PROGRAMMED
MAINTENANCE
SERVICES
LIMITED

Annual Report 2002

PROGRAMMED
MAINTENANCE
SERVICES
LIMITED

ABN 61 054 742 264

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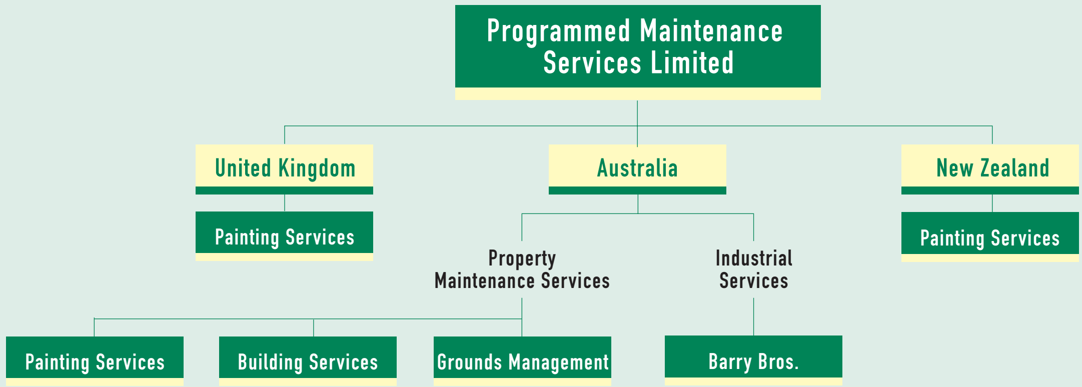
ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders in the company will be held at the offices of Deloitte Touche Tohmatsu, Level 21, 505 Bourke Street, Melbourne, Victoria on Wednesday, 7 August 2002 at 11.00 am.

Front Cover: Danny Keesmaat, Senior Foreman, Painting Division
Left: Peter Baxter, Field Officer, Building Services Division



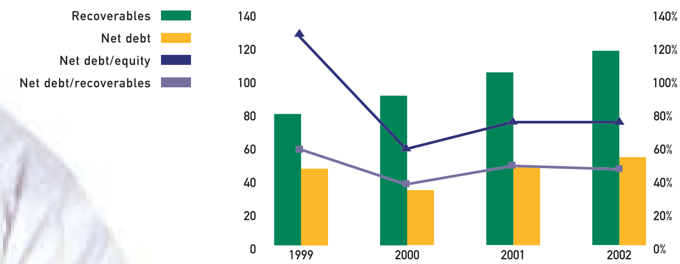
Programmed Maintenance Services' business, founded in 1951, provides a growing range of property maintenance services to commercial, industrial and institutional property owners. It operates:

- the largest contract painting businesses in Australia and New Zealand
- a growing contract painting business in the United Kingdom
- one of Australia's largest grounds management businesses
- a building services business which maintains properties and infrastructure assets
- an industrial services business which provides a range of sewerage and drain maintenance, high pressure cleaning and non-destructive digging services.

Programmed Maintenance Services' business model is based on long-term maintenance programmes which enable customers to benefit from initial refurbishment followed by regular maintenance, while spreading payments over the term of the contract.

Highlights of the Year

Net debt and recoverable data (A$m)



Contract recoverables have grown to $116.9 million, reflecting increased sales of long-term maintenance programmes. An increasing proportion of this recoverable growth is funded internally, with net debt to recoverables declining in 2002.

- 8.8 per cent increase in revenue to A$159.3 million
- 11.4 per cent increase in comparable profit after tax to A$12.5 million
- Record number of hours worked in Painting and Grounds Management divisions
- Strong recovery in New Zealand – 8 per cent increase in revenue led to 25 per cent increase in earnings
- 40 programmes now written in the United Kingdom, valued at A$3.2 million
- Contract recoverables increased 12 per cent to A$116.9 million
- Establishment of a Grounds Management branch in Western Australia
- Implemented new integrated management information system

Donny Georgopoulos
Foreman, Painting Division

Chairman's Report

Growth over eight years

Geoff Tomlinson
Chairman

For the fourth successive year Programmed Maintenance Services increased its comparable profit after tax by more than 10 per cent. Revenue increased for the seventh successive year, demonstrating the underlying strength of the company and its business model, and its ability to consistently grow across economic cycles.

Our profit after tax of $12.5 million for the year to 31 March 2002 compares with $12.8 million reported in 2000/1, but the latter figure included a one-off benefit of $1.6 million resulting from the reduction in the company tax rate from 1 July 2001. This benefit was due to the deferred taxation on revenue from the company's long-term maintenance contracts. Before this tax change benefit, the 2000/1 profit was $11.2 million and the 2001/2 profit represents an increase of 11.4 per cent. On a similar basis, earnings per share increased to 19.4 cents from 17.4 cents.

The company's contract recoverables increased by 12.2 per cent to $116.9 million, reflecting the growth in our business. We will progressively recover these funds in the future under our long-term maintenance contracts.

Your directors have declared an unchanged final dividend of 4 cents per share, payable on 25 July to shareholders on the register at 10 July. Together with the interim dividend, dividends totalled 8 cents for the year. Both dividends are unfranked, due to the deferred revenue on our long-term contracts. Combined with the lower than expected earnings from our grounds and industrial services operations and greater contributions from our New Zealand business, our ability to pay franked dividends was less than projected in my report last year.

To enable shareholders to increase their investment in Programmed Maintenance Services in a cost-effective way, we have introduced a dividend reinvestment plan to take effect from the July dividend. Shares will be issued at a 5 per cent discount from the market price, and the plan will be fully underwritten, with the aim of broadening the company's shareholder base and conserving the company's cash.

The company had a positive cash flow of $1.9 million, compared with negative $1.2 million in 2000/1. Net consolidated debt increased from $47.7 million to $53.4 million, as additional working capital was required to fund the $12.7 million growth in contract recoverables from long-term maintenance programmes. The amounts recoverable in these programmes are indexed and produce an excellent return on the funds employed. With interest cover of 6.7 times earnings before interest and tax, the company remains well placed to service its current debt.

Your directors have considered a proposal to fund the company's continuing growth through securitising our contract recoverables. After detailed examination, the board concluded this would not be in the best interests of shareholders as the higher cost of funds, increased administration expenses and limitations on operational flexibility would outweigh the cash flow and dividend franking benefits. We will continue to review alternative funding methods to facilitate our future growth.

We are delighted that, during the year to 31 March 2002, the company's share price rose from $1.73 to $2.33, an increase of 35 per cent. Investors are now beginning to recognise the value of our business model and our potential for consistent growth.

The investment we have made in our new information technology and human resources systems will, I am confident, help us continue to expand our operations for the benefit of our customers, our employees and – most importantly – our shareholders.

I would like to thank all members of the Programmed Maintenance Services team for their outstanding efforts which have enabled us to achieve another year of growth.

Geoff Tomlinson
Chairman
21 June 2002

Managing Director's Report

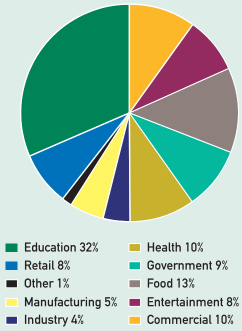
Romeo De Maria
Property Manager, Building Services Division

Max Findlay
Managing Director

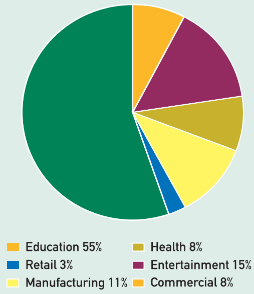
We are delighted to announce our fourth consecutive year of double digit profit after tax increase. It is particularly pleasing that this increase has been achieved through organic growth. Our painting businesses in Australia, New Zealand and the United Kingdom all performed strongly during the year, increasing market share. We are continuing to develop our grounds, building and industrial services businesses. Importantly, we have made major improvements in our infrastructure and operational procedures, which will help us maintain our growth rate in the coming years.

For the first time, the company now has a fully integrated information technology system which provides access to key marketing, operational and management data throughout our branch network. Its implementation incurred some operational delays and additional one-off costs, however, the system is a valuable investment which is already having a positive impact on productivity and will underpin future growth. Further modules will improve the accuracy and reduce the cost of estimating through the use of portable hand-held devices, and provide us with more timely and accurate reporting on key performance indicators. The system will also enable future online interfacing with suppliers and customers.

Australia and New Zealand industry segmentation

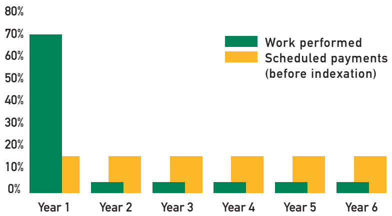


United Kingdom industry segmentation



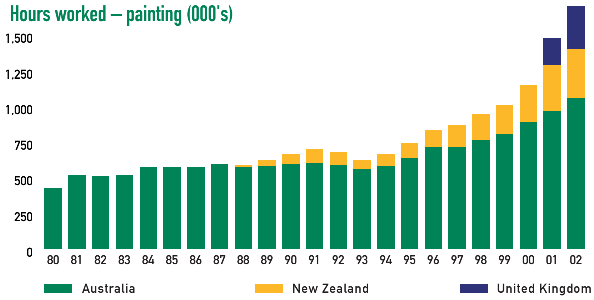
Typical six-year programme

Work performed vs. scheduled payments*



*Payments are indexed to increases in costs.

Hours worked – painting (000's)



We have also invested in upgrading our human resources programmes, including training and talent management, and the implementation of a performance management system has resulted in greater accountability throughout the company. We are determined to provide our employees with a safe working environment and, to this end, have strengthened our occupational health and safety procedures. These are expected to reduce future workers' compensation premiums.

These initiatives, together with the appointment of a general manager of operations, will continue to help further raise the quality and efficiency of our work. They will underpin expansion of our core painting businesses and enable us to broaden the range of services we offer our customers.

In the following pages we summarise the progress each of our businesses has made during the year and the main activities we have taken to secure continuing revenue and earnings growth.

For more than 50 years Programmed Maintenance Services has built a strong business as the leading painting contractor in Australia, and subsequently in New Zealand, based on long-term programmes. These enable customers to spread the cost of initial repainting and subsequent maintenance for periods of up to 12 years, through annual indexed payments.

