PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

52 RICKETTS ROAD
MOUNT WAVERLEY
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ASX Announcement

28 November 2007

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 – Half Year Report announcing the results for the half year ended 30th September 2007.

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 2007

Current reporting period	- Half year ended 30 September 2007
Previous corresponding period	*- Half year ended 30 September 2006*

Results for announcement to the market

				A$'000
Total revenues	up	125.3 %	to	352,103
Profit from continuing operations after tax attributable to members	up	48.0 %	to	11,560
Profit for the period attributable to members	**up**	**48.0%**	**to**	**11,560**

The results for the half year include the contribution by Integrated Group Limited, which merged with the Company on 7 June 2007 via a scheme of arrangement.

The profit after tax in the current half year period includes a tax benefit arising from the impact on the deferred tax liability of the impending reduction from 1 April 2008 in the New Zealand corporate tax rat . This tax benefit was $1.282 million.
Excluding the impact of this tax benefit from the profit after tax would result in a comparable profit of $10.278 million, which is a 31.5% increase over the profit for the previous half year of $7.813 million.

Dividends	Amount per security	Franked amount per security
Interim dividend	9.5 ¢	9.5 ¢
Previous corresponding period	8.5 ¢	8.5 ¢

Record date for determining entitlements to the dividend (payment date of 24 January 2008)	9 January 2008

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Appendix 4D

Programmed Maintenance Services Limited
ABN 61 054 742 264

Half year report
Half Year ended 30 September 2007

Contents

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2007 and any public announcements made by Programmed Maintenance Services Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange.

PROGRAMMED MAINTENANCE SERVICES

RESULTS COMMENTARY

First half earnings per share up 13%

Interim dividend up 12%

Programmed Maintenance Services Limited, a leading provider of workforce, property maintenance and asset management services, today announced a profit after tax of $10.3 million on a comparable basis for the six months to 30 September 2007. The statutory profit after tax of $11.6 million includes a tax benefit of $1.3 million arising from the reduction in the New Zealand corporate tax rate from 1 April 2008.

These results include 16 weeks' profit contribution from Integrated Group, which was acquired on 7 June 2007, and compare with $7.8 million for the first half of FY2007. Earnings per share on a comparable basis increased by 13 per cent to 12.4 cents.

The directors have increased the interim dividend by 12 per cent to 9.5 cents per share fully franked, payable on 24 January 2008 to shareholders on the register at 9 January. The dividend reinvestment plan remains suspended.

Results summary for the six months ended	**30 – 9 – 07** (A$m)	**30 – 9 – 06** (A$m)	**% increase**
Revenue	352.1	156.3	125.3
Earnings before interest, tax, depreciation and amortisation	29.8	20.0	49.0
Earnings before interest and tax	21.7	14.5	50.3
Profit before tax	15.2	11.5	32.6
Income tax expense	(3.7)	(3.7)	0.0
Statutory profit after tax	11.6	7.8	48.0
Tax change benefit	1.3	0.0	-
Comparable profit after tax	**10.3**	**7.8**	**31.5**
Earnings per share (cents) – comparable basis	12.4	11.0	12.7
Interim dividend (cents)	9.5	8.5	11.8
Franking (%)	100.0	100.0	-

'We are very pleased with this result, which validates both our decision to merge with Integrated Group and the growth strategy we have followed since the company's ASX listing in 1999,' said Mr Max Findlay, managing director. 'In these eight years, Programmed Maintenance Services has progressed from a trade-based business, with 82 per cent of revenue coming from painting services in Australia and New Zealand, to a broadly-based group providing a wide range of workforce, property maintenance and asset management services. Earnings per share have grown every year during this period, with an average increase of 10.5 per cent per annum.

'The merger with Integrated Group has transformed the company, broadening our range of services and geographic footprint, more than doubling net assets and revenue, and providing a more diversified and secure earnings base. Access to the Workforce labour pool is improving our labour flexibility; and the larger scale of our operations enables us to improve support functions, upgrade technology, and expand the career potential for our employees. We also have greater financial strength to pursue organic growth opportunities and further acquisitions.

'Integration of the two companies is progressing smoothly, and it is clear that the benefits of the merger will be in line with our expectations. Our retention strategy has been successful, with Integrated Group management demonstrating their commitment to the merged group's vision and strategy, and there is a determination in all our businesses to capitalise on the growth opportunities provided by our broader customer and service base. We are on track to achieve the anticipated cost synergies of between $2.5 million and $3 million in FY2009, but we expect the main benefits to come from cross-selling services and leveraging our expanded market footprint.

