



6 August 2003

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

**CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING
& ASSOCIATED MEDIA RELEASE**

In accordance with Listing Rule 3.13.3, please find attached the address to be given by Mr. Geoff Tomlinson, Chairman of Programmed Maintenance Services Limited to the Annual General Meeting being held at 11:00am this morning.

Also attached is a related media release.

Yours sincerely,

PROGRAMMED MAINTENANCE SERVICES LIMITED

A handwritten signature in black ink that reads "Ian H. Jones".

Ian H. Jones
Secretary

PROGRAMMED MAINTENANCE SERVICES LIMITED

**CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING
6 AUGUST 2003**

Ladies and gentlemen, on behalf of my fellow directors, welcome to the Annual General Meeting of Programmed Maintenance Services Limited, our fourth AGM since listing on the Australian Stock Exchange.

For the fifth successive year Programmed Maintenance Services increased its revenue and profit after tax by more than 10 per cent. Most of this growth has been organic, demonstrating the strength of our business model, and our ability to expand profitably across economic cycles.

Our reported profit after tax of \$14.3 million for the year to 31 March 2003 included an after-tax benefit of \$0.4 million in the first half due to a change in valuing work in progress. Without this change, the profit would have been \$13.9 million, an increase of 11.4% on \$12.5 million after-tax profit for the previous year. Earnings per share increased to 21.2 cents from 19.4 cents in 2002, excluding the work in progress benefit.

Contract recoverables, which are the funds we will receive in future years for work completed under our long-term maintenance programmes, grew to \$126.6 million at 31 March from \$116.9 million at 31 March 2002. This major asset reflects the growth in programmes, which remain the core of our business.

Net operating cash flow increased to \$12.9 million from \$4.9 million in 2002, with significant contributions from one-off projects in the Australian painting division and growth in the building services, industrial services and New Zealand painting businesses. This has enabled us to reduce net debt to \$46.9 million, representing 54% of equity (2002: 74%), providing the company with a solid base to finance further business development.

Our painting businesses in Australia, New Zealand and the United Kingdom all grew in revenue and hours worked. In all our painting businesses, the total hours worked exceeded 1.8 million hours during the year, representing growth of 10.7% compound per annum over the past 10 years. We expect to work a record 2 million hours in the current financial year.

We continue to extend the geographical spread of our branch network. During the year we opened our 36th branch in Australia, our 13th in New Zealand and our sixth in the United Kingdom. Our branch network gives us significant leverage for national and trans-Tasman projects.

Property Maintenance - Australia

Our Australian property maintenance business, which provides painting, grounds management and building services, increased its revenue by 15.4% to a record \$124.4 million. A strong second half, particularly during December and January, more than compensated for a tough start to the year, when we took on a number of one-off contracts at lower margins over the winter period. Profit before tax in the second half was \$8.1 million compared with \$7.1 million in the second half of 2001-2.

We were awarded a \$13 million five-year contract from Myer Grace to provide painting services nationally and carpentry services in Victoria and South Australia. This demonstrates our ability to cross-sell and operationally deliver an integrated service package.

Painting

The Painting Services Division continued to grow and performed well in Victoria, New South Wales and Western Australia despite increasing competition. A downturn in the demand for heavy duty coatings affected the Queensland results. In South Australia the drought and the impact of the higher Australian dollar on our wine and food customers adversely affected our business in those sectors. Our trans-Tasman capability is a significant strength and contributed to our retail sector growth – we painted 235 Home Hardware stores in Australia and 135 Jeans West stores across Australia and New Zealand. We are developing our project management skills to increase this competitive advantage. Our penetration of the health industry increased, mainly from new contracts in New South Wales.

Continued refinement of our sales management processes resulted in a higher rate of programme renewals and an improvement in converting quoted work to sales.

Grounds Management

The Grounds Management Division increased its revenue by \$0.4 million to \$11.8 million. This was achieved despite the impact of the drought which restricted discretionary spending by this division's customers. The increased focus on landscaping activities has been successful with a steady increase in contracts and revenue.

Victoria had a record year, with a 75% increase in revenue, due to a combination of new maintenance contracts and landscaping work. The new branch in Western Australia is already profitable and doubled its revenue over the previous year. New South Wales overcame last year's problems and continued to grow, making a positive contribution in the second half. Results in South Australia also turned around in the second half. We continue to retain 90% of our customers and to develop business in the education, aged care and government sectors.

We implemented initiatives to increase staff skills, retention and productivity. We have also upgraded technology to increase productivity and manage plant and equipment more cost-effectively.

Building Services

The Building Services Division continued its rapid growth, strengthening customer relationships and improving operating cash flows. Revenue increased by \$7.4 million to \$20.7 million.

In addition to the Myer Grace contract, significant new contracts included the refurbishment of aged care facilities and maintenance management for the Aboriginal Housing Trust in South Australia and contract renewals by two large schools in Victoria. We opened new offices in Western Australia and Queensland, which have enabled further integration and alignment across all states.