The company has also diversified in Australia into grounds management, building services, sewerage, drain maintenance and high pressure cleaning services. This has enabled it to build on its strong customer relationships through cross-selling services and to benefit from the increasing trend towards outsourcing non-core activities.

In July 2000, Programmed Maintenance Services acquired a conventional contract painting business in the UK with the intention of introducing its programme concept there. The company has already identified considerable demand and is selling an increasing number of programmes in the UK market.

Today, Programmed Maintenance Services maintains approximately 60,000 buildings and structures for over 4,500 customers, of which only one, in the public sector, provides more than 1 per cent of total revenue. The company's national network of branches, employing skilled and experienced local tradespeople, enables it to meet the specific requirements of an individual property, while it has the resources, financial strength and technical expertise to handle the largest projects.

Managing Director's Report continued

Jane Francis

Apprentice Gardener, Grounds Management Division

Painting Services

- Maintenance painting programmes
- Interior and exterior painting projects
- Specialised finishes
- Difficult access projects
- Specialised surface protection
- Signwriting and re-identification projects
- Graffiti removal

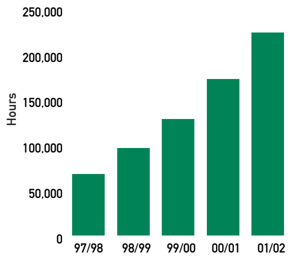
Grounds Management Services

- Lawn care and maintenance
- Landscape services
- Herbicide programmes and applications
- Grounds management planning
- Arboricultural planning and maintenance
- Irrigation control and water budgeting
- Seasonal support services

Far left: Repainting the MCG light towers

Left: John Ryan, Senior Foreman, Painting Division, Victoria

Grounds management hours worked



AUSTRALIA

PROPERTY MAINTENANCE

Our property maintenance business, which provides painting, grounds management and building services, increased its revenue by 8.0 per cent to $107.7 million. Earnings before interest and tax increased by 5.9 per cent to $14.3 million.

Painting Division

The Painting Division increased its revenue by 7.0 per cent and contributed 73.7 per cent of the company's Australian revenue. Overall margins were steady and costs remained under control.

We increased revenue and earnings significantly in Queensland, South Australia and New South Wales. We achieved an improvement in performance in Victoria and Tasmania. Results in Western Australia continued to be affected by weakness in the mining and resource industries. Growth was particularly strong in the education, tourism and government sectors and there was an increased demand from property and facility managers. Our country and regional areas experienced a higher growth rate, and a new branch was opened in Lismore. We also extended our market penetration into the one-off commercial repaint market, and continued to supply corporate signage for an increasing number of national customers.

The proportion of quotes converted into sales grew by more than 10 per cent, and new major contracts were written in the winery, food, government and entertainment markets. Customer feedback surveys have shown increasing appreciation of our operating procedures, our commitment to quality and high safety standards. These factors contribute towards our competitive advantage and our consistently high rate of programme renewals.

Grounds Management Division

This division, which is already one of Australia's largest grounds management businesses, continued to expand its operations with a 35.8 per cent increase in revenue. Earnings, however, were significantly lower due to structural problems in New South Wales, which have now been resolved.

The division performed strongly in Victoria, where we won several new contracts, including a national contract for a major oil company. In South Australia, the Adelaide University contract progressed successfully in its first year.

The division commenced operations in Western Australia during the year, to provide grounds management services to two of our existing Painting Division customers in the aged care and education sectors. This branch is already operating profitably. This is an excellent example of the opportunities which exist within our company to cross-sell integrated services to our customer base.

Ian Lilley
State Manager, Victoria, Barry Bros. Specialised Services

Building Services

- Building maintenance audits
- Programmed cyclical maintenance
- Trade-based maintenance services
- 24-hour help desk
- Essential service and compliance audits
- Project management
- CAD design

Industrial Services

- Sewerage and drainage maintenance
- Closed circuit television (CCTV)
- Drain maintenance and management systems
- Non-destructive digging
- High pressure water blasting
- Vacuum loading
- Hydro demolition
- Automated high pressure cleaning

Far left: Mick Maloney, Senior Foreman, Painting Division, South Australia

Left: Nufarm Ltd maintenance programme in Laverton, Victoria

Left: Hydro demolition works at Lake Narracan, Victoria, Barry Bros. Specialised Services

While the grounds management business is still small, we expect it to continue to grow rapidly and to achieve a significant improvement in earnings in 2002/3. To enable us to take advantage of market opportunities, we are increasing our numbers of qualified horticulturalists and apprentices.

Building Services Division

The Building Services Division maintained its revenue and earnings.

Two significant contracts were renewed during the year and we now manage maintenance work on 25,000 properties in New South Wales, Queensland, Victoria and South Australia. Strong growth is expected as more businesses and institutions outsource their building maintenance and compliance requirements. We have also developed a packaged service concept which will help us take advantage of opportunities to cross-sell to customers of other divisions.

Industrial Services

The performance of our industrial services business, which trades as Barry Bros. Specialised Services, was disappointing. Overall revenue was flat at $14.8 million and earnings before interest and tax were $0.3 million, compared with $0.8 million the previous year.

Results differed markedly from state to state. In Queensland, revenue and earnings improved strongly, helped through local government contracts. In Victoria, activity increased in the industrial sector, but earnings were constrained by start-up costs for a significant new plumbing maintenance contract. This is now operating profitably. In New South Wales the business performed poorly, and we made structural and personnel changes which have begun to show positive results.

The market for non-destructive digging continues to grow as councils and infrastructure companies appreciate its value in locating and minimising the risk of damage to underground services. We now have four units operating in Victoria and New South Wales.

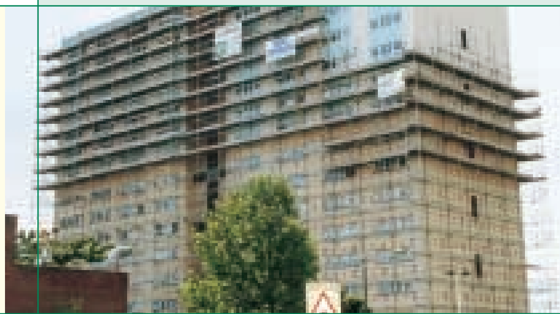
The difficult market conditions during the year have led to consolidation in the sewerage and drain maintenance industry and the company is considering options to maximise value from this business.

Managing Director's Report continued

Martin Scerri
Project Engineer, Painting Division

Far left: Major repaint at NZMP, Taupo, New Zealand

Left: Pat Wilson and Jimmy Patterson from the New Zealand Painting Division



Left: ICI/Dulux project refurbishment underway, Nottingham, United Kingdom

NEW ZEALAND

Our New Zealand painting business improved its margins significantly and increased its earnings before interest and tax by 24.7 per cent to A$6.5 million. Revenue was 8.3 per cent higher at A$20.4 million, with strong growth in the South Island and the central region of the North Island.

Major new contract wins included national re-imaging in the banking and telecommunications sectors and growth in new long-term programmes in the food, winery, entertainment, healthcare and power generation industries. The expansion of our customer base continued to reduce our dependence on the education sector, where we already have a high market share.

Customer feedback surveys demonstrated a further increase in service quality which, together with upgraded operational controls, will help the business continue to achieve double-digit percentage growth in earnings.

UNITED KINGDOM

In the first full year since its acquisition, Whittle Painting Group achieved revenue of A$16.4 million and earnings before interest and tax of A$0.6 million, compared with revenue of A$13.2 million and earnings of A$0.4 million for the nine months to 31 March 2001. Whittle's traditional one-off painting business, which currently accounts for 95 per cent of revenue, was affected by a significant drop in orders following the terrorist attacks on 11 September, but orders have recovered since the beginning of spring.

We acquired Whittle as a platform for the introduction of our painting programmes into the United Kingdom, and it is already evident that there is a significant market at margins similar to those achieved in Australia. To date, 40 programmes have been sold, with a total contract value of A$3.2 million, to a wide range of customers including schools, hospitals, racecourses and shopping centres. The markets for our services in the United Kingdom are similar to the profile of our core markets in Australia and New Zealand.

We are very enthusiastic about the potential in the United Kingdom for our long-term maintenance programmes, and have already made great progress in promoting the benefits of maintenance to the market, and we expect a major increase in programme sales and revenue during 2002/3. To take advantage of market opportunities, a fifth branch was opened in Liverpool and two additional managers have been seconded from Australia since the end of the year.

Sue Edmonds
Administration Officer, Painting Division

PROGRAMMED MAINTENANCE SERVICES' EXECUTIVE TEAM

Max Findlay	Managing Director
Ian Jones	General Manager, Finance and Administration
Denis Groves	Chief Executive, United Kingdom
Ian Craig	Group General Manager, Operations
Rowan Galbraith	General Manager, Southern Region
Paul Warman	General Manager, Northern Region
Nigel Caigou	General Manager, New Zealand
Bryan Horskins	General Manager, Business Development
Danny Shafar	General Manager, Marketing
Mark Piwkowski	General Manager, Building Services
David Maple	General Manager, Industrial Services
Mark Collins	Manager, Grounds Management
Jim Sherlock	Manager, Human Resources

Left: Staff participating in the Geelong Hospital Gala Day Parade

Left: Donny Georgopoulos, Foreman, with a Programmed Maintenance Services safety bag

OUR PEOPLE

We have taken a number of initiatives during the year to reinforce our position as the industry's 'employer of choice' and to attract and retain the most skilled people. Our people are our most important asset. They are largely responsible for the strength of our customer relationships, the quality of our work and our reputation in the market.

We introduced a number of new training programmes, ranging from skills development to customer relations, and these have led to a measurable improvement in the quality of our service. A new sales management programme, linked with the information technology system, has improved customer sourcing, account management and retention in the Australian Painting Division. This programme was introduced into the New Zealand business in the new financial year. A performance management system, implemented during the year, has resulted in greater accountability throughout the company and improved financial results.

We are committed to our apprenticeship programme, and currently employ 80 apprentices throughout the business. We were particularly proud when one of our apprentices was chosen to represent Australia at the Worldwide Skill Olympics in Seoul in September. Our graduate training programme has also been expanded, and the strong company focus on training enables us to fill internal management appointments as the company grows.

