

# Section 3

## Profile of Programmed



# Section 3 – Profile of Programmed

This section 3 (Profile of Programmed) has been prepared by Programmed and Programmed has accepted responsibility for this section. Integrated and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

## 3.1 Business Overview

Programmed is a substantial provider of property and infrastructure services.

Programmed's service offering can be broadly categorised into two areas:

- property maintenance and management services, such as painting, grounds maintenance, building maintenance, corporate signage and infrastructure and facilities maintenance, management and consulting; and
- specialised industrial services, which include sewerage and drainage maintenance, high pressure cleaning, vacuum loading, non-destructive digging and water recycling.

Programmed's core business (both historically and currently by revenue) is long-term commercial painting maintenance, and it is a substantial provider of such services in Australia and New Zealand.

Programmed currently provides maintenance services in respect of more than 60,000 buildings and structures for over 5,500 customers in the commercial, industrial, government and educational sectors in Australia, New Zealand and the United Kingdom. Programmed has 68 branches in Australia, 19 branches in New Zealand and 9 branches in the United Kingdom, and the Programmed Group employs in excess of 2,500 employees across all locations.

Since its listing on ASX on 1 October 1999, Programmed has grown from a company with an annual revenue of just over \$121 million (in the financial year ended 31 March 2000) and a market capitalisation of \$129 million at the listing date, to a company generating revenue of \$283 million in the financial year ended 31 March 2006 and with a market capitalisation of \$369.5 million as at close of trade on 22 March 2007.

The company has a strong track record of sustained growth and profitability and is one of only 27 Australian companies included in Forbes Asia's list of the region's best 200 companies with sales under US\$1 billion. The financial year ended 31 March 2006 marked Programmed's eighth consecutive financial year of earnings growth.

Programmed considers that its performance since its listing has been driven by several factors, as set out below.

### a) Broad Product Range

Programmed offers a broad range of services covering property and infrastructure maintenance, enhancement, management, monitoring and consultancy services. Programmed aims to deliver services in accordance with a comprehensive and flexible maintenance plan, generally under long-term contracts which facilitate budgeting for the customer and assist in lowering overall costs. Programmed considers that the broad range of services it offers has enabled it to create unique service partnerships with its customers.

#### **b) Customer Base**

Programmed's customer base includes a number of Australia's largest companies (by revenue) as well as government departments, municipalities, hospitals, sport facilities and educational institutions. As a result, Programmed has a diverse source of customer revenue. Programmed's top 10 customers (by revenue) contributed only 14% of total operating revenue for the financial year ended 31 March 2006.

Recent new customers of Programmed include Medibank Private, Myers, Australian Electoral Commission and Port of Melbourne Corporation.

#### **c) Demonstrated financial strength**

The graph in section 3.6 (Programmed's performance) below demonstrates Programmed's consistent year on year financial performance since its listing in 1999 until the end of financial year ended 31 March 2006. Section 3.6 below also sets out Programmed's financial performance and position (on a consolidated basis) for the financial years ended 31 March 2006 and 31 March 2005.

Programmed is of the view that its focus on long-term contracts and the maintenance of existing infrastructure, rather than participation in property construction, has provided it with insulation from short-term fluctuations in the economic cycle.

#### **d) Experienced management team**

Programmed's senior management team has considerable experience in the Australian, New Zealand and United Kingdom property maintenance and painting industries. The senior management team averages over 15 years of service with Programmed and has overseen the delivery of Programmed's earnings growth over the last eight years.

#### **e) Strong industry fundamentals**

Programmed considers that there is a growing trend in Australia, New Zealand and the United Kingdom towards outsourcing non-core activities and a greater focus by organisations on compliance with internal and external standards, and Programmed believes that industry conditions remain supportive of strong future earnings growth.

## **3.2 Corporate history**

The Programmed business was established in 1951 in Victoria as a commercial painting business which, to this day, remains its core business operation. Programmed listed on ASX on 1 October 1999.

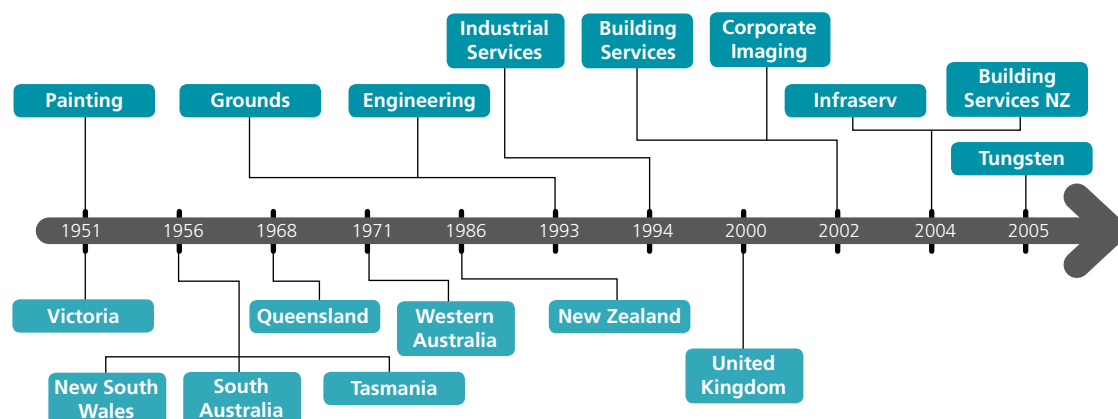
Programmed has increased its geographic coverage over the years, first within Australia and then by moving into New Zealand and later into the United Kingdom through its acquisition of the Whittle Painting Group in 2000.

Simultaneously, Programmed has expanded into a range of complementary maintenance businesses (such as grounds maintenance, building services and facilities management), consistent with its philosophy of providing a complete and comprehensive service package for customers.

Apart from the organic growth of the building services and grounds businesses, Programmed has expanded the range of services it provides through a number of business acquisitions. Programmed's Infrserv business was created through the purchase in 2004 of five infrastructure services contracts from Serco Australia Pty. Ltd., and in October 2005 Programmed acquired the Tungsten Group Pty. Ltd., which provides facilities management and related consultancy services.

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The diagram below details the years in which the Programmed Group started providing particular services or acquired particular businesses, or started providing services in particular locations.

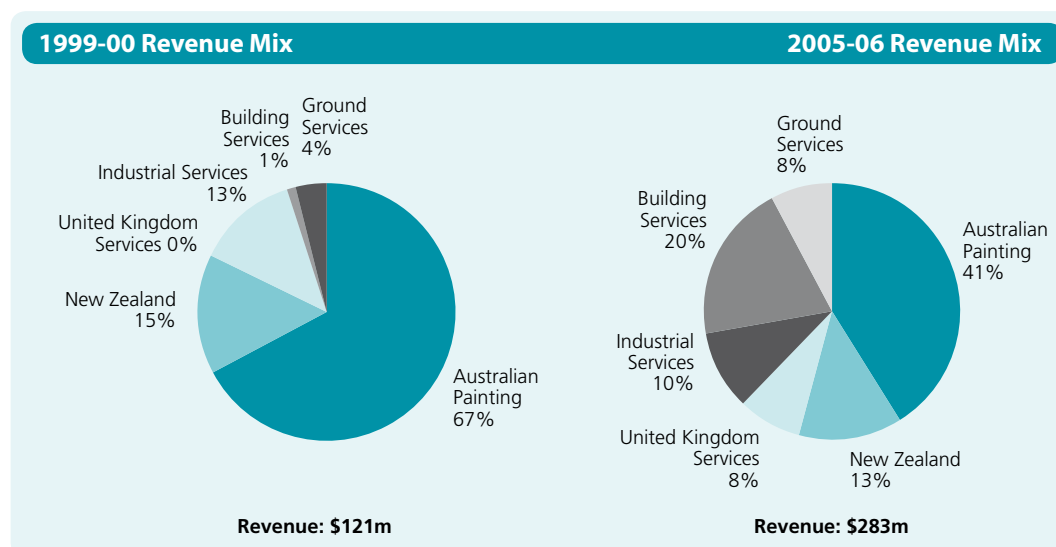


## 3.3 Strategy and business profile

Programmed’s strategy is to expand its service offering and move further down the supply chain from being purely a provider of property maintenance services to a provider of tailored management solutions, whereby Programmed now also develops solutions to maintenance issues and manages the delivery of various property and infrastructure facility maintenance services in line with customer requirements. Programmed’s aim is to create a unique service partnership with each customer.

