

# Important Dates

All references to times in this Scheme Booklet are references to the time in Perth, Western Australia.

Key Events	Key Dates
Record date for Integrated Interim Dividend	Wednesday, 4 April 2007
Payment date for Integrated Interim Dividend	Wednesday, 11 April 2007
Proxy forms to be received from Integrated Shareholders no later than	11.00am on Tuesday, 8 May 2007
Time and date for determining eligibility to vote at the Scheme Meeting	5.00pm on Tuesday, 8 May 2007
<b>Scheme Meeting to be held at the Karri Room, the Parmelia Hilton Hotel, Perth, Western Australia</b>	<b>11.00am on Thursday, 10 May 2007</b>
Court hearing for approval of the Scheme	Friday, 25 May 2007
Effective Date of the Scheme	Monday, 28 May 2007
Suspension of Integrated Shares from ASX trading	Close of trading on Monday, 28 May 2007
New Programmed Shares to be issued under the Scheme expected to begin trading on ASX on a deferred settlement basis	Tuesday, 29 May 2007
Scheme Record Date	Monday, 4 June 2007
Implementation of Scheme, including payment of the Scheme Consideration	Thursday, 7 June 2007
New Programmed Shares begin trading on ASX on a normal settlement basis	Monday, 18 June 2007

## Important note:

The timetable provided above is indicative only. Integrated has the right (with Programmed's consent and subject to any necessary approvals or orders from the Court) to vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain dates and times are subject to change due to the review and approval of the Court and other regulatory authorities. Any changes to the timetable will be announced through ASX and on Integrated's website ([www.intgroup.com.au](http://www.intgroup.com.au)).

# Letter from the Chairman of Integrated

Dear Integrated Shareholders

## Proposed merger between Integrated Group Limited and Programmed Maintenance Services Limited

On 12 February 2007, the boards of Integrated Group Limited (**Integrated**) and Programmed Maintenance Services Limited (**Programmed**) announced a proposal to merge the two companies (**Merger**) by way of a scheme of arrangement (the **Scheme**). Under the proposed Merger, Integrated Shareholders will receive \$1.25 in cash and 0.26 New Programmed Shares for each Integrated Share they hold. In addition, Integrated Shareholders who are registered shareholders as at 5.00pm on 4 April 2007 will be entitled to receive the interim dividend declared by Integrated for the six months ended 31 December 2006 of 5 cents per share, to be paid on 11 April 2007. As holders of New Programmed Shares, Integrated Shareholders would also be entitled to receive any final dividend declared by Programmed for the year ending 31 March 2007.

Based on the closing price of Programmed shares on 9 February 2007, being the last full trading day prior to the announcement of the Merger, the Scheme Consideration, together with the Integrated Interim Dividend, represents a 24.8% premium to the volume weighted average share price (**VWAP**) of Integrated Shares for the month prior to the announcement and a 32.3% premium to the VWAP for the 3 month period prior to the announcement.

In addition to this premium, Integrated's directors believe that the Merger will unlock the opportunity to create a new force in workforce, facilities management and maintenance solutions, with significant growth prospects, providing labour hire and contract maintenance services to support and maintain infrastructure, manufacturing, industrial and resource operations, safely and profitably in Australia, New Zealand and the United Kingdom. With a significant part of the offer being in Programmed Shares, Integrated Shareholders will benefit from the synergies and growth that the new Merged Group is expected to deliver.

Integrated has a strong management team in place and a sound plan to grow its business further. For Integrated the Merger will provide a significantly stronger platform from which to continue its present strategy. The Merger should deliver its plan for growth faster and with less risk than as a standalone entity by:

- sharing infrastructure to expand Integrated's workforce operations further into regional Australia and New Zealand, and potentially establishing operations in the United Kingdom;
- leveraging Programmed's capability and track record in infrastructure maintenance to expand Integrated's existing technical maintenance and managed labour services into the mining and oil and gas markets where managed labour and maintenance services are in strong demand but are not yet serviced in any significant way by either Integrated's technical maintenance division or by Programmed; and
- using Programmed's United Kingdom corporate presence to support the expansion of Integrated's marine business further overseas and to open up the potential to offer international marine manning services.

It is important to note that Integrated and Programmed operate different but complementary businesses. There is no overlap in business operations and therefore the Merger is not anticipated to involve the combination or integration of either entity's frontline operations. This significantly reduces the risks of the Merger associated with mixing operating cultures and teams from different organisations, or the loss of clients, contracts or employees in either group (which risks are often found in the merging of businesses of the same kind). The major advantages of the Merger result from the improved growth outlook the combined platform provides for the Merged Group's business, using and sharing location infrastructure and back office functions, and the potential for each of Programmed and Integrated to leverage their existing customer relationships to generate new business for the other.

The Merger is premised upon combining two companies to create and provide, amongst other things:

- a stronger platform for growth;
- better support and services to customers;
- improved shared service support and technology for all operating units;
- greater opportunities for further acquisitions;
- a wider range of enhanced roles for employees; and
- a larger, more relevant company for Integrated Shareholders.

The Directors of Integrated have appointed KPMG to prepare an Independent Expert Report on the Merger. The report, contained in Appendix 1, concludes that the Merger is in the best interests of shareholders.

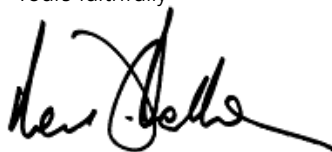
The Merger with Programmed is to occur by way of the Scheme, which requires the approval of Integrated Shareholders. This Scheme Booklet contains full details of the Merger proposal. You are urged to read this document carefully as the information it contains is important.

Your Directors (who together hold approximately 11.7% of Integrated's share capital) unanimously support the Merger and recommend that, in the absence of a superior proposal, you vote in favour of it at the meeting of Integrated Shareholders to be held on 10 May 2007. Subject to that same qualification, the Integrated Directors intend to vote all of the Integrated Shares that they own or control in favour of the Scheme. If the meeting votes in favour of the Scheme then, subject to court approval after the meeting, the Scheme will be binding on all Integrated Shareholders.

