

ASX Release

Friday 7 August 2009

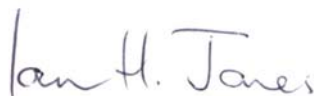
Company Announcements Office
ASX Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir,

2009 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 this morning.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED



Ian H. Jones
Company Secretary



CHAIRMAN'S ADDRESS

TO THE ANNUAL GENERAL MEETING

7 AUGUST 2009

Ladies and gentlemen, on behalf of my fellow directors, I have pleasure in welcoming you to the Annual General Meeting of Programmed Maintenance Services Limited, our tenth AGM since listing on the Australian Stock Exchange on 1st October 1999. Commencing primarily as a maintenance painting contractor, Programmed has grown to be a provider of staffing, maintenance and project services across Australia, New Zealand and United Kingdom.

Your directors are pleased with the operating results of the Programmed Group, despite the deteriorating economic conditions during the 2009 financial year. The Group's net profit after tax of \$28.1 million, after including \$6.9 million in Spotless defence and restructuring costs, was only slightly below the \$28.4 million in the previous financial year. Excluding the after-tax impact of the defence and restructuring costs, the Group's 2009 net profit after tax would have grown 16% over the previous year. The total revenue of the Group grew 32% to \$1.229.5 million, with a full year's contribution from the Workforce and Marine divisions following the merger with Integrated Group in June 2007.

The Programmed Group's strategic focus has been to invest in diversifying the services we offer our customers and to extend the operations across the property, infrastructure and resource sectors, while ensuring an adequate return on capital employed. During the 2009 financial year the Group acquired SWG, which establishes Programmed in the engineering services sector, and sold the capital intensive industrial services business, Barry Bros for \$25 million. These actions, together with stronger internal capital management produced a significant reduction in gearing levels.

CAPITAL MANAGEMENT

Your directors have reviewed Programmed's balance sheet in light of the current market conditions and believe it is in our shareholders' best interests to further strengthen our capital base. Accordingly, your directors believe it is prudent to introduce a range of capital management initiatives that will reduce debt further, provide greater balance sheet comfort and provide access to funds to invest as opportunities arise.

We have renewed our bank debt facility and extended the term by two years to May 2012. Although agreement to the early renewal will result in higher finance costs in the next financial year than the current facility, your directors consider that the additional expenses is a prudent measure to ensure certainty of funding past May 2010.

As part of the overall capital management programme, we have decided to temporarily reduce the level of dividends.

Over the past few years, your Board had declared dividends with payout ratios in the range of 50% to 60%. The total dividends for 2009 were 14.5 cents per share (interim dividend of 9.5 cents and recently paid final dividend of 5 cents) representing a 51 per cent payout ratio.

The current intention of your Board is that dividends subsequent to the 2009 final dividend and attributable to earnings for periods up to and including 30 September 2010 will be based upon a 30 per cent payout ratio. Your directors intend to increase the dividend payout ratio back to 50 per cent from 1st October 2010.

Your directors activated the Dividend Reinvestment Plan (DRP) in January 2009 to raise additional capital. The DRP was activated again for the recent July dividend, with a DRP share price of \$2.57, being a 5 per cent discount to the volume weighted average price for the five trading days after the record date. For both the January and July dividends, the DRP participation rate was broadly 30% of issued shares, providing a total increase in capital of nearly \$4.5 million. We currently expect to continue to activate the DRP for dividends attributable to earnings until 30th September 2010.

Based on these initiatives, Programmed is targeting an improvement in the Group's debt /equity ratio from the current 62 per cent to 40 per cent over the next two years.

These dividend policies will be reviewed earlier if the Programmed Group reaches the targeted 40% debt to equity ratio prior to 30th September 2010.

The Board is cognisant of its primary role to protect and enhance long term shareholder value, while being mindful of the impacts of the reduced dividends upon shareholders. Your directors are particularly aware of our shareholders who have retired from the workforce and are reliant on dividends for income.

The decision to reduce dividends was seen to be the best alternative to maintain the overall value of Programmed shares in the current equity markets by strengthening the balance sheet through reducing our long term borrowings.

The alternate strategy of raising additional equity through a placement and/or rights issue was considered by your directors. We are certainly aware that large numbers of listed companies have been raising capital over the past calendar year. However your directors consider the combination of the direct costs of such a raising, the issuing of shares at historically low earnings multiples and the likely dilution of many existing shareholders will cause a greater loss of value for existing shareholders than the initiatives undertaken.

AGM RESOLUTIONS

The explanatory notes accompanying the notice of this Annual General Meeting contains quite a few pages of detail concerning resolutions 4 and 5. Although these resolutions contain the necessary complex wording for good corporate governance, they can both be explained simply.

Resolution 4 seeks approval to issue Performance Shares to the former owners of the SWG Group. At the time of acquiring SWG in July last year, it was agreed that part of the purchase consideration would be in ordinary shares issued on a deferred basis. The number of shares is dependent upon the financial performance of SWG over the three financial years in 30 June 2011 – commonly referred to as an “earn out”.

