



# Half Year Report

period ended September 2007



**PROGRAMMED  
MAINTENANCE  
SERVICES**



## Highlights

- Net profit of \$15.2 million before tax
- Revenue of \$352.1 million up 125.3 per cent
- EBIT of \$21.7 million up 50.3 per cent
- Dividend of 9.5 cents per share up 11.8 per cent
- Period of business progression, consolidation and continuing growth
- Merger with Integrated Group Limited
- Strategy and Strategic Business Model - future direction
- Improved Safety performances



## Key Financial Results

A\$m	30/09/2007	30/09/2006	% Change
Revenue	352.1	156.3	125.3%
EBITDA	29.8	20.0	49.0%
EBIT	21.7	14.5	50.3%
Profit before Tax	15.2	11.5	32.6%
Income Tax Expense	(3.7)	(3.7)	0.0%
Profit after Tax	11.6	7.8	48.0%
Tax Change Benefit	1.3	-	-
Comparable Profit after Tax	10.3	7.8	31.5%

Cents	30/09/2007	30/09/2006	% Change
EPS per share (comparable)	12.4	11.0	12.7

# Announcement of a new Managing Director

The Board of Programmed Maintenance Services Limited has appointed Chris Sutherland as Managing Director. The appointment results from the retirement of Max Findlay.

Chris Sutherland, aged 43, has been the Chief Executive of Integrated Group Limited since February 2006 and is an experienced executive who has held senior management positions in different engineering, maintenance and contracting businesses with operations in Australia, Asia, Europe and the USA.

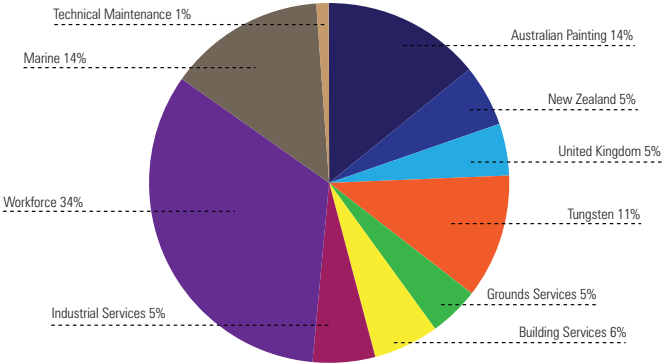
Chris Sutherland commenced as Managing Director on 21 January 2008.



Chris Sutherland, Managing Director

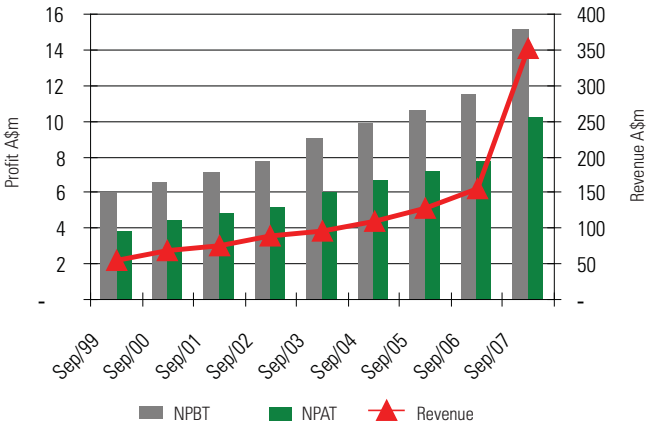


# Revenue Components



# Consistent Growth

Half Year Results - period ended 30 September 2007



Note: Normalised profit results excluding one-off items





## Report to Shareholders

### Performance

Programmed Maintenance Services Limited continues to perform well announcing a profit after tax of \$10.3 million on a comparable basis for the six months to 30 September 2007. The statutory profit after tax of \$11.6 million includes a tax benefit of \$1.3 million arising from the reduction in the New Zealand corporate tax rate from 1 April 2008.

These results include 16 weeks' profit contribution from Integrated Group, which was acquired on 7 June 2007, and compare with \$7.8 million for the first half of FY2007. Earnings per share on a comparable basis increased by 13 per cent to 12.4 cents.

### Financial Results

The size and composition of the financial statements of the consolidated entity has changed materially, with annual revenue projected to exceed \$800 million for the year ending 31 March 2008. As at 30 September 2007, the total assets are \$650 million, total intangible assets are \$212 million and total borrowings are \$227 million. The comparative figures as at the previous balance date of 31 March 2007 were \$340 million, \$11.4 million and \$97 million respectively.

### Interim Dividend

The directors have increased the interim dividend by 12 per cent to 9.5 cents per share fully franked, payable on 24 January 2008 to shareholders on the register at 9 January. The dividend reinvestment plan remains suspended.



## Business Divisions Operating Reports

### AUSTRALIA

#### Property Maintenance

Australian property maintenance continued to increase its revenue and earnings, recording revenue of \$129.3 million for the six months ended, up 18.3%. Margins were affected by the cold, wet start to the winter on the eastern seaboard which hampered painting work, however, it has secured a number of significant new customers and renewed several existing contracts, which will remain the focus during the peak summer period.

Building Services, which has diversified its revenue and skill base during the past two years, performed well, due partly to a national maintenance contract with a major retail group and several new contracts.

Grounds Maintenance continued to grow strongly achieving record revenue and earnings.

Tungsten achieved strong increases in revenue and earnings and positioned itself for further growth, winning new contracts with an annualised value of \$70 million. These include a \$9 million per annum contract to manage all buildings, infrastructure and essential services on Rottnest Island, off Perth.