If you are unable to attend the Scheme meeting, you are encouraged to vote by completing the enclosed personalised proxy form and returning it to Integrated's Share Registry, Computershare Investor Services, by mail or fax, as soon as possible and in any event by 11.00am on 8 May 2007.

If you are in doubt as to the action you should take in relation to the Merger, you should consult your legal, financial or other professional adviser without delay. If you need any assistance completing the proxy form, please contact Integrated's Company Secretary on +61 8 9322 2111 or by email at [companysecretary@intgroup.com.au](mailto:companysecretary@intgroup.com.au).

Yours faithfully



Neil Hamilton  
**Chairman**

# Letter from the Chairman of Programmed

Dear Integrated Shareholders

On 12 February 2007 Programmed Maintenance Services Limited (**Programmed**) and Integrated Group Limited (**Integrated**) announced a merger of the two companies which we believe presents attractive new opportunities for you as an Integrated Shareholder.

Programmed is a substantial provider of outsourced property maintenance and infrastructure and facilities management services with a proud history of having delivered solid earnings growth in every year since its listing on the ASX in October 1999.

The merger of the Integrated and Programmed businesses will create a substantial provider of temporary and permanent labour hire, facilities management and maintenance solutions throughout Australia, New Zealand and the United Kingdom.

Programmed is offering you \$1.25 in cash and 0.26 Programmed Shares for each Integrated Share you hold. In addition, you will receive the interim dividend of 5 cents per Integrated Share which was declared by Integrated for the six months ended 31 December 2006, provided you are a registered holder of Integrated shares as at 5.00pm on 4 April 2007. As a holder of New Programmed Shares, you would also be entitled to any final dividend declared by Programmed for the six months ending 31 March 2007.

The Merger provides a number of significant benefits for Integrated Shareholders.

- Programmed is offering to buy your Integrated Shares at an attractive premium to the price your shares traded before the transaction was announced. Importantly, not only do you receive cash, but you also become a shareholder in the Merged Group.
- The New Programmed Shares you receive will provide you with the opportunity to participate in the ongoing benefits of the Merger. These include increased scale, enhanced strategic and financial strength, and superior growth prospects through the leveraging of each company's customer relationships.
- The Merger allows you to become a shareholder in a company with a more diverse shareholder base and a larger market capitalisation, both of which are expected to generate greater liquidity in Programmed Shares.

You should read the Scheme Booklet sent to you by Integrated, as it contains full details of the Merger proposal. Integrated Shareholders who are foreign shareholders should refer to section 7.6 of this Scheme Booklet.

The transaction has been unanimously recommended by the Integrated Board and the Integrated directors recommend that, in the absence of a superior offer from another party, you vote in favour of the transaction at the upcoming shareholders meeting on 10 May 2007. The Integrated Directors who own shares in Integrated intend to vote in favour of the transaction.

In addition, the Independent Expert has considered the proposed transaction and concluded that it is in the best interests of Integrated Shareholders.

The Programmed Board is excited about the future of the combined business and the growth which our two companies can deliver together. We encourage you to vote in favour of the merger and look forward to welcoming you as a shareholder in Programmed.

Yours sincerely



Geoff Tomlinson  
**Chairman, Programmed Maintenance Services Limited**

# Why you should vote in favour of the Scheme

Reason

**1**

Your Directors unanimously recommend that Integrated Shareholders vote in favour of the Scheme, in the absence of a superior proposal

Reason

**2**

The Independent Expert has concluded that the Scheme is in the best interests of Integrated Shareholders

Reason

**3**

The Scheme Consideration provides an initial premium to trading prices of Integrated Shares prior to the announcement of the Merger

Reason

**4**

Integrated Shareholders will be able to share in the strategic and financial benefits of the Merger which are expected to be significant

Reason

**5**

No superior proposal to date has emerged

Reason

**6**

Integrated Shares are unlikely to trade at current levels in the absence of the Merger proposal

Reason

**7**

No brokerage will be payable and partial CGT rollover relief will be available to resident shareholders

These reasons are discussed in further detail on the following pages.

# Why you should vote in favour of the Scheme

## 1. Your Directors unanimously recommend that Integrated Shareholders vote in favour of the Scheme, in the absence of a superior proposal<sup>1</sup>

For the reasons set out below, your Directors unanimously recommend that Integrated Shareholders vote in favour of the Scheme, in the absence of a superior proposal.

Subject to the same qualification, each of your Directors intends to vote all of the Integrated Shares they own or control in favour of the Scheme at the Scheme Meeting. In aggregate, your Directors own or control approximately 11.7% of the Integrated share capital. Further detail about the interests of your Directors in Integrated Shares is set out in section 7.7 of this Scheme Booklet (Interests in Integrated securities).

## 2. The Independent Expert has concluded that the Scheme is in the best interests of Integrated Shareholders

The Independent Expert, KPMG, has reviewed the terms of the Scheme and has concluded that the Scheme is in the best interests of Integrated Shareholders.

In its report, the Independent Expert has assessed:

- the full underlying value of an Integrated Share to lie in the range of \$2.56 to \$2.93; and
- the fair market value of the Scheme Consideration, together with the Integrated Interim Dividend, to lie in the range of \$2.62 to \$2.80 per Integrated Share.

As the low end of the value of the Scheme Consideration together with the Integrated Interim Dividend (\$2.62) lies within the Independent Expert's assessed range of values for an Integrated Share (\$2.56 to \$2.93) the consideration offered is considered to be fair.

A copy of the Independent Expert Report is set out in Appendix 1 of this Scheme Booklet. Integrated Shareholders are encouraged to read that report in its entirety. It contains important information relevant to the Scheme, the advantages and disadvantages of the Merger and the assumptions, qualifications and disclaimers on which the Independent Expert's conclusions are based.