'The merger has had a substantial impact on the company's operating cash flow, which has increased to $36 million from $12 million in the previous corresponding period. The average EBIT margin for the first half, at 6 per cent, reflects the lower margins of the new services we now provide and is in line with plan. We expect the average margin to increase in the second half.

'Programmed Maintenance Services now occupies a unique position in the Australian market, providing labour, trade services and facility management. In New Zealand and the United Kingdom, our existing infrastructure and experience give us the opportunity to expand our range of services in these markets and, in the longer term, potentially elsewhere.'

Outlook

'The outlook for the second half is generally positive, with strong order books across most businesses,' said Mr Findlay. 'The services and workforce businesses have strong projections and are anticipated to show further growth in the second half'.

'As previously signalled, the painting businesses in Australia and New Zealand had a slow start to the year, due predominantly to poor weather. Projections for the second half are strong, and these businesses' results for the full year will depend on our success in overcoming shortages of skilled labour in Western Australia and Auckland to enable us to achieve our volume targets in the peak summer season. Alternative sources of labour are currently being evaluated.'

AUSTRALIA

Property maintenance

Results summary for the six months ended	30 – 9 – 07 (A$m)	30 – 9 – 06 (A$m)	% increase
Revenue	129.3	109.4	18.3
Earnings before interest and tax	8.5	7.8	9.4

The Australian property maintenance business continued to increase its revenue and earnings, but margins were affected by the cold, wet start to the winter on the eastern seaboard which hampered painting work.

Despite the slow start, the painting business, which specialises in long-term maintenance programmes, has secured a number of significant new customers and renewed several existing contracts. The focus during the peak summer period will be to increase volume and margins, as well as to recruit additional experienced tradespeople in Western Australia where there is a considerable shortage.

The building services business, which has diversified its revenue and skill base during the past two years, performed well, due partly to a national maintenance contract with a major retail group and several new contracts. Revenue from refurbishing retirement villages in New South Wales has improved, following lower activity in FY2007.

The grounds business, which provides grounds maintenance, management and landscaping services for national organisations, schools and sports clubs, continued to grow strongly, achieving record revenue and earnings. The Defence Department contract in south-east Queensland is progressing well, and a branch was opened in Darwin to service a new local government contract. The drought is presenting challenges in some areas and the business is offering planting and maintenance schedules that minimise water use, including drought-tolerant plants, mulch and drip irrigation.

The Tungsten business, which provides a wide range of infrastructure and facilities management services, achieved strong increases in revenue and earnings and positioned itself for further growth, winning new contracts with an annualised value of $70 million. These include a $9 million per annum contract to manage all buildings, infrastructure and essential services on Rottnest Island, off Perth. The Tungsten management team has been strengthened to support the growth which is expected over the next five years. The business is referring an increasing volume of work to other group businesses.

Workforce

Results summary for the six months ended	30 – 9 – 07 (A$m)	30 – 9 – 06 (A$m)	% change
Revenue	159.6	NA	NA
Earnings before interest and tax	5.0	NA	NA

The Workforce labour hire and marine businesses have both performed strongly since they became part of Programmed Maintenance Services on 7 June 2007.

The labour hire business, which provides recruitment and labour hire services to the industrial, manufacturing and resources sectors, is beginning to capitalise on the company's expanded customer base and to cross-sell the services of other company businesses. Further growth is planned through opening branches in additional regional centres, increasing the business' footprint in major cities, and small bolt-on acquisitions.

The marine business, which trades as Total Marine Services in Australia and provides a full range of vessel management, manning and catering services, increased its volume of work, particularly in offshore exploration. There are exciting opportunities to expand this business, and steps are being taken to recruit experienced mariners from other parts of the world to overcome a shortage in Australia and New Zealand.

Industrial services

Results summary for the six months ended	30 – 9 – 07 (A$m)	30 – 9 – 06 (A$m)	% increase
Revenue	19.0	15.6	21.7
Earnings before interest and tax	1.4	1.1	25.6

The Barry Bros. industrial services business, which provides drain maintenance, non-destructive digging, high pressure cleaning and water recycling services, increased its revenue and earnings, despite the continuing impact of the drought. Revenue growth, however, did not match the growth in new equipment during the past year, and initiatives are being taken to increase utilisation, including equipment redeployment to services which recycle or use less water.