Our focus on improving and upgrading our systems and business processes has enabled us to provide customers with more accurate estimates and streamlined project management. National pricing agreements and national and local agreements with sub-contractors, coupled with programmes to develop the skills of our tradespeople, are providing strong foundations for the future. We have also established national supplier purchasing arrangements to reduce costs on refurbishment projects.

During the year, we pioneered the development and use of innovative technology, including hand-held auditing and estimating devices, which resulted in more efficient compliance audits. Our web-based, automated e-maintenance system gives customers access to real time maintenance schedules and status reporting.

Industrial Services

The industrial services business, which trades as Barry Bros. Specialised Services, regained its growth momentum in the first half following a weak performance in 2001-2. The drought affected second half revenue due to reduced drain maintenance work, especially in regional centres, where there was no work for five months. The loss of a major contract and the consequent reduction in resources caused the Latrobe Valley branch in Victoria to incur a loss for the year.

Demand for non-destructive digging services continued to grow, particularly in New South Wales, and our sixth unit arrived in the fourth quarter. We won major contracts in Queensland and extended our preventative maintenance for Sydney Water with our root-cutting programme. Our new Altona branch is expected to open up opportunities and improve utilisation of our industrial cleaning and vacuuming capacity.

New Zealand

A highlight of the year was the performance of our New Zealand painting business, with reported revenue and earnings both increasing by over 20%. This result was assisted by an exchange gain, and in New Zealand dollars the revenue increased by 18% and pre-tax profit by 14.3%. During the year we won significant new contracts including Canterbury Meats, Lion Breweries, Sealord Group, Montana Wines, and three hospitals for West Coast Health. Cadbury Confectionery renewed and extended our contract and we began new business relationships with several Carter Holt Harvey Ecopine sites.

Education continued to be a strong growth market contributing over 47% of new sales. We also completed re-imaging projects for 80 Telecom More Mobile stores, 100 Kiwi Bank branches and a number of fast food outlets for Burger King and Restaurant Brands.

We opened a branch in Invercargill at the beginning of the year, and another at Whangarei in the fourth quarter. In addition to our geographical expansion, we continued to upgrade our processes and services, and our feedback surveys have shown an increase in customer satisfaction.

United Kingdom

Our United Kingdom business, Whittle Painting Group, continued to build demand for long-term maintenance programmes which are unique in this market. While the traditional Whittle one-off painting contract business provided over 90% of revenue, 40 new maintenance programmes have been secured since the previous annual report. Currently we have written 95 programmes with a total contract value of more than \$9.3 million.

Revenue increased by 8.7% to \$17.8 million. Tighter cost management and improved margins from programme work resulted in a 14% rise in profit before tax to \$330,000 after accounting for goodwill amortisation, interest on acquisition borrowings and UK head office costs.

Our six branches, which are located in the Midlands region, employ 200 people and service a wide range of customers including schools, hospitals, racecourses and various commercial properties. Most external painting is done in the northern spring and summer. As we develop programme work, we endeavour to separate contracts for internal and external work so that we can schedule internal work in the winter period. During the year we bought 12 new vans, bringing the total to 20, and our distinctive green and white logo is becoming recognised in the marketplace. We introduced a number of business development practices proven in the Australian and New Zealand markets. We were the only painting contractor among 84 trade exhibitors at a recent national conference of independent school bursars and we received over 100 enquiries for follow-up visits.

Our partnership agreements with two major paint suppliers have proven effective, with increased promotion of our programme concept and customer referencing.

Whittle employees are increasingly enthusiastic about our unique programme concept, and it is clear that this product offers considerable growth opportunities in the United Kingdom market.

People & Technology

Since listing on the ASX in October 1999, we have increased both our revenue and earnings before interest and tax by over 50%. We now maintain over 60,000 buildings and structures for over 5,500 blue chip customers. This trend is underpinned by a strong growth culture throughout the company and we expect it to continue. To enable us to meet our projections, we are investing in our people, technology and processes.

In the past year we have initiated a number of programmes to ensure our people continue to develop and achieve their full potential. Our corporate survey showed Programmed Maintenance Services employees have a very strong culture of identifying with the company and its goals. This is reflected in the length of service and loyalty of our people.

We have established formal training and development programmes throughout the company. More than 150 tradespeople participated in programmes to improve their supervision and customer communication skills. Training is also vital for management and we held our first leadership development course conducted by the Mt Eliza Business School for 20 high potential managers from Australia and New Zealand. Two senior executives completed the four-week residential advanced management programme at Mt Eliza. Importantly, we have continued our apprenticeship programme to ensure we have sufficient resources to facilitate our long-term growth objectives. Three trainees completed, and four new trainees commenced, our management cadet programme.

Programmed Maintenance Services is committed to being an “employer of choice” and we strongly support equal opportunity. The assessment of the company by the Equal Opportunity for Women in the Workplace Agency recognised our efforts to provide an environment free from harassment and discrimination.