## 3. The Scheme Consideration provides an initial premium to trading prices of Integrated Shares prior to the announcement of the Merger

Based on the closing price of Programmed Shares on ASX of \$5.14 on 9 February 2007, being the last trading day prior to the announcement of the Merger, the Scheme Consideration, together with the Integrated Interim Dividend, implies a total value of \$2.64 per Integrated Share. This represents a:

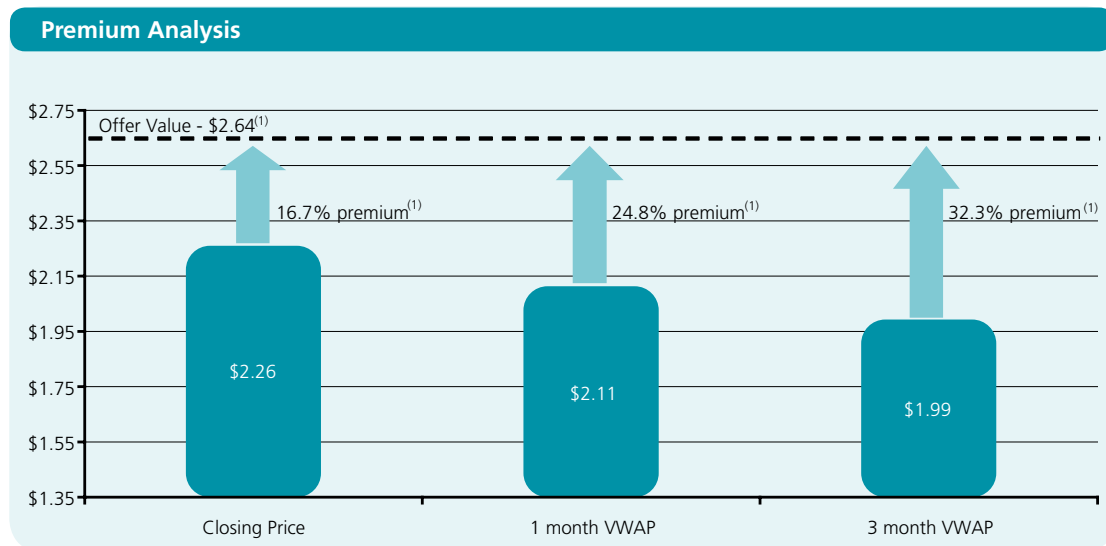
- 16.7% premium to the closing price of Integrated Shares on 9 February 2007 of \$2.26 per share;
- 24.8% premium to the one month VWAP of Integrated Shares up to and including 9 February 2007 of \$2.11 per share; and
- 32.3% premium to the three month VWAP of Integrated Shares up to and including 9 February 2007 of \$1.99 per share.

In addition to the initial premia mentioned above, those Integrated Shareholders who receive New Programmed Shares under the Scheme will be able to share in any future strategic and financial benefits of the Merger which are expected to be significant and are detailed on pages 8 to 10 (inclusive).

Persons registered as holders of Integrated Shares at 5.00pm on 4 April 2007 will be entitled to receive the Integrated Interim Dividend. Accordingly, persons who become registered holders of Integrated Shares after 4 April 2007 will not receive the Integrated Interim Dividend.

1. As set out in section 7.8, one of the Directors (Neil Hamilton) has an interest in 5,000 Programmed Shares.

The premia implied by the Scheme Consideration, together with the Integrated Interim Dividend, are shown graphically below:



**Notes:**

1. This represents the implied value of the Scheme Consideration, together with the Integrated Interim Dividend, based on Programmed's closing share price on 9 February 2007 of \$5.14.

In addition, those Integrated Shareholders who receive New Programmed Shares under the Scheme and continue to hold them will be entitled to any final dividend declared by Programmed for the financial year ending 31 March 2007, provided the Implementation Date occurs on or before the Programmed Record Date. If Programmed declares the Programmed Final Dividend but Integrated Shareholders do not receive it because the Programmed Record Date is before the Implementation Date, Integrated will pay Scheme Shareholders the Integrated Final Dividend. Programmed presently has a policy of paying dividends to shareholders which are equivalent to approximately 60% of the net profit after tax for the relevant financial year, though Integrated Shareholders should note that Programmed has not yet declared any final dividend in respect of the financial year ending 31 March 2007.

Since 9 February 2007, the price of Programmed shares on ASX has increased from \$5.14 to \$5.19 as at 22 March 2007. As a result, the implied premium of the Scheme Consideration, together with the Integrated Interim Dividend, to the closing price of Integrated Shares on 9 February 2007 of \$2.26 is now 17.2%.

Integrated Shareholders should be aware that the price of Programmed Shares may fluctuate upwards or downwards prior to, and after, implementation of the Scheme. Accordingly, Integrated Shareholders should be aware that, as part of the Scheme Consideration includes Programmed Shares, the implied value of the Scheme Consideration to Integrated Shareholders will vary with the price of Programmed Shares. Further, all references to the implied value of the Scheme Consideration, or the implied value of the Scheme Consideration together with the Integrated Interim Dividend, are subject to the effects of rounding. It should be noted, in relation to potential fluctuations upwards or downwards of Programmed Shares immediately after the Implementation Date, that Programmed will issue approximately 18.8 million New Programmed Shares under the Scheme; that some Integrated Shareholders may seek to sell those shares on ASX; and that any New Programmed Shares attributable to Ineligible Foreign Holders will be sold on ASX on their behalf. If a significant number of Programmed Shares are sold, the value at which Programmed Shares are traded on ASX may be adversely affected. The price of Programmed Shares may, however, rise if, in addition to general movements in equity markets, there is increased investor demand for Programmed Shares as a result of the Merger.

Please refer to sections 2.5(b) and 3.8(b) of this Scheme Booklet for the recent share price history of Integrated and Programmed shares respectively.