NEW ZEALAND

Property maintenance

Results summary for the six months ended	30 – 9 – 07 (A$m)	30 – 9 – 06 (A$m)	% change
Revenue	19.2	16.2	18.8
Earnings before interest and tax	3.8	3.9	(3.2)

The performance of the New Zealand property maintenance business was affected by wet weather, which reduced painting volumes and overhead recovery, and by a shortage of skilled tradespeople in the Auckland area.

Projections for the southern regions for the busy summer season are strong, and steps are being taken to address the skills shortage through new recruitment initiatives and training programmes in Auckland.

Workforce

Results summary for the six months ended	30 – 9 – 07 (A$m)	30 – 9 – 06 (A$m)	% change
Revenue	8.4	NA	NA
Earnings before interest and tax	1.3	NA	NA

The Workforce business in New Zealand performed well, due mainly to increased offshore exploration in the Taranaki Basin and opportunities to service on-land exploration requirements.

UNITED KINGDOM

Property maintenance

Results summary for the year ended	30 – 9 – 07 (A$m)	30 – 9 – 06 (A$m)	% increase
Revenue (A$m)	16.5	15.1	9.6
Earnings before interest and tax*	1.7	1.6	6.0
** Earnings are after deduction of UK head office costs*			

The UK business, Whittle Painting Group, continued to increase its revenue and earnings, with a strong second quarter more than compensating for the impact of floods on first quarter trading. Results were slightly affected by the 3 per cent strengthening of the Australian dollar against the pound compared with the previous year.

The value of the company's maintenance programmes, which are unique in the UK market, continued to gain recognition, especially in the education sector. A further 74 contracts have been signed since April, bringing the total to nearly 500 with an overall value of $17.5 million (A$40 million), and recoverables grew by more than 15 per cent during the half year.

Whittle's market footprint is expected to expand during FY2008, with the opening of three new branches, bringing the total to 12.

CASH FLOW AND BALANCE SHEET

Gross operating cash flow increased by 137 per cent to $43.8 million, reflecting the inclusion of the Integrated Group businesses. Net operating cash flow on a comparable basis was $21.0 million, but on a statutory basis was $36.0 million due to timing differences in the Workforce business related to the acquisition. Income tax payments were lower than the previous corresponding period due primarily to a tax refund in New Zealand.

The inclusion of Integrated Group has also impacted on the consolidated balance sheet at 30 September 2007. The company's total assets were $650.2 million and total equity was $245.9 million, substantially higher than the 31 March 2007 totals of $340.2 million and $136.6 million respectively. Total intangible assets rose to $212.0 million, compared with $11.4 million at 31 March 2007. Due to this growth in intangibles, net tangible assets per share at 30 September 2007 were 37.7 cents, compared with $1.75 at 31 March 2007.

Higher borrowings to fund the acquisition of Integrated Group increased net debt at 30 September 2007 to $204.0 million (83 per cent of equity), compared with $91.5 million (67 per cent of equity) at 31 March 2007, and net interest payments were $6.8 million, compared with $3.1 million.

DIRECTORS' REPORT

The Directors of Programmed Maintenance Services Limited submit herewith the financial report for the half year ended 30th September 2006. 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
Susan Mary Oliver
Brian John Pollock
Neil Douglas Hamilton
Jonathan Gladstone Whittle

All of the abovenamed directors held office during and since the end of the half year, except for Messrs N.D. Hamilton and J.G. Whittle who were appointed on 8 June 2007.

Review of Operations

Consolidated revenue from continuing activities for the half year ended 30th September 2007 was $352,103 thousand, which is 125.3% higher than the corresponding period last year.

For the half-year ended 30th September 2007, the consolidated profit before tax amounted to $15,235 thousand, and after tax $11,560 thousand, which are respectively 32.4% and 48.0% above the results for the half-year ended 30th September 2006.

The profit after tax in the current half year period includes a tax benefit arising from the impact on the deferred tax liability of the impending reduction from 1 April 2008 in the New Zealand corporate tax rate. This tax benefit was $1.282 million. Excluding the impact of this tax benefit from the profit after tax would result in a comparable profit of $10.278 million, which is a 31.3% increase over the profit for the previous half year of $7.813 million.