As part of its strategy, Programmed has made strategic acquisitions, such as its recent acquisition of the Tungsten and Infraser businesses. The proposed acquisition of Integrated fits into this overall plan.

As illustrated in section 3.2 above and the charts below, Programmed’s strategy has resulted in significant revenue diversification by geography and product offering between 1999 and 2006.



In addition, Programmed is focusing on more effectively marketing its broad range of services to customers by leveraging its existing customer relationships. Programmed has already put in place people, systems and processes dedicated to leveraging customer relationships between its business divisions.

### Business Divisions

Programmed currently operates 2 separate business divisions.

- a) Property Maintenance Services** - The Property Maintenance Services division is split geographically into Australia, New Zealand and the United Kingdom.
- i) In Australia, Property Maintenance Services incorporates painting, grounds management, building services and Tungsten (including Infrserv) businesses. The division provides a range of trade-based maintenance services under long-term and one-off contracts – including painting, design and development of corporate imaging and signage, garden and grounds maintenance (including landscaping), building trade services (such as plumbing, electrical, air conditioning and other essential services) and compliance audits. The Tungsten business focuses on management of infrastructure facilities and assets and related consulting services, including asset maintenance services, asset vulnerability assessments, integrated protective and emergency services, call centres and a range of related services.
  - ii) In New Zealand, the property maintenance services cover long-term and one-off maintenance painting and building services.
  - iii) In the United Kingdom only long-term and one-off maintenance painting services are offered.
- b) Industrial Services** - The Industrial Services division operates only in Australia (primarily on the East Coast) and focuses on underground asset maintenance. Services include specialised drain maintenance and management services, high pressure cleaning, vacuum loading, non-destructive digging and water recycling services.

The table below shows the gross revenue for the financial year ended 31 March 2006 for each of the two business divisions, together with other details relating to each of those divisions. The information is based on the profile of each of the divisions as at 9 March 2007, with the exception of revenue and EBIT which is for the financial year ended 31 March 2006.

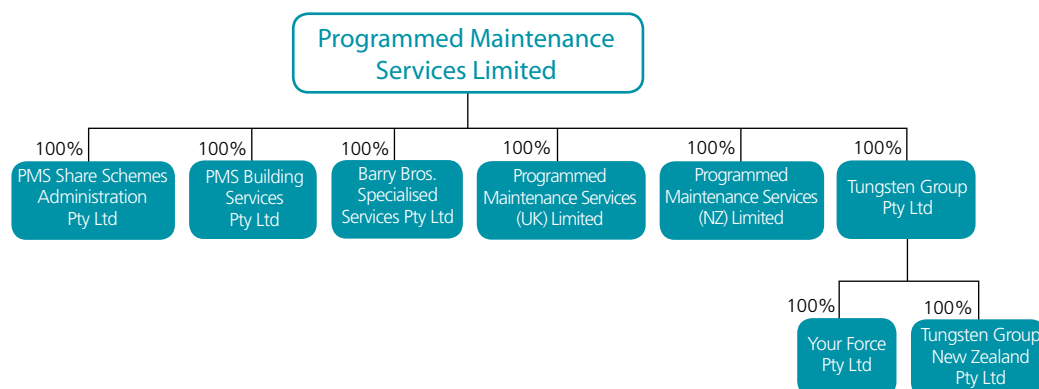
	Property Maintenance Services			Industrial Services	TOTALS for Programmed Group
	Australia	New Zealand	United Kingdom		
Revenue – FY06 (A\$m)	196.0	36.9	22.3	28.3	283.4
EBIT – FY06 (A\$m)	17.2	11.9	1.7	3.1	33.9
Staff Numbers	2000	250	200	200	2,650
Number of Branches	58	19	9	10	96

Note:  
Totals may not add due to the effects of rounding

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## 3.4 Structure of Programmed Group

The following diagram represents the current corporate structure of the Programmed Group as at 9 March 2007.



## 3.5 Programmed Board and management structure

### a) Programmed Board of Directors

The Programmed Board currently comprises three non-executive directors and one executive director (the Managing Director). A brief profile of each director is provided below.

#### i) Geoff Tomlinson - Chairman (Independent) – Age 59

Appointed non-executive director and Chairman in August 1999, Mr Tomlinson is also the Chairman of Dyno Nobel Limited. He is a director of the National Australia Bank Limited and Amcor Limited. Mr Tomlinson has had an extensive career in the financial services industry, including 29 years with the National Mutual Group, including six years as Group Managing Director and Chief Executive Officer. Mr Tomlinson holds a Bachelor of Economics from the University of Western Australia.

#### ii) Susan Oliver - Non-Executive Director (Independent) – Age 56

Appointed non-executive director in August 1999, Ms Oliver also holds non-executive directorships with Transurban Group Limited, MBF Australia Limited Group, Methodist Ladies College Limited (Melbourne) and Australian Business Foundation Limited. Ms Oliver has held senior management positions in the Departments of Housing and Construction and Industry, Science and Resources, and in the consulting companies Invetech and Anderson Consulting. She has extensive professional experience in strategy, marketing, technology and scenario planning and currently runs her own consulting and advisory practice in these areas. Ms Oliver began her career in the construction industry and has a Bachelor of Property & Construction from Melbourne University and is a Member of the Australian Institute of Company Directors.

### iii) Brian Pollock - Non-Executive Director (Independent) – Age 61

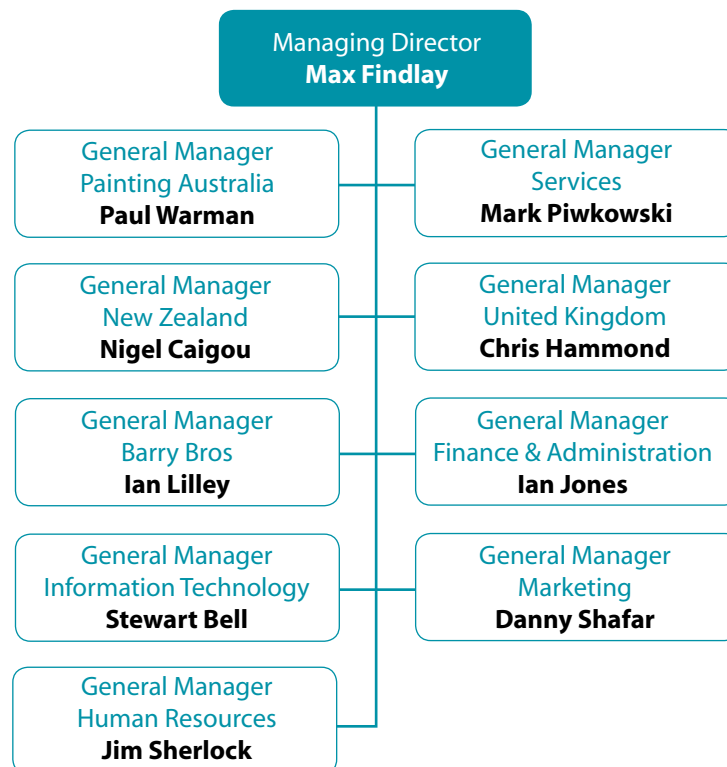
Appointed non-executive director in August 1999, Mr Pollock has over 30 years experience in the finance and property industry with the AMP Society and National Mutual. He is Chairman of Clive Peeters Limited, Members Equity Portfolio Management Limited and A.E. Smith & Son Pty. Ltd., Deputy Chairman of Becton Developments Limited, and a director of Macquarie Real Estate Equity Fund No 1 Pty Ltd, Macquarie Real Estate Equity Fund No 2 Pty Ltd, Macquarie Real Estate Equity Fund No 3 Pty Ltd and Macquarie Real Estate Equity Fund No 4 Pty Ltd. He is a Fellow of the Australian Property Institute and a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance. He was National President of the Property Council of Australia in 1993 and 1994.

