PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

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ASX Announcement

24 November 2004

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

Dear Sir,

APPENDIX 4D – HALF YEAR REPORT

Please find attached a copy of the Appendix 4D announcing the results for the half year ended 30th September 2004.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

Appendix 4D

Programmed Maintenance Services Limited

ABN 61 054 742 264

Half year report
Half Year ended 30 September 2004

Current reporting period	- Half year ended 30 September 2004
Previous corresponding period	*- Half year ended 30 September 2003*

Results for announcement to the market

				A$'000
Revenues from ordinary activities	up	14.7 %	to	110,364
Profit (loss) from ordinary activities after tax attributable to members	up	9.5 %	to	6,635
Net profit (loss) for the period attributable to members	**up**	**9.5 %**	**to**	**6,635**

EXPLANATION
The current reporting period includes the results of the infrastructure services contracts acquired from Serco Australia Pty. Ltd. from 1 July 2004 – refer note 2 to the financial statements for the financial details of the contracts acquired. The revenue from these contracts was $4.1 million and the profit contribution was immaterial in the current reporting period.

Dividends	Amount per security	Franked amount per security
Interim dividend	6.5 ¢	3.90 ¢
Previous corresponding period	5.5 ¢	2.75 ¢
Record date for determining entitlements to the dividend	11 January 2005	

All shareholders entitled to receive the interim dividend payable on 27 January 2005 will be able to participate in the Dividend Reinvestment Plan (DRP). Shareholders who wish to participate in the DRP and have not previously advised the Company, must lodge an election to participate with Computershare, the Company's share registrar, by 11 January 2005. The shares issued via the DRP will be at the average market price for the five trading days up to and including 11 January 2005.

PROGRAMMED MAINTENANCE SERVICES

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PROGRAMMED MAINTENANCE SERVICES LIMITED

ABN 61 054 742 264

RESULTS COMMENTARY

HALF YEAR ENDED 30TH SEPTEMBER 2004

Programmed Maintenance Services Limited, Australia's leading property services group, today announced a record $6.6 million profit after tax for the six months to 30 September 2004. This represents a 9.5 per cent increase over the first half of 2003/4. Revenue was $110.4 million, compared with $96.2 million.

Results summary for half year ended	**30 – 9 – 04 A$m**	**30 – 9 – 03 A$m**	**% increase**
Revenue	110.4	96.2	14.7
Earnings before interest, tax, depreciation and amortisation	15.1	13.7	10.1
Earnings before interest and tax	11.3	10.4	8.8
Profit before tax	9.8	9.0	8.4
Income tax expense	3.1	2.9	6.4
Profit after tax	**6.6**	**6.1**	**9.5**
Earnings per share (cents)	9.6	9.0	6.7
Interim dividend (cents)	6.5	5.5	18.2

The directors have declared an increased interim dividend of 6.5 cents per share franked to 60 per cent, payable on 27 January 2005 to shareholders on the register at 11 January. This compares with interim dividends of 5.5 cents per share franked to 50 per cent in 2003/4 and 4.0 cents per share franked to 30 per cent in 2002/3. The company's dividend reinvestment plan will apply to this dividend, with shares issued at market price, and not underwritten.

'This result reflects the success of our strategy to broaden our property service offering and expand our geographical coverage', said Mr Max Findlay, managing director. 'It is our sixth consecutive increase in first half profit; and our 9.5 per cent profit increase in what has been a more difficult market demonstrates the company's ongoing growth potential. The United

Kingdom operations have returned to profitability with further growth in programme sales.

'Programmed Maintenance Services' progress from a painting company into a broader international property services group continues to gather momentum. During the period, we took over infrastructure services contracts from Serco Australia Pty. Ltd. which will contribute $20 million of revenue on an annualised basis. These have formed the basis of a new 'Infraserv' business which will continue to broaden our offering in the property maintenance market.

'Infraserv's business model is based on strategic alliances with customers, sharing the benefits of improvements in business outcomes. We expect Infraserv to make a small contribution to earnings in the current year due to establishment costs with the full benefit to profit emerging in 2005/6. The additional service offering of Infraserv will provide further growth opportunities.