Changes in State of Affairs

Prior to the commencement of the half year ended 30 September 2007, Programmed Maintenance Services Limited and Integrated Group Limited ("Integrated") announced a proposal to merge the two companies by way of a scheme of arrangement ("the Scheme"). The Scheme was approved at a meeting of Integrated shareholders held on 10 May 2007. Following various regulatory requirements, Integrated and its subsidiaries effectively became part of the consolidated entity on 7 June 2007.

On 7 June 2007, the Company paid the Scheme consideration of $1.25 in cash and 0.26 of the Company's fully paid ordinary share for each Integrated share, thereby acquiring 100% of the voting issued equity of Integrated. This resulted in a total payment of $90,470 thousand and the issue of 18.817 million shares to former Integrated shareholders. The newly issued18.817 million shares rank equally in all respects, including the final dividend described in Note 8 below, with the existing issued 71.196 million shares, to comprise the new issued capital of 90.013 million shares.

To fund the cash component of the Scheme consideration and to refinance the existing debt of the consolidated entity, the consolidated entity entered into an unsecured loan facility with Westpac Banking Corporation that expires in May 2010. Under the loan facility, the consolidated entity is restricted from creating security interests over its assets, having capital expenditure exceed prescribed limits and other limitations depending on financial ratios which form part of the facility covenants.

With the inclusion of Integrated's business, the consolidated entity has become a substantial provider of temporary and permanent labour hire together with the existing maintenance solutions and facility management activities throughout Australia, New Zealand and the United Kingdom.

The size and composition of the financial statements of the consolidated entity has changed materially, with annual revenue projected to exceed $800,000 thousand for the year ending 31 March 2008. As at 30th September 2007, the total assets are $649,960 thousand, total intangible assets are $211,978 thousand and total borrowings are $226,726 thousand. The comparative figures as at the previous balance date of 31 March 2007 were $340,179 thousand, $11,450 thousand and $96,729 thousand respectively.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the previous 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.

Auditor's independence declaration

The auditor's independence declaration is included on page 11 of the half year financial report.

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 a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

M. J. Findlay
<u>Director</u>

Melbourne, 28 November 2007

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Programmed Maintenance Services Limited
52 Ricketts Road
MT WAVERLEY VIC 3249

28 November 2007

Dear Board Members

Programmed Maintenance Services Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Programmed Maintenance Services Limited.

As lead audit partner for the review of the financial statements of Programmed Maintenance Services Limited for the financial half-year ended 30 September 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

GJ McLean
Partner
Chartered Accountants

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Programmed Maintenance Services Limited
Consolidated Income Statement
For The Half Year Ended 30 September 2007

	Half Year ended 30-Sep-07 $'000	Half Year ended 30-Sep-06 $'000
Revenue	352,103	156,266
Other Income	171	386
Changes in inventories of finished goods	1,204	(187)
Raw materials and consumables used	(18,827)	(12,665)
Employee benefits expenses	(237,388)	(69,686)
Sub Contractor expenses	(43,045)	(38,001)
Depreciation and amortisation expense	(8,090)	(5,560)
Finance costs	(6,921)	(3,085)
Equipment & motor vehicle costs	(8,213)	(7,776)
Information technology & telecommunications costs	(2,131)	(1,492)
Impairment of non-current assets	-	-
Other expenses	(13,628)	(6,713)
Profit before income tax expense	15,235	11,487
Income tax expense	(3,675)	(3,674)
Profit from continuing operations	11,560	7,813
Profit from discontinued operations	-	-
Profit attributable to members of the parent entity	11,560	7,813
Earnings Per Share:		
Basic (cents per share)	13.9	11.0
Diluted (cents per share)	13.9	11.0

Notes to the financial statements are included on pages 15 to 21.