### iv) Max Findlay - Managing Director – Age 60

Mr Findlay joined Programmed in August 1988 and was appointed Managing Director in March 1990. Mr Findlay is also Chairman of The Programmed Foundation. He has extensive experience in industry, including over 20 years in marketing and general management roles in the industrial and manufacturing industries. Mr Findlay holds a Bachelor of Economics (Politics) from Monash University and is a Fellow of the Australian Institute of Company Directors.

## b) Programmed Senior Management

The diagram below sets out the senior management structure of Programmed as at the date of this Scheme Booklet.



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## Senior Management Profiles

### i) Max Findlay - Managing Director

Max Findlay's profile is set out under the heading "Programmed Board of Directors" on page 44.

### ii) Ian Jones - General Manager, Finance & Administration and Company Secretary

Ian Jones was appointed General Manager, Finance & Administration and Company Secretary in September 2000. He holds a Bachelor of Commerce and Master of Business Administration from the University of Melbourne, and has been a Chartered Accountant and Chartered Secretary for over twenty five years. Prior to joining the Company, Ian held senior financial roles for over ten years with AXA/National Mutual.

### iii) Mark Piwkowski - General Manager, Services

Mark Piwkowski joined Programmed in 1985. Originally employed within Painting Australia, Mark has responsibility for Services in Australia, including the Building Services, Grounds and Tungsten businesses. Mark has extensive sales and operations management experience and holds a Diploma in Corporate Management from the Institute of Managers and Accountants and Diploma in Marketing from the University of Sydney. He has also completed extensive studies with the Macquarie Institute of Management in Sydney.

### iv) Paul Warman - General Manager, Painting Australia

Paul Warman joined Programmed in 1988. He has held various senior management positions in the company over this time including State Manager- South Australia, State Manager - Queensland, General Manager- New Zealand and General Manger - Northern Region. He was appointed to his current role in November 2004. Prior to joining Programmed, Paul held a number of management positions in construction and maintenance related businesses. He has completed various external training courses, including the Advanced Management Programme at the Mt Eliza Business School.

### v) Nigel Caigou - General Manager, New Zealand

Nigel Caigou commenced with Programmed in 1990 and was appointed General Manager, New Zealand in 1997. Prior to joining Programmed, Nigel had 12 years in the civil engineering sector, holding various senior Management positions whilst working in Sydney over a nine year period to 1990. Nigel holds a New Zealand Certificate in Engineering (NZCE) and a Post Graduate Diploma in Management from Auckland University.

### vi) Chris Hammond - General Manager, United Kingdom

Chris Hammond qualified as a Chartered Accountant in 1977. He joined the Whittle Group of Companies in 1981 and became the Group Finance Director in 1985, with responsibilities for the accounting, finance and company secretarial functions across the diverse Whittle Group. Chris was instrumental in buying out the Painting business from the Whittle Group in 1998 and negotiated the sale of the business to Programmed in 2000.

### vii) Ian Lilley - General Manager, Barry Bros.

Ian Lilley was appointed General Manager, Barry Bros. in 2006. He has extensive knowledge in the industry having been with Barry Bros. for eleven years as State Manager and State Operations Manager in Victoria. Previously, Ian spent four years with Programmed's Painting division. Ian holds a Graduate Diploma in Business and Masters of Human Resource Management from Monash University.

### viii) Jim Sherlock - General Manager, Human Resources

Jim Sherlock joined Programmed in 1999, and has over twenty years experience in operational and human resources management gained in the retail, hospitality, building, property and infrastructure maintenance industries. This includes senior human resource management positions with Coles Myer and Crown Casino. He is a member of the Australian Human Resources Institute and is currently undertaking a Master of Management course.

### ix) Danny Shafar - General Manager, Marketing

Danny Shafar has over 30 years experience in commercial building, property maintenance, sales and marketing and contract administration. Danny commenced with Programmed in 1983 as a trainee manager and has held various operational roles, including Regional Manager, Business Manager and State Manager Vic/Tas. His current role is General Manager Marketing, responsible for all aspects of Programmed Group Marketing and Business Development. Danny has a Bachelor of Building and a Master of Business Administration degree from the University of Melbourne and is a Registered Building Practitioner in Victoria.

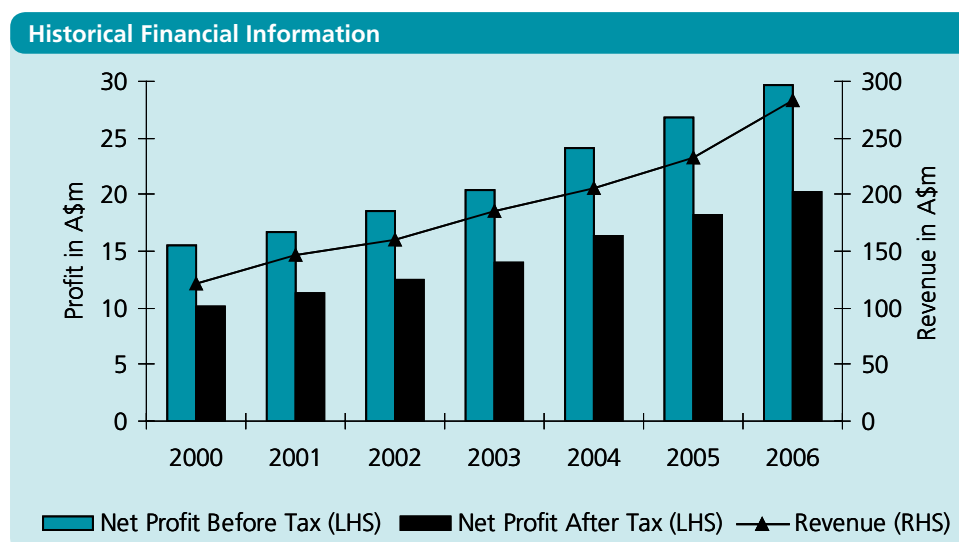
### x) Stewart Bell - General Manager, Information Technology

Stewart Bell was appointed General Manager Information Technology in October 2006. Stewart has over 15 years experience in a variety of roles managing Information Technology across a broad range of disciplines including business process re-engineering, project management, IT operations and service delivery. Prior to joining Programmed, Stewart held a number of roles with Philip Morris based in Melbourne and various expatriate assignments in South East Asia.

## 3.6 Programmed's performance

Since listing on ASX in October 1999, Programmed has delivered consistent growth in earnings.

Programmed considers that this growth has been driven by the consistent application of Programmed's strategy of selectively adding to its range of services while extending its geographic reach. Underpinning this growth has been Programmed's continued investment in people and resources throughout the Programmed Group, and its culture of safety, innovation and pride in workmanship that permeates the business. The chart below illustrates Programmed's historical growth in revenue and earnings between the financial year ended 31 March 2000 and the financial year ended 31 March 2006.



Note:

The information in this chart represents past performance and is not an indication of future performance.

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The historical financial information provided in this section (and in the chart above) is a summary only, and does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and activities of Programmed and its subsidiaries as the full consolidated financial report.

The financial information provided below reflects historical information and does not take into account the effects of the Merger. It should not be taken as an indication of the likely financial performance of Programmed following the completion of the Merger.

### a) Historical financial information

The following section sets out certain historical financial information which has been extracted from Programmed's 2006 Annual Report. A copy of Programmed's 2006 Annual Report, including the consolidated financial report and independent audit report, is available on Programmed's website: [www.pmsltd.com.au](http://www.pmsltd.com.au). A copy will also be provided by Programmed free of charge to any Integrated Shareholder who requests it before the Scheme Meeting (see section 3.9(c)). The consolidated financial report was audited by Deloitte Touche Tohmatsu.

### b) Income statement

The table below shows the consolidated income statements for Programmed for the years ended 31 March 2006 and 31 March 2005.