'Our building services, grounds management, industrial services and Infraserv divisions, together with our New Zealand and United Kingdom businesses, provided 59 per cent of the group's first half revenue, which is a significant change from 1999/2000 when 44 per cent of revenue came from businesses other than Australian painting. Australian painting has continued to grow over this period, but the other businesses have shown higher growth rates. As planned, this change in business mix has improved the group's operational cash flow and franking capacity.

'We are particularly pleased that the group's average margin has remained above 10 per cent of revenue, despite the fact that margins on some of our new services tend to be lower than traditional maintenance painting programmes.'

Outlook

'As usual, we expect revenue and earnings to be stronger in the second half, due to increased property maintenance activity during the summer. Traditionally, the PMS group has earned 40% of annual profit in the first half year and 60% of profit in the second half year. The group's net profit after tax for the full year is expected to be between 11 per cent and 13 per cent above the $16.3 million achieved in 2003/4, although we will have a better indication after the completion of the busy Christmas holiday period' said Mr Findlay.

AUSTRALIA

Property maintenance

Results for half year ended	**30 – 9 – 04 A$m**	**30 – 9 – 03 A$m**	**% increase**
Revenue	75.4	63.5	18.9
Earnings before interest and tax	6.6	5.8	12.6

The company's property maintenance business continued to increase its revenue and earnings, helped by accelerated growth in non-painting services which provided 46 per cent of revenue, compared with 39 per cent in 2003/4. Management was strengthened with the appointment of two national general managers – one responsible for painting and the other for building services, grounds management and Infraserv – based in the corporate office.

The painting business had a slow start to the year, with a less buoyant market impacting upon sales. The painting business is increasingly tailoring its maintenance programmes to meet individual customers' needs in a price-conscious market. The work projections are healthy and the second half is expected to show improvement in sales and earnings over the first half.

The building services business, which now operates nationally and contributes 25 per cent of Australian property maintenance revenue, again performed strongly. Revenue increased by 43 per cent, with similar improvements in earnings and operating cash flow. The contract to provide maintenance services to 54 New South Wales schools has been extended until April 2005 and now covers a further 158 schools on a 'caretaker' basis. The business is currently preparing to re-tender for the contract early in 2005.

The grounds management business increased its revenue by 21 per cent, primarily due to the Telstra/Transfield contract which began in May. All states performed well, with the exception of South Australia where margins declined due to the re-negotiation of a major contract. The grounds management business is also now operating nationally, following the opening of a Queensland branch in June.

Industrial services

Results for half year ended	**30 – 9 – 04 A$m**	**30 – 9 – 03 A$m**	**% change**
Revenue	9.6	9.6	0.2
Earnings before interest and tax	0.47	0.55	-13.5

The industrial services business, which trades as Barry Bros. Specialised Services, was affected by the drought in Queensland and New South Wales which restricted demand for its sewer and underground asset maintenance services. The second half has started strongly and earnings for the full year are expected to exceed 2003/4 results.

Demand for non-destructive digging services, which use high-pressure air or water to excavate or locate underground cables and pipes, continues to grow, and a seventh dedicated unit is on order.

A second Barry Bros. water recycling plant was opened in October at Parramatta, NSW and will use water from underground telecommunications ducts and data cabling pits throughout Sydney to irrigate a six hectare sports ground. Between 20,000 and 50,000 litres of water, which previously was discharged into sewers, is being collected and treated each day. The Parramatta plant and a similar plant operated in conjunction with the City of Port Phillip, Victoria will save approximately 12.5 million litres of water a year; and a number of other councils have expressed interest in the technology.

NEW ZEALAND

Results for half year ended	30 – 9 – 04 A$m	30 – 9 – 03 A$m	% change
Revenue	13.3	13.5	-1.4
Earnings before interest and tax	3.4	3.8	-11.5

The results of the New Zealand property maintenance business were affected by wet weather which reduced the number of working days. Furthermore, the results in the first half of 2003/4 included the refurbishment of 165 Westpac branches, which was not available in the current half year. All branches are performing well, and a strong second half is expected.

A new customer care programme has been introduced with the aim of improving customer relationships and the quality of the business' product offering. The building services division, launched in October 2003, is growing satisfactorily and made a small contribution to earnings.