COMMUNITY SUPPORT

Programmed Maintenance Services believes strongly that it has responsibilities to the communities in which we work. Accordingly, we established The PMS Foundation in 1974 to provide support to charitable organisations predominantly for younger people with special needs. In addition, the Foundation made donations during the year to 36 community organisations and charities across Australia.

LOOKING FORWARD

Programmed Maintenance Services has a growing reputation for high quality work, a stable well-trained workforce, strong project management expertise and efficient proprietary systems and procedures. These strengths, together with our geographic coverage in Australia, New Zealand and the United Kingdom, will enable us to continue to expand our operations and provide career opportunities for our employees and increasing returns to our shareholders.

I would like to thank all our people and our customers for their contribution to another successful year.

Max Findlay
Managing Director
21 June 2002

Corporate Governance

The board of directors guides and monitors the business and affairs of Programmed Maintenance Services Limited on behalf of its shareholders, by whom the directors are elected and to whom they are accountable.

The principal corporate governance practices applying throughout the 2002 financial year were:

THE BOARD OF DIRECTORS

The board is responsible for the overall corporate governance of the economic entity, including engaging with management in the development of strategic plans, preparation of annual budgets, establishment of goals for management and monitoring the achievement of those goals on an annual basis.

The board is also responsible for:

- reviewing the performance of the managing director and senior management
- planning the development, retention and succession of the management team
- approving and monitoring the policies and procedures relating to occupational health and safety.

The board has established a Remuneration Committee and an Audit Compliance and Risk Management Committee to assist in its responsibility.

COMPOSITION OF THE BOARD

The names of the directors of the company at the date of this statement are included in the Directors' Report.

The board consists of four directors, one executive director and three non-executive directors. The chairman is a non-executive director. Each year one-third of the directors, excluding the managing director, retire by rotation. They may, however, then offer themselves for re-election for another three-year period.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The board determines the terms and conditions relating to the appointment and retirement of directors. If a new non-executive director were required, the board would seek the most suitable person with an appropriate range of skills and expertise. The identified individual would then stand for election at the next Annual General Meeting.

INDEPENDENT PROFESSIONAL ADVICE

In the proper performance of their duties, each director has the right to seek a reasonable level of independent professional advice on matters concerning the company at the company's expense, after obtaining the chairman's approval.

ETHICAL STANDARDS

The company endorses the need for all directors, managers, office and field staff to maintain a high standard of behaviour and business ethics in our day-to-day business activities. The board has responsibility for developing and monitoring:

- expectations with regard to ethical conduct
- periods during which directors may deal in the securities of the company and procedures for notification of such dealing
- procedures to be adopted in respect of potential conflicts of interest
- procedures for prior approval of contracts with directors.

REMUNERATION COMMITTEE

The Remuneration Committee reviews and approves salary and other benefits for the managing director and senior management of the company.

The current members of the Remuneration Committee are:

- Geoffrey Allan Tomlinson (Chair)
- Susan Mary Oliver
- Brian John Pollock.

The Remuneration Committee meets as required.

AUDIT COMPLIANCE AND RISK MANAGEMENT COMMITTEE

The current members of the Audit Compliance and Risk Management Committee are:

- Brian John Pollock (Chair)
- Susan Mary Oliver
- Geoffrey Allan Tomlinson.

The responsibilities of the Audit Compliance and Risk Management Committee include:

- reviewing the half-yearly and annual financial statements prior to their approval by the board
- monitoring the effectiveness of internal control and management information systems
- liaising with the external auditors to ensure that statutory audits are conducted in an effective manner
- monitoring compliance with the Corporations Law, Stock Exchange Listing Rules and other regulatory authorities and financial institutions
- reviewing of significant areas of potential business and legal risk when they are identified and determining procedures to manage these risks on a case-by-case basis.

DIRECTORS

Geoff Tomlinson, Chairman
Appointed chairman in August 1999, Mr Tomlinson is also the chairman of Reckon Limited, Funtastic Limited, MLC Limited and Neverfail Springwater Limited and is the deputy chairman of Hansen Technologies Limited. He is a director of the National Australia Bank Limited, Amcor Limited, Pineapplehead Limited and Mirrabooka Investments Limited. Mr Tomlinson holds a Bachelor of Economics from the University of Western Australia. Age 54.

Susan Oliver, Non-executive Director
A non-executive director since August 1999, Ms Oliver also holds non-executive directorships with Transurban City Link and MBF, and is chair of ScreenSound Australia, the national screen and sound archive. 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 Andersen 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. Age 51.

Max Findlay, Managing Director
Appointed managing director in March 1990, Mr Findlay is also chairman of The PMS 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. Age 55.

Brian Pollock, Non-executive Director
A non-executive director since 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 the Industry Superannuation Property Trust, Members Equity Portfolio Management Limited and Becton Developments Limited, and a director of Macquarie Real Estate Equity Fund No 1 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. Age 56.

Our Vision

Our vision is to be acknowledged as a leading international property maintenance services group.

Our Mission

To constantly improve our services to customers by designing superior systems and processes through the contribution of ideas into the knowledge base of the organisation.

OUR CUSTOMERS

To identify and satisfy the needs of our customers by providing cost-effective property maintenance services where safety and quality are achieved through a commitment to excellence.

OUR PEOPLE

To recognise individual and team success by providing both reward and career development within a safe working environment.

OUR COMMUNITIES

To operate in an environmentally responsible manner and support our local communities by providing regional employment, training and apprenticeship opportunities.

OUR SHAREHOLDERS

To grow and develop the company's business in a responsible, ethical and profitable manner, thereby maximising our shareholder value.

Adolph D'Couto
Workshop Foreman, Barry Bros. Specialised Services

Financial Statements and Reports

YEAR ENDED 31 MARCH 2002

CONTENTS

The directors of Programmed Maintenance Services Limited submit herewith the annual financial report for the financial year ended 31 March 2002. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors of the company during or since the end of the financial year are:

Geoffrey Allan Tomlinson	Chairman
Maxwell John Findlay	Managing Director
Susan Mary Oliver	Non-executive Director
Brian John Pollock	Non-executive Director

All of the abovenamed directors held office during and since the end of the financial year. Particulars of the directors are shown on page 15 of this annual report.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were the provision of property maintenance services to commerce, industry and government by way of:

- programmed maintenance painting, grounds maintenance services, general property maintenance services and corporate signage;
- specialised industrial services.

REVIEW OF OPERATIONS

The net amount of profit of the consolidated entity for the financial year after income tax expense was $12,487,000 (2001: $12,817,000). A detailed review of the operations of the consolidated entity is contained in the Chairman's and Managing Director's Reports in this annual report.

CHANGES IN STATE OF AFFAIRS

There has been no significant change in the state of affairs of the consolidated entity, other than that referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The consolidated entity aims to achieve a high standard on environmental matters. During the financial year:

- licences were renewed and taken out as and when required by environmental authorities; and
- the directors have not received notification nor are they aware of any breaches of environmental laws by the consolidated entity.

DIVIDENDS

In respect of the financial year ended 31 March 2001, as detailed in the directors' report for that financial year, a final dividend of $2,580,000 (4 cents per share) franked to 66 per cent at 30 per cent corporate tax rate was paid to the holders of fully paid ordinary shares on 25 July 2001.

In respect of the financial year ended 31 March 2002, an interim dividend of $2,580,000 (4 cents per share) unfranked was paid to the holders of fully paid ordinary shares on 24 January 2002.

In respect of the financial year ended 31 March 2002, the directors declared a final dividend of $2,580,000 (4 cents per share), unfranked to the holders of fully paid ordinary shares payable on 25 July 2002.

The directors are pleased to announce the creation of the Dividend Reinvestment Plan (DRP). All shareholders entitled to receive the final dividend payable in July 2002 will be able to participate in the DRP. Shareholders have recently been invited to participate in, and advised of the terms and conditions of, the DRP.

SHARE OPTIONS

No share options were granted to any directors or executives of the company during the financial year. Since the end of the financial year, an aggregate of 320,000 share options were granted by Programmed Maintenance Services Limited to executives of the company.

Date Issued	No. Issued	Issue Price	Exercise Price	Exercise Period	
				Start	Expiry
8.05.02	128,000	Nil	$2.49	29.09.02	29.09.04
8.05.02	96,000	Nil	$2.54	29.09.03	29.09.05
8.05.02	96,000	Nil	$2.57	29.09.04	29.09.06

The aggregate of unissued shares under option are as follows:

Date Issued	No. Issued	Issue Price	Exercise Price	Exercise Period	
				Start	Expiry
29.09.99	780,000	19 cents	$2.00	29.09.01	29.09.03
29.09.99	585,000	24 cents	$2.00	29.09.02	29.09.04
29.09.99	585,000	27 cents	$2.00	29.09.03	29.09.05
8.05.02	128,000	Nil	$2.49	29.09.02	29.09.04
8.05.02	96,000	Nil	$2.54	29.09.03	29.09.05
8.05.02	96,000	Nil	$2.57	29.09.04	29.09.06

The holders of any of the above options do not have the right, by virtue of the option, to participate in any share or interest issue of any other body corporate or registered scheme. During the financial year no options were exercised in accordance with the provisions of the executive and employee share option plan.

INDEMNIFICATION OF OFFICERS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and executive officers of the company and of any related body corporate against a liability incurred as such a director, company secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director.

	Board of Directors		Audit and Compliance Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
G. A. Tomlinson	20	20	2	2	1	1
M. J. Findlay	20	20	–	–	–	–
S. M. Oliver	20	20	2	2	1	1
B. J. Pollock	20	20	2	2	1	1

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares and options in the company or a related body corporate at the date of this report:

Directors	Fully Paid Ordinary Shares	Share Options
G. A. Tomlinson	100,000	60,000
M. J. Findlay	1,000,000	250,000
S. M. Oliver	*2,400	50,000
B. J. Pollock	–	50,000

*Beneficial interest

DIRECTORS' AND EXECUTIVES' REMUNERATION

The remuneration committee, which was set up in September 1999, reviews the remuneration packages of all directors and executive officers on an annual basis.