	2006 \$000	2005 \$000
Revenue	283,379	232,002
Other Income	251	410
Changes in inventories of finished goods and work in progress	494	496
Raw materials and consumables used	(24,910)	(19,700)
Employee benefits expenses	(129,711)	(97,493)
Sub Contractor expenses	(54,209)	(53,528)
Depreciation and amortisation expense	(9,306)	(7,965)
Finance costs	(4,283)	(3,395)
Equipment & motor vehicle costs	(14,240)	(11,328)
Information technology and telecommunications costs	(2,673)	(2,673)
Other expenses	(15,065)	(10,028)
<b>Profit from Ordinary Activities</b>	<b>29,727</b>	<b>26,798</b>
Income tax expense	(9,556)	(8,543)
<b>Profit from continuing operations</b>	<b>20,171</b>	<b>18,255</b>
Profit from discontinued operations	-	-
<b>Profit attributable to members of the parent entity</b>	<b>20,171</b>	<b>18,255</b>
<b>Earnings per share:</b>		
Basic (cents per share)	28.5	26.3
Diluted (cents per share)	28.4	26.3

The financial year ended 31 March 2006 was Programmed's eighth consecutive year of double digit growth in revenue and profit. During the financial year ended 31 March 2006 Programmed purchased the Tungsten group, extending the Programmed Group into what Programmed considers to be a growth sector of the maintenance outsourcing market.

Programmed considers that the acquisition of the Tungsten group has enabled it to better service the demands of larger businesses and property owners who seek a single provider of outsourced non-core activities.

Set out below is a summary of selected financial information for parts of the Programmed Group for the financial year ended 31 March 2006.

*Australian Property Maintenance Services*

<b>Results for the year ended</b>	<b>31/3/06</b>	<b>31/3/05</b>	<b>% Increase</b>
	<b>\$m</b>	<b>\$m</b>	
Revenue	196.0	157.4	24.5
Earnings before interest and tax	17.2	17.2	0.1

The Australian Property Maintenance Services business continued to increase revenue, with non-painting services contributing 42 per cent of the total revenue for the year ended 31 March 2006. While earnings in the second half of the financial year ended 31 March 2006 increased by 7.5 per cent, the full year results were flat due to depressed demand in the painting business in New South Wales and Western Australia and the loss in 2004/05 of the New South Wales schools building services contract.

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A new branch in Newcastle was profitable in its first year, and the Queensland and South Australian branches performed well. The painting business increased its earnings in Victoria and Queensland.

The grounds management business continued its strong growth in both revenue and earnings, winning significant new contracts from the education, retirement and local government sectors. Performance was particularly strong in Victoria, where revenue was underpinned by landscaping services. New management was appointed in an effort to re-invigorate the performance of the New South Wales business. The South Australian branch performed well and the Queensland branch made a positive contribution in its first full year.

The Infraserv business performed ahead of Programmed's expectations, with strong organic growth due to increases in customers' business activity and government infrastructure spending.

Following its acquisition in October 2005, Tungsten was able to secure new customer contracts. However, due to integration costs and office rationalisation, the Tungsten business made only a minor contribution to earnings in the second half of the financial year ended 31 March 2006.

### *Australian Industrial Services*

Results for the year ended	31/3/06 \$m	31/3/05 \$m	% Increase
Revenue	28.3	20.9	35.2
Earnings before interest and tax	3.1	1.6	88.6

The Industrial Services business, which trades as Barry Bros. Specialised Services, produced a record result due to greater and more efficient utilisation of business assets and tighter operating cost controls. Equipment purchases of more than \$12 million in the financial years ending 31 March 2005 and 31 March 2006 enabled the business to grow and expand geographically to Adelaide and Rockhampton. The business was also able to offer a broader range of services to meet the needs of existing customers.

The increased investment in infrastructure projects in the Eastern States contributed to revenue growth. A further two water recycling plants were commissioned during the financial year ended 31 March 2006 in Adelaide (October 2005) and Melbourne (January 2006), and a new street sweeping service for industrial and construction sites was introduced.

To minimise risk and realise greater efficiencies, the Industrial Services business upgraded its business systems and introduced structured training programmes for all employees.

### *New Zealand*

Results for the year ended	31/3/06 \$m	31/3/05 \$m	% Increase
Revenue	36.9	32.1	15.1
Earnings before interest and tax	11.9	10.0	18.4

The financial year ended 31 March 2006 was another very good year for the New Zealand Property Maintenance Services, with all regions performing well despite economic uncertainty leading up to the election in New Zealand. The second half of the financial year ended 31 March 2006 was particularly strong. Significant new contracts were signed with two racing clubs, a meat works business and a listed agricultural business. The total value of contract recoverables and work in progress grew 17 per cent in local currency terms.

The business' customer satisfaction rating increased following campaigns to improve foremen's communication skills and to sharpen the focus on meeting the needs of customers.

#### *United Kingdom*

Results for the year ended	31/3/06 \$m	31/3/05 \$m	% Increase
Revenue	22.3	21.6	3.1
Earnings before interest and tax*	1.7	1.1	55.9

\* Earnings are after deduction of United Kingdom head office costs

The United Kingdom Trade Services business, trading under the name Whittle Painting Group, began to demonstrate its substantial growth potential during the financial year ended 31 March 2006. Average margin increased significantly as revenue from long-term maintenance programmes reached 25 per cent of total revenue, compared with 19 per cent in 2004/05. The long-term maintenance painting programmes generally have margins that are over four times higher than one-off painting contracts.

The Whittle Painting Group's customised maintenance programmes are unique in the United Kingdom market, and a further 90 contracts were signed during the financial year ended 31 March 2006, bringing the total to 300 with an overall value, in terms of revenue over the life of the contract, of \$22 million. As in New Zealand, the maintenance programmes are particularly popular in the education sector.

New branches were opened during the financial year ended 31 March 2006 in Slough, to service customers on the western side of London and Cambridge. These brought the number of branches in the United Kingdom (at that time) to eight, covering the north-west, midlands, south-west and east of England, as well as the Thames Valley.

### **c) Balance Sheet**

The table below presents the consolidated balance sheets of Programmed as at 31 March 2006 and 31 March 2005.

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	2006 \$000	2005 \$000
<b>Current Assets</b>		
Cash and cash equivalents	6,527	2,209
Trade and other receivables	131,313	109,303
Inventories	18,534	15,449
Other financial assets	-	26
Current tax assets	459	-
Other	3,903	3,081
<b>Total Current Assets</b>	<b>160,736</b>	<b>130,068</b>
<b>Non-Current Assets</b>		
Trade and other receivables	90,417	83,589
Inventories	7,681	7,782
Property, plant and equipment	32,945	25,924
Deferred tax assets	5,666	4,231
Goodwill	9,378	2,335
Other intangible assets	2,297	2,762
<b>Total Non-Current Assets</b>	<b>148,384</b>	<b>126,623</b>
<b>Total Assets</b>	<b>309,120</b>	<b>256,691</b>
<b>Current Liabilities</b>		
Trade and other payables	35,970	27,640
Borrowings	11,810	6,159
Current tax payables	2,363	2,546
Provisions	10,473	7,125
<b>Total Current Liabilities</b>	<b>60,616</b>	<b>43,470</b>
<b>Non-Current Liabilities</b>		
Borrowings	69,074	43,297
Deferred tax liabilities	51,145	48,548
Provisions	2,241	2,854
<b>Total Non-Current Liabilities</b>	<b>122,460</b>	<b>94,699</b>
<b>Total Liabilities</b>	<b>183,076</b>	<b>138,169</b>
<b>Net Assets</b>	<b>126,044</b>	<b>118,522</b>
<b>Equity</b>		
Issued capital	27,198	26,219
Reserves	5,976	8,263
Retained earnings	92,870	84,040
<b>Total Equity</b>	<b>126,044</b>	<b>118,522</b>

The acquisition of the Tungsten group, together with purchases of plant and equipment of \$15.8 million, increased net debt to \$74.4 million from \$47.2 million at 31 March 2005. Contract recoverables at 31 March 2006 totalled \$176.9 million, compared with \$161.3 million at 31 March 2005, reflecting the increased volume of long term maintenance programmes.