UNITED KINGDOM

Results for half year ended	30 – 9 – 04 A$m	30 – 9 – 03 A$m	% increase
Revenue	12.0	9.7	23.9
Earnings before interest and tax*	0.8	0.1	539.9
** Earnings are after deduction of goodwill amortisation and UK head office costs*			

The improved performance of Whittle Painting Group, the company's UK business, reflected growing demand for long-term maintenance programmes, which are unique in the market. A further 45 programme contracts were sold during the period, bringing the total to 180 with a value of over $14.5 million. The customer profile is similar to that in New Zealand, and to date 66% of the programmes are for schools while the other customers are spread across hospitals, racecourses, commercial premises and industrial facilities.

All branches were profitable, with the Preston branch benefiting from the Lancaster PPP (public private partnership) contract to paint and maintain 4,600 council-owned houses.

Maintenance programmes, which usually carry higher margins than one-off painting work, now provide 19 per cent of revenue, compared with 10 per cent a year ago. The business is on track for further growth, although second half earnings will be constrained by the winter weather.

CASH FLOW AND BALANCE SHEET

The continuing improvement in gross operating cash flow enabled the further growth in contract recoverables to be funded internally. Net operating cash flow decreased to $7.8 million from $9.1 million in the previous corresponding period, reflecting the increasing level of tax payments in Australia with the changing mix in operating revenue. Net debt increased slightly to $42.6 million (41 per cent of equity) from $41.7 million (43 per cent of equity) at 31 March 2004, due to the growth in borrowings to fund the growth in United Kingdom programmes. The ratio of net debt to contract recoverables and work in progress fell to 27 per cent, compared with 28 per cent at 31 March 2004.

The total equity base is now $110.4 million, an increase of 7.6 per cent over 31 March 2004 ($102.6 million), due to the operating results and the equity contributions from the dividend reinvestment plan and from the exercising of share options. Net tangible assets per share at 30 September 2004 were $1.43, compared with $1.41 at 31 March 2004.

SHARE REGISTRY

The company now has over 3,300 shareholders, an increase of 15 per cent since May 2004.

'The better understanding by the investment community of our business model has led to the increase in the number of our shareholders over the past year. Most of the increase has come from retail shareholders with holdings of less than 10,000 shares' said Mr Findlay.

DIRECTORS' REPORT

The Directors of Programmed Maintenance Services Limited submit herewith the financial report for the half year ended 30th September 2004. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

Geoffrey Allan Tomlinson, Chairman
Maxwell John Findlay, Managing Director
Brian John Pollock
Susan Mary Oliver

Review of Operations

Consolidated revenue from ordinary activities for the half year ended 30th September 2004 was $110.364 million, which is 14.7% higher than the corresponding period last year.

For the half-year ended 30th September 2004, the consolidated profit before tax amounted to $9.77 million, and after tax $6.635 million, which are respectively 8.4% and 9.5% above the results for the half-year ended 30th September 2003.

Included in the financial statements for the half year ended 30th September 2004 are the results of the infrastructure services contracts acquired from Serco Australia Pty. Ltd. from 1 July 2004. The revenue for the half year from these contracts was $4.1 million with the profit contribution being immaterial. The annualised revenue of these contracts is expected to exceed $20 million.

Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10th July 1998 and in accordance with that Class Order amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars.

Signed in accordance with the Resolution of the Directors.

On behalf of the Directors

M. J. Findlay

Melbourne, 24th November 2004

Programmed Maintenance Services Limited
Statement of Financial Performance
For The Half Year Ended 30 September 2004

