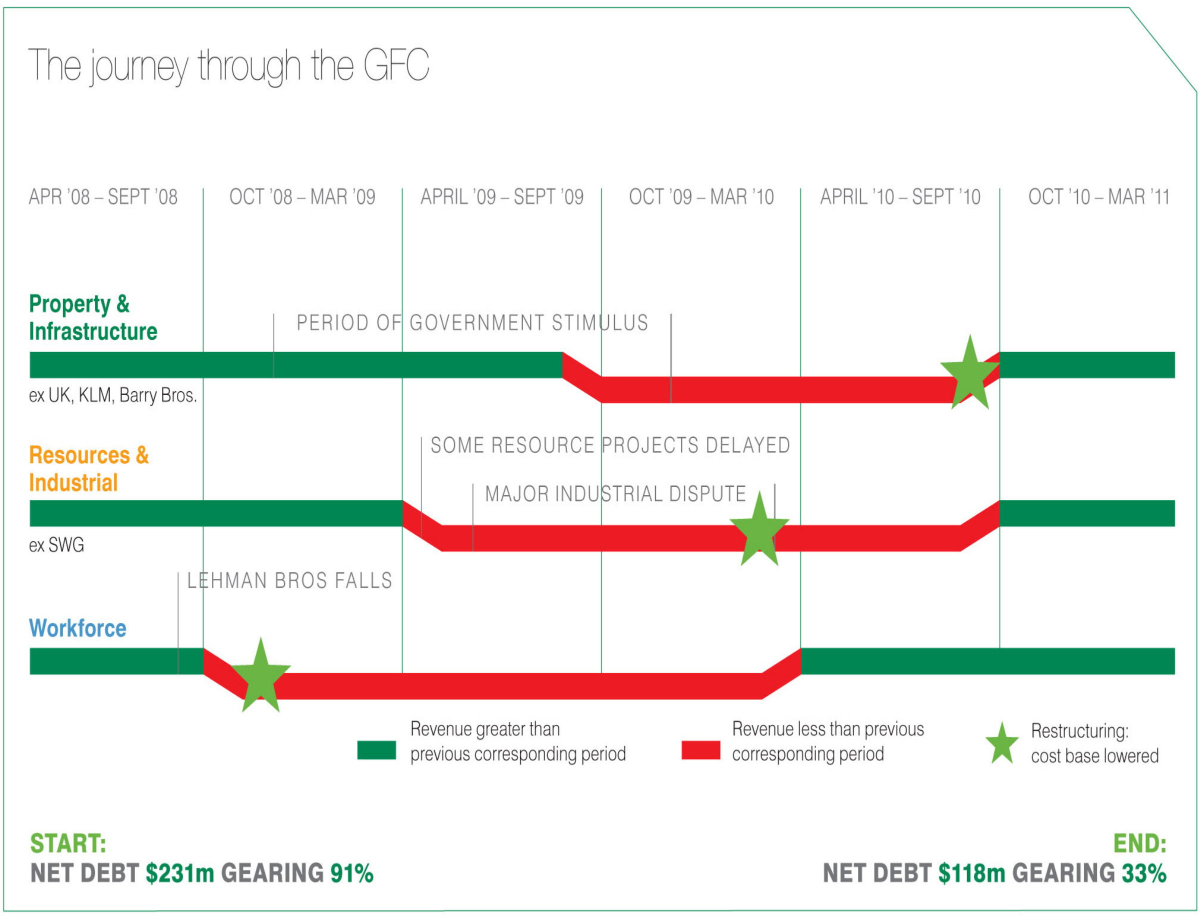
Each client has its own reasons for outsourcing this work. Some do not have the technical or management know-how; others value our HR or industrial relations experience; and some do not want to take the risk of employing additional staff or can't find the necessary people.

We are positioning our services to benefit from the challenges our customers are facing today, which are very different from those they faced only five years ago. Workplace laws have changed and have greater complexity; tightened visa requirements have made it more difficult to bring workers from overseas; and businesses must restructure as a result of the high Australian dollar, the trend towards online sales and the impacts of a carbon tax.

Our recent challenges

To place Programmed's FY11 results in context, it is important to understand the company's journey since its merger with Integrated in 2007, and the strength that its diversity of earnings has provided during a period of significant economic challenges.

The diagram below illustrates this journey over the past three years.



For the half year to 30 September 2008, before the collapse of Lehman Bros and the onset of the global financial crisis, each division increased its revenue over the prior corresponding period and the group achieved a record result.

Then, from October 2008, the Workforce division's revenue fell sharply. An immediate restructure reduced costs significantly to maintain profitability, and revenue has grown again as the economy has recovered in the past year.