Programmed Maintenance Services Limited
Consolidated Balance Sheet
As At 30 September 2007

	Note	30-Sep-07 $'000	31-Mar-07 $'000
Current Assets			
Cash and cash equivalents		22,725	5,213
Trade and other receivables		202,457	143,065
Inventories		25,774	17,459
Current tax assets		-	2,624
Other		10,820	3,776
Total Current Assets		261,776	172,137
Non-Current Assets			
Trade and other receivables		99,227	97,897
Inventories		10,464	10,395
Property, plant and equipment		52,629	43,262
Deferred tax assets		13,886	5,038
Goodwill		194,289	9,428
Other intangible assets		17,689	2,022
Total Non-Current Assets		388,184	168,042
Total Assets		649,960	340,179
Current Liabilities			
Trade and Other Payables		98,374	37,852
Borrowings		14,537	12,857
Current tax liabilities		2,794	2,397
Provisions		13,223	9,644
Total Current Liabilities		128,928	62,750
Non-Current Liabilities			
Borrowings		212,189	83,872
Deferred tax liabilities		56,332	55,044
Provisions		6,577	1,868
Total Non-Current Liabilities		275,098	140,784
Total Liabilities		404,026	203,534
Net Assets		245,934	136,645
Equity			
Issued Capital	4	136,057	27,290
Reserves		4,869	6,898
Retained earnings		105,008	102,457
Total Equity		245,934	136,645

Notes to the financial statements are included on pages 15 to 21.

Programmed Maintenance Services Limited
Consolidated Statement of Recognised Income and Expense
For The Half Year Ended 30 September 2007

	Half Year ended 30-Sep-07 $'000	Half Year ended 31-Mar-07 $'000
Translation of foreign operations		
Exchange differences taken to equity	(2,192)	1,016
Income tax on items taken directly to or transferred from equity	-	-
Net income recognised directly in equity	(2,192)	1,016
Profit for the period	11,560	7,813
Total recognised income and expense for the period	9,368	8,829

Programmed Maintenance Services Limited
Consolidated Cash Flow Statement
For The Half Year Ended 30 September 2007

	Half Year ended 30-Sep-07 $'000	Half Year ended 30-Sep-06 $'000
Cash flows From operating activities		
Receipts from customers	402,796	177,155
Payments to suppliers and employees	(359,037)	(158,715)
Interest and other costs of finance paid	(6,750)	(3,080)
Income Tax Paid	(1,017)	(3,313)
Net cash provided by operating activities	35,992	12,047
Cash flows From investing activities		
Payment for investment securities	221	-
Interest received	416	117
Payment for property, plant and equipment	(6,365)	(3,054)
Proceeds from sale of property, plant and equipment	916	887
Payment for development software	(143)	(98)
Payment for contracts acquired	(174)	-
Payment for businesses	(124,605)	(40)
Net cash used in investing activities	(129,734)	(2,188)
Cash flows From financing activities		
Proceeds from borrowings	130,897	1,458
Repayment of borrowings	(11,095)	(3,308)
Proceeds from issue of equity securities	-	93
Dividends paid	(9,001)	(6,760)
Net cash provided by / (used in) financing activities	110,801	(8,517)
Net increase In cash and cash equivalents	17,059	1,342
Cash and cash equivalents at the beginning of the half year	100	269
Effect of exchange rate changes on the balance of cash held in foreign currencies	(208)	(122)
Cash and cash equivalents at the end of the half year	16,951	1,489
Reconciliation of Cash		
Cash	22,725	8,986
Bank Overdraft	(5,774)	(7,498)
	16,951	1,489

Notes to the financial statements are included on pages 15 to 21.

1 Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the most recent annual financial report for the year ended 31 March 2007, together with any public announcements made by Programmed Maintenance Services Limited during the half year ended 30 September 2007 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

Changes in state of affairs

Prior to the commencement of the half year ended 30 September 2007, Programmed Maintenance Services Limited and Integrated Group Limited ("Integrated") announced a proposal to merge the two companies by way of a scheme of arrangement ("the Scheme"). The Scheme was approved at a meeting of Integrated shareholders held on 10 May 2007. Following various regulatory requirements, Integrated and its subsidiaries effectively became part of the consolidated entity on 7 June 2007.

On 7 June 2007, the Company paid the Scheme consideration of $1.25 in cash and 0.26 of the Company's fully paid ordinary share for each Integrated share, thereby acquiring 100% of the voting issued equity of Integrated. This resulted in a total payment of $90,470 thousand and the issue of 18.817 million shares to former Integrated shareholders. The newly issued 18.817 million shares rank equally in all respects, including the final dividend described in Note 8 below, with the existing issued 71.196 million shares, to comprise the new issued capital of 90.013 million shares.