The total equity base at 31 March 2006 was \$126.0 million, an increase of 6.3 per cent over financial year ended 31 March 2005 (\$118.5 million), due to the solid operating results offset by higher dividend payments. Net tangible assets per share as at 31 March 2006 was \$1.61, virtually unchanged from \$1.60 as at 31 March 2005.

### d) Key Ratios

The table below presents key ratios in relation to Programmed for the year ended 31 March 2006 and 31 March 2005.

	2006	2005
<b>Dividends</b>		
Interim – cents per share	7.5	6.5
Final – cents per share	9.5	8.5
Dividends per share – cents	17.0	15.0
Dividend payout ratio	60%	57%
Dividend Franking	100%	71%
EBIT / Revenue	12.0%	12.9%
Return on Equity	17.0%	17.8%
Interest Cover – times	8.2	9.6
Net Debt to Equity	59%	40%
Net Debt to Recoverables & WIP	42%	29%

## 3.7 Sources of consideration

### a) Total consideration payable

As at the date of this Scheme Booklet, there were 70,471,758 Integrated Shares on issue. In addition, pursuant to the Long Term Incentive Plan for the Integrated Managing Director, additional Integrated Shares will (if the Scheme becomes Effective) be issued to the Integrated Managing Director, Mr Christopher Sutherland, prior to the Record Date for the Scheme (as described in section 7.9(c) (Arrangements with Integrated's Managing Director)).

The consideration for the acquisition of Integrated Shares pursuant to the Scheme will be satisfied partly in cash (in Australian dollars) and partly by the issue of New Programmed Shares to Scheme Shareholders.

Based on the number of Integrated Shares on issue as at the date of this Scheme Booklet:

- the maximum amount of cash that would be payable by Programmed in connection with the acquisition of Integrated Shares under the Scheme would be \$88,089,698; and
- the maximum number of New Programmed Shares that would need to be issued in connection with the acquisition of Integrated Shares under the Scheme would be approximately 18.3 million New Programmed Shares.

Further, an additional \$2,380,000 cash will be payable, and an additional 495,040 New Programmed Shares will be issued, in connection with the acquisition of the additional 1,904,000 Integrated Shares to be issued by Integrated prior to the Record Date pursuant to the Integrated Managing Director's Long Term Incentive Plan (as described in section 7.9(c) (Arrangements with Integrated's Managing Director)).

### b) Sources of Share Consideration

Programmed has entered into the Deed Poll in favour of the Scheme Shareholders. Under the Deed Poll, Programmed covenants, amongst other things, to issue New Programmed Shares as contemplated by the Scheme.

Programmed has the capacity to issue the maximum number of Programmed Shares which it may be required to issue under the Scheme.

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### c) Sources of Cash Consideration

Programmed proposes to obtain the cash required to fund the cash component of the Scheme Consideration by making drawings under an unsecured revolving loan facility (**Loan Facility**) which Programmed and other Programmed Group companies will enter into with Westpac Banking Corporation (**Westpac**).

### d) Commitment letter and Loan Facility

A binding commitment letter has been signed by Programmed and Westpac, pursuant to which Westpac has agreed to enter into a formal agreement to underwrite the Loan Facility. As part of the commitment letter, Westpac and Programmed have agreed to a terms sheet in respect of the Loan Facility (the precise terms of which are discussed in more detail below). The terms sheet will form the basis of the formal agreement (**Loan Facility Agreement**) relating to the Loan Facility to be entered into between Westpac and Programmed. Westpac has obtained credit approval to the terms of the Loan Facility.

The amount which is to be available under the Loan Facility (subject to the terms of the Loan Facility Agreement) will be sufficient to fund the cash component of the Scheme Consideration and to fund transaction costs associated with the acquisition of Integrated Shares, including advisory costs, and to refinance an existing Integrated bank facility. The component of the Loan Facility which relates to funding the cash component of the Scheme Consideration is to have a term of 3 years from the date of execution of formal documentation, and the Loan Facility will be subject to unlimited cross guarantees between Programmed and each of its subsidiaries (including the Integrated Group following the Merger).

Westpac intends to bring in other financiers to participate in the Loan Facility in consultation with Programmed.

The commitment letter is subject to the condition that, before execution of the Loan Facility Agreement by Westpac and Programmed, there is no subsisting material adverse change in the financial condition, operations or prospects of the Programmed Group, or in the business or financial condition of the Integrated Group, and no change in national or international conditions which Westpac reasonably views as being prejudicial to its participation in (or to the syndication of) the Loan Facility at the agreed benchmark interest rates.

Additionally, after consultation with Programmed, Westpac is entitled to change the pricing of the Loan Facility if there are changes in, or circumstances affecting, the syndication market which result in Westpac being unable to reduce its participation in the Loan Facility to its agreed maximum hold within 6 months of the date of the commitment letter. However, Westpac may not increase the interest margin by more than 15% or its underwriting fee by more than 10%.

### e) Summary of key terms of terms sheet

The terms sheet sets out the basis of the terms under which Westpac will provide the Loan Facility. A summary of the terms Programmed considers to be most important are set out below.

#### i) Conditions precedent

The conditions precedents to first drawdown under the Loan Facility are conditions which Programmed believes are not unusual for facilities of this nature, including:

- that all necessary corporate and regulatory approvals and consents have been obtained and remain in full force and effect;
- the representations and warranties given by Programmed being true and correct; and
- the need for Programmed to provide a certification that nothing has occurred which might reasonably be expected to have a material adverse effect. In this context, a material adverse effect means a materially adverse effect on the business, assets, operations, material contracts (taken as a whole) or condition, financial or otherwise of the Programmed Group; or a material impairment of Programmed to fulfil its obligations or to the rights or benefits of the financiers; or a material adverse effect on the validity or enforceability of the formal Loan Facility documentation.

The conditions to drawdown also include that there is no “event of default” (or potential “event of default”) or “event of review” (each of which is described below) subsisting at the time of, or which will result from, the provision of the drawdown funds.

By way of an exception to the above, the Loan Facility Agreement is to include a provision to the effect that, the mere occurrence of an event of default, potential event of default or misrepresentation (other than a material event of default, potential event of default or misrepresentation) between the date on which an application is made to the Court for an order approving the Scheme and the earlier of the date on which Programmed is required to pay the cash component of the Scheme Consideration to Integrated Shareholders and a later prescribed date (on the basis of the timetable set out in this Scheme Booklet expected to be at least 15 business days after the Effective Date), will not prevent drawdown under the Loan Facility.

## ii) General undertakings

Programmed and its subsidiaries (including the Integrated Group following the Merger) will give a number of “general undertakings” in relation to the Loan Facility, including some which will restrict or prevent the Merged Group from creating security interests over their assets; disposing of capital assets (above a certain threshold); entering into sale or lease back arrangements; entering into joint ventures and partnerships; and having capital expenditure exceed a prescribed limit.

Additionally, the payment by Programmed of dividends or management fees, or making distributions or like payments, in any one financial year ending 31 March will be restricted to:

- no more than 50% of net profit after tax if the gearing ratio is above 2.75 times;
- no more than 75% of net profit after tax if the gearing ratio is between 2.50 times and 2.75 times (both inclusive); and
- no more than 100% of net profit after tax if the gearing ratio is less than 2.50 times,

and no payment or distribution will be permitted unless there is no “event of default”, “event of review” or potential “event of default”(as described below).

## Section 3 – Profile of Programmed

The gearing ratio is the ratio of “finance debt” to EBITDA, with “finance debt” being any indebtedness in relation to money borrowed or raised or any other financing and includes, for example, a deferred purchase price of more than 90 days. Additionally, where there has been an acquisition of a new business, EBITDA is calculated as if the acquired business has been a part of the group for the whole of the 12 month period prior to the acquisition (and with normalisation adjustments for synergies, significant items or other purposes only permitted with the prior consent of Westpac).

