PROGRAMMED

PROGRAMMED MAINTENANCE SERVICES LIMITED

ABN 61 054 742 264

HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

APPENDIX 4D – HALF YEAR REPORT

Results for announcement to the market

For the half-year ended 30 September 2012
(Previous corresponding period: half-year ended 30 September 2011)

				$ '000
Revenue from ordinary activities (continuing and discontinued) *(Appendix 4D item 2.1)*	up	16.2%	to	757,717
Profit from ordinary activities after tax attributable to members (continuing and discontinued) *(Appendix 4D item 2.2)*	up	6.2%	to	12,330
Profit for the period attributable to members *(Appendix 4D item 2.3)*	up	6.2%	to	12,330

The results for the half-year ended 30 September 2012 shown above are not directly comparable to the previous half-year ended 30 September 2011 due to the differing impacts of the following items which are described in the attached results commentary and financial report:

- *Acquisition of Turnpoint group on 4 April 2012.*

Dividends/distributions *(Appendix 4D item 2.4)*			Amount per security (cents)	Franked amount per security (cents)
Interim dividend determined			5.0	5.0
Previous corresponding period			5.0	5.0

Record date for determining entitlements to the dividend: 9 January 2013

(payment date of 25 January 2013)

The dividend reinvestment plan will remain suspended.

			30 September 2012 (cents)	30 September 2011 (cents)
Net Tangible Assets per Ordinary Share			97.4	91.4

HALF YEAR FINANCIAL REPORT

Half-year ended 30 September 2012

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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 2012 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 Securities Exchange.

RESULTS COMMENTARY

First half NPAT $12.3 million, up 6%

- Revenue up 16%
- EBIT before restructuring costs down 10%
- Strong performance by Resources division; margins lower in other divisions
- Previous guidance of moderate net profit growth for the full year maintained
- Interim dividend 5 cents per share, fully franked, same as prior year

Programmed (ASX:PRG), which provides staffing, maintenance and project services, today announced an after-tax profit of $12.3 million for the six months to 30 September 2012, an increase of 6% over the first half of FY2012 ($11.6 million).

Revenue was up 16% to $757.7 million, with strong growth by the Resources division. While the Property & Infrastructure and the Workforce divisions both increased their revenue, their margins and earnings were lower due to difficult market conditions. As a result, the group's earnings before interest and tax (EBIT) were 15% lower at $20.4 million. Before the restructuring costs of $1.2 million, EBIT was 10% lower at $21.6 million.

Interest paid was down 30% to $5.1 million due to strong cash flow, lower debt and lower rates on the new bank facilities negotiated in October 2011. Income tax was $3.0 million, down from $5.0 million in the first half of FY2012 due to a benefit of $1.7 million from tax losses carried forward from previous years.

The board has determined to maintain the interim dividend at 5.0 cents per share fully franked, payable on 25 January 2013 to shareholders on the register at 9 January.

Chris Sutherland, managing director of Programmed, said: 'This result again demonstrates the strength of Programmed's business model, providing services across all industry sectors. While market conditions in the retail, manufacturing, light industrial and transport sectors have remained weak and the building and non engineering construction sector has weakened considerably since the beginning of this calendar year – as reported at our annual general meeting in August – we have continued to achieve strong growth in the offshore oil and gas sector'.

'With margins under pressure in our Property & Infrastructure and Workforce divisions, and wage inflation exceeding CPI in some sectors, we have taken steps to reshape the two divisions and reduce their cost bases, as signalled at the annual general meeting. This has resulted in savings totalling approximately $6 million annualised, which will benefit the second half, and a restructuring charge of $1.2 million before tax'.

RESULTS COMMENTARY (CONTINUED)

Outlook

'For the year to 31 March 2013, we maintain our original projection, which was confirmed at our AGM in August, of moderate net profit growth,' said Mr Sutherland. 'All three divisions are expected to report stronger earnings in the second half than in the first half, with the Property & Infrastructure division benefiting from its typical seasonal increase in work and a lower cost base, the Workforce division benefiting from a lower cost base and the Resources division likely to have increased offshore oil and gas activity. Our projection assumes there is no further weakening in some of the Property & Infrastructure and Workforce divisions' major markets.'

