

# ASX Release

Wednesday 8 July 2009

Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

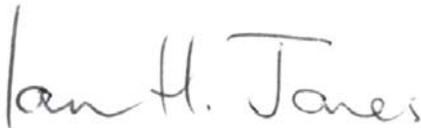
## 2009 AGM Mailing

Under Listing Rule 3.17, please find attached the following documents relating to the Annual General Meeting of Programmed Maintenance Services Limited to be held on Friday 7 August 2009 which are being mailed to shareholders:-

- (a) Notice of Meeting
- (b) Explanatory Notes on the Resolutions
- (c) Proxy Form

Yours sincerely,

**PROGRAMMED MAINTENANCE SERVICES LIMITED**



Ian H. Jones  
Company Secretary

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## Notice of Annual General Meeting

**FRIDAY 7th AUGUST 2009**

### **Programmed Maintenance Services Limited**

ABN 61 054 742 264

1500 Centre Road, Clayton, Victoria, 3168

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders in the Company will be held at the offices of Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, Victoria on **Friday, 7th August 2009 at 11:00am.**

### **Ordinary Business and Special Business**

1. To receive and consider the financial statements of the Company and its controlled entities for the year ended 31st March 2009 and the related reports of the Directors and Auditors thereon.
2. To receive and adopt the Remuneration Report (contained in the Directors' Report) for the year ended 31st March 2009.
3. To re-elect a Director. A present Director, Mr. G.A. Tomlinson, is retiring by rotation in accordance with Rule 69 of the Company's Constitution and, being eligible, offers himself for re-election.
4. To consider, and if thought fit, pass the following resolution as an ordinary resolution:-

That for all purposes (including ASX Listing Rules 6.2 and 7.1, and section 254H of the *Corporations Act 2001*) the Company approves the issue of 3,000 Performance Shares to the Sellers of SWG Holdings (2005) Pty Ltd (or certain nominees of those Sellers) on the terms and conditions (including as to the future conversion of Performance Shares into ordinary shares in the capital of the Company) more fully set out in the Explanatory Statement accompanying this Notice of Meeting.

### **Voting exclusion statement**

*The Company will disregard any votes cast on this resolution 4 by the persons who may participate in the proposed issue of the Performance Shares (and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to*

*vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

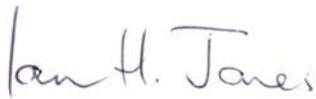
5. To consider, and if thought fit, pass the following resolution as a special resolution:-

That, in accordance with section 260B(2) of the *Corporations Act 2001* (Cth), the Company approve the giving of financial assistance by Integrated Group Limited and its wholly owned Australian subsidiaries for the purpose of, or in connection with the previous purchase of 72,375,758 ordinary shares in the capital of Integrated Group Limited by the Company.

6. Other Business. To transact any other business that may be brought forward in accordance with the Company's Constitution and the *Corporations Act 2001*

DATED this 3rd day of July 2009

**BY ORDER OF THE BOARD**



**I.H. Jones**  
Company Secretary

**VOTING ENTITLEMENTS**

For the purpose of the *Corporations Act 2001*, the Company has determined that all securities of the Company that are quoted securities at 7:00pm Australian Eastern Standard Time on Wednesday 5th August 2009 will be taken, for the purpose of the Meeting, to be held by the persons who held them at the time.

**PROXIES**

A shareholder has the right to appoint a proxy who need not be a shareholder of the Company. If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. The Proxy Form must be deposited at the share registry of the Company, Computershare Investor Services Pty. Ltd., GPO Box 242 Melbourne Victoria 3001 or at the Company's registered office, 1500 Centre Road, Clayton, Victoria 3168 or by facsimile to Computershare on (03) 9473 2555 or to the Company on (03) 9543 3760 at least 48 hours before the meeting (that is, by 11:00am on Wednesday, 5th August 2009).

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# EXPLANATORY NOTES ON THE RESOLUTIONS

## Resolution 1 – Financial Report

The Financial Report of the Company and the consolidated entity and the reports of Directors and Auditors thereon are set out in the 2009 Annual Report.

A printed copy of the 2009 Annual Report has only been sent to those shareholders who have elected to receive one. The Corporations Act 2001 allows the default option for receiving annual reports to be via a company's website. To receive a printed copy of the annual report, shareholders need to advise Computershare, the Company's share registrar. Shareholders can access a copy of the 2009 Annual Report on the Company's website [www.programmed.com.au](http://www.programmed.com.au) or can request a printed copy (free of charge) by contacting the Company Secretary on (03) 8542 7000 or by email to [ijones@programmed.com.au](mailto:ijones@programmed.com.au).