#### 4. Integrated Shareholders will be able to share in the strategic and financial benefits of the Merger which are expected to be significant

Scheme Shareholders will receive Scheme Consideration which includes 0.26 Programmed Shares per Integrated Share (although Ineligible Foreign Holders will not be issued Programmed Shares – see section 7.6 (Shareholders outside Australia and New Zealand)).

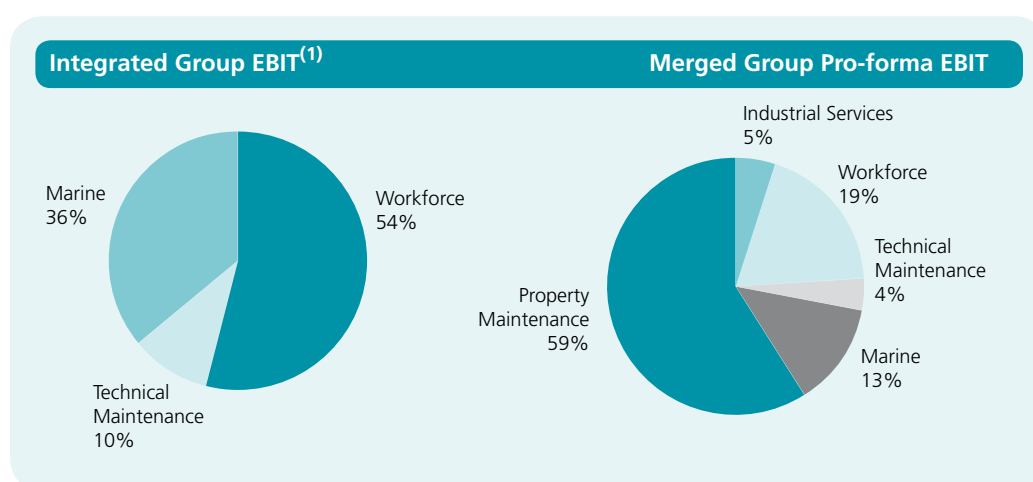
Accordingly, the Scheme Consideration is structured to enable Integrated Shareholders to share in any strategic and financial benefits of the Merger, which are expected to be significant for the reasons specified below.

The complementary nature of the Integrated and Programmed businesses means that the Merger will create a larger, broad-based outsourced maintenance and labour hire services company, capable of leveraging maintenance services and labour management systems and tools, to provide better service to the combined customer base.

More specifically, it is expected that the Merger will provide the following strategic and financial benefits:

- a) **Faster penetration into new regions** - there is great potential for Integrated's workforce division to use the existing infrastructure and customer base of Programmed to expand further into regional Australia, New Zealand and the United Kingdom. In addition, there are opportunities for Integrated's Marine Division, which recently expanded into New Zealand, to seek further international expansion by establishing operations in the United Kingdom and potentially offering marine manning services internationally. Greater corporate scale will improve support for both Integrated and Programmed operations in their respective markets.
- b) **Access to new customers** - there is potential for Integrated and Programmed to leverage each other's existing customer relationships to generate faster revenue growth than either business is likely to be able to achieve on a standalone basis. The Merged Group will have a combined customer base of in excess of 7,500 customers. There is less than a 12% overlap between the top 300 customer bases of Integrated and Programmed respectively, which provides potential for Integrated and Programmed to develop relationships with each others' existing customers.
- c) **Further development of technical maintenance** - Integrated has planned to develop further into managed labour and maintenance services in the oil and gas and mining markets, and in particular to leverage off its marine exposure in offshore oil and gas operations in Western Australia and New Zealand. The additional track record and capability of Programmed in building and infrastructure maintenance will add significantly to the Merged Group's capability to extend its reach to these new markets.
- d) **Improved internal support functions** - the increased scale and capacity of the internal support functions provides the potential to improve the quality of service, lower unit costs and enable a greater investment in related information technology.
- e) **Operational cost savings** - the combination is expected to generate net annual pre-tax cost savings of approximately \$3 million within 2 years of the Merger, based on Integrated's preliminary estimates. These cost savings are expected to be realised in the areas of information technology and communications, treasury and insurance, corporate and areas of office leasing. Further information in relation to cost savings and risks is set out in sections 4.5(d) and 5.5 of this Scheme Booklet.
- f) **Enhanced financial strength** - the combination will enhance the operational and financial strength of each of Integrated and Programmed such that the Merged Group will be better positioned to fund growth and participate in industry consolidation in recruitment, labour hire and outsourced maintenance markets. The higher cash flow to EBITDA ratio of Integrated's business (that is, the higher percentage conversion of earnings into cash in any given year) means that the Merged Group will benefit from additional cash flows which will better enable it to fund growth and potential acquisitions.

- g) **Greater labour flexibility** - Programmed's access to Integrated's large workforce pool will enable Programmed to better meet seasonal demands and respond more quickly to customer requests for labour on short notice which can be challenging in today's environment of skilled labour shortages.
- h) **Greater earnings diversity** - Integrated Shareholders will gain exposure to new revenue and earnings streams through Programmed's industrial services and property maintenance businesses. As shown below, based on the pro-forma Merged Group financial information for the financial year ending 31 March 2007 (set out in section 4.6), Programmed's property maintenance business would be expected to generate the majority of the Merged Group's earnings for the financial year ending 31 March 2007.



Source:

Integrated and Programmed FY07 estimates

1. Corporate costs have been allocated to the business divisions on the basis of sales.

2. Figures are based on the pro-forma Merged Group financial information set out in section 4.6

(and the assumptions and qualifications underlying that pro-forma Merged Group financial information).

In addition, the diverse industry exposure of the Merged Group - covering mining and resources, food, wine and hospitality, education and the broader manufacturing and service sectors - means that the Merged Group will be well placed to weather cyclical downturns and industry-specific shocks.

- i) **Greater scale and investor relevance** - the combination will create a much larger listed company than Integrated or Programmed on its own. This is likely to improve the liquidity of the Merged Group's shares and to attract a greater level of analyst coverage and investor interest in the Merged Group.