### iii) Warranties and representations

Programmed and its subsidiaries (including the Integrated Group following the Merger) will give a number of warranties and representations which Programmed considers customary for a facility of this nature, including that nothing has occurred that has had, or is likely to have, a material adverse effect (as described in section 3.7(e)(i) above).

There are also additional “financial undertakings” which Programmed and its subsidiaries (including the Integrated Group following the Merger) will give, including to limit the gearing ratio (as defined in the terms sheet) to 3.25 times for the first 12 months following the signing of the Loan Facility Agreement and 3.0 times thereafter, and to ensure that the shareholder funds of Programmed remain at no less than \$210,000,000 or 85% of shareholder funds for the previous financial year (whichever is greater).

### iv) Events of review

Westpac and any other lenders under the Loan Facility will have the right to review the Loan Facility if:

- there is a change of control such that a party gains control of more than 20% of the shares of Programmed; or
- trading in Programmed Shares on ASX is suspended for more than 3 consecutive days.

If following either event, agreement cannot be reached between the financiers under the Loan Facility and Programmed as to the maintenance or restructuring of the Loan Facility within 30 days, the financiers may demand repayment of the Loan Facility within 60 days from the date of that demand.

### v) Events of default

The Loan Facility includes “events of default” (even if outside the control of the Programmed Group or the Merged Group) which Programmed considers customary for a facility of this nature, including the failure to pay amounts due under the Loan Facility, to comply with a financial undertaking or a general undertaking, or to pay a finance debt. If anything occurs (including an adverse change to the business assets or financial condition) which may have a material adverse effect (as described in section 3.7(e)(i) above) then this will also constitute an “event of default”.

## 3.8 Programmed shares

### a) Capital structure

As at the date of this Scheme Booklet, Programmed has only one class of shares on issue, being fully paid ordinary shares. As at the date of this Scheme Booklet, there are 71,195,705 Programmed Shares on issue.

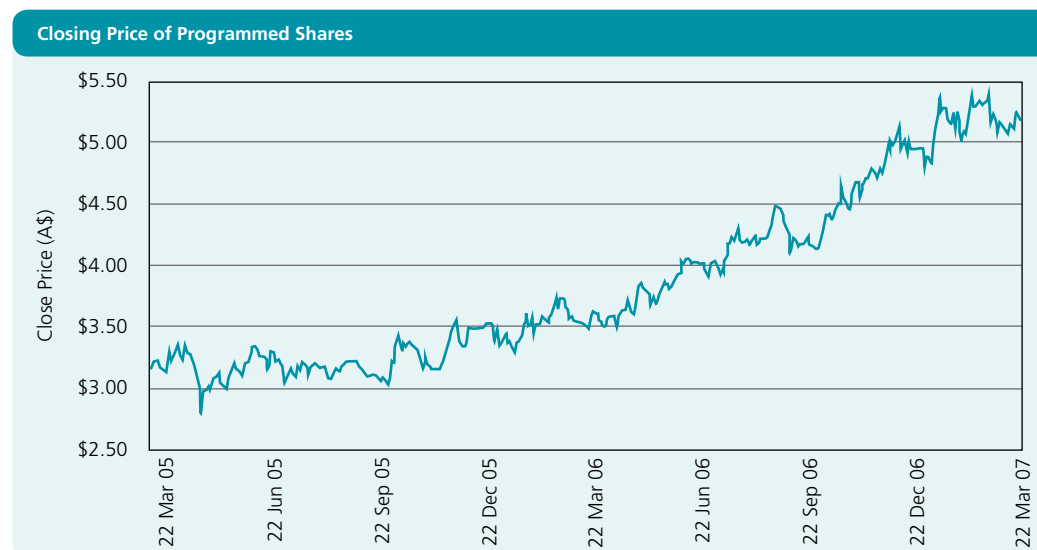
### b) Market information about Programmed Shares

The consideration to be provided by Programmed in connection with the acquisition of Integrated Shares under the Scheme includes Programmed Shares. Programmed has been admitted to the Official List of ASX. Shares of the same class as those to be issued as part of the consideration under the Scheme have been granted official quotation by that stock exchange. Further information in relation to the New Programmed Shares to be issued to Scheme Shareholders is set out in section 1.1 (The Scheme).

The latest record sale price of Programmed Shares on ASX before the public announcement of the proposed Merger at close of trading on 9 February 2007 was \$5.14. The latest recorded sale price of Programmed Shares on ASX before the date on which the Scheme Booklet was lodged for registration with the ASIC was \$5.15 on 30 March 2007. During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Programmed Shares on ASX were, respectively, \$5.48 on 15 January 2007 and \$4.67 on 5 January 2007.

Set out below is a graph depicting the share price performance of Programmed Shares from 22 March 2005 until 22 March 2007.

Neither the Programmed share prices given above, nor the historical share price information contained in the figure below, should be taken as necessarily being an indication of the likely Programmed share price following completion of the Merger.



### c) Rights attaching to Programmed Shares

The Programmed Shares to be received as part of the consideration under the Scheme will be fully paid and, from the date of their issue, will rank equally with existing Programmed Shares. Accordingly, if the Programmed Shares which are to be issued in connection with the acquisition of Integrated Shares under the Scheme are issued prior to the Programmed Record Date, those Programmed Shares will be entitled to participate in any final dividend declared by Programmed in respect of the financial year ending 31 March 2007.

## Section 3 – Profile of Programmed

An application will be made by Programmed to ASX for the granting of official quotation of the Programmed Shares to be issued under the Scheme within 7 days after the date of this Scheme Booklet. Quotation is not guaranteed or automatic on such application, but quotation is expected in the ordinary course as Programmed is already admitted to the official list of ASX.

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

The rights attaching to the Programmed Shares which will be issued as part of the consideration for the acquisition of Integrated Shares under the Scheme are set out in the Constitution of Programmed and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and the general law.

The following is a summary of the principal rights attaching to Programmed Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Programmed, which can involve complex questions of law arising from the interaction of the Constitution of Programmed and statutory, common law and ASX Listing Rule requirements.

### *Share Capital*

Without prejudice to any special rights conferred on the holders of any shares, and subject to the ASX Listing Rules, any share in the capital of Programmed may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the Programmed Board may from time to time determine.

Except as otherwise provided by the Constitution of Programmed, all unissued shares in Programmed are under the control of the Programmed Board. The Programmed Board may grant options on the shares, issue or otherwise dispose of the shares on the terms and conditions and for the consideration it thinks fit. An issue of shares of the same class as an existing class of shares is not to be considered to constitute a variation of the rights of the holders of shares in the existing class.

### *Dividends*

The Programmed Board may declare a dividend to be paid to the shareholders entitled. Subject to the rights of, or any restrictions on, the holders of shares created or raised under any special arrangement as to dividend, dividends are payable on all Programmed Shares in proportion to the amount of the total issue price paid up or credited as paid up in respect of the Programmed Shares.

### *Voting Rights*

At a general meeting, subject to certain minor exceptions, on a show of hands each shareholder present has one vote. On a poll, each shareholder has one vote for each fully paid Programmed Share held, and for each other Programmed Share held a vote in respect of the Programmed Share which carries the same proportionate value as the proportion of the amount paid up (or agreed to be considered as paid up) on the total issue price of that Programmed Share bears to the total issue price of the Programmed Share.

#### *General meetings and notices*

Subject to the Corporations Act and the ASX Listing Rules, each holder of Programmed Shares is entitled to receive notice of, and to attend and vote at, general meetings of Programmed and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of Programmed, the Corporations Act and the ASX Listing Rules. At a general meeting, holders of Programmed Shares are entitled to be present in person, or by proxy, attorney or (in the case of a body corporate) by representative.

#### *Variation of class rights*

Subject to the Corporations Act and their terms of issue, the rights attaching to any class of shares may be varied with the written consent of holders of shares with at least 75% of the votes in the class, or by a special resolution passed at a separate meeting of the holders of shares of the class. In either case, the holders of shares in a class with not less than 10% of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

The creation or issue of further shares ranking equally with a class of shares already on issue is not a variation of class rights.