	Half Year Ended 30-Sep-04 $'000	Half Year Ended 30-Sep-03 $'000
Revenue from ordinary activities	110,364	96,213
Changes in inventories of finished goods	440	(206)
Raw materials and consumables used	(9,332)	(8,463)
Personnel costs	(46,881)	(42,264)
Sub-contractor costs	(25,425)	(20,330)
Depreciation and amortisation expense	(3,815)	(3,339)
Borrowing costs	(1,574)	(1,403)
Equipment and vehicle costs	(5,514)	(4,550)
Information technology and telecommunication costs	(1,370)	(1,441)
Other expenses from ordinary activities	(7,123)	(5,209)
Profit From Ordinary Activities before Income Tax Expense	9,770	9,008
Income tax expense relating to ordinary activities	(3,135)	(2,947)
Profit From Ordinary Activities after related Income Tax Expense	6,635	6,061
Adjustment to retained profits at 1 April 2003 as a result of the adoption of AASB 1028 'Employee Benefits'	-	(95)
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations	2,143	(1,227)
Total Revenue, Expense and Valuation Adjustments attributable to Members of the Parent Entity recognised directly in Equity	2,143	(1,322)
Total Changes in Equity other than those resulting from Transactions with Owners as Owners	8,778	4,739
Earnings Per Share:		
Basic (cents per share)	9.6	9.0
Diluted (cents per share)	9.5	8.9

Notes to the financial statement are included on pages 11 to 19.

Programmed Maintenance Services Limited
Statement of Financial Position
As At 30 September 2004

	30-Sep-04	31-Mar-04	30-Sep-03
	$'000	$'000	$'000
Current Assets			
Cash assets	2,909	2,059	2,779
Receivables	101,285	96,754	85,650
Inventories	16,698	12,978	13,515
Other financial assets	28	-	-
Current tax assets	-	245	78
Other	4,021	3,794	5,055
Total Current Assets	124,941	115,830	107,077
Non-Current Assets			
Receivables	78,922	73,535	70,870
Inventories	6,964	7,300	7,247
Other financial assets	-	282	284
Property, plant and equipment	24,057	20,802	19,270
Intangibles	5,534	2,335	2,407
Deferred tax assets	4,406	3,305	3,273
Total Non-Current Assets	119,883	107,559	103,351
Total Assets	244,824	223,389	210,428
Current Liabilities			
Payables	29,737	23,362	21,006
Interest-bearing liabilities	7,029	5,531	7,120
Current tax liabilities	1,761	2,845	1,109
Provisions	7,815	5,630	5,491
Total Current Liabilities	46,342	37,368	34,726
Non-Current Liabilities			
Interest-bearing liabilities	38,504	38,266	36,750
Deferred tax liabilities	47,027	44,344	42,952
Provisions	2,529	804	948
Total Non-Current Liabilities	88,060	83,414	80,650
Total Liabilities	134,402	120,782	115,376
Net Assets	110,422	102,607	95,052
Equity			
Contributed equity	24,592	21,082	19,974
Reserves	8,838	6,695	6,716
Retained profits	76,992	74,830	68,362
Total Equity	110,422	102,607	95,052

Notes to the financial statement are included on pages 11 to 19.

Programmed Maintenance Services Limited
Statement of Cash Flows
For The Half Year Ended 30 September 2004

	Half Year Ended 30-Sep-04 $'000	Half Year Ended 30-Sep-03 $'000
Cash Flows From Operating Activities		
Receipts from customers	115,818	103,652
Payments to suppliers and employees	(103,160)	(92,095)
Interest received	82	57
Interest and other costs of finance paid	(1,564)	(1,383)
Income tax paid	(3,418)	(1,139)
Net cash provided by operating activities	7,758	9,092
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(2,717)	(1,703)
Proceeds from sale of property, plant and equipment	770	864
Payments for acquisition of long-term contracts	(1,109)	-
Net cash used in investing activities	(3,056)	(839)
Cash Flows From Financing Activities		
Repayment of borrowings	(4,428)	(9,601)
Proceeds from issue of equity securities	2,785	2,568
Dividends paid	(3,505)	(3,357)
Net cash used in financing activities	(5,148)	(10,390)
Net Decrease In Cash Held	(446)	(2,137)
Cash At The Beginning Of The Half Year	71	1,663
Effect of exchange rate changes on the balance of cash held in foreign currencies	(75)	141
Cash At The End Of The Half Year	(450)	(333)

Notes to the financial statement are included on pages 11 to 19.

1 Basis of Preparation

The half year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB 1029 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2004 annual financial report.