Regarding the potential impact of the Merger on the liquidity of the Merged Group's shares, the Independent Expert stated:

*"As a result of the expanded Programmed having an expanded and more diversified range of business operations and investments and prospects for accelerated growth than either Programmed or Integrated as stand alone entities, there appears to be reasonable prospects that a greater number of investors will be attracted to the expanded Programmed than is currently the case in respect of Integrated alone, which should, all other things being equal, result in greater liquidity in share trading"* (Independent Expert Report, page 5).

The Independent Expert goes on to say:

*"We also note that any increase in Programmed's scale may also potentially translate into a positive re-rating of Programmed's shares by the investment community"* (Independent Expert Report, page 5).

- j) **Improved attraction and retention of employees** - the combination will provide greater career opportunities for all staff in the Merged Group, which should lead to improved retention and attraction of high quality employees.
- k) **No operational overlaps** - as Integrated and Programmed operate different but complementary businesses, the Merger does not involve the combination or integration of either party's frontline operations. This significantly reduces risks of the Merger involving loss of clients, contracts and employees in either group (which risks are often found in the merging of businesses of the same kind), without detracting from the key benefits of the Merger.

Upon implementation of the Scheme, Scheme Shareholders will own approximately 20.9% of the Merged Group and will be able to share in the above strategic and financial benefits.

## 5. No superior proposal to date has emerged

Since the Scheme was announced on 12 February 2007, no third party has presented any alternative offer to Integrated's Board or sought to initiate any discussions which could lead to such a proposal being made. Furthermore, your Directors have no basis for believing that any such alternative offer will be forthcoming.

In this regard, your Directors have not sought any alternative third party proposal in accordance with Integrated's "no solicitation" obligations under the Merger Implementation Agreement.

Further information with respect to the "no solicitation" obligation is set out in section 1.3 of this Scheme Booklet.

## 6. Integrated Shares are unlikely to trade at current levels in the absence of the Merger proposal

Your Directors believe that if the Merger does not proceed and no alternative proposal emerges, it is unlikely that the price of an Integrated Share will trade in the short term at or above \$2.64, being the implied total value of the Scheme Consideration, together with the Integrated Interim Dividend, based on the closing price of Programmed Shares on ASX of \$5.14 on 9 February 2007.

It is not possible to say at what level Integrated Shares will trade if the Scheme does not proceed, and your Directors cannot say when or if the market price would reach the implied value of \$2.64 per Integrated Share referred to above. Regarding the potential impact on Integrated's share price if the Merger does not proceed, the Independent Expert stated that:

"In the event the Scheme is unsuccessful and all other things being equal, there is a prospect of Integrated's shares falling from their current levels reflecting the withdrawal of the premium over recent trading prices offered under the Scheme. In this regard we note that Integrated's closing price increased from \$2.26 on the last trading day prior to the announcement of the Scheme to \$2.61 on the day of the announcement"  
(Independent Expert Report, page 5).<sup>2</sup>

## 7. No brokerage will be payable and partial CGT rollover relief will be available to resident shareholders

Scheme Shareholders will not be required to pay brokerage or stamp duty in relation to the disposal of their Scheme Shares or the acquisition of New Programmed Shares under the Scheme. Scheme Shareholders may have to pay brokerage on disposal of New Programmed Shares at any time after the Scheme becomes Effective.

Scheme Shareholders may also be entitled to partial CGT rollover relief in relation to the share component of the Scheme Consideration. Further information on the relevant tax consequences for Australian residents is contained in section 6 of this Scheme Booklet (Tax implications).

2. The Independent Expert notes that it is also possible that Integrated's shares may trade above pre-announcement levels as a consequence of the additional information provided to the market, including information contained in the Independent Expert Report and in this Scheme Booklet in relation to the prospects of Integrated for the future (see Independent Expert Report, page 5).

# Why you may consider voting against the Scheme

Integrated Shareholders may form a different view and are not obliged to follow the recommendation of your Directors or agree with the Independent Expert.

Factors which may lead you to vote against the Scheme include those set out below. Your Directors believe that the advantages of the Scheme outweigh these factors.

You should note that if Integrated Shareholders vote in favour of the Scheme by the necessary majorities and the Court approves the Scheme, the Scheme will proceed and you will receive the Scheme Consideration even if you voted against the Scheme.

## 1. Contrary view to your Directors about the merits of the Merger

You may believe the Scheme is not in the best interests of Integrated Shareholders notwithstanding your Directors' recommendation and the Independent Expert's conclusion.

Both your Directors and the Independent Expert have based their judgement on future earnings and events which cannot be predicted with certainty, and may prove to be inaccurate (with potentially either positive or negative consequences).

## 2. Preference for Integrated to remain as an independent entity

You may believe that Integrated will deliver greater returns to Integrated Shareholders over the long term by remaining as an independent company, notwithstanding the strategic and financial benefits which are expected to be achieved from the Merger. Further, following the Merger, Integrated Shareholders' 100% interest in Integrated's businesses will be exchanged for an interest of approximately 20.9% in the business of the Merged Group, being Integrated's and Programmed's businesses (and the risk and return characteristics of an investment in the Merged Group will be different, in some respects, from those presently applicable to Integrated).

## 3. Tax consequences

Implementation of the Scheme may have taxation consequences for Integrated Shareholders. For example, the implementation of the Scheme may result in a taxable gain or loss for Integrated Shareholders sooner than the relevant Integrated Shareholder may have wished. Further information on the relevant tax consequences for Australian residents is contained in section 6 of this Scheme Booklet. In addition, Integrated Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.