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The size and composition of the financial statements of the consolidated entity has changed materially, with annual revenue projected to exceed $800,000 thousand for the year ending 31 March 2008. As at 30th September 2007, the total assets are $649,960 thousand, total intangible assets are $211,978 thousand and total borrowings are $226,726 thousand. The comparative figures as at the previous balance date of 31 March 2007 were $340,179 thousand, $11,450 thousand and $96,729 thousand respectively.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the previous 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.

Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the 2007 annual financial report.

The results of subsidiaries acquired during the half year ended 30 September 2007 have been included in the consolidated income statement from the effective date of acquisition of 7 June 2007, as described above. Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the consolidated entity.

2 Share-based payments

During the half year ended 30 September 2007, the company introduced the "Long Term Incentive Plan" which is a new share-based compensation scheme for executives and senior employees of the PMS Group. In accordance with the provisions of this plan, the executives and senior employees may be granted either performance rights or performance options.

Each performance right converts upon exercise into one fully paid ordinary share of Programmed Maintenance Services Limited. No amounts are paid or payable by the recipient on receipt of the performance right.

Each performance option converts into one fully paid ordinary share of Programmed Maintenance Services Limited upon the payment of the applicable exercise price at time of exercise. No amounts are paid or payable by the recipient on receipt of the performance option.

Both performance rights and performance options have a vesting date that is three years from the date of issue, and may be exercised at any time within twelve months from the date of vesting. Both performance rights and performance options carry neither rights to dividends nor voting rights.

In accordance with the plan, the number of performance rights or performance options that will be exercisable on the vesting date is based on the Total Shareholder Return of the Company during the three years prior to the vesting date as compared to the Total Shareholder Return for a peer group of companies listed in the S&P/ASX 300 Index.

During the previous half year ended 30 September 2006, the last of the share options issued under the superceded share options scheme were exercised. Under the provisions of the scheme, each share option converted into one fully paid ordinary share of Programmed Maintenance Services Limited upon the payment of the applicable exercise price at time of exercise.

The following share-based payment arrangements were in existence during the current and previous half year reporting period:-

	Performance Rights		Performance Options		Share Options	
	30-Sep-07 No.	30-Sep-06 No.	30-Sep-07 No.	30-Sep-06 No.	30-Sep-07 No.	30-Sep-06 No.
Balance at beginning of the half year (i)	-	-	-	-	-	36,000
Granted during the half year (ii)	691,591	-	-	-	-	-
Exercised during the half year (iii)	-	-	-	-	-	(36,000)
Lapsed during the half year (iv)	-	-	-	-	-	-
Balance at end of the half year (v)	691,591	-	-	-	-	-

(i) Balance at beginning of the half year

Balance of performance rights and performance options at the beginning of the current or previous half year reporting period was nil. The balance of share options held at the beginning of the previous half year was 36,000.

(ii) Granted during the half year

Set out below are the details of the performance rights granted during the current half year:-

Number Granted	Grant Date	Vesting Date	Expiry Date
691,591	22/06/2007	1/07/2010	30/06/2011

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

(iii) Exercised during the half year

No performance rights were capable of being exercised during the current half year reporting period.
No share options were available to be exercised during the current half year reporting period.
Set out below are the details of the share options exercised during the previous half year:-

Options - Series	No. of Options Exercised	Vesting Date	Expiry/ Exercise Date	Exercise Price $	No. of Shares Issued	Fair Value Received $	Fair Value of shares at date of issue $
(6) Granted 8 May 2002	36,000	29/09/2004	29/09/2006	2.57	36,000	92,520	150,120

The fair value of shares at date of exercise was determined by using the market price of the company's ordinary shares on 29 September 2006. At this date, the market price was $4.17 per share.

2 Share-based payments (continued)

(iv) Lapsed during the half year

No performance rights lapsed during the current half year reporting period.
No share options lapsed during the current or previous half year reporting period.

(v) Balance at end of the half year

Set out below are the details of the performance rights held at the end of the current half year:-

Grant Date	Vested No.	Unvested No.	Vesting Date	Expiry Date
22/06/2007	-	691,591	1/07/2010	30/06/2011

The fair value of a performance right granted during the current half year is $3.35. The performance rights have been priced using a Monte Carlo simulation, which is a valuation method using the results of many individual simulations to determine a fair value.

The balance of share options at the end of the half year and previous half year was nil.