Significant Accounting Policies

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the 2004 annual financial report, except as discussed below:-

Value of long term contracts acquired

Included in intangible assets is the value of long term contracts acquired. The consolidated entity recognises the value of these intangible assets as the total of the purchase consideration and the fair value of the net liabilities acquired. These intangible assets are being amortised over the anticipated life of the contracts.

2 Value of long term contracts acquired

On 5th April 2004, the Company announced it had signed an agreement to purchase a number of infrastructure services contracts from Serco Australia Pty. Ltd. with total annual revenue of over $25 million. The novation of these contracts was subject to the consent of various customers. Five customers, from a total of seven, consented to novate the contracts. The transfer of employees and assets associated with the contracts took place on 1st July 2004 for four customers, and on 1st September 2004 for the remaining customer. These five contracts are expected to have annual revenues of $20 million, and have formed the basis of a new division in the property maintenance business called 'Infraserv'.

The financial details of the acquisition of these long term contracts are:-

	Half Year Ended 30-Sep-04 $'000
Fair value of net liabilities acquired	
Current assets	
Receivables	4
Inventories	2,075
Non-current assets	
Receivables	1,376
Property, plant and equipment	148
Deferred tax asset	885
Current liabilities	
Payables	(1,783)
Interest-bearing liabilities	(7)
Provisions	(655)
Non-current liabilities	
Deferred tax liabilities	(1,035)
Provisions	(2,294)
Total fair value of net liabilities acquired	(1,286)
Consideration	
Cash	1,109
Deferred purchase consideration	1,021
	2,130
Value of long term contracts acquired	3,416

3 Share Options

The company has a share option scheme for directors and senior executives. Each share option upon exercise becomes one fully paid ordinary share in Programmed Maintenance Services Limited. No amounts are paid or payable by the recipients in receipt of the share option.

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 at various expiry dates up to 29 September 2006.

	Half Year Ended 30-Sep-04 No.	Half Year Ended 30-Sep-03 No.
Balance at beginning of the half year (i)	1,412,000	2,270,000
Granted during the half year (ii)	-	-
Exercised during the half year (iii)	(1,214,000)	(736,000)
Lapsed during the half year (iv)	-	(44,000)
Balance at end of the half year (v)	198,000	1,490,000

(i) Balance at beginning of the half year

Options - Series	No.	Commence -ment	Expiry/ Exercise Date	Exercise Price $
(2) Granted 29 September, 1999	546,000	29.09.02	29.09.04	2.00
(3) Granted 29 September, 1999	546,000	29.09.03	29.09.05	2.00
(4) Granted 8 May, 2002	128,000	29.09.02	29.09.04	2.49
(5) Granted 8 May, 2002	96,000	29.09.03	29.09.05	2.54
(6) Granted 8 May, 2002	96,000	29.09.04	29.09.06	2.57
	1,412,000			

(ii) Granted during the half year

No share options were granted during the current or previous half year reporting period.

(iii) Exercised during the half year

Options - Series	No. of Options Exercised	Exercise Date	Exercise Price $	No. of Shares Issued	Fair Value Received	Fair Value of shares at date of issue
(2) Granted 29 Sept. 1999	546,000	22.09.04	2.00	546,000	1,092,000	1,736,280
(3) Granted 29 Sept. 1999	444,000	22.09.04	2.00	444,000	888,000	1,411,920
(4) Granted 8 May, 2002	128,000	22.09.04	2.49	128,000	318,720	407,040
(5) Granted 8 May, 2002	96,000	22.09.04	2.54	96,000	243,840	305,280
	1,214,000			1,214,000	2,542,560	3,860,520

The fair value of shares at date of issue was determined by using the market price of the company's ordinary shares on 22 September 2004. At this date, the market price was $3.18.

3 Share Options (continued)

(iv) Lapsed during the half year

Options - Series	Half Year Ended 30-Sep-04 No.	Half Year Ended 30-Sep-03 No.
(1) Granted 29 September, 1999	-	44,000

(v) Balance at end of the half year

Options - Series	No.	Vested No.	Unvested No.	Commence -ment Date	Expiry/ Exercise Date	Exercise Price $
(3) Granted 29 September, 1999	102,000	102,000	-	29.09.03	29.09.05	2.00
(6) Granted 8 May, 2002	96,000	96,000	-	29.09.04	29.09.06	2.57
	198,000	198,000	-			

Executive share options carry no rights to dividends and no voting rights.
The market price of the company's ordinary shares at 30 September 2004 was $3.35.