Group Results	1H FY13 30 Sep 2012 $m	1H FY12 30 Sep 2011 $m	% change
Revenue	**757.7**	**652.3**	**16%**
EBITDA (before restructuring costs)	**27.9**	**29.5**	**(5%)**
Depreciation and Amortisation	(6.3)	(5.6)	(13%)
EBIT (before restructuring costs)	**21.6**	**23.9**	**(10%)**
Restructuring costs	(1.2)	0.0	
EBIT	**20.4**	**23.9**	**(15%)**
Interest	(5.1)	(7.3)	30%
Profit Before Tax	**15.3**	**16.6**	**(8%)**
Income Tax Expense[1]	(3.0)	(5.0)	
Profit After Tax	**12.3**	**11.6**	**6%**
Earnings Per Share	**10.4**	**9.8**	**6%**
Weighted Average Shares on Issue (million)	118.2	118.2	

[1] *1H FY13 includes $1.7m tax benefit from utilisation of tax losses carried forward from prior years*

Property & Infrastructure	1H FY13 30 Sep 2012 $m	1H FY12 30 Sep 2011 $m	% change
Revenue	372.1	321.6	16%
EBIT	8.3	12.3	(33%)

The Property & Infrastructure division consists of Programmed's Property Services business, the KLM electrical and communication business and the Facility Management business.

Margins in the Property Services business in Australia and in the KLM business were affected by the downturn in the building and construction sector, which led to increased competition from building contractors seeking to maintain volumes. In response, the cost base of these two businesses has been reduced by $5 million annualised.

In addition to margin pressure, KLM's performance suffered from industrial disputes and other factors at major building projects in Melbourne and Brisbane which caused delays and cost over-runs. A number of contract claims have been made that will lead to the recovery of some of these extra costs but, while the full cost has been booked in the first half, a conservative approach has been adopted and full recovery has not been assumed.

RESULTS COMMENTARY (CONTINUED)

Turnpoint, which was acquired in April 2012 and which provides landscaping, construction and maintenance services for golf courses, horse race courses and sports stadia, contributed earnings of $1.2 million, in line with expectations.

Importantly, lower demand for painting maintenance programmes reduced contract recoverables, releasing approximately $10 million during the half year for investment in other parts of the group. While current economic conditions have reduced demand for painting maintenance, the painting business is seeking new opportunities while continuing to monetise contract recoverables, which totalled $120 million at 30 September 2012.

The Facility Management business performed well, with substantial increases in revenue and earnings. The WA Water Corporation work is proceeding well since commencing in February 2012 and our New Zealand school PPP contract is on track to commence in February 2013. The Ararat Prison contract has been renegotiated and new opportunities are being pursued, especially in the water sector and other public infrastructure.

Resources	1H FY13 30 Sep 2012 $m	1H FY12 30 Sep 2011 $m	% change
Revenue	179.2	138.6	29%
EBIT	14.0	10.7	31%

The Resources division, which provides workforce, maintenance, construction support and operational services, continued to perform strongly, benefiting from a number of major offshore oil and gas developments off the north-west of Australia. Work on Programmed's pipelay marine service contract for the Wheatstone LNG project is due to begin in the middle of next year, following completion of some of the major parts of the group's work on the Gorgon project early next year. A number of variations to existing contracts both offshore and onshore, if approved, will also contribute to future earnings.

The tender pipeline for offshore and onshore work extends to 2016. Whilst much of this pipeline relates to the capital construction phase of a number of projects, the division plans to target long-term maintenance contracts – both offshore and onshore – as the construction of new assets is completed.

The division's marine EBA (Enterprise Bargaining Agreement) will expire on 30 June 2013 and we have commenced informal discussions regarding a new agreement.

Workforce	1H FY13 30 Sep 2012 $m	1H FY12 30 Sep 2011 $m	% change
Revenue	204.6	190.6	7%
EBIT	4.6	6.0	(23%)

The Workforce division provides staffing services across most industry sectors, and particularly the manufacturing, light industrial, transport and logistics, construction and mining sectors.