#### *Transfer of shares*

Shares in Programmed may be transferred by:

- an instrument in writing which complies with the usual or common form prescribed by the Programmed Board from time to time; or
- a proper transfer effected in accordance with the ASTC Settlement Rules and ASX requirements.

The Programmed Board may refuse to register a transfer of securities in the following circumstances:

- if the registration would contravene an applicable law or ASX Listing Rules;
- if the transfer concerns securities over which Programmed holds a lien; or
- if permitted to do so under the ASX Listing Rules.

#### *Alteration of share capital*

Programmed in general meeting may reduce or alter its share capital in any manner provided for by the Corporations Act. The Programmed Board may do anything to give effect to any resolution authorising reduction or alteration of the share capital of Programmed.

#### *Winding up*

If Programmed is wound up, the liquidator may divide among the shareholders in specie or in kind any part of Programmed's assets. The division may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent.

## Section 3 – Profile of Programmed

Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of Programmed's assets by a liquidator in a voluntary winding up.

### d) Employee Share Schemes

Programmed has in place the following employee share plans:

- the Employee Share Ownership Scheme; and
- the Senior Executive Share Acquisition Plan.

The Programmed Board also proposes to implement a new employee share ownership plan, as described below.

The following is a summary only of the key terms of each of the plans.

#### *Employee Share Ownership Scheme*

The Employee Share Ownership Scheme (**ESO Scheme**) allows eligible employees of Programmed to beneficially acquire a specified number of ordinary shares in Programmed (**ESO Scheme**) for consideration paid by Programmed. In broad terms, the ESO Scheme operates on the basis that entitlements to Programmed Shares will be issued at no cost to employees and trading of the Programmed Shares will be restricted for 3 years or until earlier termination of employment.

The ESO Shares are acquired by a trustee on behalf of eligible employees of Programmed and, upon acquisition, the trustee is registered as the legal owner of the ESO Shares, with the eligible employee having a vested and indefeasible interest in the Programmed Shares. Eligible employees are entitled to the benefit of the dividends and voting rights attaching to the ESO Shares, except that the trustee, as legal owner of the ESO Shares, acts on behalf of the eligible employee in exercising the voting rights.

The ESO Shares held by the trustee on behalf of an eligible employee shall not be sold, or transferred to the eligible employee, unless the eligible employee has ceased to be a Programmed employee or 3 years has elapsed since the ESO Shares were acquired on behalf of the employee. An eligible employee who ceases to be employed by Programmed must direct the trustee to either sell the ESO Shares or transfer legal ownership of the ESO Shares to them. As soon as practicable after the expiration of 3 years after the ESO Shares were acquired on behalf of an eligible employee, the trustee must transfer legal ownership of the shares to the employee (unless the employee has directed the trustee to sell the shares, in which case the trustee will sell the shares and pay the net proceeds of sale to the employee).

#### *Senior Executive Share Acquisition Scheme*

The Senior Executive Share Acquisition Scheme (**SESA Scheme**) enables a Programmed executive's remuneration to be provided partially in the form of Programmed Shares. Trading in the Programmed Shares the subject of the SESA Scheme will be restricted for up to 10 years.

The SESA Scheme allows eligible senior executives of Programmed to beneficially acquire a specified number of ordinary shares in Programmed (**SESA Shares**) for consideration paid by Programmed. The shares are held by a trustee on trust for the relevant senior executive, on the terms set out in the Programmed Senior Executive Share Acquisition Scheme Deed.

The SESA Shares are acquired by the trustee on behalf of the eligible senior executive and, upon acquisition, the trustee is registered as the legal owner of the SESA Shares and the eligible senior executive has a vested and indefeasible interest in the shares. The senior executives are entitled to the benefit of the dividends and voting rights attaching to the SESA Shares, except that the trustee, as legal owner of the SESA Shares, acts on behalf of the senior executive in exercising the voting rights.

The SESA Shares held by the trustee on behalf of an eligible employee shall not be sold, or transferred to the eligible employee, unless the eligible employee has ceased to be a Programmed employee, 10 years has elapsed since the SESA Shares were acquired on behalf of the employee or the Programmed Board otherwise approves. A senior executive who ceases to be employed by Programmed must direct the trustee to either sell their SESA Shares or transfer legal ownership of the SESA Shares to them. As soon as practicable after the expiration of 10 years after SESA Shares were acquired on behalf of a senior executive, the trustee must transfer legal ownership of the shares to the employee (unless the employee has directed the trustee to sell the shares, in which case the trustee will sell the shares and pay the net proceeds of sale to the employee).

#### e) **New Employee Share Ownership Plan**

Programmed proposes to put in place new long term incentive schemes which will apply to eligible employees of the Merged Group including those employees of Integrated to whom an eligibility notice may have been given in accordance with the Integrated Performance Plan. These schemes will supersede the current ESO and SESA Schemes. The new schemes would include an Employee Share Ownership Plan (**ESOP**) for all employees, and long-term share options/performance rights incentives for eligible senior executives and managers.

The ESOP will allow employees to acquire a certain number of Programmed Shares at no cost to themselves and with the employees receiving the shares tax-free or, in the case of the United Kingdom and New Zealand, with any tax payable being covered by an additional cash bonus paid by the Programmed Group. Programmed's aim is for all employees (in Australia, New Zealand and the United Kingdom) to be provided with up to \$1,000 per annum of value in Programmed Shares.

The shares would be purchased on market and held by a trustee until the time at which they are distributed to the relevant employees. It is envisaged that the ESOP would operate, in broad terms, along the same lines as the current ESO Scheme.

The scheme proposed to be offered to senior executives and managers, including, post-Merger, to senior executives and managers of the Integrated Group, will involve an annual allocation of share options and/or performance rights to applicable persons with the options/rights to be issued for no consideration, with options having an exercise price that is not less than the market price on the day of grant of the option.

The options and rights will generally be issued for a four year period, and would be exercisable generally only after three years have passed, subject to certain performance hurdles (determined by the Programmed Board at the date of grant) being satisfied, and subject to the relevant senior executive and manager remaining in the employ of the Programmed Group. The relevant performance hurdles will include both internal and external performance criteria, as the Programmed Board determines.

It is envisaged that these schemes will be used to offer to relevant Integrated employees similar opportunities and benefits as are currently available to them under the Integrated Performance Plan.

## Section 3 – Profile of Programmed

### f) Dividend Reinvestment Plan

Programmed has established a Dividend Reinvestment Plan (**DRP**) which provides Programmed Shareholders with a choice of reinvesting dividends paid on Programmed Shares rather than receiving those dividends in cash. The DRP has been suspended since July 2005.

The main features of the DRP are as follows.

#### *Participation*

Participation in the DRP is optional and open to all holders of Programmed Shares, except that a shareholder may not participate if they have a registered address in any place where, in the opinion of the Programmed Board, participation in the DRP or the making of an offer or invitation to participate in the DRP would be unlawful or would require the issue of a prospectus.

Participation may be either full or partial. Full participation applies in respect of all Programmed Shares registered from time to time in the participant's name (including shares acquired under the DRP). Partial participation applies for a specific number of Programmed Shares nominated by the participant, with the participant receiving cash dividends on the balance of the shareholding in the normal way.

Participation may be varied or terminated at any time in accordance with the terms of the DRP.

#### *Price of Programmed Shares*

The price of Programmed Shares to be issued to participants under the DRP will be the weighted average market price (rounded to the nearest cent) of all Programmed Shares sold on ASX during the five trading days prior to the record date for the relevant dividend, less a discount (not exceeding 10%) determined by the Programmed Board.

#### *Calculation of Entitlement*

The dividend payable on Programmed Shares which are subject to the DRP (after deducting any amount, such as withholding tax, that Programmed is required or entitled to deduct) will be credited to a "DRP account" maintained on behalf of the relevant participant and then applied on the participant's behalf in subscribing for additional Programmed Shares.