4 Contracts and Work in Progress at Recoverable Value

	Half Year Ended 30-Sep-04 $'000	Half Year Ended 30-Sep-03 $'000
Contracts in Progress		
Balance at beginning of half year	131,342	126,579
Increase in amounts recoverable	2,998	1,079
Effect of foreign currency movements	2,953	(1,999)
Balance at end of half year	137,293	125,659
Shown in the financial statements as:		
Current	59,530	54,789
Non-Current	77,763	70,870
	137,293	125,659
Work in Progress		
Balance at beginning of half year	19,350	12,970
Increase in amounts recoverable	2,885	7,087
Effect of foreign currency movements	255	(115)
Balance at end of half year	22,490	19,942
Shown in the financial statements as:		
Current	15,526	12,695
Non-Current	6,964	7,247
	22,490	19,942
Total Contracts and Work in Progress		
Current	75,056	67,484
Non-Current	84,727	78,117
	159,783	145,601

5 Contributed equity

	Half Year Ended 30-Sep-04 $'000	Half Year Ended 30-Sep-03 $'000
70,327,360 fully paid ordinary shares (2003: 68,385,268)	24,592	19,974

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

	Half Year Ended 30-Sep-04		Half Year Ended 30-Sep-03	
Fully Paid Ordinary Shares	No.'000	$'000	No.'000	$'000
Balance at beginning of half year	68,800	21,082	67,142	17,406
Issue of shares - dividend reinvestment plan				
24 July 2003, DRP share price of $2.16	-	-	507	1,096
23 July 2004, DRP share price of $2.67	313	968	-	-
Issue of new shares	1,214	2,542	736	1,472
	70,327	24,592	68,385	19,974

6 Retained Profits

	Half Year Ended 30-Sep-04 $'000	Half Year Ended 30-Sep-03 $'000
Balance at beginning of half year	74,830	62,396
Adjustments to opening retained profits on initial adoption of AASB 1028 'Employee Benefits'	-	(95)
Adjustments to opening retained profits on initial adoption of AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'		
Write-back of prior year dividend provision	-	3,357
Profit from ordinary activities after related income tax expense	6,635	6,061
Dividends provided for or paid	(4,473)	(3,357)
		-
Balance at end of half year	76,992	68,362

7 Financial Reporting by Segments

Segment Revenues

	External Sales							
	Property Maintenance		Industrial Services		Other		Total	
	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Australia	74,493	62,710	9,456	9,276	1,024	991	84,973	72,977
New Zealand	13,270	13,461	-	-	-	-	13,270	13,461
United Kingdom	12,013	9,674	-	-	26	44	12,039	9,718
Total of all segments							110,282	96,156
Unallocated							82	57
Consolidated							110,364	96,213

Segment Results

	Property Maintenance		Industrial Services		Total	
	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03
	$'000	$'000	$'000	$'000	$'000	$'000
Australia	7,101	6,545	264	551	7,365	7,096
New Zealand	3,398	3,842	-	-	3,398	3,842
United Kingdom	818	128	-	-	818	128
Total of all segments					11,581	11,066
Unallocated					(319)	(712)
Profit from ordinary activities before interest and income tax expense					11,262	10,354
Net borrowing and financing charges					(1,492)	(1,346)
Profit from ordinary activities before income tax expense					9,770	9,008
Income tax expense relating to ordinary activities					(3,135)	(2,947)
Profit from ordinary activities after income tax expense					6,635	6,061

7 Financial Reporting by Segments (continued)

Segment Assets	Property Maintenance Services		Industrial Services		Total	
	30-Sep-04 $'000	30-Sep-03 $'000	30-Sep-04 $'000	30-Sep-03 $'000	30-Sep-04 $'000	30-Sep-03 $'000
Australia	157,094	135,744	13,903	10,503	170,997	146,247
New Zealand	52,945	44,003	-	-	52,945	44,003
United Kingdom	15,040	13,880	-	-	15,040	13,880
Total of all segments					238,982	204,130
Unallocated					5,842	6,298
Consolidated					244,824	210,428