Earnings were affected by weaker economic activity and by a change in the revenue mix, with lower demand by small and medium size enterprises, where margins tend to be higher, and an increased proportion of revenue coming from contracts with larger national companies. Growth in online sales and lower output in the manufacturing, construction (non engineering) and building material sectors have reduced demand for blue collar casual staff across a wide cross section of manufacturing, light industrial, building materials, warehousing and logistic customers.

Following a reduction of $1 million annualised in costs, the division has a low cost base and is well placed to increase its earnings when business confidence returns and economic activity improves.

RESULTS COMMENTARY (CONTINUED)

Unallocated costs

These relate to corporate overheads and a range of non-trading income and expenses, including foreign exchange movements from UK and New Zealand payments and amortisation of contract intangibles. Net unallocated costs for the period were $5.3 million (1H FY12: $5.1 million).

Balance sheet and cash flow

Gross operating cash flow was $40.8 million, an increase of 23% over the first half of FY2012 ($33.1 million). Net operating cash flow was $19.1 million, compared with $16.9 million.

The group's net debt at 30 September 2012 was $95.9 million, compared with $110.0 million at 30 September 2011 and $87.8 million at 31 March 2012. The net debt: equity ratio at 30 September 2012 was 25.5%.

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of Programmed Maintenance Services Limited ("the company") and its subsidiaries ("the Group") for the half-year ended 30 September 2012 and the auditors review report thereon.

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

B R Brook
C G Sutherland
J G Whittle
E R Stein
R J McKinnon
S M Oliver (retired 3 August 2012)
A E Grant (appointed 17 September 2012)

REVIEW OF OPERATIONS

Consolidated revenue (continuing operations) for the half-year ended 30 September 2012 was $757.717 million, which is 16.2% higher than the corresponding period last year.

For the half-year ended 30 September 2012, the consolidated profit before tax (continuing operations) amounted to $15.281 million and consolidated profit after tax amounted $12.330 million ($16.570 million and $11.607 million respectively for the half-year ended 30 September 2011).

On 4 April 2012, the Group acquired 100% of the issued share capital of the Turnpoint group entities for cash consideration of $8.857 million ($9.100 million less $0.243 million of net assets adjustment). A potential incentive payment of up to $2.900 million could be payable on 30 June 2014. The amount of the incentive payment is dependent on the earnings before interest and tax performance of the group for the financial years ending 31 March 2013 and 31 March 2014 and on a key employee of Turnpoint remaining in employment during those years.

CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the consolidated entity during the half year.

SUBSEQUENT EVENTS

Tranches A and C of the Group's bank syndicated facility were repayable on 12 October 2012. On 12 October 2012, the facilities were extended for a further period of 364 days to 11 October 2013.

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

DIRECTORS' REPORT (CONTINUED)

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
MANAGING DIRECTOR

PERTH, WESTERN AUSTRALIA
21 NOVEMBER 2012

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21 November 2012

The Board of Directors
Programmed Maintenance Services Limited
47 Burswood Road
BURSWOOD WA 6100

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 2012, 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

DELOITTE TOUCHE TOHMATSU

C Biermann
Partner
Chartered Accountants

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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 statement of financial position as at 30 September 2012, and the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed 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 as set out on pages 13 to 26.

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 2012 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.

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Member of Deloitte Touche Tohmatsu Limited

Deloitte

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Programmed Maintenance Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2012 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

C Biermann
Partner
Chartered Accountants
Melbourne, 21 November 2012

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
MANAGING DIRECTOR

PERTH, WESTERN AUSTRALIA
21 NOVEMBER 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

	Note	Consolidated Half-year ended 30 Sep 2012 $'000	30 Sep 2011 $'000
Continuing operations			
Revenue		757,717	652,307
Other income		84	1,836
Share of net loss of associate accounted for using the equity method		-	(1)
Changes in work in progress at cost and other inventories		(2,241)	(4,883)
Raw materials and consumables used		(79,470)	(70,020)
Employee benefits expense		(480,894)	(401,245)
Sub-contractor expenses		(134,635)	(121,863)
Depreciation and amortisation expense	3	(6,292)	(5,559)
Finance costs	3	(5,134)	(7,339)
Equipment and motor vehicle costs		(9,043)	(6,963)
Information technology and telecommunication costs		(4,546)	(3,955)
Other expenses		(20,265)	(15,745)
Profit before income tax		15,281	16,570
Income tax expense	4	(2,951)	(4,963)
Profit attributable to members of Programmed Maintenance Services Limited		12,330	11,607
		Cents	Cents
Earnings per share			
From continuing operations:			
Basic earnings per share		10.4	9.8
Diluted earnings per share		10.2	9.7