# Implications if the Scheme does not proceed

If the Scheme does not become Effective for any reason:

- Integrated Shareholders will not receive the Scheme Consideration, but will still receive the Integrated Interim Dividend provided they are registered shareholders as at 5.00pm on 4 April 2007. The Integrated Interim Dividend will be paid on 11 April 2007.
- Integrated Shares will not be transferred to Programmed (they will be retained by Integrated Shareholders).
- Integrated will continue to operate as a standalone entity under the leadership of the current Integrated Board and management.
- The Integrated Share price may fall from current levels in the absence of the Merger proposal. This has been highlighted by the Independent Expert in section 11.2 of the Independent Expert Report and is discussed on page 10 of this Scheme Booklet.<sup>3</sup>
- Integrated's growth strategy may not be achieved as expediently. Regarding the timing of Integrated's growth strategy, the Independent Expert stated that:

*"...completion of the Scheme will, in effect, facilitate the strategic initiatives Integrated was pursuing prior to the announcement of the Scheme within a much quicker timeframe than Integrated would be able to achieve as a stand-alone entity"* (Independent Expert Report, page 87).

3. The Independent Expert notes that it is also possible that Integrated's shares may trade above pre-announcement levels as a consequence of the additional information provided to the market, including information contained in the Independent Expert Report and in this Scheme Booklet in relation to the prospects of Integrated for the future (see Independent Expert Report, page 5)

# How to vote

## Your vote is important

It is important that you vote on the resolution to be considered at the Scheme Meeting. The Scheme will not proceed unless the resolution is passed by the required majorities, being:

- a majority in number (i.e. more than 50%) of Integrated Shareholders who vote at the Scheme Meeting (in person or by proxy); and
- at least 75% of the total number of votes cast at the Scheme Meeting (whether cast in person or by proxy).

## Voting entitlement

Integrated Shareholders entitled to vote on the Scheme resolution are those shareholders who hold Integrated Shares at 5.00 pm on Tuesday, 8 May 2007.

## Exercise your vote

You may vote by attending the Scheme Meeting in person (or by sending an attorney or corporate representative on your behalf) or by completing and returning a proxy form (see below and the Notice of Scheme Meeting contained in Appendix 5 for further details).

## Voting in person

To vote in person, you must attend the Scheme Meeting at 11.00am on Thursday, 10 May 2007 at the Karri Room, the Parmelia Hilton Hotel, Perth, Western Australia.

All persons attending the meeting must disclose their name when entering the Scheme Meeting. All persons entitled to vote at the meeting will then be given a voting card and admitted to the Scheme Meeting.

## Voting by attorney

If you appoint an attorney to attend the Scheme Meeting, you should lodge the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting with Integrated or the Integrated Share Registry by 11.00am on Tuesday, 8 May 2007, being 48 hours before the start of the Scheme Meeting or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting.

## Voting by corporate representative

If you are a corporation, your authorised corporate representative may attend and vote at the Scheme Meeting. You should ensure that your authorised corporate representative brings evidence of his or her appointment as a corporate representative to the meeting unless evidence has already been provided to the Integrated Share Registry.

## Voting by proxy

If you cannot attend the Scheme Meeting but otherwise wish to vote, you may appoint a proxy by completing the personalised proxy form accompanying this Scheme Booklet and returning it to the Integrated Share Registry by posting it in the reply paid envelope provided, or by delivering or faxing it to one of the addresses or fax numbers below.

Computershare Investor Services Pty Limited  
GPO Box D182  
Perth WA 6840  
Computershare fax number + 61 8 9323 2033

Integrated Group Limited  
Levels 1-3  
44A Kings Park Road  
West Perth, WA, 6005  
Integrated fax number + 61 8 9216 2186

You will only be able to exercise your vote by proxy if it is received by Integrated or the Integrated Share Registry by 11.00am on Tuesday, 8 May 2007, being 48 hours before the start of the Scheme Meeting or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting. Appointing a proxy will not stop you attending the Scheme Meeting in person and voting at the Scheme Meeting instead of your proxy.

# Questions and answers

**Q1:** What is the Merger?

On 12 February 2007, Integrated announced that it had entered into a Merger Implementation Agreement with Programmed under which Integrated had agreed to merge with Programmed by way of a scheme of arrangement. If the Merger is implemented, Integrated will become a wholly-owned subsidiary of Programmed and will be delisted from ASX. Programmed will continue to be listed on ASX.

**Q2:** Why should I vote in favour of the Scheme?

The Integrated Board considers that potential advantages of the Merger include that:

- the Scheme Consideration provides an initial premium to the trading price of Integrated Shares prior to the announcement of the Merger; and
- given the share component of the Scheme Consideration, Integrated Shareholders will be able to share in the strategic and financial benefits of the Merger, which are expected to be significant.

For further detail regarding the strategic and financial benefits and other advantages of the Merger, please see pages 5 to 10 (inclusive) of this Scheme Booklet.

**Q3:** What does the Integrated Board recommend?

The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a superior proposal. Subject to the same qualification, each Director who holds Integrated Shares, or on whose behalf Integrated Shares are held, intends to vote in favour of the Scheme.

At no stage following the announcement of the Merger have the Directors received any alternative proposal from a third party and the Directors have no basis for believing that any such alternative offer will be forthcoming.

The Directors have carefully considered the advantages and disadvantages of the Merger and believe that it is in the best interests of Integrated Shareholders.

**Q4:** What is the opinion of the Independent Expert?

The Independent Expert has considered the Merger and has concluded that the Merger is in the best interests of Integrated Shareholders. The Independent Expert Report is set out in full in Appendix 1 (Independent Expert Report).

**Q5:** What will happen to my Integrated Interim Dividend?

The Merger Implementation Agreement allows Integrated to pay to Integrated Shareholders an interim dividend (up to 5 cents per Integrated Share) without the value of this dividend being deducted from the cash component of the Scheme Consideration. In accordance with the Merger Implementation Agreement, on 27 February 2007 the Integrated Board announced it had declared an interim dividend of 5 cents per Integrated Share for the half year ended 31 December 2006. Integrated Shareholders registered as holders of Integrated Shares at 5.00pm on 4 April 2007 will be entitled to receive the Integrated Interim Dividend of 5 cents per Integrated Share, payable on 11 April 2007. Those Integrated Shareholders will be entitled to the Integrated Interim Dividend regardless of whether the Scheme becomes Effective.