At the time of each dividend payment, the maximum whole number of additional Programmed Shares that can be acquired by each participant will be ascertained by dividing the amount in the participant's DRP account by the relevant price as calculated in the manner set out above.

Any balance remaining in a participant's DRP account after Programmed Shares have been allotted will be carried forward in the participant's DRP account and added to the next dividend entitlement. No interest will accrue in respect of any balance in a DRP account.

#### *Costs*

No brokerage, commission or other transaction costs will be payable by participants on Programmed Shares acquired under the DRP. Under the present law, no stamp duty will be payable on the allotment of Programmed Shares under the DRP.

#### *Dividend and Other rights*

Programmed Shares allotted under the DRP will, from the date of allotment, rank equally in all respects with all other Programmed Shares.

#### *ASX listing*

Programmed will apply for quotation on ASX of Programmed Shares allotted under the DRP.

#### *Variation, Suspension and Termination*

The DRP may be varied, suspended or terminated by the Programmed Board at any time.

The DRP has been suspended since July 2005.

## 3.9 Additional information

### **a) Interests of Programmed Group in Integrated securities**

#### *Relevant Interests in Integrated securities*

As at the date of this Scheme Booklet, Programmed does not have a relevant interest in any of the Integrated Shares on issue.

#### *Voting power in Integrated*

As at the date of this Scheme Booklet, Programmed does not have any voting power in Integrated.

#### *Dealings in Integrated Securities*

Except as disclosed elsewhere in this Scheme Booklet, neither Programmed nor any associate of Programmed has provided, or agreed to provide, consideration for any Integrated Shares under a purchase or agreement during the four months ended on the day immediately before the date of this Scheme Booklet.

Except as disclosed elsewhere in this Scheme Booklet, during the period of four months ended on the day immediately before the date of this Scheme Booklet, neither Programmed nor any associate of Programmed has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- vote in favour of the Scheme; or
- dispose of Integrated Shares.

### **b) Interests of Programmed Directors**

#### *Directors of Programmed*

As at the date of this Scheme Booklet, the directors of Programmed in office are:

Geoffrey Allan Tomlinson	Chairman
Maxwell John Findlay	Managing Director
Susan May Oliver	Non-Executive Director
Brian John Pollock	Non-Executive Director

## Section 3 – Profile of Programmed

### *Interests in Programmed Securities*

As at the date of this Scheme Booklet, the directors of Programmed held the following interests in securities in Programmed:

Director	Fully Paid Ordinary Shares
G.A. Tomlinson	75,744
M.J. Findlay	1,049,317
S.M. Oliver	27,035
B.J. Pollock	9,863

### *Interests in Integrated Securities*

As at the date of this Scheme Booklet, no Integrated Shares are held by or on behalf of any of the directors of Programmed.

### *Interests in the Merger*

Except as disclosed elsewhere in this Scheme Booklet, no director of Programmed holds at the date of this Scheme Booklet, or has held in the two years before the date of this Scheme Booklet, an interest in the Merger or Integrated.

### *Remuneration*

The constitution of Programmed contains the following provisions as to remuneration of executive and non executive directors:

58. Remuneration of Directors - As remuneration for services each non-executive Director is to be paid out of the funds of the Company a sum determined by the Board payable at the time and in the manner determined by the Board but the aggregate remuneration paid to all the non executive Directors in any year may not exceed an amount fixed by the Company in general meeting. The expression "remuneration" in this Rule does not include any amount which may be paid by the Company under Rule 59, 60, 61 or 103.
59. Remuneration of Directors for extra services - Any Director who serves on any committee, who devotes special attention to the business of the Company, who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director or who, at the request of the Board, engages in any journey on business of the Company, may be paid extra remuneration as determined by the Board.
60. Travelling and other expenses - Every Director is, in addition to any other remuneration provided for in this Constitution, entitled to be paid from Company funds all reasonable travel, accommodation and other expenses incurred by the Director in attending meetings of the Company or of the Board or of any Committees or while engaged on the business of the Company.
61. Retirement benefits - Any person (including any officer of the Company) may be paid a benefit (including a prescribed benefit) in connection with the retirement from office (including a prescribed office) of any officer of the Company, in accordance with the [Corporations Act]. The Board may make arrangements with any officer with respect to, providing for, or effecting payment of, benefits in accordance with this Rule.

In accordance with Rule 58 of the Constitution of Programmed the maximum aggregate remuneration which can be paid to all non-executive directors of Programmed in any year has been fixed at \$400,000. The Programmed Board may seek an increase in this limit at its annual general meeting in 2007 given that two additional directors will be appointed to the Programmed Board if the Scheme is implemented (see section 7.11).

#### *Indemnities*

Programmed has executed a Directors' Deed of Appointment in respect of each director of Programmed. Each Directors' Deed contains an indemnity in favour of the director a party to the Deed, to the extent that Programmed is able to give such an indemnity. The indemnity is against any liability incurred by the Director in or arising out of the business of Programmed or in or arising out of the discharge of the duties of the director. Each Directors' Deed of Appointment also gives the director a right of access to board papers and requires Programmed to maintain Directors and Officers Insurance.

#### *Directors' insurance*

Programmed maintains an insurance policy for the benefit of the directors of Programmed which insures them against liability for their conduct as directors of Programmed to the extent permitted by law. The existing insurance policy may insure the directors of Programmed, on the terms and subject to the conditions of the policy, against civil liabilities which they may incur in relation to the Merger.

### **c) Information disclosed to ASX and documents lodged with ASIC**

Programmed is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to continuous reporting and disclosure obligations. Specifically, as a listed company, Programmed is subject to the ASX Listing Rules which require (subject to certain exceptions) it to notify ASX immediately of any information of which it becomes aware concerning Programmed that a reasonable person would expect to have a material effect on the price or value of its shares.

ASX maintains files containing publicly disclosed information about all listed companies. Programmed's file is available for inspection at ASX during normal business hours or from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

In addition, Programmed is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Programmed may be obtained from, or inspected at, an ASIC office.

Programmed will provide free of charge, to any holder of Integrated Shares who requests it before the Scheme Meeting, a copy of:

- Programmed's constitution;
- the annual financial report of Programmed for the year ended 31 March 2006 (being the annual financial report most recently lodged with ASIC before this Scheme Booklet was lodged for registration with ASIC);
- any half-year financial report lodged with ASIC by Programmed after the lodgement of the annual financial report referred to above and before lodgement for registration of this Scheme Booklet with ASIC;
- the annual financial report of Programmed for the year ended 31 March 2007 once that annual report has been lodged with ASIC; and

## Section 3 – Profile of Programmed

- any continuous disclosure notice given to ASX by Programmed after the lodgement with ASIC of the annual report of Programmed for the year ended 31 March 2006 referred to above and before lodgement for registration of this Scheme Booklet by ASIC.

The 2006 Annual Report and notices provided to ASX by Programmed over the past year can be downloaded from the Programmed website – [www.pmsltd.com.au](http://www.pmsltd.com.au), while copies of any of the documents referred to above can be obtained by writing to:

The Company Secretary  
Programmed Maintenance Services Limited  
52 Ricketts Road  
Mount Waverley Vic 3149

### d) Material litigation

Legal proceedings arise from time to time in the course of the business of the Programmed Group. Programmed does not believe that the outcome of any current proceedings (as at the date of this Scheme Booklet) will have a material adverse effect on the business or financial position of Programmed.

### e) Substantial shareholders in Programmed

As at 9 March 2007 the following persons were contained in Programmed's register of substantial shareholders, based on substantial shareholding notices received:

Substantial Shareholder	Number of shares in which relevant interest held	Voting power
Commonwealth Bank Group	6,557,862	9.21%
Invesco Australia Investment Management Ltd	6,055,652	8.51%
Perpetual Trustees Australia Limited	5,421,082	7.61%
Westpac Banking Corporation	4,575,045	6.43%

### f) Other material information

Except as set out in this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Programmed director at the time of the lodging of this Scheme Booklet with ASIC for registration, which has not been previously disclosed to Integrated Shareholders.