The Resources & Industrial division continued to perform strongly in the second half of FY09 due to work committed prior to the onset of the GFC, but a number of projects were suspended or deferred and a major industrial dispute resulted in lower marine revenue throughout FY10 and the first half of FY11. We restructured the division and lowered its cost base by $5 million in early FY11, and marine revenue increased in the second half of FY11 and is expected to continue to grow over the next 12 months.

The Property & Infrastructure division received significant government stimulus work throughout the second half of FY09 and first half of FY10, leading to increased revenue (excluding acquisitions and disposals) despite the economic downturn that was affecting our Workforce division. It was not until the first half of FY11 that we saw a fall in demand for our services, almost 18 months after the onset of the GFC. We restructured the division in FY11 and lowered our cost base by $7.5 million, as well as completing the exit from the UK market where difficult economic conditions continue. The second half of FY11 produced a significant recovery with revenue slightly above the prior corresponding period.

Thus we have managed each division through a period of lower demand. We have reduced costs and all three divisions are poised to take advantage of stronger demand for services, particularly from resources and infrastructure investment over the coming years.

Diversification to a wider range of industry sectors has allowed the company to manage itself through the economic downturn without incurring a loss in any one year, while reducing net debt from $231 million at 31 March 2008 to $118 million at 31 March 2011 and gearing from 91% to 33% over the same period.

Our strategy

Our core strategy is based around selling more services to customers, increasing our penetration of the resources and energy sectors, and expanding our share of the staffing services market.

Our Property & Infrastructure division, which contributed 65% of earnings last year, has strong positions in its markets, and we believe there is scope to broaden the range of services we offer, as well as increase our sales across all our customers. The proposed carbon tax will also provide opportunities as more companies focus on reducing their carbon footprint; we expect that our electrical services business, in particular, will benefit and we are making plans to capture a share of this work.

Our Resources & Industrial division has many opportunities. We see first-hand the current strength of the resources sector versus the rest of the economy and plan to capture further benefit from it over the next year. We recognise, however, the boom and bust nature of the commodity cycle and will exercise caution to ensure we maintain our current diversity of earnings across sectors.

Changes to workplace laws are presenting both opportunities and threats to our Workforce division and the broader outsourcing market. These laws have made it possible to place restraints on casual labour within new employment agreements, and there are claims that long-term contracting arrangements should be regarded as direct employment under the new laws. Some of the largest companies, therefore, may favour direct employment, while mid-size and small companies may decide to increase outsourcing to avoid new HR and administrative challenges. Thus, we have strengthened our HR and industrial relations capabilities and believe these will differentiate Programmed in both the staffing and maintenance service markets across all industry sectors.

Health, safety and environment (HSE)

We had a disappointing year with the tragic fatality of a long-standing employee in our property services business. Our thoughts remain with our former work colleague and his family and we have put in place measures to support the family. Our resolve to achieve our goal of zero harm across all operations has never been stronger.

We have recently added the words…..”without injury” to our vision. This is not to say we weren’t trying to work without injury in the past, but we felt we must make a more visible statement to our shareholders, staff and customers.

While statistically our LTIFR (Lost Time Injury Frequency Rate) improved on the prior year as a result of significant effort across many parts of our business, our management team knows that a daily focus on key risks and avoidance of major incidents are a key requirement if we are to avoid another serious injury or fatality.

We are investing in a group-wide HSE reporting and administrative system to drive consistency and improve our HSE performance across all businesses. This is already operating in the property services business and will replace existing systems progressively in all other businesses.

Group results

The diversity of our operations across sectors enabled us to maintain the group's sales revenue in the year to 31 March 2011 despite weakness in many parts of the economy.

First half earnings were disappointing due to weaker demand across retail and commercial markets and reduced manning levels in our marine business, but there was a strong improvement in the second half, reflecting the restructuring we have undertaken during the past two years throughout our operations. In particular, the changes in our property services business at the end of 2010 resulted in a significant turnaround in the Property & Infrastructure division's earnings, and demand for our marine services recovered strongly. Overall, second half earnings from continuing operations were marginally above the previous year.

Property & Infrastructure

The restructuring of our Property & Infrastructure operations – which include property services, electrical services and facilities management – included consolidation under one leader and coordination of sales and marketing across the division. The division's overall earnings were similar to the previous year; improved performance by the property services business in the second half followed a weak first half caused partly by customers' budget cuts and reluctance to commit to new expenditure.

As a result of the restructuring, the property services business' overheads were reduced by $7.5 million per annum and there was a one-off cost of $3.5 million. The accounting policy for painting programmes was changed to increase the transparency of the business' financial position and performance, and internal systems and processes were strengthened to improve commercial management and customer interaction and to lower administration costs. Additional programme models were also introduced to meet customers' diverse requirements, and customer feedback on these to date has been positive.