3 Contracts and work in progress at recoverable value

	Half Year ended 30-Sep-07 $'000	Year ended 31-Mar-07 $'000	Half Year ended 30-Sep-06 $'000
Contracts in Progress			
Balance at beginning of year	166,341	156,806	156,806
Increase in amounts recoverable	(4)	8,323	2,023
Effect of foreign currency movements	(2,797)	1,212	889
Balance at end of year	163,540	166,341	159,718
Shown in the financial statements as:			
Current	64,600	68,713	66,533
Non-Current	98,940	97,628	93,185
	163,540	166,341	159,718
Work in Progress			
Balance at beginning of year	21,095	20,132	20,132
Increase in amounts recoverable	6,452	804	129
Effect of foreign currency movements	(203)	159	126
Balance at end of year	27,344	21,095	20,387
Shown in the financial statements as:			
Current	16,880	10,700	12,081
Non-Current	10,464	10,395	8,306
	27,344	21,095	20,387
Total Contracts and Work in Progress			
Shown in the financial statements as:			
Current	81,480	79,413	78,614
Non-Current	109,404	108,023	101,491
	190,884	187,436	180,105

4 Issued capital

	Half Year ended 30-Sep-07 $'000	Year ended 31-Mar-07 $'000	Half Year ended 30-Sep-06 $'000
90,013,394 fully paid ordinary shares	136,057	27,290	27,290
(31 Mar 2007: 71,195,705 and 30 Sep 2006: 71,195,705)			

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

	Half Year Ended 30-Sep-07		Year Ended 31-Mar-07		Half Year Ended 30-Sep-06	
Fully Paid Ordinary Shares	No.'000	$'000	No.'000	$'000	No.'000	$'000
Balance at beginning of the half year	71,195	27,290	71,159	27,198	71,159	27,198
Issue of new shares	18,818	108,767	36	92	36	92
Balance at end of the half year	90,013	136,057	71,195	27,290	71,195	27,290

5 Net Tangible Assets

	30-Sep-07 Cents per share	31-Mar-07 Cents per share
Net Tangible Assets per ordinary security	37.7	175.8

6 Acquisition of businesses

	Name of business acquired	Principal Activity	Date of Acquisition	Proportion of shares acquired (%)	Cost of Acquisition $'000
2007:	Integrated Group Limited	Work Force Management	7/06/2007	100%	202,363
	Black and White Recruitment Solutions	Labour hire	28/09/2007	N/A	3,845
					206,208
2006:	Nil				

Acquisition cost	Integrated Group Limited $'000	Black and White Recruitment Solutions $'000
The cost of acquisition comprises:-		
Cash	93,597	3,845
Issue of equity securities	108,766	-
Total cost of acquisition	202,363	3,845

6 Acquisition of businesses (continued)

	Integrated Group Limited			Black and White Recruitment Solutions			
	Book value	**Fair value adjustment**	**Fair value on acquisition**	**Book value**	**Fair value adjustment**	**Fair value on acquisition**	**Total fair value on acquisition**
Net assets acquired:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets							
Cash	3,495		3,495	-	-	-	3,495
Receivables	78,208		78,208	-	-	-	78,208
Other financial assets	-		-	-	-	-	-
Inventories	523		523	-	-	-	523
Current tax asset	-		-	-	-	-	-
Non-current assets							
Other financial assets	0		0	-	-	-	0
Property, plant & equipment	7,528		7,528	-	-	-	7,528
Deferred tax asset	7,555	(184)	7,371	-	-	-	7,371
Intangible assets	3,637	12,913	16,550	-	-	-	16,550
Current liabilities							
Trade and other payables	47,800		47,800	-	-	-	47,800
Bank overdraft	30,658		30,658				30,658
Borrowings	293		293	-	-	-	293
Current tax payables	1,654		1,654	-	-	-	1,654
Provisions	2,343		2,343	-	-	-	2,343
Non-current liabilities							
Borrowings	3,502		3,502	-	-	-	3,502
Deferred tax liabilities	3,079	(1,243)	1,836	-	-	-	1,836
Provisions	4,314		4,314	-	-	-	4,314
	7,303	13,972	21,275	-	-	-	21,275
Goodwill on acquisition							
Total cost of acquisition			202,363			3,845	206,208
Less: Net assets acquired			21,275			-	21,275
Goodwill on acquisition			181,088			3,845	184,933
Net cash outflow on acquisition							
Cash and cash equivalents consideration			93,597			3,845	97,442
Less: Cash and cash equivalent balances acquired			(27,163)			-	(27,163)
			120,760			3,845	124,605