Segment Liabilities	Property Maintenance Services		Industrial Services		Total	
	30-Sep-04 $'000	30-Sep-03 $'000	30-Sep-04 $'000	30-Sep-03 $'000	30-Sep-04 $'000	30-Sep-03 $'000
Australia	30,786	17,289	2,635	1,883	33,421	19,172
New Zealand	2,882	2,992	-	-	2,882	2,992
United Kingdom	5,523	7,360	-	-	5,523	7,360
Total of all segments					41,826	29,524
Unallocated					92,576	85,852
Consolidated					134,402	115,376

Other Segment Information

	Property Maintenance		Industrial Services		Total	
	30-Sep-04 $'000	30-Sep-03 $'000	30-Sep-04 $'000	30-Sep-03 $'000	30-Sep-04 $'000	30-Sep-03 $'000
Acquisition of segment assets						
Australia	1,195	490	1,265	617	2,460	1,107
New Zealand	229	210	-	-	229	210
United Kingdom	28	386	-	-	28	386
					2,717	1,703
Depreciation and amortisation of segment assets						
Australia	1,813	1,565	1,110	866	2,923	2,431
New Zealand	206	181	-	-	206	181
United Kingdom	317	269	-	-	317	269
Total of all segments					3,446	2,881
Unallocated					369	458
Consolidated					3,815	3,339

7 Financial Reporting by Segments (continued)

Other Segment Information	Property Maintenance		Industrial Services		Total	
	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03
	$'000	$'000	$'000	$'000	$'000	$'000
Other non-cash expenses						
Australia	636	839	109	80	745	919
New Zealand	32	30	-	-	32	30
United Kingdom	105	-	-	-	105	-
					882	949

The consolidated entity operates in three principal geographic locations - Australia, New Zealand and the United Kingdom. The composition of each geographical segment is as follows:

Australia - - Property maintenance services includes maintenance painting, corporate signage, grounds maintenance, building services and infrastructure services
- Industrial services includes sewerage and drainage maintenance, vacuum loading, high pressure cleaning and non-destructive digging

New Zealand - Property maintenance services - maintenance painting and building services

United Kingdom - Property maintenance services - painting

8 Dividends

	Half Year Ended 30-Sep-04		Half Year Ended 30-Sep-03	
	Cents per Share	Total $'000	Cents per Share	Total $'000
Recognised Amounts				
Fully Paid Ordinary Shares				
Final Dividend - paid 23 July 2004				
- franked to 50% at 30% tax rate	6.5	4,473	5.0	3,357
		4,473		3,357
Unrecognised Amounts				
Fully Paid Ordinary Shares				
Interim Dividend - payable 27 January 2005				
- franked to 60% at 30% tax rate	6.5	4,571	-	-
- franked to 50% at 30% tax rate	-	-	5.5	3,671
		4,571		3,671

9 Contingent liabilities

The company has provided performance and security guarantees to its bankers in accordance with certain contractual requirements as disclosed in the 2004 annual financial report. The directors are not aware of any other contingent liabilities.

10 Net tangible assets

	30-Sep-04 cents	31-Mar-04 cents	30-Sep-03 cents
Net tangible assets per ordinary security	142.9	140.9	135.5

11 International Financial Reporting Standards

Transition to Australian equivalents to International Financial Reporting Standards

In accordance with the Financial Reporting Council's strategic directive, Programmed Maintenance Services Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, Programmed Maintenance Services Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 30 September 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 31 March 2006.

The consolidated entity plans to manage the transition to A-IFRS in 3 phases - high level scoping, detailed impact assessment and implementation. Risk management and change management will be managed throughout the life of the project.

During the reporting period, the consolidated entity conducted a high-level scoping exercise as part of its awareness training to obtain an idea of the effect and effort involved in adopting A-IFRS on the consolidated entity. Part of the scoping exercise involved identifying key areas of impact that will arise on adoption of A-IFRS including financial impact, effort required, and options available to the consolidated entity on first-time adoption of A-IFRS. The outcomes of this high-level scoping exercise have been reported to the Board Audit Compliance & Risk Management Committee.