**Q6:** What will I receive if the Merger is implemented?

Integrated Shareholders (who are not Ineligible Foreign Holders) will receive, for each Integrated Share they hold on the Record Date, the Scheme Consideration, which comprises \$1.25 in cash and 0.26 Programmed Shares. The value of the Scheme Consideration on the Implementation Date will depend, in part, on the Programmed Share price at that time.

If the number of Integrated Shares held by an Integrated Shareholder at the Record Date means that their aggregate entitlement to New Programmed Shares is not a whole number, then any fractional entitlement will be rounded up or down to the nearest whole number, with fractions of 0.5 or more to be rounded up.

**Q6:** What will I receive if the Merger is implemented?  
(Continued)

In addition, as holders of New Programmed Shares, Integrated Shareholders would also be entitled to any final dividend declared by Programmed for the year ending 31 March 2007, provided the Implementation Date occurs on or before the Programmed Record Date. Programmed has not yet declared any final dividend for the year ending 31 March 2007.

If you are a shareholder with a registered address outside Australia or New Zealand you are likely to be an Ineligible Foreign Holder and, as such, the Programmed Shares which would otherwise have been issued to you and other Ineligible Foreign Holders will, instead, be issued to a Sale Agent who will sell those shares on ASX. Programmed will pay you your proportion of the net proceeds received from the Sale Agent (after deduction of any applicable brokerage and other selling costs, taxes and charges). For further details you should refer to question 25 below and section 7.6 (Shareholders outside Australia and New Zealand).

**Q7:** What if the Scheme is not implemented until after the Programmed Record Date?

If Programmed declares a final dividend for the year ending 31 March 2007, but the Scheme is not implemented until after the Programmed Record Date, then Scheme Shareholders will not be paid the Programmed Final Dividend, as they will not have become Programmed shareholders as at the Programmed Record Date. However, in these circumstances, Integrated will pay Scheme Shareholders the Integrated Final Dividend.

**Q8:** How will the Merger be implemented?

The Merger is to be implemented by way of a scheme of arrangement.

In order for the Merger to be implemented:

- the Scheme must be approved by the necessary majorities of Integrated Shareholders at the Scheme Meeting; and
- the Court must approve the Scheme.

Further details on how the Merger will be implemented are set out in section 7.2 (Implementation of the Scheme).

**Q9:** When and where will the Scheme Meeting be held?

The Scheme Meeting will be held at 11.00am on Thursday, 10 May 2007 at the Karri Room, the Parmelia Hilton Hotel, Perth, Western Australia.

**Q10:** What voting majorities are required in order to agree to the Scheme?

For the Scheme to proceed:

- a majority in number (i.e. more than 50%) of Integrated Shareholders who vote at the Scheme Meeting (in person or by proxy) must vote in favour of the resolution to approve the Scheme; and
- at least 75% of the total number of votes cast at the Scheme Meeting (whether in person or by proxy) must be cast in favour of the resolution to approve the Scheme.

**Q11:** Who is entitled to vote at the Scheme Meeting?

Integrated Shareholders who are recorded as members on the Integrated Share Register as at 5.00 pm on 8 May 2007.

**Q12:** Is voting compulsory?

No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting to be held on 10 May 2007, you may complete and return the personalised proxy form enclosed with this Scheme Booklet.

For further details regarding how to vote and submit proxy forms for the Scheme Meeting, see page 13 (How to vote).

**Q13:** Who will manage the Merged Group following the completion of the Merger?

Max Findlay, the current Managing Director of Programmed, will be the Managing Director of the Merged Group.

The current Integrated Managing Director, Chris Sutherland, will lead the Integrated Group division of the Merged Group and will report directly to Max Findlay.

**Q14:** Who will be on the board of directors of the Merged Group?

Programmed will be the parent company of the Merged Group. The board of directors of Programmed following the Merger will comprise the current Programmed Board. In addition, two members of the Integrated Board, Neil Hamilton and Jon Whittle will join the Programmed Board if the Scheme becomes Effective.

For further detail, please see section 4.3 of this Scheme Booklet (Board of Directors).

**Q15:** What other factors should I consider in deciding whether to vote in favour of the Scheme?

The Integrated Directors have considered the advantages and disadvantages of the Merger. Some of the key matters to which the Directors have had regard in making their recommendation that you vote in favour of the Scheme (in the absence of a superior proposal) are set out on pages 5 to 10 (inclusive) under the heading 'Why you should vote in favour of the Scheme' and page 11, under the heading 'Why you may consider voting against the Scheme'.

You should also be aware of the risks associated with the Merger, which are set out in section 5 (Risk factors).

**Q16:** What are the risks of the Merger?

There are risks associated with the Merger, including the risks:

- that the integration of the two groups and the estimated cost synergies will not be achieved in an orderly and timely manner;
- that key personnel will be lost as a result of the Merger;
- that Integrated Shareholders or Programmed Shareholders may sell their shares in Programmed after the Scheme is implemented, which may have an adverse effect on the market price of shares in Programmed;
- that a counterparty may decide to terminate a material contract with Integrated or Programmed as a result of the Merger; and
- associated with Programmed assuming a higher level of debt in connection with the Merger than it previously had.

For a more detailed discussion of these and other risks, see section 5 (Risk factors).

**Q17:** What are the steps necessary for the completion of the Merger?

The following steps must be completed in order to implement the Scheme:

- the conditions precedent described in section 7.3 (Conditions precedent to the Scheme) must be satisfied or waived by 12 June 2007, being the Sunset Date, (or such other date as Integrated and Programmed may agree);
- Integrated Shareholders must approve the Scheme at the Scheme Meeting; and
- the Scheme must be approved by the Court.