The terms of the Performance Shares, and the levels of earnings required for conversion into ordinary shares are set out in more detail in Appendix A to the AGM Notice.

As mentioned in the 2009 Annual Report, SWG is currently not expected have earnings over the next three years that would result in the conversion of the Performance Shares into any more than a nominal number of shares. However, in the unlikely event of a significant improvement in market conditions, over 10 million shares could be issued to the former SWG owners. In this event, all shareholders would benefit from the greatly increased earnings.

Resolution 5 covers a complicated matter called "Financial Assistance" arising from Programmed seeking an early renewal of its current senior debt financing facility, originally due for renewal in May 2010.

One of the key terms of the facility (now extended to May 2012) is that fixed and floating charges are to be provided over all the main operating companies in the Programmed Group; previously, the facility was provided on an unsecured basis. Integrated Group Limited (Integrated) and certain wholly owned subsidiaries of Integrated are some of the main operating companies in the Programmed Group, and will be now required to provide fixed and floating charges in support of the Company's renewed facilities.

The acquisition of Integrated in 2007 through merger by scheme of arrangement was partly financed by loan funds provided under the initial facility. As the provision of security by Integrated for the renewed facility may constitute "financial assistance" under the Corporations Act 2001, the Company is required to seek formal approval of its shareholders.

NEIL HAMILTON

Neil Hamilton retired as a director on 23rd February 2009 after ten years of combined service to Programmed as well as Integrated Group Limited. As Chairman of Integrated, Neil made a major contribution to the growth and strategic development of the business. Joining the Board of Programmed following the merger with Integrated in June 2007, Neil has seen through the successful integration of the Programmed Group into a leading staffing and maintenance services organisation. On behalf of the Board, I would like to thank Neil for his years of exceptional service to the Group. I also thank my fellow directors for their contribution through the year.

SHARE PRICE

Following the issue of shares for the SWG acquisition and the DRP components of dividends during the 2009 financial year, Programmed now has 99.5 million shares issued to more than 5,700 shareholders.

Your directors consider that the Company's strategic growth, earnings consistency and dividends with 100% franking provide sound value to our shareholders. Over previous years the Company's share price grew steadily. However, due to the current state of equity markets, our share price fell during the 2008 calendar year. During mid March 2009 the Company's share price hovered around \$1.70. Since that time, the company's share price has increased to \$3.48 at close of trading yesterday.

Your directors appreciate the support of our shareholders during this period of uncertain market conditions.

OUTLOOK

There has been some improvement in market confidence across most market sectors in the past month. Large opportunities are coming to market in the offshore oil and gas sector and we are seeing onshore resource projects being considered again. Expenditures have increased in education and public housing, whilst demand remains flat for services in the manufacturing and light industrial sectors of the market.

At this stage in the 2010 financial year, it is too early to provide specific guidance on our earnings for the full year. Consistent with previous years, your directors expect to give guidance for profit for the year ending 31 March 2010 upon the release in late November of the results for the half year ending 30 September 2009.

CONCLUSION

The solid performance of the past financial year is the result of the commitment of all our people. I would like to thank our Managing Director, Chris Sutherland, the management team and all of our staff for their efforts and also thank our shareholders for their continuing support.

Geoff Tomlinson
Chairman
7 August 2009



PROGRAMMED
Group

MANAGING DIRECTOR'S ADDRESS

TO THE ANNUAL GENERAL MEETING

7 AUGUST 2009

Thank you for taking time to attend our 2009 AGM.

REVIEW SUMMARY

Our 2009 financial year has been a significant year for the group.

We are very pleased with the financial results, with the benefit of our diversity and long term contracts shining through to deliver organic revenue and EBITA growth despite a significant slowing of the general economy occurring during our second half period.

In particular, it is pleasing to note that our plan over the past 12 months to improve returns on capital, reduce net debt and lower our net debt to equity ratio has been very successful.

Equally as important, we are pleased with the changes and improvements made inside the business over the year.

We have established a clear vision and strategy focused on staffing, maintenance and project services.

We have an improved organisational structure with stronger responsibility down the line and management teams in each operating division responsible for their profit, balance sheet and cash flow, and each with their own plans to grow.

Having laid down the IT infrastructure to connect the entire group in the first half, we are now developing opportunities to leverage the size and scale of the group to lower our costs and improve our service outcomes.

We are now seeking contracts using the group capability and by a group effort and response. We are creating more synergies in co-locating business units into common facilities as existing property leases expire.

We acquired SWG to diversify our services further into the energy and resources sector for 7.8 million shares.

We sold Barry Bros, a very capital intensive business, for \$25 million as it did not fit the vision or make a return in excess of our cost of capital.

And more recently we responded quickly to lower our cost base due to changed market conditions in some sectors.

Overall an exciting and challenging year....and one in which we also responded to an unsolicited takeover offer.

