ASX Release

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CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS TO ANNUAL GENERAL MEETING - FRIDAY, 3 AUGUST 2012, 11.00AM WST

CHAIRMAN'S ADDRESS BY BRUCE BROOK

Good morning Ladies and Gentlemen. I am your Chairman, Bruce Brook and it is my pleasure to welcome you to the thirteenth Annual General Meeting of Programmed Maintenance Services Limited as a listed company.

This morning I will give you an overview of Programmed's performance for the year. 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.

Your Company has a proud 61 year history having started in Victoria in 1951. Since that time, we have grown our business through organic expansion and acquisitions. Today, Programmed provides staffing, maintenance and project services across Australia and New Zealand through its three divisions – Property & Infrastructure, Resources, and Integrated Workforce. We employ more than 10,000 people providing services to many thousands of customers.

2012 Performance

Let me now turn to the Company's performance.

Profit after tax for the year ending 31 March 2012 was $31.2 million. This was an increase of 41% over the profit from continuing operations in FY2011 of $22.2 million and an increase of 200% over the reported profit of $10.4 million in FY2011 which included the discontinued UK operations.

EBIT (earnings before interest and tax) was $56.7 million, up 34% compared with $42.3 million in FY2011.

Revenue from continuing operations was $1,394 million, an increase of 14% over the FY2011 revenue of $1,220 million.

The Board determined to pay a fully franked final dividend of 8.0 cents per share up from 6.0 cents last year, bringing dividends for the full year to 13.0 cents per share fully franked up from 9.0 cents last year.

The result demonstrates the strength of our business model, offering staffing, maintenance and project services across all industry sectors. This has enabled us to offset weaker demand in the retail, manufacturing and light industrial sectors with strong growth in the mining, oil and gas sectors.

The standout performance was from our Resources division where we nearly doubled earnings year-on-year.

Whilst margins were weaker in the Property & Infrastructure division, we were successful in continuing to win our share of property maintenance work in a competitive environment, as well as securing long-term contracts in the water and Public Private Partnership sectors.

The Integrated Workforce division's earnings were slightly higher in a market where demand was weaker than the prior year.

Gross operating cash flow was $72.7 million, 150% higher than FY2011 ($29.1 million). Net operating cash flow was $48.3 million.

With the continued focus on capital management, the group's net debt reduced to $87.8 million at 31 March 2012, from $118.3 million at 31 March 2011. The net debt-to-equity ratio fell to 23.5% at 31 March 2012 from 33.7% at 31 March 2011.

On 30 September 2011, the group agreed new terms with its banks to provide lending facilities to October 2014 at lower rates, replacing the existing facilities due to expire in October 2012. The bank syndicated facility includes three financing tranches aggregating $250 million. Other arrangements for the group's asset finance requirements ($20 million) remain in place.

AGM resolutions

There are seven items of business that we need to consider today. These items concern the financial statements and the remuneration report, followed by the re-election of two directors, the adoption of a new constitution and proportional takeover provisions and the grant of performance rights to the managing director. I will ask you to vote on resolutions related to these items later in this meeting.

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.

I would like to briefly touch on the grant of performance rights to the managing director. 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.

We 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 non- executive 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.

Susan Oliver

Susan Oliver retires as a director at the end of this meeting, after nearly thirteen years of serving Programmed's shareholders. She joined the Board in August 1999 and has served as a member of the Audit & Risk Committee and the Nomination & Remuneration Committee. Her active participation as a director has contributed to the growth and strategic development of Programmed.

It has been a pleasure to work with a person of such integrity, commitment and enthusiasm. On behalf of the Board, I would like to thank Susan for her years of exceptional service to the Company and wish her well in future pursuits.

Geoff Tomlinson

Having taken over as Chairman in August 2011, I would like to recognise and thank Geoff Tomlinson for his previous 12 years as Chairman and importantly for leaving the Board and the Company in good shape.

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 the Company is in good hands and has 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 the Company's continued growth over the next few years.

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

Bruce Brook
Chairman

MANAGING DIRECTOR'S ADDRESS BY CHRIS SUTHERLAND

Our 2012 financial year was a milestone year for the group.

It was the year when all employees from all parts of the business joined together to become one team under one refreshed brand, and when we produced a record profit, greater than our pre-GFC high.

Health, safety and environment (HSE)

We started the year with a clear plan to improve our HSE performance. The plan consisted of a number of key elements including:

- implementation of a common HSE reporting and administration system across all operations;
- rolling out critical HSE leadership training to over 100 key line managers;
- development of activities and measures that drive proactive HSE behaviours; and
- development of critical risk standards.