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

	Consolidated Half-year ended	
	30 Sep 2012	30 Sep 2011
	$'000	$'000
Profit for the period	12,330	11,607
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(838)	3,741
Gain on cash flow hedges taken to equity net of tax	-	114
Other comprehensive income for the period (net of tax)	(838)	3,855
Total comprehensive income for the period attributable to owners of the parent entity	11,492	15,462

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2012

	Note	Consolidated 30 Sep 2012 $'000	31 Mar 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents		32,844	34,668
Trade and other receivables		293,620	278,192
Other financial assets		895	1,495
Inventories		53,212	58,755
Current tax assets		240	265
Other		3,047	5,176
Total current assets		383,858	378,551
NON-CURRENT ASSETS			
Trade and other receivables		55,315	66,337
Inventories		8,922	7,491
Other financial assets		2,269	2,291
Property, plant and equipment		29,454	24,251
Deferred tax assets		21,050	22,364
Goodwill	6	245,652	242,010
Other intangible assets		15,773	13,570
Total non-current assets		378,435	378,314
TOTAL ASSETS		762,293	756,865
CURRENT LIABILITIES			
Trade and other payables		157,719	146,819
Borrowings		64,942	64,351
Current tax payables		3,543	18,437
Provisions		41,601	40,523
Total current liabilities		267,805	270,130
NON-CURRENT LIABILITIES			
Borrowings		63,724	58,121
Deferred tax liabilities		46,466	47,344
Provisions		7,800	7,780
Total non-current liabilities		117,990	113,245
TOTAL LIABILITIES		385,795	383,375
NET ASSETS		376,498	373,490
EQUITY			
Issued capital	8	236,060	235,549
Reserves		(623)	(244)
Retained earnings		141,061	138,185
TOTAL EQUITY		376,498	373,490

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

Consolidated	Issued capital	Foreign currency translation reserve	Capital profits reserve	Equity settled employee benefits reserve	Hedging reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2011	235,714	(10,758)	5,535	1,116	(114)	119,963	351,456
Profit for the period	-	-	-	-	-	11,607	11,607
Exchange differences arising on translation of foreign operations	-	3,741	-	-	-	-	3,741
Gain on cash flow hedges	-	-	-	-	114	-	114
Total comprehensive income for the period	-	3,741	-	-	114	11,607	15,462
Recognition of share-based payments	-	-	-	351	-	-	351
Income tax related to share issue costs	(82)	-	-	-	-	-	(82)
Payment of dividends (note 7)	-	-	-	-	-	(7,090)	(7,090)
Balance at 30 September 2011	235,632	(7,017)	5,535	1,467	-	124,480	360,097
Balance at 1 April 2012	235,549	(7,193)	5,535	1,414	-	138,185	373,490
Profit for the period	-	-	-	-	-	12,330	12,330
Exchange differences arising on translation of foreign operations	-	(838)	-	-	-	-	(838)
Total comprehensive income for the period	-	(838)	-	-	-	12,330	11,492
Recognition of share-based payments	-	-	-	459	-	-	459
Income tax related to share issue costs	511	-	-	-	-	-	511
Payment of dividends (note 7)	-	-	-	-	-	(9,454)	(9,454)
Balance at 30 September 2012	236,060	(8,031)	5,535	1,873	-	141,061	376,498