#### Workforce

The Workforce labour hire and marine businesses have both performed strongly since they became part of Programmed Maintenance Services on 7 June 2007.

Recording revenue of \$159 million for the six months ended it is beginning to capitalise on the company's expanded customer based and to cross sell services of other company divisions. Further growth is planned through the



opening of new branches in additional regional centres, increasing the footprint in major cities, and small bolt-on acquisitions.

The marine business which trades as Total Marine Services increased its volume of work, particularly in offshore exploration. There are exciting opportunities to expand this business and steps are being taken to recruit experienced mariners from other parts of the world to overcome a shortage in Australia and New Zealand.

## **Industrial Services**

Barry Bros. industrial services increased its revenue and earnings recording \$19 million for the six months ended, up 21.7 per cent, despite the continuing impact of the drought. Revenue growth, however, did not match the growth in new equipment during the past year, and initiatives are being taken to increase utilisation, including equipment redeployment to services which recycle or use less water.

## **NEW ZEALAND**

### **Property Maintenance**

The performance of the New Zealand property maintenance business was affected by wet weather, which reduced painting volumes and overhead recovery, and by a shortage of skilled tradespeople in the Auckland area. It recorded revenue of \$19.2 million for the six months ended. Projections for the summer season are strong and steps are being taken to address skills shortages through new recruitment initiatives and training programmes in Auckland.

### **Workforce**

The Workforce business in New Zealand performed well, due mainly to increased offshore exploration in the Taranaki Basin and opportunities to service on-land exploration requirements. It recorded revenue of \$8.4 million for the six months ended.



## UNITED KINGDOM

### Property Maintenance

Whittle Painting Group continued to increase its revenue and earnings with a strong second quarter, recording revenue of \$16.5 million, up 9.6 per cent. Whittle's market footprint is expected to expand during FY2008, with the opening of three new branches, bringing the total to 12.

### Outlook

The outlook for the second half is generally positive, with strong order books across most of the Group. The services and workforce businesses have strong projections and are anticipated to show further growth in the second half. As previously signalled, painting in Australia and New Zealand had a slow start to the year, due predominantly to poor weather. Projections for the second half are strong, and these businesses' results for the full year will depend on our success in overcoming shortages of skilled labour in Western Australia and Auckland to enable us to achieve our volume targets in the peak summer season. Alternative sources of labour are currently being evaluated.

# Financials

## Consolidated Cash Flow Statement For the Half Year Ended 30 September 2007

	Half Year ended 30/09/2007 \$'000	Half Year ended 30/09/2006 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	402,796	177,155
Payments to suppliers & employees	(359,037)	(158,715)
Interest and other costs of finance paid	(6,750)	(3,080)
Income Tax Paid	(1,017)	(3,313)
<b>Net cash provided by operating activities</b>	<b>35,992</b>	<b>12,047</b>
<b>Cash flows from investing activities</b>		
Net payment for property, plant & equipment	(5,449)	(2,167)
Payment for businesses	(124,605)	(40)
Other investing cash flows	320	19
<b>Net cash used in investing activities</b>	<b>(129,734)</b>	<b>(2,188)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from borrowings	119,801	(1,850)
Dividends paid	(9,001)	(6,760)
Other financing cash flows	1	93
<b>Net cash provided by / (used in) financing activities</b>	<b>110,801</b>	<b>(8,517)</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,059</b>	<b>1,342</b>
<b>Cash and cash equivalents at the beginning of the half year</b>	<b>(108)</b>	<b>147</b>
<b>Cash and cash equivalents at the end of the half year</b>	<b>16,951</b>	<b>1,489</b>

## Consolidated Balance Sheet as at 30 September 2007

	30-Sep-07 \$'000	31-Mar-07 \$'000
<b>ASSETS</b>		
Cash	22,725	5,213
Debtors	138,144	74,621
Contract Recoverables	163,540	166,341
Work in Progress	27,344	21,095
Property Plant & Equipment	52,629	43,262
Goodwill & Intangible Assets	211,978	11,450
Other Assets	33,600	18,197
<b>TOTAL ASSETS</b>	<b>649,960</b>	<b>340,179</b>
Payables	98,375	37,852
Borrowings	226,726	96,729
Provisions	19,800	11,512
Current tax payables	2,794	2,397
Non-current tax liabilities	56,331	55,044
<b>TOTAL LIABILITIES</b>	<b>404,026</b>	<b>203,534</b>
Issued Capital	136,057	27,290
Reserves	4,869	6,898
Retained earnings	105,008	102,457
<b>TOTAL EQUITY</b>	<b>245,934</b>	<b>136,645</b>

## Other Financial Statistics

	Half Year ended 30/09/2007 \$'000	Half Year ended 30/09/2006 \$'000
<b>Basic Earnings Per Share - cents</b>	12.4	11.0
<b>Dividends</b>		
• Interim - cents per share	9.5	8.5
• Dividend payout ratio	77%	77%
• Dividend franking	100%	100%
EBIT / Revenue	6.2%	9.4%
Return on Equity	22.9%	17.8%
Interest Cover - times	3.35	4.88
Average Tax rate	24.1%	32.0%
Growth in Profit after Income Tax Expense	48.0%	8.2%
Number of shares on issue at Year End (millions)	90.0	71.2
<b>Net Tangible Assets per Share (cents)</b>	37.7	175.8
Net Debt to Equity	82.9%	67.0%
<b>Share Price at 30 September 2007</b>	<b>\$5.40</b>	<b>\$4.17</b>

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