Included in the net profit for the period is $5,377 thousand attributable to the additional business generated by the purchase of the abovementioned businesses. Had their purchase been effected at 1st April, 2007, the revenue of the Group would be $459,879 thousand and the net profit $14,546 thousand. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Integrated Group Limited

The initial accounting for the acquisition of Integrated Group Limited has only been provisionally determined at reporting date. Integrated Group Limited became wholly owned on acquisition and has joined the Company's tax-consolidated group. For tax purposes, the tax values of Integrated Group Limited's assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised, and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisional determined based on the directors' best estimates of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Black and White Recruitment Solutions.

The company acquired the business of Black and White Recruitment Solutions for a consideration of $3,845 thousand on the 28th September, 2007. The fair value of the assets acquired have provisionally been assessed as having a nil value.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Integrated Group Limited. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

7 Segment information

(a) Segment Revenues

2007	External Sales: Property Maintenance Services $'000	Industrial Services $'000	Workforce $'000	Other Revenue $'000	Total $'000
Australia	128,876	19,042	158,935	836	307,689
New Zealand	19,034	-	8,357	45	27,436
United Kingdom	16,528	-	-	16	16,544
Total of all segments	164,438	19,042	167,292	897	351,669
Unallocated					434
Consolidated					352,103

2006	External Sales: Property Maintenance Services $'000	Industrial Services $'000	Workforce $'000	Other Revenue $'000	Total $'000
Australia	109,078	15,549	-	255	124,882
New Zealand	16,223	-	-	(59)	16,164
United Kingdom	15,067	-	-	31	15,098
Total of all segments	140,368	15,549	-	227	156,144
Unallocated					122
Consolidated					156,266

(b) Segment Results

2007	Property Maintenance Services $'000	Industrial Services $'000	Workforce $'000	Total $'000
Australia	8,760	1,442	5,877	16,079
New Zealand	3,784	-	1,276	5,060
United Kingdom	1,700	-	-	1,700
Total of all segments	14,244	1,442	7,153	**22,839**
Unallocated				(1,117)
Profit before interest and income tax expense				**21,722**
Net borrowing and financing charges				(6,487)
Profit before income tax expense				**15,235**
Income tax expense				(3,675)
Profit for the period				**11,560**

2006	Property Maintenance Services $'000	Industrial Services $'000	Workforce $'000	Total $'000
Australia	8,121	1,148	-	9,269
New Zealand	3,910	-	-	3,910
United Kingdom	1,604	-	-	1,604
Total of all segments	13,635	1,148	-	**14,783**
Unallocated				(333)
Profit before interest and income tax expense				**14,450**
Net borrowing and financing charges				(2,963)
Profit before income tax expense				11,487
Income tax expense				(3,674)
Profit for the period				7,813

7 Segment information (continued)

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, infrastructure services and operations management - Industrial services includes sewerage and drainage maintenance, vacuum loading, high pressure cleaning and non-destructive digging - Temporary and permanent recruitment, managed labour and marine services.
New Zealand	- Property maintenance services - maintenance painting and building services - Temporary and permanent recruitment, managed labour and marine services.
United Kingdom	- Property maintenance services - maintenance painting

8 Dividends

	Half Year Ended 30-Sep-07		Half Year Ended 30-Sep-06	
	Cents per Share	Total $'000	Cents per Share	Total $'000
Recognised Amounts				
Fully Paid Ordinary Shares				
Final Dividend				
- franked to 100% (2006: 100%)	10.0	9,001	9.5	6,760
		9,001		6,760
Unrecognised Amounts				
Fully Paid Ordinary Shares				
Interim Dividend - payable 24 January 2008				
- franked to 100% (2006: 100%)	9.5	8,551	8.5	6,052
		8,551		6,052

PROGRAMMED MAINTENANCE SERVICES LIMITED

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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
Director

Melbourne, 28 November 2007

Deloitte.

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Independent Auditor's Review Report to the members of Programmed Maintenance Services Limited

We have reviewed the accompanying half-year financial report of Programmed Maintenance Services Limited, which comprises the balance sheet as at 30 September 2007, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 22.

Directors' Responsibility for the Half-Year Financial Report
The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Programmed Maintenance Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Deloitte.

Conclusion
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 the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants
Melbourne, 28 November 2007