

# ASX Release

Friday 29 January 2010

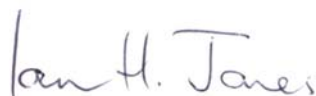
Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

## Trading Update

Please find attached the Trading Update, issued by the Company today.

Yours sincerely,  
**PROGRAMMED MAINTENANCE SERVICES LIMITED**



Ian H. Jones  
Company Secretary

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## Programmed – Trading Update

On 22 October 2009 we advised that our second half trading results to date were in line overall with our second half operating performance prior year (EBITA of \$36m). With an actual first half result of \$27m, this would suggest a full year result of \$63m, if second half conditions and activity remained consistent with the prior corresponding period. We noted, however, that the final FY10 (the financial year ending 31 March 2010) result would be influenced by:-

- (i). Retail trading conditions in the 2009 Christmas period which impact our Workforce results;
- (ii). The level of work won and executed within the period by SWG; and
- (iii). The degree of discretionary maintenance expenditure associated with commercial/ retail customers in Australia, New Zealand and UK.

We provide the following update based on recent market conditions and trading results.

Our earnings expectations for FY10 relating to the first two factors remain unchanged.

However, in respect of the third factor, in our painting operations across Australia, New Zealand and UK, many commercial / retail customers are working with tighter maintenance and capital works budgets. This has resulted in lower than expected levels of discretionary or expansionary works being committed and hence painting volumes will be lower than previously expected. In addition, the unusual sub zero temperatures and snow conditions being experienced in the United Kingdom have resulted in additional difficulties for our UK operations during December and January.

We expect full year revenue from our painting operations to be down an average 10% across all three countries. Whilst our grounds and corporate imaging divisions are expected to grow in FY10, the overall Property Services EBITA is expected to fall approximately 20% compared to the prior year mainly as a result of the fall in painting revenue.

Additionally, in our marine services business, the Maritime Union of Australia is pursuing a wage claim that is not acceptable to our business or any of our clients. We, along with other operators, have endured with the support of all our clients a number of industrial stoppages to date. Despite our best efforts, the dispute remains unresolved and more stoppages are likely in the coming weeks. Some clients have now decided to defer work planned to commence in January until this industrial dispute is resolved to mitigate the significant costs the industry is bearing as a result of this dispute.

The rising legal costs of this dispute along with the revenue fall from the deferral of works is now forecast to cause a material fall in Marine earnings in the second half, with the full year Marine FY10 EBITA result now expected to be similar to the prior year, due to a stronger first half result. Despite the short term impact to earnings associated with the labour dispute in our Marine business, it is important for our customers that we only agree to a sensible outcome.

The overall Programmed FY10 EBITA is expected to be in the range of \$57m to \$60m before any contribution from the recently completed acquisition of KLM.

With the benefit of lower interest costs for the second half due to the successful rights offer and a small contribution from KLM (assuming two months ownership), the FY10 NPAT is forecast to be \$26m to \$29m compared with a reported \$28m last year.

We are confident that Programmed's prospects are strong. The Australian economy is expected to recover further over the next 12 months lifting the activity levels of many customers. Our balance sheet has been significantly strengthened. The acquisition of KLM will create more value for our customers and we have identified further areas to strengthen and add capability to the Programmed Group.

For further information contact:

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