The Managing Director makes recommendations for executive staff to the remuneration committee. The Chairman, Managing Director and non-executive directors' remuneration arrangements are reviewed by the remuneration committee annually and recommendations are made to the board.

DIRECTORS

The following table discloses the remuneration of the directors of the company.

Name	Salary/Fees	Benefits	Incentive Schemes	Total
	$	$	$	$
Non-executive Directors				
G. A. Tomlinson	90,000	7,200	–	97,200
S. M. Oliver	60,000	4,800	–	64,800
B. J. Pollock	60,000	4,800	–	64,800
Managing Director				
M. J. Findlay	250,000	128,172	100,000	478,172

EXECUTIVES

The following table discloses the remuneration of the five highest remunerated executives of the company and the consolidated entity excluding the executive director.

Name	Salary/Fees	Benefits	Incentive Schemes	Total
	$	$	$	$
I. W. Craig	181,620	68,615	40,000	290,235
I. H. Jones	214,185	34,900	20,000	269,085
R. D. C. Galbraith	165,316	78,256	–	243,572
B. J. Horskins	156,243	63,150	–	219,393
D. M. Maple	135,705	36,442	15,000	187,147

Remuneration packages contain the following key elements:

a. Salaries/Fees

b. Benefits including the provision of motor vehicles and superannuation; and

c. Incentive schemes

  (i) for non-executive directors – notional interest on loans to take up option entitlements;

  (ii) for executive director and senior executives – performance-related bonuses and notional interest on loans to take up option entitlements.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with the Class Order, amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors

M. J. Findlay
Director
21 June 2002

Statement of Financial Performance

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

	Note	CONSOLIDATED		COMPANY	
		2002	**2001**	**2002**	**2001**
		$'000	**$'000**	**$'000**	**$'000**
Revenue from ordinary activities	2	159,323	146,386	107,826	100,183
Changes in inventories of finished goods and work in progress		(4)	43	(34)	40
Raw materials and consumables used		(15,794)	(15,377)	(8,360)	(7,509)
Personnel costs		(67,621)	(60,191)	(45,803)	(41,369)
Sub-contractor costs		(28,962)	(29,895)	(25,219)	(24,203)
Depreciation and amortisation expense		(6,512)	(5,751)	(3,699)	(3,495)
Borrowing costs		(3,273)	(3,203)	(2,143)	(2,142)
Other expenses from ordinary activities		(18,640)	(15,266)	(10,346)	(9,720)
Profit from Ordinary Activities before Income Tax Expense	2	**18,517**	**16,746**	**12,222**	**11,785**
Income tax expense relating to ordinary activities	4	(6,030)	(3,929)	(3,916)	(2,168)
Profit from Ordinary Activities after Related Income Tax Expense		**12,487**	**12,817**	**8,306**	**9,617**
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations	28	(79)	374	–	–
Total Revenue Expense and Valuation Adjustments attributable to Members of the Parent Entity Recognised Directly in Equity		**(79)**	**374**	**–**	**–**
Total Changes in Equity other than those resulting from Transactions with Owners as Owners		**12,408**	**13,191**	**8,306**	**9,617**
Earnings Per Share – Basic (cents per share)		**19.4**	**19.9**		
– Diluted (cents per share)		**19.0**	**19.6**		

Notes to the financial statements are included on pages 25 to 44.

Statement of Financial Position

AS AT 31 MARCH 2002

	Note	CONSOLIDATED 2002	CONSOLIDATED 2001	COMPANY 2002	COMPANY 2001
		$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash assets		2,343	1,248	2,327	1,223
Receivables	8	85,379	76,825	62,557	56,029
Inventories	9	2,689	2,677	1,758	1,723
Other financial assets	10	1,018	579	2,749	1,722
Current tax assets	11	533	498	524	233
Other	12	2,493	2,370	1,633	2,014
TOTAL CURRENT ASSETS		94,455	84,197	71,548	62,944
NON-CURRENT ASSETS					
Receivables	13	64,784	56,458	44,732	39,589
Other financial assets	14	426	230	12,596	12,135
Property, plant and equipment	15	19,463	19,464	11,402	10,961
Intangibles	16	2,527	2,752	–	–
Deferred tax assets	17	2,205	2,483	1,938	2,209
TOTAL NON-CURRENT ASSETS		89,405	81,387	70,668	64,894
TOTAL ASSETS		183,860	165,584	142,216	127,838
CURRENT LIABILITIES					
Payables	19	12,181	12,338	7,409	7,407
Interest-bearing liabilities	20	6,382	10,807	3,396	2,685
Current tax liabilities	21	1,045	511	–	–
Provisions	22	6,605	6,061	6,182	5,581
TOTAL CURRENT LIABILITIES		26,213	29,717	16,987	15,673
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	23	49,411	38,150	36,526	29,153
Deferred tax liabilities	24	35,720	32,461	26,739	24,191
Provisions	25	746	734	683	686
TOTAL NON-CURRENT LIABILITIES		85,877	71,345	63,948	54,030
TOTAL LIABILITIES		112,090	101,062	80,935	69,703
NET ASSETS		71,770	64,522	61,281	58,135
EQUITY					
Contributed equity	27	12,201	12,201	12,201	12,201
Reserves	28	5,508	5,587	5,535	5,535
Retained profits	29	54,061	46,734	43,545	40,399
TOTAL EQUITY		71,770	64,522	61,281	58,135

Notes to the financial statements are included on pages 25 to 44.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

		CONSOLIDATED		COMPANY	
	Note	2002	2001	2002	2001
		$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		153,296	134,422	104,172	91,777
Payments to suppliers and employees		(143,096)	(125,485)	(97,590)	(87,751)
Interest received		52	92	35	92
Interest and other cost of finance paid		(3,201)	(3,178)	(2,143)	(2,142)
Income tax paid		(2,124)	(3,093)	(1,620)	(2,371)
Net Cash Provided by/(Used in) Operating Activities	34(c)	4,927	2,758	2,854	(395)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on sale of investment securities		63	–	63	–
Proceeds from repayment of related party receivables		–	–	–	7,587
Amounts advanced to related parties		–	–	(881)	–
Payment for property, plant and equipment		(3,655)	(2,189)	(2,055)	(972)
Proceeds from sale of property, plant and equipment		1,110	1,158	697	652
Payments for businesses	34(d)	–	(4,051)	–	(679)
Net Cash Provided by/(Used in) Investing Activities		(2,482)	(5,082)	(2,176)	6,588
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		8,468	9,250	7,822	400
Repayment of borrowings		(3,850)	(2,765)	(2,395)	(1,882)
Dividends paid		(5,160)	(6,450)	(5,160)	(6,450)
Net Cash (Used in)/Provided by Financing Activities		(542)	35	267	(7,932)
NET INCREASE/(DECREASE) IN CASH HELD		1,903	(2,289)	945	(1,739)
CASH AT BEGINNING OF THE FINANCIAL YEAR		(1,083)	1,059	570	2,309
Effect of exchange rate changes on the balance of cash held in foreign currencies		69	147	–	–
CASH AT END OF THE FINANCIAL YEAR	34(a)	889	(1,083)	1,515	570

Notes to the financial statements are included on pages 25 to 44.

1. SUMMARY OF ACCOUNTING POLICIES

FINANCIAL REPORTING FRAMEWORK

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(A) CONTRACTS IN PROGRESS AT RECOVERABLE VALUE

The accounting policy for long-term contracts is to recognise at each balance date all income relating to work already completed on those contracts at that date. To the extent that such income under the terms of those contracts will only become payable after the balance date, it is carried forward and shown in the statement of financial position as contracts in progress at recoverable value.

(B) REVENUE RECOGNITION

Sales Revenue

Sales revenue represents invoicing from the sale of the company's products and services inclusive of the amounts due and payable under the terms of the long-term maintenance contracts.

Increase in Amounts Recoverable

Increase in amounts recoverable represents income earned on work completed in servicing long-term maintenance contracts which, whilst owing to the company under the terms of those contracts, will not become payable until future years.

Other Operating Revenue

Other operating revenue includes interest income on short-term monetary investments recognised on the accruals basis.

(C) INCOME TAX

Tax effect accounting principles have been adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at applicable taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

(D) DEPRECIATION

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method.

The following estimated lives are used in the calculation of depreciation:

• Buildings	20 - 30 years
• Leasehold improvements	5 years
• Plant and equipment	5 - 15 years
• Equipment under finance lease	5 years

(E) FOREIGN CURRENCY

All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

All exchange differences are brought to account in the statement of financial performance in the period in which they arise.

Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation are taken directly to the foreign currency translation reserve.

Financial statements of self-sustaining foreign controlled entities are translated at reporting date using the current rate method and exchange differences are brought to account by entries made directly to the foreign currency translation reserve.

(F) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in accounting standard AASB1024 'Consolidated Accounts'. A list of controlled entities appears in Note 36 to the financial statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity, are eliminated in full.

(G) RECEIVABLES

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(H) EMPLOYEE ENTITLEMENTS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, long service leave and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of employee entitlements, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the economic entity in respect of services provided by employees up to the reporting date.

(I) LEASED ASSETS

Leased assets classified as finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Capitalised leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and the reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are charged as an expense in the period in which they are incurred.

(J) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(K) INVESTMENTS

Investments in wholly owned controlled entities are recorded at cost, or recoverable value determined by reference to the net tangible assets of the relevant wholly owned controlled entity. Other investments are recorded at cost.

(L) PAYABLES

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(M) INTEREST-BEARING LIABILITIES

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(N) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

(O) FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

Debt and equity instruments –

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends –

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classifications of the related debt or equity instruments.

(P) ACQUISITION OF ASSETS

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(Q) GOODWILL

Goodwill, representing the excess of the cost of the acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight-line basis over a period of 20 years.

(R) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(S) CAPITAL GAINS TAX

No provision has been made for capital gains tax which may arise in the event of sale of revalued assets as no decision has been made to sell any of these assets.

(T) CHANGE TO ACCOUNTING POLICY

Following the adoption of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets', in the previous financial year, the economic entity changed its policy for accounting for plant and equipment held at directors' valuation. In accordance with this Standard, the economic entity reverted to the cost basis of measurement. The balance of the asset revaluation reserve recorded in the financial statements related to the previous revaluation of plant and equipment and is no longer available to absorb any write-downs of plant and equipment which may be required in the future. The capital profits reserve has been created during the year by the transfer of the balance of the asset revaluation reserve on 1 April 2001.