We are determined to provide our employees with a safe working environment, and our Occupational Health and Safety record continued to improve. The number of lost time injuries fell by 23%. We have recently appointed a dedicated safety and quality manager in each state and in New Zealand to maintain the momentum of our safety programme.

Our fully integrated IT system is having an increasing impact on productivity, and we are trialling a more efficient process flow which, when fine-tuned, will be introduced nationally and is expected to reduce our costs. A new customer sales and marketing system has also led to improved sales management and a more comprehensive customer knowledge database.

Our proprietary e-maintenance system, which uses internet technology to manage maintenance of building and essential services, was rolled out successfully during the year to customers in the aged care, hospitality and education sectors across Australia. In addition, we pioneered and implemented a unique customer image management system, which provides online access for customers to track the status of national re-imaging projects. This provides an added value for our customers and a significant point of distinction from our competitors.

Personal digital assistant tools have also been introduced to capture field data for direct input into estimating and auditing databases and reports, and we enhanced our account management system so we can manage customer and sales activity more effectively.

Dividends

Your directors declared an increased final dividend of 5 cents per share, franked to 50%, which was paid on 24 July. This compares with 4 cents per share, unfranked in 2002 and brings total dividends for the year to 9 cents. Our improved ability to pay franked dividends over the past twelve months comes from the greater proportion of revenue from the non-painting businesses in Australia together with more “one off” painting contracts. Your

directors expect that the company will be able to frank dividends to at least 50% in the next twelve months

The dividend reinvestment plan has continued to apply to the final dividend, with the shares being issued at no discount to the average market price. Shareholders continued to participate in the plan, although at a reduced level to the previous year. Your directors will continue to aim for increasing dividends while retaining sufficient funds to facilitate our future growth.

Corporate Governance

Your directors have continued to guide and monitor the progress of the company in accordance with appropriate corporate governance practices. The Annual Report contained details of the company's actions regarding compliance with the "Best Practice Recommendations" of the ASX Corporate Governance Council, and I will now provide an update.

With regard to the possible appointment of a qualified accountant as a director, the Board does not currently consider such an appointment is necessary. The non-executive directors, who comprise the Board Audit Compliance & Risk Management Committee, are financially literate and have sufficient public company experience in financial matters.

Current Year

The Group's trading results for the quarter ended 30 June 2003 have shown pleasing results for all divisions, although a slower first quarter has impacted on the Australian Painting with below budget results. However, current sales and works projections throughout all divisions are good, and we expect that our growth rates of recent years should continue for the full 2003/4 year.

In conclusion, I would like to thank our managing director, Max Findlay and all members of our team for their contribution to another successful year.



Media Release

6 August 2003

Continued double digit growth expected by Programmed Maintenance Services

Programmed Maintenance Services Limited, Australia's leading property maintenance group, expects continued double digit percentage growth in the year to 31 March 2004, the company announced at its annual general meeting in Melbourne today.

Mr Geoff Tomlinson, chairman of Programmed Maintenance Services, said that pleasing results in all divisions had been achieved in the first quarter to 30 June 2003, although the Australian painting division had been impacted by a slower start.

"Current sales and work projections for all divisions are good, and we expect that the double digit percentage growth rates achieved in recent years will continue for the full year," Mr Tomlinson said.

In the year to 31 March 2003, Programmed Maintenance Services increased its revenue by 16.2 per cent and profit after tax by 11.4 per cent. It was the fifth consecutive year that both increased by more than 10 per cent.

"The performance of our New Zealand operations was a highlight for the group in 2002/03 and we've started the new financial year well with a strong works projection," Mr Tomlinson said.

He said that the advantages of the programmed approach to property maintenance are proving increasingly popular in the United Kingdom market, which the company entered in July 2000 and where it currently has 95 programs with a value exceeding A\$9.3 million.

"With most external painting occurring during the northern spring and summer, the United Kingdom is currently in the middle of its peak season and it is clear there are considerable growth opportunities in this market," Mr Tomlinson said.

Programmed Maintenance Services currently maintains over 60,000 buildings and structures for over 5,500 blue chip customers in Australia, New Zealand and the United Kingdom.

End

Programmed Maintenance Services Limited
ABN 61 054 742 264
52 Ricketts Road
Mount Waverley
Victoria 3149
Tel : (03) 9562 8033
Fax : (03) 9562 8006



For further information contact:

Mr Max Findlay
Managing Director
Phone: 03 9562 8033
Mobile: 0412 342 741

Or

Mr Ian Jones
Chief Financial Officer
Phone: 03 9562 8033
Mobile: 0402 440 004

Released through :
Financial & Corporate Relations
Phone : 03 9670 7996

Programmed Maintenance Services Limited
ABN 61 054 742 264
52 Ricketts Road
Mount Waverley
Victoria 3149
Tel : (03) 9562 8033
Fax : (03) 9562 8006