DIVISIONAL PERFORMANCE

The Property Services division grew earnings (EBITA) 6%. The Australian business grew strongly securing new contracts in schools, universities, aged care, local councils and food retailing sectors. However this was slightly offset by small declines in New Zealand and United Kingdom. Our capability to undertake a long term painting maintenance programme for a single building or multiple sites across Australia, New Zealand and United Kingdom remains a key attraction for our customers. More recently in the last three months, we have secured a number of painting contracts arising from recent Australian government education sector spending.

The Facility Management division grew earnings 59%. Our strategy to extend our service offering to complete property maintenance and facility management solutions is gaining momentum. Our national footprint and capability to directly deliver services is winning customers. A number of new contracts were secured covering in total more than 1000 retail sites and 6000 public houses. A range of new opportunities have now been tendered over the past three months.

The Workforce division grew earnings 3% on a full year comparative basis, however, it was a tale of two halves with strong growth in the first half followed by a decline in revenue and earnings in the second half. The division saw declines primarily in the transport and mining sectors. In response the fixed cost base of the business was substantially reduced, new sales strategies have been introduced and the business seeks to develop new customers who seek greater flexibility with their labour costs. Demand has remained flat over the past three months.

The Marine division had an outstanding year and grew earnings 30% on a full year comparative basis, operating in very strong offshore oil and gas markets particular the North West Shelf, Australia and offshore New Plymouth, New Zealand. The business increased its book of long term contracts during the year and will continue its focus on developing long customer relationships as new offshore fields are completed over the next year. Currently, our workload for this year is nearly all secured and we are seeking new work in subsequent years associated with a number of major offshore field developments.

The Engineering Services division made its maiden contribution to the group of \$4.3 million in its first nine months of trading, representing a positive earnings per share result. After a strong three month

contribution to the first half result, a weaker second half followed as some onshore resources work was suspended and some of the pipeline of opportunities was deferred. The business has made the necessary adjustments to the cost base to reflect the current reduced demand. Our strategy to expand Programmed's footprint into the resources industry remains unchanged despite the recent reduction of opportunities in the short term. In this industry, whilst the work is technical (and hence engineering led), we bring our group skills around the recruitment and management of skilled workers to the worksite in much the same way as our other divisions. Just this week we received advice that work in the resource sector previously suspended in January was being restated for completion over the next few months.

These results highlight the benefit of the diversity of services and industries that we operate within.

CAPITAL MANAGEMENT

We put in place a plan in March 2008 to improve returns on capital and reduce our net debt

The first leg of this plan was to strengthen operating cash flow the lifeblood of any business. An improvement of 44% to a record \$82.4 million was achieved representing more than 100% of EBITDA. This is the direct result of real improvements arising from a year long plan to improve the management of our working capital.

Making divisional management responsible for cash flow, reporting cash flow and associated KPI's at a divisional level, introducing new expertise into processes around the collection of debt, strict control of payment terms in contracts and tighter controls of capital expenditures and painting program investment have all contributed to the success we have achieved.

The second leg of this plan was to divest Barry Bros, a very capital intensive business, for \$25 million, as it did not make a return in excess of our cost of capital.

The third leg was to divest of properties which were outdated and surplus to our needs. A property in Western Australia was sold for \$1.3 million in December 2009 and two properties in Victoria have been prepared for sale. Offers for both properties have been received for in excess of \$5 million and one property settled this week and we expect to complete the sale of the other in the coming months.

The improvements in cash flow and the sale of Barry Brothers have flowed into the balance sheet. Significantly net debt fell from \$231 million to \$177 million in the year, and net debt to equity fell from 91% to 62% which positioned us well to respond further to the significant changes in debt and equity markets experienced since September 2008.

Importantly the company enjoys strong support from its two Australian banks and has renewed its debt facilities on acceptable terms until May 2012. We completed the legal documentation for these facilities last Tuesday, 4 August.

HEALTH, SAFETY AND ENVIRONMENT

We continue to review our systems and processes to improve our health, safety and environmental performance and strive to achieve our goal of zero harm. A further year on year reduction of our Lost Time Injury Frequency Rate was a strong result but some serious injuries demonstrates that we must not become complacent. Continued, visible leadership in safe behaviour from all staff is the cornerstone of further improvement.

We have undertaken an analysis of the major impacts we have as a group on the environment and are establishing a common plan to reduce our impacts and work in a more sustainable way.

Our people have performed extremely well through a year in which there was a period of uncertainty due to an unsuccessful takeover offer followed by a rapid decline in the general global economy and more recently some redundancies as we restructured our business.

We continue to support our staff and the work they do in many charities, schools and community sporting and cultural organisations. I thank all our team for their support and dedication.

In February this year, one of our directors Neil Hamilton retired from the Board. I would like to thank him personally for his tireless efforts over ten years for Integrated and more recently Programmed and his direct support to myself over the past three years.

Finally, we look forward to this year in a strong position to face new challenges and develop new opportunities. It will be the organisations that are agile and can adapt quickly to see and take advantage of new opportunities that will prosper over the coming year.

Chris Sutherland
Managing Director
7 August 2009