(U) COMPARATIVE AMOUNTS

The economic entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 'Statement of Financial Performance', AASB 1034 'Financial Report Presentation and Disclosure' and AASB 1040 'Statement of Financial Position' for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/loss of the company or economic entity as reported in the prior year financial report.

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
2. PROFIT FROM ORDINARY ACTIVITIES				
Profit from ordinary activities before income tax includes the following items of revenue and expenses:				
(a) Operating revenue				
Sales revenue	144,587	131,297	97,629	89,676
Increase in amounts recoverable	13,151	13,441	9,098	9,128
	157,738	144,738	106,727	98,804
Other operating revenue:				
Interest revenue				
– wholly owned controlled entities	–	–	52	78
– other entities	52	92	35	92
	52	92	87	170
Dividends				
– other entities	3	–	3	–
Net foreign exchange gain	11	9	11	–
Other Income	304	285	215	161
Total other operating revenue	370	386	316	331
TOTAL OPERATING REVENUE	158,108	145,124	107,043	99,135
(b) Non-operating revenue				
Proceeds from sale of assets				
Non-current (Note 3)				
– Investments	63	–	63	–
– Property, plant and equipment	1,110	1,158	697	652
	1,173	1,158	760	652
Reversal of prior period recoverable value write-down				
– Investments	–	–	23	299
Net transfers from provisions				
– Employee entitlements	42	104	–	97
TOTAL NON-OPERATING REVENUE	1,215	1,262	783	1,048
REVENUE FROM ORDINARY ACTIVITIES	159,323	146,386	107,826	100,183

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
2. PROFIT FROM ORDINARY ACTIVITIES (continued)				
(c) Expenses				
Borrowing costs				
Interest:				
– other related parties	25	27	–	–
– other entities	2,303	2,206	1,581	1,561
Finance lease finance charges	945	970	562	581
	3,273	3,203	2,143	2,142
Net bad and doubtful debts arising from:				
– other entities	366	295	298	74
Depreciation of non-current assets				
– Property, plant and equipment	6,184	5,620	3,522	3,490
Amortisation of non-current assets				
– Lease assets	12	22	–	5
– Goodwill	139	106	–	–
– Other	177	3	177	–
	328	131	177	5
Net transfers to provisions				
– Employee entitlements	620	90	620	205
Operating lease rental expense				
– Minimum lease payments	266	920	–	503
3. SALE OF ASSETS				
Sales of assets in the ordinary course of business have given rise to the following profits and losses:				
Net profits				
Investments	40	–	40	–
Property, plant and equipment	599	451	389	335
	639	451	429	335
Net losses				
Property, plant and equipment	73	65	12	40

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
4. INCOME TAX				
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit from Ordinary Activities	18,517	16,746	12,222	11,785
Income tax expense calculated at 30% (2001: 34%) of operating profit	5,555	5,694	3,667	4,007
Permanent differences:				
Amortisation of intangibles	42	36	–	–
Non-deductible expenses	184	30	167	16
Write-back of diminution of investment	–	–	(7)	(102)
Effect of different rates of tax on overseas income	151	(98)	–	–
Effect on future income tax benefit and provision for deferred income tax due to the change in income tax rates from 34% to 30% (effective 1 April 2001)	–	(1,604)	–	(1,624)
	377	(1,636)	160	(1,710)
(Over)/Under provision of income tax in previous year	98	(129)	89	(129)
	475	(1,765)	249	(1,839)
Income tax expense attributable to Operating Profit	6,030	3,929	3,916	2,168

5. DIRECTORS' REMUNERATION	$	$	$	$
The directors of Programmed Maintenance Services Limited during the year were:				
Geoffrey Allan Tomlinson				
Maxwell John Findlay				
Susan Mary Oliver				
Brian John Pollock				
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the company, directly or indirectly, by the company or by any related party			704,972	782,456
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the economic entity, directly or indirectly, by the entities in which they are directors or by any related party	704,972	782,456		

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	No.	No.	No.	No.
5. DIRECTORS' REMUNERATION (continued)				
The number of directors of the company whose total income falls within each successive $10,000 band of income (commencing at $0):				
$60,000 – $69,999	2	2	2	2
$90,000 – $99,999	1	1	1	1
$470,000 – $479,999	1	–	1	–
$550,000 – $559,999	–	1	–	1

6. EXECUTIVES' REMUNERATION

	$	$	$	$
Aggregate remuneration of executive officers of the company working mainly in Australia and receiving $100,000 or more from the company or from any related party			2,839,364	2,652,167
Aggregate remuneration of executive officers of each entity in the economic entity working mainly in Australia and receiving $100,000 or more from the entity for which they are executive officers or from any related party	3,149,877	2,905,653		
The number of executive officers whose remuneration falls within each successive $10,000 band of income (commencing at $100,000):				
	No.	No.	No.	No.
$100,000 – $109,999	1	1	1	–
$110,000 – $119,999	–	–	–	–
$120,000 – $129,999	1	2	–	2
$130,000 – $139,999	4	2	4	2
$140,000 – $149,999	–	1	–	1
$150,000 – $159,999	1	2	1	1
$160,000 – $169,999	4	4	4	4
$170,000 – $179,999	1	–	1	–
$180,000 – $189,999	2	1	1	1
$190,000 – $199,999	–	1	–	1
$210,000 – $219,999	1	–	1	–
$230,000 – $239,999	–	1	–	1
$240,000 – $249,999	1	–	1	–
$260,000 – $269,000	1	–	1	–
$270,000 – $279,999	–	1	–	1
$280,000 – $289,999	–	1	–	1
$290,000 – $299,999	1	–	1	–

7. SHARE OPTION SCHEME

The company has a share option scheme for senior executives.

In accordance with the provisions of the scheme, as approved by shareholders' consent, certain directors, senior executives and employees have been offered and accepted options which can be exercised between the period 29 September 2001 and 29 September 2005.

The issue price is as follows:

First Tranche	780,000	19 cents
Second Tranche	585,000	24 cents
Third Tranche	585,000	27 cents

The exercise price for each option is $2.00. The total number of options on issue is 1,950,000, and the options are held by 30 individual option holders with no voting rights. At the date of this report, no options have been exercised under the Share Option Scheme. The market price of the company's ordinary shares at 31 March 2002 was $2.33.

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
8. CURRENT RECEIVABLES				
Trade receivables	34,141	29,892	21,895	19,305
Allowance for doubtful debts	(862)	(816)	(445)	(428)
	33,279	29,076	21,450	18,877
Contracts in progress at recoverable value	52,100	47,749	41,107	37,152
	85,379	76,825	62,557	56,029
9. CURRENT INVENTORIES				
At cost				
Raw materials and stores	892	1,185	612	576
Work in progress	1,711	1,435	1,060	1,090
Finished goods	86	57	86	57
	2,689	2,677	1,758	1,723
10. OTHER CURRENT FINANCIAL ASSETS				
Non-trade receivables from:				
Wholly owned controlled entities	–	–	2,033	388
Other entities	1,013	579	711	479
	1,013	579	2,744	867
Interest receivables from:				
– Wholly owned controlled entities	–	–	–	855
– Other entities	5	–	5	–
	5	–	5	855
	1,018	579	2,749	1,722
11. CURRENT TAX ASSETS				
Income tax receivable	533	498	524	233

	CONSOLIDATED		COMPANY	
	2002	**2001**	**2002**	**2001**
	$'000	**$'000**	**$'000**	**$'000**
12. OTHER CURRENT ASSETS				
Prepayments	2,309	2,370	1,633	2,014
Other	184	–	–	–
	2,493	2,370	1,633	2,014
13. NON-CURRENT RECEIVABLES				
Contracts in progress at recoverable value	64,784	56,458	44,732	39,589
14. OTHER NON-CURRENT FINANCIAL ASSETS				
At cost				
Shares in other entities	–	24	–	24
Shares in controlled entities	–	–	11,294	11,271
	–	24	11,294	11,295
Non-trade receivables from:				
wholly owned controlled entities	–	–	876	634
related entities	426	206	426	206
	426	206	1,302	840
	426	230	12,596	12,135

	CONSOLIDATED				
	Freehold Land and Buildings (at cost)	**Leasehold Improvements Buildings (at cost)**	**Plant and Equipment (at cost)**	**Plant and Equipment (under finance lease)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
15. PROPERTY, PLANT AND EQUIPMENT					
Gross Carrying Amount					
Balance 1 April 2001	3,172	95	17,673	18,286	39,226
Additions	3	27	3,298	3,698	7,026
Disposals	–	–	(1,800)	(1,381)	(3,181)
Transfers	–	–	93	(93)	–
Net foreign exchange differences	(26)	35	(217)	(39)	(247)
Balance 31 March 2002	3,149	157	19,047	20,471	42,824
Accumulated Depreciation and Amortisation					
Balance 1 April 2001	(257)	(29)	(12,112)	(7,364)	(19,762)
Disposals	–	–	1,544	1,053	2,597
Depreciation	(27)	(18)	(2,287)	(4,041)	(6,373)
Transfers	–	–	(40)	40	–
Net foreign exchange differences	–	(38)	196	19	177
Balance 31 March 2002	(284)	(85)	(12,699)	(10,293)	(23,361)
Net Book Value					
As at 31 March 2001	2,915	66	5,561	10,922	19,464
As at 31 March 2002	2,865	72	6,348	10,178	19,463

	COMPANY				
	Freehold Land and Buildings (at cost)	Leasehold Improvements Buildings (at cost)	Plant and Equipment (at cost)	Plant and Equipment (under finance lease)	Total
	$'000	$'000	$'000	$'000	$'000
15. PROPERTY, PLANT AND EQUIPMENT (continued)					
Gross Carrying Amount					
Balance 1 April 2001	2,799	46	11,517	10,114	24,476
Additions	–	–	2,037	2,423	4,460
Disposals	–	–	(1,107)	(868)	(1,975)
Balance 31 March 2002	2,799	46	12,447	11,669	26,961
Accumulated Depreciation and Amortisation					
Balance 1 April 2001	(255)	(10)	(8,925)	(4,325)	(13,515)
Disposals	–	–	973	682	1,655
Depreciation	(18)	(7)	(1,346)	(2,328)	(3,699)
Balance 31 March 2002	(273)	(17)	(9,298)	(5,971)	(15,559)
Net Book Value					
As at 31 March 2001	2,544	36	2,592	5,789	10,961
As at 31 March 2002	2,526	29	3,149	5,698	11,402