Some elements of the plan will continue into this year, but already there has been a significant improvement, with both our Total Recordable Injury Frequency Rate and our Lost Time Injury Frequency Rate falling more than 20% compared to FY2011.

What is most pleasing is the positive response of our employees and customers to the range of new initiatives we have introduced. However, we can never rest easily as we continue the journey towards our goal of Zero Harm.

Strategy

As a listed public Company with over 5,000 shareholders, we recognise our primary purpose is to deliver increasing returns to our shareholders over the long term.

To achieve our purpose, we have built a business that today has over 10,000 employees, operating in three divisions, with a vision to become a leading provider of staffing, maintenance and project services, without injury.

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.

The services we provide are central to a number of the major energy, resources and infrastructure projects, support the operations of some of the largest companies and also touch the lives of many people in Australia and New Zealand. As examples, we are providing marine manning, catering and logistical support for the laying of the major offshore pipeline for Chevron's Gorgon development, and we have recruited numerous plant operators for key roles at Fortescue's iron ore operations. We are repairing and maintaining the water pipe networks in the western suburbs of Melbourne for City West Water and in the Perth metropolitan area for WA Water Corporation. We are providing long term painting maintenance services to hundreds of schools across Australia and New Zealand, and are looking after the parks and gardens of Monash University in Victoria and Murdoch University in Western Australia. We are providing a range of building maintenance and refurbishment services to Coles across Australia and supplying forklift and warehouse staff for Coca-Cola Amatil. We are installing a modern data and communication network in Queensland's newest children hospital and we have repaired and repainted a major hospital in Whangarei, New Zealand.

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; some do not want to take the risk of doing the work; 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 or ten years ago. Workplace laws have changed and have greater complexity; 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 core business strategy is based around selling more staffing, maintenance and project services to existing customers across Australia and New Zealand, expanding the range of services we can offer and increasing our penetration of the resources sector.

People

The ongoing support and development of our staff is a key task to ensure we can effectively deliver our strategy.

During the year, we increased significantly our investment in training and development. A significant skills training programme was delivered to all our managers across all businesses to ensure common understanding of expectations and behaviours and to improve the sharing of local knowledge of customers and opportunities in each region.

Our second class of 25 future managers completed our 18 month "momentum" leadership development programme, and we have trained many of our tradesmen and supervisors in customer service, contract management and frontline supervision.

We employ more than 400 apprentices and trainees, and during the year many of our former apprentices and trainees were promoted into supervisory and project roles.

With a clear plan to improve our gender diversity, it is pleasing to report that the percentage of women in the top 50 senior management roles across the group increased from 14% last year to 29% at 31 March 2012, with our target of 40% now well within reach.

We joined the Australian Employment Covenant initiative and put in place improved means to attract, recruit and retain indigenous employees.

Current Trading Conditions

Our Chairman earlier addressed our FY2012 performance and I would now like to update our shareholders with the current trading conditions, having completed our first quarter for our FY2013 year.

Market conditions across the retail, manufacturing, light industrial and transport sectors remain weak and in some cases have weakened further during our first quarter, being the April – June quarter, relative to a year earlier. In particular, demand for non engineering building / construction services has weakened causing a fall in demand and pressure on margins in our property related service areas. We are reviewing our business in sectors where we face weaker conditions and will make appropriate adjustments to our plan. Fortunately, our business model allows us to direct our marketing, and deploy our capacity, where our best opportunities lie.

Increasingly, we are sourcing new opportunities in the west. Our services to the resources sector, particular the offshore oil and gas sector, continue to prosper. Our work associated with the

Gorgon development will continue for much of the year and we continue to tender for new work associated with upcoming offshore oil & gas developments.

We are pleased to have been successful in securing the Wheatstone pipelay marine services contract with Allseas which will follow the Gorgon works.

Our major operations and maintenance contract with the WA Water Corporation commenced in February this year and we have recently tendered for the maintenance work associated with a new WA prison.

Overall, despite weaker demand in some sectors, we maintain our previous guidance of moderate net profit growth for the year to 31 March 2013, subject to no further weakening of the non resources sectors of the economy.

Thank you

The group's significantly improved performance is the result of a large team effort by all our 10,000 employees. I would like to thank each of them for their continuing commitment to serving our customers in a safe environment.

I also thank our shareholders for continuing to support Programmed during a period of market volatility.

Chris Sutherland
Managing Director