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

	Note	Consolidated Half-year ended 30 Sep 2012 $'000	30 Sep 2011 $'000
Cash Flows from Operating Activities			
Receipts from customers[1]		834,655	724,137
Payments to suppliers and employees		(793,889)	(691,035)
Interest and other cost of finance paid		(4,905)	(7,654)
Income tax paid		(16,809)	(8,497)
Net cash provided by operating activities		19,052	16,951
Cash flows from investing activities			
Interest received		195	213
Payment for property, plant and equipment		(4,650)	(2,276)
Proceeds from sale of property, plant and equipment		761	1,245
Payment for development software		(399)	(395)
Payments for businesses	10	(8,441)	(350)
Proceeds from sale of businesses	9	-	3,171
Payments for mobilisation of contracts		(281)	(640)
Net cash (used in)/provided by investing activities		(12,815)	968
Cash flows from financing activities			
Proceeds from borrowings		35,000	10,000
Repayment of borrowings		(33,558)	(27,196)
Dividends paid	7	(9,454)	(7,090)
Net cash used in financing activities		(8,012)	(24,286)
Net decrease in cash and cash equivalents		(1,775)	(6,367)
Cash and cash equivalents at the beginning of the period		34,668	20,109
Effects of exchange rate changes on the balance of cash held in foreign currencies		(49)	288
Cash and cash equivalents at the end of the period		32,844	14,030
Reconciliation of cash			
Cash and cash equivalents per balance sheet and cash flow statement		32,844	14,030

Notes to the condensed consolidated financial statements are included on pages 19 to 26

[1]Receipts from customers include interest revenue on long term maintenance contracts of $3.807 million (2011: $3.358 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012

1. Significant accounting policies

Programmed Maintenance Services Limited (the "Company") is a company domiciled in Australia. The condensed consolidated financial statements of the Company for the six months ended 30 September 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the consolidated entity's interest in associates.

The consolidated financial statements of the Group as at and for the year ended 31 March 2012 are available upon request at the Company's registered office at 47 Burswood Road, Burswood, Western Australia or at www.programmed.com.au.

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 2012 annual financial report for the financial year ended 31 March 2012.

2. Segment Information

Basis of segmentation

The Group's business is organised into the following operating and reportable segments:

- Integrated Workforce
- Property & Infrastructure
- Resources

Information has been reported for the 3 segments in the half year ended 30 September 2012.

Segment assets and liabilities

	Assets		Liabilities	
	30 Sep 2012	31 Mar 2012	30 Sep 2012	31 Mar 2012
	$'000	$'000	$'000	$'000
Integrated Workforce	128,796	118,631	33,552	26,267
Property & Infrastructure	361,511	370,482	186,322	201,112
Resources	271,986	267,752	49,772	45,063
Total of all segments	762,293	756,865	269,646	272,442
Unallocated	-	-	116,149	110,933
Consolidated	762,293	756,865	385,795	383,375

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

2. Segment Information (continued)

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

	Integrated Workforce		Property & Infrastructure		Resources		Total consolidated Continuing operations	
	30 Sep 2012 $'000	30 Sep 2011 $'000	30 Sep 2012 $'000	30 Sep 2011 $'000	30 Sep 2012 $'000	30 Sep 2011 $'000	30 Sep 2012 $'000	30 Sep 2011 $'000
Revenue	204,582	190,608	368,307	318,184	179,189	138,609	752,078	647,401
Finance revenue on long term maintenance contracts	-	-	3,807	3,358	-	-	3,807	3,358
Segment revenue	204,582	190,608	372,114	321,542	179,189	138,609	755,885	650,759
Other revenue, including interest and rental revenue (unallocated)							1,832	1,548
							757,717	652,307
Segment result								
Earnings before interest, tax, restructuring and unallocated costs	4,574	6,008	8,315	12,257	14,023	10,781	26,912	29,046
Restructuring costs							(1,197)	-
Unallocated costs							(5,300)	(5,137)
Earnings before interest and tax							20,415	23,909
Finance costs							(5,134)	(7,339)
Profit before tax							15,281	16,570
Income tax expense							(2,951)	(4,963)
Profit for the year							12,330	11,607

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

3. Profit

	Consolidated	
	Half-year ended 30 Sep 2012 $'000	Half-year ended 30 Sep 2011 $'000
Profit before income tax includes the following specific expenses:		
Finance Costs:		
Total interest costs	3,440	5,311
Other finance costs	1,694	2,028
	5,134	7,339
Depreciation and amortisation of non-current assets		
- Plant and equipment	5,448	4,992
- Identifiable intangibles	332	103
- Other non-current assets	512	464
	6,292	5,559