Now that the consolidated entity has this information, it intends to conduct a detailed impact assessment to determine the approximate impact and best options for the consolidated entity for future reporting periods, and to begin a process to redesign and build systems and processes in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.

The planned completion date of the detailed impact assessment is March 2005, with A-IFRS implementation in June 2005.

Key differences on adoption of A-IFRS

From the high level scoping exercise described above, Programmed Maintenance Services Limited has identified the following as being the significant areas of differences affecting the consolidated entity on adoption of A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change the consolidated entity's assessment of the importance or otherwise of the various differences.

(a) First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the consolidated entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 31 March 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As most adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 1 April 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as dividends may differ significantly.

Various voluntary and mandatory exemptions are available to the consolidated entity on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate past business combinations, expense share-based payments granted before 7 November 2002, and permits the identification of a 'deemed cost' for property, plant and equipment. The impact on the consolidated entity of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The consolidated entity is evaluating the effect of the options available on first-time adoption in order to determine the best possible outcome for the consolidated entity.

11 International Financial Reporting Standards

(b) Income tax

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

The current deferred tax liabilities of the consolidated entity arise primarily because of the timing differences between the recognition of revenue and the collection of cash in relation to long-term maintenance contracts. Under A-IFRS, it is anticipated that the tax base of contracts in progress at recoverable value recognised in the balance sheet will be nil because there is no effect on taxable income until the cash is received. Because of the differing calculations of taxable income in the countries in which the consolidated entity operates, the detailed impact assessment will be quantifying, for each country, the extent of changes to the recognised amounts of the deferred tax liabilities.

(c) Impairment of assets

Non-current assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. A-IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. Consequently, on adoption of A-IFRS, a further impairment of certain assets may need to be recognised, thereby decreasing opening retained earnings and the carrying amount of assets – the consolidated entity has not yet determined the impact, if any, of any further impairment which may be required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

(d) Goodwill

Goodwill is currently amortised over a 20 year period. A-IFRS does not permit goodwill to be amortised, but instead requires the carrying amount to be tested for impairment at least annually. Goodwill currently recognised in the balance sheet, adjusted if necessary on the optional restatement of business combinations, must be allocated to individual cash-generating units (or groups of cash-generating units) and tested for impairment at the allocated level. This change in policy may result in increased volatility in the income statement in future financial reports.

(e) Business Combinations

Historically, the acquisition of an entity or operation is accounted for under the purchase method of accounting by the legal acquirer. Where consolidated accounts are prepared, the assets and liabilities purchased are initially recognised at their fair values in the consolidated accounts.

Under A-IFRS, the purchase method of accounting must be applied where there is a business combination, however, not all acquisitions will qualify as a business combination, and as such the purchase method of accounting for these acquisitions will no longer be appropriate. In addition, the legal acquirer may not be the 'acquirer' per A-IFRS, and the consolidated accounts may consequently reflect the fair values of the legal acquirer's assets and liabilities rather than the fair value of the assets and liabilities of the entity legally acquired.

Furthermore, there are a number of recognition and measurement differences that result in relation to assets and liabilities acquired in a business combination, particularly in relation to intangible assets and restructuring provisions. Acquired contingent liabilities must also be recognised at their fair values where acquired in a business combination.

The impact of these changes in accounting policy on first-time adoption will depend on whether the consolidated entity will elect to adopt the exemption available to it to not reopen past acquisitions and retrospectively account for them. On an ongoing basis, this change in policy may significantly affect the profit and loss and balance sheet, as the accounting going forward significantly differs from the manner in which such transactions are treated under current Australian GAAP.

DIRECTORS' DECLARATION

The Directors of Programmed Maintenance Services Limited 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 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 s.303(5) of the Corporations Act 2001.

On behalf of the Directors

M. J. Findlay

Melbourne, 24th November 2004

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF PROGRAMMED MAINTENANCE SERVICES LIMITED

Scope

We have reviewed the financial report of Programmed Maintenance Services Limited for the half-year ended 30 September 2004 as set out on pages 8 to 20. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Programmed Maintenance Services Limited is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2004 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

Jan West
Partner
Chartered Accountants
Melbourne, 24 November 2004