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Aggregated depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
Freehold land and buildings	27	37	18	36
Leasehold improvements	18	22	7	6
Plant and equipment	2,287	2,307	1,346	1,401
Plant and equipment – under finance lease	4,041	3,276	2,328	2,052
	6,373	5,642	3,699	3,495
CURRENT VALUE OF FREEHOLD LAND AND BUILDINGS				
Value of freehold land and buildings determined in accordance with an independent valuation on the basis of current market buying value, performed in 2002	4,144	3,900	3,805	3,550
Capital gains tax that would be paid if freehold land and buildings were sold at the reporting date at their disclosed value	–	–	–	–
16. INTANGIBLES				
Goodwill	2,775	2,861	–	–
Accumulated amortisation	(248)	(109)	–	–
	2,527	2,752	–	–
Aggregated amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year of patents, trademarks and licences	139	109	–	–

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
17. DEFERRED TAX ASSETS				
Future income tax benefits attributable to:				
Timing differences	2,205	2,483	1,938	2,209
18. CONTRACTS IN PROGRESS AT RECOVERABLE VALUE				
Balance at beginning of year	104,207	89,902	76,741	67,613
Increase in amounts recoverable (Note 2)	13,151	13,441	9,098	9,128
Effect of foreign currency movements	(474)	864	–	–
Balance at end of year	116,884	104,207	85,839	76,741
Shown in the financial statements as:				
Current (Note 8)	52,100	47,749	41,107	37,152
Non-current (Note 13)	64,784	56,458	44,732	39,589
	116,884	104,207	85,839	76,741
19. CURRENT PAYABLES				
Trade payables	5,837	12,338	4,010	7,407
Other	6,344	–	3,399	–
	12,181	12,338	7,409	7,407
20. CURRENT INTEREST-BEARING LIABILITIES				
Unsecured:				
Non-trade payables to:				
Related party	636	683	–	–
Secured:				
Bank overdraft (a)	1,454	2,331	812	653
Bank loans (b)	–	3,642	–	–
Finance lease liabilities (c) (Note 30)	4,292	4,151	2,584	2,032
	5,746	10,124	3,396	2,685
	6,382	10,807	3,396	2,685

(a) The Westpac Banking Corporation holds a registered first party Equitable Mortgage over the assets of Programmed Maintenance Services Limited as security for advances made and/or guarantees given by the Bank.

(b) Guarantee and indemnity provided by Programmed Maintenance Services Limited to Westpac Banking Corporation.

(c) Effectively secured over the related assets, the current value of which exceeds the value of the finance lease liabilities.

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
21. CURRENT TAX LIABILITIES				
Income tax payable	1,045	511	–	–
22. CURRENT PROVISIONS				
Dividends	2,580	2,580	2,580	2,580
Employee entitlements (Note 26)	4,025	3,481	3,602	3,001
	6,605	6,061	6,182	5,581

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
23. NON-CURRENT INTEREST-BEARING LIABILITIES				
Secured:				
Bank loans (a)	42,067	30,335	31,722	23,900
Finance lease liabilities (b) (Note 30)	7,344	7,815	4,804	5,253
	49,411	38,150	36,526	29,153

(a) The Westpac Banking Corporation holds a registered first party Equitable Mortgage over the assets of Programmed Maintenance Services Limited as security for advances made and/or guarantees given by the Bank.

(b) Effectively secured over the related assets, the current value of which exceeds the value of the finance lease liabilities.

24. DEFERRED TAX LIABILITIES

Deferred income tax	35,720	32,461	26,739	24,191

25. NON-CURRENT PROVISIONS

Employee entitlements (Note 26)	321	287	258	239
Related parties	425	447	425	447
	746	734	683	686

26. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:				
Current (Note 22)	4,025	3,481	3,602	3,001
Non-current (Note 25)	321	287	258	239
	4,346	3,768	3,860	3,240
Number of employees at end of financial year	1,147	1,065	776	707

27. CONTRIBUTED EQUITY

64,500,000 fully paid ordinary shares (2001: 64,500,000)	12,201	12,201	12,201	12,201

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

28. RESERVES

(a) Reserves comprise				
Asset revaluation	–	5,535	–	5,535
Foreign exchange translation	(27)	52	–	–
Capital profits reserve	5,535	–	5,535	–
	5,508	5,587	5,535	5,535

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000

28. RESERVES (continued)

(b) Movement in reserves

Asset revaluation reserve				
Balance at beginning of financial year	5,535	5,535	5,535	5,535
Transfer to capital profits reserve	(5,535)	–	(5,535)	–
Balance at end of financial year	–	5,535	–	5,535

The asset revaluation reserve arises on the revaluation of non-current assets. As described in Note 1(t), the asset revaluation reserve is no longer required, and the balance has been transferred to the capital profits reserve.

Foreign exchange translation reserve				
Balance at beginning of financial year	52	(322)	–	–
Translation of foreign operations	(79)	374	–	–
Balance at end of financial year	(27)	52	–	–

Exchange differences relating to foreign currency monetary items forming part of the net investment in self-sustaining foreign operations and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve, as described in Note 1(e).

Capital profits reserve				
Balance at beginning of financial year	–	–	–	–
Transfer from asset revaluation reserve	5,535	–	5,535	–
Balance at end of financial year	5,535	–	5,535	–

The capital profits reserve has been created during the year by the transfer of the balance of the asset revaluation reserve on 1 April 2001. As described in Note 1(t), the asset revaluation reserve is no longer required.

29. RETAINED PROFITS

Balance at beginning of financial year	46,734	39,722	40,399	36,587
Net profit	12,487	12,817	8,306	9,617
Dividends provided or paid	(5,160)	(5,805)	(5,160)	(5,805)
Balance at end of financial year	54,061	46,734	43,545	40,399

30. LEASE LIABILITIES

Finance lease liabilities:				
not later than one year	4,699	4,685	2,991	2,485
later than one year and not later than five years	7,581	8,436	5,040	5,555
Minimum finance lease payments	12,280	13,121	8,031	8,040
Future finance charges	(644)	(1,155)	(643)	(755)
Finance lease liabilities	11,636	11,966	7,388	7,285
Included in the financial statements as:				
Current interest-bearing liabilities (Note 20)	4,292	4,151	2,584	2,032
Non-current interest-bearing liabilities (Note 23)	7,344	7,815	4,804	5,253
	11,636	11,966	7,388	7,285

The hire purchase and finance lease arrangements are generally made for a three-year period and are secured by a charge over the related assets. The consolidated entity and the company have the option to purchase the related assets at the conclusion of the finance leases.

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
31. COMMITMENTS FOR EXPENDITURE				
(a) Capital expenditure commitments				
Estimated capital expenditure contracted for at balance date, but not provided for, payable not later than one year after the end of the financial year	682	1,119	642	385
(b) Commitments under non-cancellable operating leases				
not later than one year	870	742	407	425
later than one year and not later than five years	996	1,006	496	666
	1,866	1,748	903	1,091
	2,548	2,867	1,545	1,476

The operating leases relate to office and warehouse facilities with lease terms not exceeding five years. Most of the leases have options to extend for further periods of similar duration, with market review clauses in the event that the consolidated entity and the company exercise the options to renew. The consolidated entity and the company do not have the option to purchase the related assets at the expiry of the lease period.

32. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each significant class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Interest rate risk

The following tables detail the economic entity's exposure to interest rate risk as at 31st March 2002 and 2001.

			Fixed Interest Rate Maturity				
2002	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non-interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash	4.57	2,300	–	–	–	43	2,343
Trade receivables		–	–	–	–	33,279	33,279
Contracts in progress at recoverable value	3.40	116,884	–	–	–	–	116,884
Other receivables		–	–	–	–	1,444	1,444
		119,184	–	–	–	34,766	153,950
Financial Liabilities							
Trade payables		–	–	–	–	12,181	12,181
Bank overdraft	8.20	1,454	–	–	–	–	1,454
Bank bills	4.88		38,047	–	–	–	38,047
Bank loan	7.75	–	4,020	–	–	–	4,020
Finance lease liabilities	7.89	–	4,292	7,344	–	–	11,636
Employee entitlements		–	–	–	–	4,346	4,346
Dividend		–	–	–	–	2,580	2,580
Other	4.00	–	636	–	–	–	636
		1,454	46,995	7,344	–	19,107	74,900

32. FINANCIAL INSTRUMENTS (continued)

2001	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity: Less than 1 Year	Fixed Interest Rate Maturity: 1 to 5 Years	Fixed Interest Rate Maturity: More than 5 Years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash	5.00	1,200	–	–	–	48	1,248
Trade receivables		–	–	–	–	29,076	29,076
Contracts in progress at recoverable value	4.25	104,207	–	–	–	–	104,207
Other receivables		–	–	–	–	809	809
		105,407	–	–	–	29,933	135,340
Financial Liabilities							
Trade payables		–	–	–	–	12,338	12,338
Bank overdraft	8.50	2,331	–	–	–	–	2,331
Bank bills	6.61	–	30,335		–	–	30,335
Bank loan	7.20	–	3,642	–	–	–	3,642
Finance lease liabilities	9.78	–	4,151	7,815	–	–	11,966
Employee entitlements		–	–	–	–	4,215	4,215
Dividend		–	–	–	–	2,580	2,580
Other		–	–	–	–	683	683
		2,331	38,128	7,815	–	19,816	68,090

(c) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counter-parties having similar characteristics. The total credit risk is the carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, before any value for collateral or other security held.

