Programmed Maintenance Services Limited
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Website: www.pmsgroup.com.au | ABN 61 054 742 264

ASX Announcement

16 April 2008

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

Dear Sir,

MEDIA RELEASE

Please find attached a media release to be issued by Programmed Maintenance Services Limited later today, advising that the Board recommends shareholders reject the offer from Spotless.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

PROGRAMMED MAINTENANCE SERVICES

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16 April 2008

ASX/media release

PROGRAMMED RECOMMENDS REJECTION OF SPOTLESS OFFER

The Programmed Maintenance Services Board unanimously recommends that Programmed shareholders **REJECT** Spotless' offer as set out in the Bidder's Statement (the "Offer").

The directors believe there are six key reasons to **REJECT** the Offer.

- **The Offer significantly undervalues Programmed**
- **Programmed is well positioned for continued growth**
- **Spotless' share price has underperformed for many years**
- **Programmed has a stronger track record than Spotless**
- **The Offer is highly conditional and uncertain**
- **You should be concerned about Spotless' share price post-completion**

The Offer significantly undervalues Programmed

Spotless' Offer is currently worth $5.02 - $5.56 for each Programmed share[1].

This represents an inadequate premium for Programmed shares, in the Programmed Board's view, and does not reflect Programmed's strong growth potential and business model.

- Programmed is projecting EBITA growth in FY09[2] of approximately 30% and EPS[2] growth of 10% -15%[3].
- Programmed benefits from annuity-style earnings built on long-standing customer relationships and a diversified earnings base.
- Through the 2007 merger with Integrated Group, Programmed has access to a strong and flexible workforce.

[1] Based on Spotless' closing share price of $3.10 on 15 April 2008. The value of Spotless's Offer will depend on the market price of Spotless' shares and which consideration alternative is elected.
[2] Assumes SWG is acquired and Barry Bros divested on 1 July 2008. Programmed's projections are discussed in detail in section 5 of the Programmed Investor Presentation released today to the ASX. EPS is calculated pre-amortisation of identifiable intangibles.
[3] **Please refer to page 4 of this announcement for an important notice relating to the projections contained in this announcement and the limitations inherent in these projections.**

Programmed is well positioned for continued growth

Programmed has delivered strong profit growth, averaging 12% per annum[4] over seven years, and is projecting continued growth in FY09[3].

The company today confirmed its long term strategy and announced specific initiatives to deliver strong returns in the coming financial year, including extending further into the high-growth oil and gas sector through the proposed acquisition of SWG and the sale of two non-core businesses. Further detail is available in the presentation lodged today with the ASX.

Programmed's Managing Director, Mr. Chris Sutherland said:

'*Programmed has strong businesses with long-term customer relationships in market leading positions. Programmed has significant exposure to a number of buoyant sectors of the economy, and we are well placed to extend the company's continuous record of annual earnings growth. In the year to 31 March 2008, we have begun to unlock the substantial benefits from the merger with Integrated Group and expect to report robust results for the year. For the 2009 financial year we are projecting an increase in EBITA of approximately 30%*[3]*'.*

'*Together, the four divisions of Property Maintenance, Facilities Management, Workforce and Marine provide a strong platform for growth. The proposed SWG acquisition would further enhance the company's profitability in the 2009 financial year. It would provide greater opportunities for Programmed in the burgeoning oil and gas sector and complement our existing businesses.*'

Spotless' share price has underperformed for many years

Up to 100% of the Offer consideration comprises Spotless shares. The Spotless share price has fallen materially in the past seven years.

- Since 2001, Spotless' share price has declined 48%[5].
- By contrast, Programmed share's price has increased by more than 140%[5].

Due to Spotless' falling share price, the Offer is now worth 18% less than the "headline" Offer announced by Spotless on 26 March[6].

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[4] Based on audited financial results for the years ended 31 March 1999 to 31 March 2007. Profit growth based on compounded annual growth rate of NPAT (pre amortisation of identifiable intangibles).
[5] Based on the Spotless and Programmed closing share prices from 1 March 2001 to 26 March 2008 (the day prior to the announcement of the takeover bid).
[6] Based on the current value of the all share alternative ($5.02) using Spotless' closing share price of $3.10 on 15 April 2008.

Programmed has a stronger track record than Spotless

Over the past 5 years:

- Programmed has delivered compound annual EBIT growth of 13% year-on-year, while Spotless' EBIT has fallen at a compound annual rate of 10% per year[7].
- Programmed has delivered compound annual earnings per share growth of 10% year-on-year, while Spotless' earnings per share have been falling at a compound annual rate of 14% per year[7].

The Offer is highly conditional and uncertain

The Spotless Offer is subject to nine conditions, including a 90% minimum acceptance condition and conditions that the share and credit markets do not materially deteriorate.

There is a risk that some of these conditions may not be satisfied, which would enable Spotless not to proceed with its Offer.

You should be concerned about Spotless' share price post-completion

Acquiring any "people business" without prior key staff engagement is very risky and may lead to staff and customer losses. This is particularly the case in a very tight employment market.

In addition, Spotless has indicated that it may raise up to $200m of equity under a renounceable accelerated rights issue. If Spotless proceeds with an equity raising of up to $200m, the Spotless share price may fall further, exacerbating its downward trend.

To the extent Programmed shareholders accept the Spotless Offer, but do not participate in the Spotless equity raising (if it goes ahead), their relative ownership in the company will be diluted, and they may not receive adequate compensation for this.

Programmed shareholders should be aware of these risks if they are considering accepting the Spotless Offer and becoming a Spotless shareholder.

Reject the Spotless Offer

Programmed's Chairman, Mr. Geoff Tomlinson, said that Programmed directors do not intend to accept the Spotless Offer in respect of their own holdings and that the Board is unanimous in its recommendation that Programmed shareholders should **reject** Spotless' inadequate and highly conditional offer.

'*Programmed's management has had an impressive track record of delivering year-on-year earnings growth. Under Managing Director, Chris Sutherland, the Company has a clear and exciting future.*

'*The Board is firmly of the view that Programmed shareholders will be better off retaining their Programmed shares rather than exchanging them for Spotless shares under the Offer',* said Mr Tomlinson.

[7] Compound annual EBIT growth rates for the period 1 April 2003 to 31 March 2007 for Programmed, and the period 1 July 2003 to 30 June 2007 for Spotless. Please refer to page 9 of the investor presentation for further detail.

Further developments

Programmed's shareholders will receive a Bidder's Statement from Spotless shortly. To reject Spotless' Offer, Programmed's shareholders should take **no action** in relation to documents sent to them by Spotless.

Programmed's Board of Directors will provide shareholders with a Target's Statement in early May which will formally respond to Spotless' Bidder's Statement.

The Board will continue to keep Programmed shareholders fully informed of any further developments.

For further information contact:

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Important Notice and Disclaimer

Programmed's projections are discussed in section 5 of the Programmed investor presentation released today to the ASX. Section 5 and pages 2 and 28 of that presentation should be read carefully because it explains the limitations inherent in the projections and the underlying assumptions. In the meantime, Programmed Shareholders are advised to make no investment decision in relation to their Programmed Shares until they have had an opportunity to consider the Target's Statement and to review the more detailed assumptions which will be set out in the Target's Statement.