**Q18:** When will the Merger become Effective?

If all the necessary steps described above have been successfully completed, the Merger will become Effective the day the Court order approving the Scheme is lodged with ASIC, which is expected to be on 28 May 2007.

**Q19:** Who is entitled to receive the Scheme Consideration?

Only persons registered as holders of Integrated Shares at 5.00 pm on the Record Date (expected to be 4 June 2007) will be entitled to receive the Scheme Consideration, comprising \$1.25 in cash and 0.26 New Programmed Shares per Scheme Share (subject to the terms of the Scheme).

**Q20:** When will I receive the Scheme Consideration?

The cash component of the Scheme Consideration of \$1.25 per Scheme Share will be paid to you by cheque or deposit of funds on the Implementation Date, expected to be 7 June 2007. You will also be issued with your New Programmed Shares on the same date and a holding statement detailing your holding will be sent to you shortly thereafter. Ineligible Foreign Holders should refer to question 25 and section 7.6 (Shareholders outside Australia and New Zealand) for further details.

**Q21:** When can I start trading Programmed Shares?

The last day of trading in Integrated Shares on ASX is expected to be 28 May 2007.

The New Programmed Shares to be issued pursuant to the Scheme are expected to begin trading on 29 May 2007 on a deferred settlement basis. It is the responsibility of each Integrated Shareholder to determine their entitlement to New Programmed Shares under the Scheme before trading those shares to avoid the risk of selling shares that they do not own. It is expected that New Programmed Shares will begin trading on 18 June 2007 on a normal settlement basis.

**Q22:** Will I be required to pay broker fees or stamp duty?

No. You will not have to pay brokerage or stamp duty in relation to the Merger. However, if you sell your New Programmed Shares after the implementation of the Merger, you may have to pay brokerage.

**Q23:** What if I do not want to keep Programmed Shares?

If you receive New Programmed Shares under the Scheme, it is expected that you will be able to sell those New Programmed Shares on a deferred settlement basis on ASX at any time on or after 29 May 2007. It is the responsibility of each Integrated Shareholder to determine their entitlement to New Programmed Shares under the Scheme before trading those shares to avoid the risk of selling shares that they do not own.

**Q24:** What are the tax implications of the Merger?

A summary of the tax implications of the Scheme for Integrated Shareholders who are resident in Australia for tax purposes is set out in section 6 (Tax implications).

Your decision on how to vote on the Scheme should be made only after consultation with your financial, tax or other adviser based on your own investment objectives, financial situation, taxation position and particular needs.

**Q25:** What if I am a shareholder outside Australia or New Zealand?

Programmed is not obliged to issue New Programmed Shares as consideration to you if you are an Ineligible Foreign Holder (that is, if your address in the Integrated Share Register is outside Australia or New Zealand) unless Programmed is reasonably satisfied that the issue of New Programmed Shares to you is not prohibited or will not give rise to unduly onerous compliance obligations on the part of Programmed.

Integrated and Programmed currently expect that all Integrated Shareholders whose addresses in the Integrated Share Register are outside Australia or its external territories or New Zealand will be Ineligible Foreign Holders.

**Q25:** What if I am a shareholder outside Australia or New Zealand?  
(Continued)

In this event, New Programmed Shares that would have been issued to you will be issued to the Sale Agent who will sell these shares on ASX and Programmed will pay you your proportion of the net proceeds received from the Sale Agent (after deduction of any applicable brokerage and other selling costs, taxes and charges). Ineligible Foreign Holders should refer to section 7.6 (Shareholders outside Australia and New Zealand) for further details.

**Q26:** What will happen if the Merger does not proceed?

If the Scheme does not become Effective, Integrated Shareholders will retain their Integrated Shares and Integrated will continue to operate as a standalone entity. Integrated will continue to focus on its current strategy as detailed in section 2.4. The rights of Integrated Shareholders will remain unchanged, although the current price for Integrated Shares may fall. The price of Integrated Shares may fall to a price consistent with levels at which they traded before the Merger was announced. You will still receive the Integrated Interim Dividend, provided you are registered as an Integrated Shareholder as at 5.00pm on 4 April 2007.

Integrated will be liable to pay for any costs and expenses incurred by Integrated in relation to the Scheme (for example, printing costs and advisers' fees) whether or not the Merger proceeds. These costs are expected to be material. No break fee will be payable to Programmed if the Scheme does not proceed simply as a result of Integrated Shareholders not agreeing to it at the Scheme Meeting. A break fee will, however, become payable by Integrated to Programmed in certain circumstances, namely where a competing proposal is announced and the proponent of that proposal acquires at least 50% of the Integrated Shares (or of the shares in any Integrated Subsidiary) or if Programmed terminates the Merger Implementation Agreement as a result of a material unremedied breach of the Merger Implementation Agreement by Integrated. A break fee may also be payable by Programmed to Integrated in certain circumstances.

For further details of the break fee arrangements between Programmed and Integrated, see section 1.3 (Key terms of Merger Implementation Agreement). For further information regarding the implications if the Scheme does not proceed, see page 12.

**Q27:** What other information is available?

This Scheme Booklet provides detailed information in relation to the Merger that all Integrated Shareholders should read.

Integrated announced its half year results to 31 December 2006 on 27 February 2007. Integrated's results are available from ASX or on its website ([www.asx.com.au](http://www.asx.com.au)) or on Integrated's website ([www.intgroup.com.au](http://www.intgroup.com.au)).

Programmed expects to announce its full year results to 31 March 2007 on or about 30 May 2007. Programmed's results (when announced) will be available from ASX or on its website ([www.asx.com.au](http://www.asx.com.au)) or on Programmed's website ([www.pmsltd.com.au](http://www.pmsltd.com.au)).

If you have any questions after reading this information, you can call Integrated's Company Secretary on +61 8 9322 2111 between 8.00am and 5.00pm Monday to Friday or email [companysecretary@intgroup.com.au](mailto:companysecretary@intgroup.com.au).

Alternatively, please contact your legal, financial or other professional adviser.