	CONSOLIDATED 2002	CONSOLIDATED 2001	COMPANY 2002	COMPANY 2001
	$	$	$	$
33. REMUNERATION OF AUDITORS				
(a) Auditor of parent entity				
Auditing the financial report	185,350	157,000	150,750	127,000
Other services	38,810	77,907	38,810	61,607
(b) Other auditors				
Auditing the financial report	72,888	69,702	–	–
Other services	5,264	35,792	–	–

34. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in the banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Cash	2,343	1,248	2,327	1,223
Bank overdraft	(1,454)	(2,331)	(812)	(653)
	889	(1,083)	1,515	570

(b) Financing facilities

1. Credit standby arrangements				
(a) Secured bill acceptance facilities				
– amount used	41,643	33,977	31,722	23,900
– amount unused	–	828	–	822
	41,643	34,805	31,722	24,722
(b) Secured bank overdraft facilities payable at call				
– amount used	1,454	2,331	812	653
– amount unused	2,005	169	188	147
	3,459	2,500	1,000	800
2. Bank guarantee loan facilities				
– amount used	748	732	655	667
– amount unused	52	68	95	83
	800	800	750	750

(c) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities

Profit from ordinary activities after related income tax	12,487	12,817	8,306	9,617
Write-back of investment in subsidiary company	–	–	(23)	(299)
Profit on sale of non-current assets	(566)	(386)	(415)	(295)
Depreciation and amortisation of non-current assets	6,512	5,751	3,699	3,495
Increase/(Decrease) in income tax payable	31	–	–	–
Increase/(Decrease) in tax balances	4,036	837	2,528	(203)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
current receivables	(9,107)	(17,150)	(6,529)	(12,098)
current inventories	164	711	(35)	(42)
other current assets	(127)	16	99	(1,393)
non-current receivables	(8,612)	–	(5,143)	–
Increase/(decrease) in liabilities				
current trade payables	86	175	2	714
other current liabilities	161	(13)	367	109
non-current trade payables	–	–	–	–
other non-current liabilities	(138)	–	(2)	–
Net cash provided by/(used in) operating activities	4,927	2,758	2,854	(395)

	CONSOLIDATED		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
34. NOTES TO THE STATEMENT OF CASH FLOWS (continued)				
(d) Business acquired				
During the previous financial year, six controlled operating entities were acquired. Details of the acquisition are as follows:				
Consideration				
Cash	–	2,957	–	679
	–	2,957	–	679
Fair value of net assets acquired				
Current assets				
Cash	–	16	–	–
Inventories	–	767	–	–
Receivables	–	3,362	–	679
Non-current assets	–	–	–	
Property, plant and equipment	–	663	–	–
Receivables	–	–	–	–
Current liabilities				
Bank overdraft	–	(1,094)	–	–
Creditors and borrowings	–	(2,230)	–	–
Provisions	–	–	–	–
Non-current liabilities				
Creditors and borrowings	–	(1,302)	–	–
Provisions	–	–	–	–
Net assets acquired	–	182	–	679
Goodwill on acquisition	–	2,775	–	–
	–	2,957	–	679
Net cash outflow on acquisition				
Cash consideration	–	2,957	–	679
Add bank overdraft	–	1,094	–	–
	–	4,051	–	679
(e) Non-cash financing and investing activities				
Aggregate amount of property, plant and equipment acquired during the financial year by entering into hire purchase agreements and finance leases. These acquisitions are not reflected in the statement of cash flows	3,371	3,990	2,405	2,923

	2002	2001
	Cents per Share	**Cents per Share**
35. EARNINGS PER SHARE		
Basic earnings per share	19.4	19.9
Diluted earnings per share	19.0	19.6
The weighted average number of fully paid ordinary shares on issue used in the calculation of basic earnings per share	64,500,000	64,500,000

The share options are considered to be potential ordinary shares and, therefore, have not been included in the determination of basic earnings per share. These securities have been included in the determination of diluted earnings per share on the basis that each share option will convert to one ordinary share.

36. CONTROLLED ENTITIES

Name of Entity		Country of Incorporation	Ownership Interest 2002	Ownership Interest 2001
			%	%
Parent Entity				
Programmed Maintenance Services Limited		Australia		
Controlled Entities				
Barry Bros. Specialised Services Pty. Limited		Australia	100	100
Programmed Maintenance Services (N.Z.) Limited	(a)	New Zealand	100	100
PMS Share Schemes Administration Pty. Ltd.		Australia	100	100
Programmed Maintenance Services (UK) Limited	(b)	United Kingdom	100	100
Whittle Painting Group Limited	(b)	United Kingdom	100	100
Whittle Painting Northern Limited	(b)	United Kingdom	100	100
Whittle Painting Nottingham Limited	(b)	United Kingdom	100	100
Bonds Painting Limited	(b)	United Kingdom	100	100
Brian Parry Limited	(b)	United Kingdom	100	100

(a) The controlled entity carries on business in New Zealand and is audited by an associated firm of Deloitte Touche Tohmatsu Australia.

(b) These controlled entities carry on business in the United Kingdom and are audited by associated firms of Deloitte Touche Tohmatsu Australia.

37. FINANCIAL REPORTING BY SEGMENTS

	Revenue		Profit		Assets	
	2002	2001	2002	2001	2002	2001
	$'000	$'000	$'000	$'000	$'000	$'000
Industry Segments						
Property Maintenance Services	144,521	131,780	18,475	16,256	173,717	155,726
Industrial Services	14,802	14,606	42	490	10,143	9,858
	159,323	146,386	18,517	16,746	183,860	165,584
Geographical Segments						
Australia	122,546	114,406	12,241	11,976	147,128	121,561
New Zealand	20,374	18,813	5,986	4,638	28,600	32,593
United Kingdom	16,403	13,167	290	132	8,132	11,430
	159,323	146,386	18,517	16,746	183,860	165,584

The economic entity operates throughout Australia, New Zealand and the United Kingdom. The industry segments derive revenue from the following products and services:

Property maintenance services – includes maintenance painting, grounds maintenance and building services
Industrial services – includes sewerage and drainage maintenance, vacuum loading, high pressure cleaning and non-destructive digging.

38. RELATED PARTY DISCLOSURES

(a) Other transactions of directors

During the financial year, directors and their director-related entities purchased goods, which were domestic or trivial in nature, from the company on the same terms and conditions available to other employees and customers.

(b) Transactions with entities in the wholly owned group

The wholly owned group includes:

– the ultimate parent entity in the wholly owned group

– wholly owned controlled entities

The ultimate parent entity in the wholly owned group is Programmed Maintenance Services Limited.

Details of interest revenue derived by the parent entity from wholly owned controlled entities are disclosed in Note 2 to the financial statements. Details of interest expense in respect of transactions with wholly owned controlled entities are disclosed in Note 2 to the financial statements.

Amounts receivable from and payable to wholly owned controlled entities are disclosed in Notes 10 and 14 to the financial statements.

Other transactions that occurred during the financial year between entities in the wholly owned group were:

– accounting and administrative services

– management fees

– reimbursement for expenses incurred.

(c) Directors' remuneration

Details of directors' remuneration are disclosed in Note 5 to the financial statements.

(d) Directors' equity holdings

The following table sets out each director's relevant interest in shares and options in the company at 31 March 2002.

Directors	Fully Paid Ordinary Shares	Share Options
G. A. Tomlinson	100,000	60,000
M. J. Findlay	1,000,000	250,000
S. M. Oliver	*2,400	50,000
B. J. Pollock	–	50,000

*Beneficial interest

(e) Equity interests in controlled entities

Details of the percentage of ordinary shares held in the controlled entities are disclosed in Note 36 to the financial statements.

(f) Transactions with other related parties

Other related parties include directors of related parties, their director-related entities and other related parties.

Details of interest expense in respect of transactions with other related parties are disclosed in Note 2 to the financial statements.

Amounts receivable from related parties are disclosed in Note 14 to the financial statements. Amounts payable to related parties are disclosed in Note 20 to the financial statements. Related party provisions are disclosed in Note 25 to the financial statements.

	2002		2001	
	Cents per Share	**Total $'000**	**Cents per Share**	**Total $'000**
39. DIVIDENDS				
Fully Paid Ordinary Shares				
Interim Dividend				
– franked to 93% at 34% tax rate	–	–	5.0	3,225
– unfranked	4.0	2,580	–	–
Final Dividend				
– franked to 66% at 30% tax rate	–	–	4.0	2,580
– unfranked	4.0	2,580	–	–
		5,160		5,805

	CONSOLIDATED		COMPANY	
	2002	**2001**	**2002**	**2001**
	$'000	**$'000**	**$'000**	**$'000**
Adjusted Franking Account Balance	173	952	173	952
40. CONTINGENT LIABILITIES				
Guarantee by the company of bank overdrafts	–	–	2,500	2,500
Guarantee by the company of lease liabilities	–	–	2,954	2,970
Bank guarantee loan facility	–	–	748	732

The company has provided performance and security guarantees from its bankers in accordance with certain contractual requirements (Refer Notes 20 and 23).

During the financial year, an industrial accident involving a fatality occurred in the Australian Painting Division. Coronial and regulatory inquiries into the accident are still continuing, and no findings have been released. The financial outcome, if any, cannot be determined at this time and no provision has been made in these financial statements.

The directors are not aware of any other contingent liabilities.

41. ASSETS PLEDGED AS SECURITY

In accordance with the security arrangements of liabilities, as disclosed in Notes 20 and 23 to the financial statements, effectively all non-current assets of the economic entity have been pledged as security, except goodwill and future income tax benefits.

42. ADDITIONAL COMPANY INFORMATION

Programmed Maintenance Services is a listed public company, incorporated and operating in Australia.

Principal Registered Office:	52 Ricketts Road, Mount Waverley Victoria, 3149
	Telephone: (03) 9562 8033
Principal Place of Business:	52 Ricketts Road, Mount Waverley Victoria, 3149
	Telephone: (03) 9562 8033

Directors' Declaration

The directors declare that:

a) the attached financial statements and notes thereto comply with Accounting Standards;

b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;

c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

d) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

M. J. Findlay
Director
21 June 2002

Deloitte
Touche
Tohmatsu

Independent Audit Report to the Members of Programmed Maintenance Services Limited

Scope

We have audited the financial report of Programmed Maintenance Services Limited for the financial year ended 31 March 2002 as set out on pages 22 to 44. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Programmed Maintenance Services Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2002 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J B West

J. B. West
Partner
Chartered Accountants

Melbourne, 21 June 2002

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Additional Stock Exchange Information

AS AT 12 JUNE 2002

Number of Holders of Equity Securities

Ordinary Share Capital

64,500,000 fully paid ordinary shares are held by 2,417 individual shareholders.
All ordinary shares of the company carry one vote per share.