Our electrical services business outperformed expectations in its first full year contribution to group results, completing a number of profitable contracts. The acquisition of KLM in January 2010 has added to the group's capabilities, and further opportunities exist to sell its electrical, communication, data and audio-visual services to our customers.

The facilities management business was impacted by reductions in expenditure and tighter budgets, although public housing contract wins resulted in similar revenue to the previous year and improved second half earnings. There is a healthy pipeline of infrastructure opportunities which we are targeting.

To capture a greater share of work across our customer base, we have introduced a range of processes including a group-wide customer referral scheme. We are also developing a new customer relationship management (CRM) system and adopting training initiatives to improve our sales culture and help our sales force increase its productivity.

As announced in May 2010, we exited our loss-making UK painting business, leading to an after-tax loss of $11.8 million. The remaining painting contracts were sold and we 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 that date.

Resources & Industrial

The Resources & Industrial division combines our marine services business and our construction and maintenance business (formerly SWG).

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 was postponed into the current year.

We are entering a period of unprecedented demand for marine services supporting offshore oil and gas development. Our challenge will be to meet the manpower requirements and we are training people and seeking to bring further people from overseas.

The restructure of SWG was completed with the sale of its offshore contracting business and the merger of SWG's back office functions with those of the marine business. This lowered fixed costs by more than $5 million per annum and incurred restructuring costs of $2.3 million. While the business incurred a loss in the first half, it returned to profitability in the second half following increased focus on smaller maintenance and managed labour opportunities. We believe that margins will increase as the labour market tightens and that our maintenance activities in the onshore resources market will grow.

Workforce

The staffing services division delivered a pleasing result on the back of tight cost control and improved demand for labour. Revenue increased on a lower fixed cost base and margins were maintained throughout the year.

Workforce is a market leader in the staffing services sector. Its branch network was strengthened during the year with a new branch in Gladstone, Queensland to enable us to participate in economic growth in the area as LNG construction work progresses.

The business will continue to benefit as the economy recovers and demand for labour grows, particularly in mining and infrastructure. Meanwhile we are sourcing more candidates to fill the increasing order book we expect from the mining and construction sectors during the next few years.

Cash flow

Gross operating cash flow was below the previous year as a result of increased working capital requirements for the Workforce and Resources & Industrial divisions, lower group earnings, restructuring costs and the cost of exiting the UK business. The ratio of gross cash flow to earnings before interest, tax, depreciation and amortisation from both continuing and discontinued operations was 69% compared with 83% in FY2010 due to the increase in working capital. Interest payments were lower following repayment of senior debt during the year.

Board

Our Chairman, Geoff Tomlinson, recently advised he had decided to retire at August's annual general meeting. Geoff has chaired the Board since Programmed listed in 1999 and has made a significant contribution to the company over this period. I personally thank him for his guidance and support over the past three years during a challenging period.

Our Year Ahead

Now looking ahead at what will be an exciting year for Programmed.

A year when we can put behind us the market impacts of the economic downturn and join all members of the group under one banner, and one team, to deliver our vision for the company.

There are many elements of our plan that are coming together this year.

Firstly, we must reduce our injuries further and chase harder than ever before our goal of zero harm.

To assist, our new common safety and environmental reporting system started operating on 1 April and is being rolled out across all businesses. We will have real time, common and consistent data across the entire company's operations. We have set in place now a number of common behaviour requirements to drive a new standard of safety culture and leadership across the company.

Secondly, achievement of budget, improved forecasting and control of fixed costs are at the centre of better financial management. We are on budget at the end of the first quarter and will maintain a tight operational focus.

Thirdly, we are focusing on growing sales with a significant strategic plan to "mine our customer base". Our customer base is an asset that few competitors can match across Australia and New Zealand. A key aspect of this plan is to align all our businesses under one master, refreshed brand. We will launch this in a few weeks backed by a significant marketing campaign. This will enable greater cross promotion of services, more efficient marketing investment and align all staff with a single vision for the organisation. We have within our sights, a significant pipeline of opportunities and increasingly major customers are looking for Programmed to step up and take a bigger role in supporting their own operations.

And finally, we have never planned a greater investment in our people than in the next 12 months. A major program to train all our managers a broader range of common skills is underway. Our internal "Momentum" program, where we bring together selected future leaders and teach them a series of topics in various locations, is now running its second tranche. Updated frontline supervisor training is planned in each state over the next 6 months.

Thank you

I thank our entire team for their spirit and commitment during a challenging year when they have had to face many changes. Thanks to their hard work, Programmed is a far stronger group than a year ago and we are confident we have the management, strategy and balance sheet to deliver increased returns for our shareholders.

Chris Sutherland
Managing Director