4. Income taxes

The income tax expense for the half year can be reconciled to the accounting profit as follows:

Profit from operations	15,281	16,570
Income tax expense calculated at 30%	4,584	4,971
Effect of amounts that are not deductible/(assessable) in determining taxable profit:		
Amortisation of intangibles	99	31
Non-assessable gain on disposal of business	-	411
Effect of different tax rates of subsidiaries operating in other jurisdictions	(390)	(106)
Benefit of tax losses not recognised	256	7
Other sundry items	77	(351)
	4,626	4,963
Adjustments recognised in the current year in relation to the current tax of prior years	(1,675)	-
Income tax expense	2,951	4,963

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

5. Contracts and work in progress at recoverable value

Consolidated	Half-year ended 30 Sep 2012 $'000	Year ended 31 Mar 2012 $'000	Half-year ended 30 Sep 2011 $'000
Contracts in progress at recoverable value			
Balance at the beginning of period	129,828	133,785	133,785
Decrease in amounts recoverable	(8,914)	(7,723)	(5,425)
Effect of foreign currency movements	(650)	3,766	3,711
Balance at end of period	120,264	129,828	132,071
Categorised as:			
Current	64,949	63,491	66,092
Non-current	55,315	66,337	65,979
	120,264	129,828	132,071
Work in progress at recoverable value			
Balance at the beginning of period	24,095	28,997	28,997
Decrease in amounts recoverable	(1,066)	(5,224)	(2,306)
Effect of foreign currency movements	(8)	322	380
Balance at end of period	23,021	24,095	27,071
Categorised as:			
Current	14,099	16,604	18,600
Non-current	8,922	7,491	8,471
	23,021	24,095	27,071
Total contracts and work in progress at recoverable value			
Categorised as:			
Current	79,048	80,095	84,692
Non-current	64,237	73,828	74,450
	143,285	153,923	159,142

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

6. Goodwill

	Note	Half-year ended 30 Sep 2012 $'000	30 Sep 2011 $'000
Gross carrying amount			
Balance at beginning of financial year		242,010	238,397
Additional amounts recognised from business combinations occurring during the period	10	3,723	321
Net foreign exchange differences		(81)	217
		245,652	238,935

7. Dividends

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

	Half-year ended 30 Sep 2012		Half-year ended 30 Sep 2011	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	8.0	9,454	6.0	7,090

On 21 November 2012, the directors determined a fully franked interim dividend of 5.0 cents per share (2011: 5.0 cents) to the holders of fully paid ordinary shares in respect of the half-year ended 30 September 2012, to be paid to shareholders on 25 January 2013. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $5.909 million (2011: $5.908 million).

8. Issued capital

	30 Sep 2012 $'000	30 Sep 2011 $'000
118,175,280 fully paid ordinary shares (2011: 118,169,908)	236,060	235,632

	Half-year ended 30 Sep 2012		Half-year ended 30 Sep 2011	
	No.'000	$'000	No.'000	$'000
Ordinary shares				
Balance at the beginning of the half-year	118,174	235,549	118,170	235,714
Issue of shares	1	-	-	-
Income tax related to share issue costs	-	511	-	(82)
Balance at the end of the half-year	118,175	236,060	118,170	235,632

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

8. Issued capital (continued)

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 2012 No.	30 Sep 2011 No.	30 Sep 2012 No.	30 Sep 2011 No.
Balance at the beginning of the half-year	2,283,000	996,500	868,000	1,817,000
Granted during the half-year	1,302,000	1,603,000	-	-
Exercised during the half-year	(1,502)	-	-	-
Lapsed during the half-year	(77,498)	(78,500)	(80,000)	(231,000)
Balance at the end of the half-year	3,506,000	2,521,000	788,000	1,586,000

9. Disposal of subsidiaries

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 million offset by a rise and fall adjustment of $0.630 million payable to the acquirer 12 months after completion, and a performance component of up to $4.000 million receivable 12 months after completion on satisfaction of certain conditions. At 31 March 2011, the Group calculated a fair value of $2.432 million for the performance component and recorded a financial asset at fair value through the profit and loss account and a corresponding gain in the income statement in that year. In the half year ended 30 September 2011, the performance component was settled at a net cash value of $3.171 million (performance component of $3.951 million less adjustments of $0.150 million and less the rise and fall adjustment of $0.630 million).