Options

2,270,000 options are held by 32 individual option holders (no voting rights).

Substantial Shareholders

Ordinary Shareholders	Number of Ordinary Shares	Percentage
Commonwealth Bank of Australia and Associates	12,210,152	18.93%
Portfolio Partners Limited	7,978,531	12.37%
Queensland Investment Corporation	4,782,750	7.42%
Invesco Australia Investment Management Limited	4,463,778	6.92%
Warakirri Asset Management Limited	4,157,610	6.45%
Westpac Banking Corporation and associates	4,055,361	6.29%

Distribution of Holders of Quoted Equity Securities (Ordinary Shares – fully paid)

Range	No. of Holders
1 – 1,000	785
1,001 – 5,000	991
5,001 – 10,000	389
10,001 – 100,000	212
100,001 – over	40
	2,417

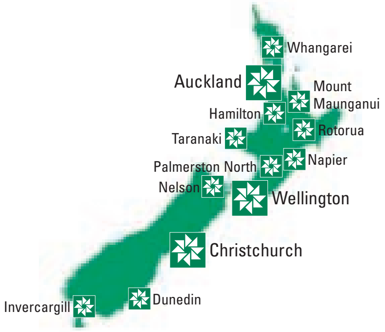
Number of holdings less than a marketable parcel: 10

The Twenty Largest Holders of Quoted Equity Securities (Ordinary Shares – fully paid)

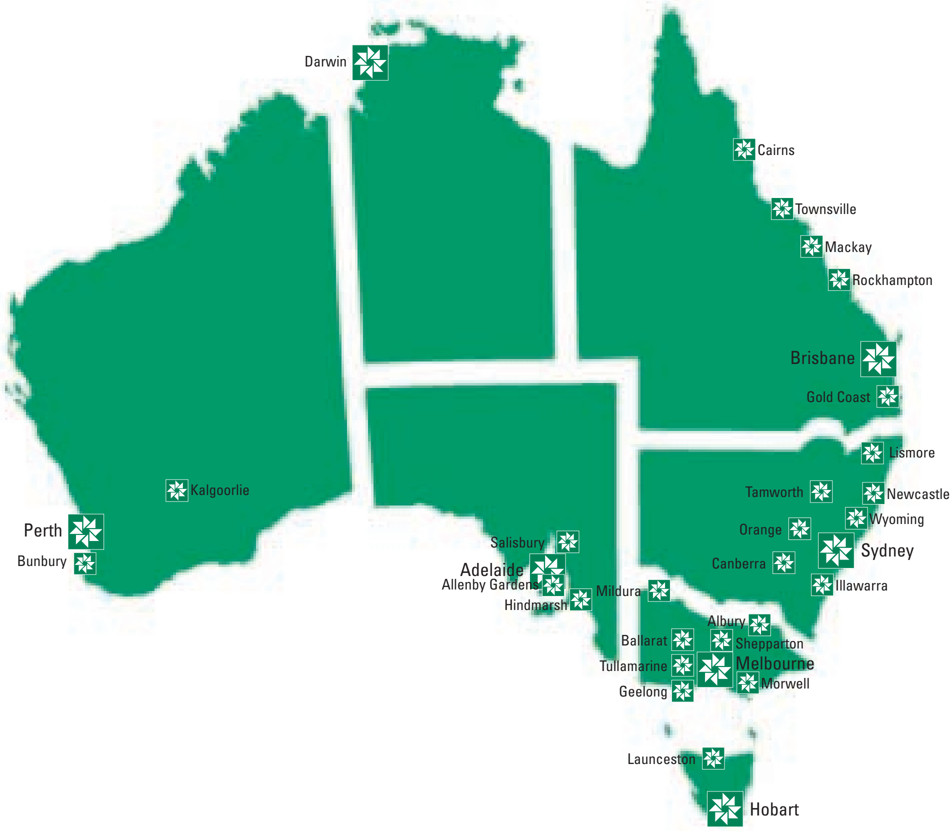
Name	No. of Shares	Percentages
National Nominees Limited	11,844,803	18.36%
Citicorp Nominees Pty. Limited – (CFS Future Leaders Fund A/c)	9,301,116	14.42%
J. P. Morgan Nominees Australia Limited	5,887,820	9.13%
Queensland Investment Corporation	4,782,750	7.42%
Commonwealth Custodial Services Ltd.	3,176,997	4.93%
RBC Global Services Australia Nominees Pty. Limited – (RA A/c)	2,552,271	3.96%
RBC Global Services Australia Nominees Pty. Limited – (PP A/c)	1,233,321	1.91%
Australian Foundation Investment Co. Ltd.	1,100,000	1.71%
Citicorp Nominees Pty. Limited	1,076,083	1.67%
Maxwell John Findlay	1,000,000	1.55%
Mirrabooka Investments Limited	850,000	1.32%
ANZ Nominees Limited	806,866	1.25%
Questor Financial Services Limited	798,306	1.24%
Benefund Limited	757,797	1.17%
Westpac Custodian Nominees Limited	742,568	1.15%
Victorian Workcover Authority	619,303	0.96%
Bond Street Custodians Limited – (Macquarie Smaller Coys A/c)	582,348	0.90%
National Nominees Limited – (Equipsuper A/c)	573,700	0.89%
Argo Investments Limited	563,083	0.87%
Metal Industries Pty. Limited	490,744	0.76%
Top 20 Shareholders	48,739,876	75.57%

PMS Branch Network

		Telephone	Facsimile
Group Head Office			
	52 Ricketts Road, Mount Waverley 3149	(03) 9562 8033	(03) 9562 8413
Painting Division Principal Offices			
Victoria	26-30 Gilby Road, Mount Waverley 3149	(03) 9544 5777	(03) 9543 8075
Tasmania	8 Pearl Street, Moonah 7009	(03) 6272 3033	(03) 6273 1402
New South Wales	Unit C, 255 Rawson St, Auburn 2144	(02) 9748 7088	(02) 9748 7151
South Australia	604 Port Road, Allenby Gardens 5009	(08) 8346 9944	(08) 8346 7455
ACT	Unit 2, 180 Gladstone St, Fyshwick 2609	(02) 6280 5677	(02) 6280 7146
Queensland	16 Shoebury Street, Rocklea 4106	(07) 3892 1622	(07) 3892 3159
Western Australia	107 Kew Street, Welshpool 6106	(08) 9361 8322	(08) 9470 2379
Northern Territory	Unit 2, Lot 4 Roni Court, Winnellie 0820	(08) 8947 0192	(08) 8947 0505
New Zealand	44 Greenpark Road, Penrose, Auckland	(649) 571 0610	(649) 575 0727
	5 Prosser St, Elsdon, Porirua, Wellington	(644) 237 4810	(644) 237 8997
	Unit 2/492 Moorhouse Avenue, Christchurch	(643) 365 2357	(643) 365 2379
United Kingdom	Daybrook House, Merchange St, Bulwell, Nottingham N6G 8GT	(44 115) 977 0311	(44 115) 977 1472
Grounds Management Division State Offices			
Victoria	52 Ricketts Road, Mount Waverley 3149	(03) 9562 8033	(03) 9562 8413
New South Wales	Unit C, 255 Rawson St, Auburn 2144	(02) 9748 7088	(02) 9748 7151
South Australia	1 Susan Street, Hindmarsh 5007	(08) 8241 7505	(08) 8241 7791
Western Australia	107 Kew Street, Welshpool 6106	(08) 9361 8322	(08) 9470 2379
Building Services Division State Offices			
Victoria	52 Ricketts Road, Mount Waverley 3149	(03) 9562 8033	(03) 9562 8413
New South Wales	Unit C, 255 Rawson St, Auburn 2144	(02) 9748 7088	(02) 9748 7151
South Australia	1 Susan Street, Hindmarsh 5007	(08) 8241 7505	(08) 8241 7791
Queensland	16 Shoebury Street, Rocklea 4106	(07) 3892 1622	(07) 3892 3159
Corporate Imaging State Offices			
Victoria	26-30 Gilby Road, Mount Waverley 3149	(03) 9544 5777	(03) 9543 8075
New South Wales	Unit C, 255 Rawson St, Auburn 2144	(02) 9748 7122	(02) 9748 7151
Queensland	Suite 21B, Plaza Chambers 3-15 Dennis Street, Springwood 4127	(07) 3290 0799	(07) 3290 0638
South Australia	1 Susan Street, Hindmarsh 5007	(08) 8346 9944	(08) 8346 7455
Barry Bros. Specialised Services State Offices			
Head Office	10-16 Geddes Street, Mount Waverley 3170	(03) 9562 1020	(03) 9562 2999
Victoria	10-16 Geddes Street, Mount Waverley 3170	(03) 9574 9888	(03) 9562 2999
New South Wales	20 Auburn Road, Auburn 2143	(02) 9743 7677	(02) 9743 7856
Queensland	5/12 Bimbil Street, Albion 4010	(07) 3256 1866	(07) 3256 0734



Branch Network



PRINCIPAL OFFICE

REGIONAL BRANCH

Corporate Directory

BOARD OF DIRECTORS

G. A. Tomlinson, Chairman
M. J. Findlay, Managing Director
S. M. Oliver
B. J. Pollock

SECRETARY

I. H. Jones

REGISTERED OFFICE

52 Ricketts Road
Mount Waverley 3149
Telephone (03) 9562 8033
Facsimile (03) 9562 8413

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Services Pty. Limited
Level 12
565 Bourke Street
Melbourne 3000
Telephone (03) 9615 5970

STOCK EXCHANGE LISTING

Australian Stock Exchange
530 Collins Street
Melbourne 3000

AUDITORS

Deloitte Touche Tohmatsu
505 Bourke Street
Melbourne 3000

SOLICITORS

Gadens Lawyers
333 Collins Street
Melbourne 3000

Middletons Lawyers
200 Queen Street
Melbourne 3000

BANKER

Westpac Banking
Corporation
360 Collins Street
Melbourne 3000

CORPORATE COMMUNICATIONS

FCR
114 William Street
Melbourne 3000

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