Details of the sale of the subsidiary:

	Half-year ended 30 Sep 2012 $'000	Half-year ended 30 Sep 2011 $'000
Cash consideration received	-	3,171
Fair value of performance component recorded in the year ended 31 March 2011	-	(2,432)
Rise and fall adjustment recorded in the year ended 31 March 2011	-	630
Gain on disposal	-	1,369
Income tax	-	-
Gain on disposal after tax	-	1,369
Net cash inflow on disposal:		
Cash and cash equivalents consideration	-	3,171

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

10. Acquisition of subsidiaries

Turnpoint group

On 4 April 2012, the Group acquired 100% of the issued share capital of the Turnpoint group entities for cash consideration of $8.857 million ($9.100 million less $0.243 million of net assets adjustment). A potential incentive payment of up to $2.900 million could be payable on 30 June 2014. The amount of incentive payment is dependent on the earnings before interest and tax ("EBIT") performance of the group for the financial years ending 31 March 2013 and 31 March 2014 and a key employee of Turnpoint remaining in employment during those years. The Group has expensed $0.415 million of the incentive payable in the half year ended 30 September 2012 being a straight line expense of the total assessed fair value at that date.

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

	Half-year ended 30 September 2012			Half-year ended 30 September 2011		
	Book value	Fair value adjustments	Fair value on acquisition	Book value	Fair value adjustments	Fair value on acquisition
	$'000	$'000	$'000	$'000	$'000	$'000
Net assets acquired:						
Current assets						
Cash and cash equivalents	841	-	841	-	-	-
Trade and other receivables	2,693	-	2,693	-	-	-
Other current assets	199	-	199	-	-	-
Non-current assets				-	-	-
Property, plant and equipment	5,520	-	5,520	-	-	-
Deferred tax assets	423	-	423	-	-	-
Other intangible assets	-	2,347	2,347	-	-	-
Current liabilities				-	-	-
Trade and other payables	(1,908)	-	(1,908)	-	-	-
Current tax payable	(305)	-	(305)	-	-	-
Provisions	(579)	(200)	(779)	-	-	-
Non-current liabilities				-	-	-
Borrowings	(3,411)	-	(3,411)	-	-	-
Deferred tax liabilities	(244)	-	(244)	-	-	-
Provisions	(242)	-	(242)	-	-	-
	2,987	2,147	5,134	-	-	-
Goodwill arising on acquisition			3,723			-
Total purchase consideration			8,857			-

Net cash flow on acquisition:

	Half-year ended 30 Sep 2012 $'000	Half-year ended 30 Sep 2011 $'000
Purchase consideration paid in cash	8,857	-
Less: cash and cash equivalents	(841)	-
Net cash out flow on acquisition	8,016	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2012

10. Acquisition of subsidiaries (continued)

The initial accounting for the acquisition of the Turnpoint group entities has only been provisionally determined at reporting date. The Turnpoint group entities have joined the company's tax-consolidated group. For tax purposes, the tax values of the Turnpoint group entities' assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

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.

As the acquisition date of the Turnpoint group was 4 April 2012, the quantified impact on Group revenue and profit had the acquisition occurred on 1 April 2012 is considered immaterial.

Workforce on Tap

The Group acquired the business operations of Workforce on Tap effective 19 Dec 2011 (in the prior financial year). The purchase price was cash of $2.481 million plus a warranty retention amount of $0.850 million less leave adjustments of $0.138 million. The warranty retention amount of $0.850 million was paid into an escrow account as security for any breach by the vendors of any vendors' warranties.

During the half year ended 30 September 2012, half the warranty retention amount ($0.425 million) was paid to the vendors in accordance with the sale agreement (6 months from acquisition), with the remaining payable 12 months from acquisition.

11. Subsequent events

Tranches A and C of the Group's bank syndicated facility were repayable on 12 October 2012. On 12 October 2012, the facilities were extended for a further period of 364 days to 11 October 2013.

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.