During this item of business, shareholders will be given a reasonable opportunity to ask questions about, and make comments, on the reports and the Company's management, business, operations, financial performance and business strategies. Shareholders will also be given a reasonable opportunity to ask a representative of the Company's auditors, Deloitte Touche Tohmatsu, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditors in relation to the conduct of the audit.

Written questions can be submitted by writing to the Company Secretary at the registered address or by email to [ijones@programmed.com.au](mailto:ijones@programmed.com.au). The Chairman and the auditors' representative will answer as many of these questions as possible during the Annual General Meeting.

## Resolution 2 – Remuneration Report

Directors of listed public companies are required to provide detailed disclosure of director and senior executive remuneration in the Directors' Report. These disclosures are set out in the Remuneration Report on pages 20 to 29 of the 2009 Annual Report.

The vote on this resolution is advisory only, and does not bind the Directors or the Company. However, the Directors will take the outcome of the vote into consideration when determining the future remuneration policies for directors and executives.

## Resolution 3 – Re-election of Director – Mr. G.A. Tomlinson

A summary of the biographical data on the director offering himself for re-election is set out below:-

### Geoff Tomlinson

Appointed Chairman in August 1999, Mr Tomlinson is also a director of the National Australia Bank Limited and Amcor Limited. Mr Tomlinson holds a Bachelor of Economics from the University of Western Australia. Age: 61

Mr Tomlinson is an independent Director and his term of office expires in August 2009.

Previous directorships of listed companies within the last three years:

Chairman of Dyno Nobel Limited (resigned 16 June 2008)

#### **Resolution 4 – Approval of 3,000 Performance Shares being issued**

On 1 July 2008, the Company announced to ASX that it had signed a Share Purchase Agreement for the acquisition of SWG Holdings (2005) Pty Ltd (**SWG**). On 4 July 2008, the Company announced that this acquisition had been completed. SWG is the holding company of a number of other companies (together the **SWG Group**) which collectively provide engineering construction and maintenance services to the resources and energy sectors in Australia and Asia.

As previously announced, the consideration payable for the acquisition of SWG comprised:

- (a) an issue of approximately 7.8 million ordinary shares in the Company (which shares were issued in July 2008); and
- (b) an issue of further ordinary shares in the Company (the number of which is entirely dependent upon the financial performance of the SWG group over the three financial years to 30 June 2011).

To facilitate the issue of further shares (referred to at (b) above) the Company proposes to issue the SWG sellers (or their nominees) a new type of share in the Company, called a "Performance Share". The proposed issue of 3,000 Performance Shares is the subject matter of this fourth resolution.

The Performance Shares themselves will have limited rights. For example, they will not carry dividend or voting rights, they will not be listed, and they can be transferred only in very limited circumstances. They will, however, convert into fully paid ordinary shares in the capital of the Company depending upon the financial performance of the SWG Group. The terms of the Performance Shares, the required levels of EBIT (earnings before interest and tax) and further discussion regarding the approvals being sought, are set out in more detail in Appendix A.

It is important to note, as mentioned in the 2009 Annual Report, that due to changes in economic activity, the SWG Group is not expected to perform at the average EBIT level over the next three years that would result in the conversion of the Performance Shares into any more than a nominal number of fully paid ordinary shares.

Notwithstanding this current expectation, it is possible that (if, for example, there is a significant change to levels of economic activity) some of the Performance Shares may convert, and so the Company seeks the approval of shareholders to issue 3,000 Performance Shares and to their potential future conversion.

#### **Resolution 5 – Approval of Financial Assistance**

As noted in the 2009 Annual Report, the Company sought an early renewal of its current senior debt facility, originally due for renewal in May 2010. Following completion of negotiations with the banks, the Company has reached agreement for the extension of its current facility to May 2012, subject to completion of legal documentation.

One of the key terms of the renewed facility is that fixed and floating charges are to be provided over all the main operating companies in the Programmed Group; previously, the facility was provided on an unsecured basis. Integrated Group Limited (Integrated) and certain wholly owned

subsidaries of Integrated are some of the main operating companies in the Programmed Group and will be now required to provide fixed and floating charges in support of the Company's renewed facilities.

The provision by Integrated and some of its subsidiaries may constitute "financial assistance" for the purposes of section 260A of the Corporations Act 2001, due to the earlier acquisition of Integrated in 2007 through merger by scheme of arrangement which was partly financed by loan funds provided under the current facility. The Corporations Act required the Company, as the parent company of Integrated to seek formal approval of its shareholders. The approval of shareholders will also enable Integrated and its subsidiaries to provide guarantees, charges and other security if, at some time in the future, the Company refinances the renewed facility.

The formal approval of shareholders is being sought under the available procedures in the Corporations Act, which are set out in more detail in Appendix B.

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## APPENDIX A

### DETAILED DISCUSSION OF RESOLUTION 4 – ISSUE OF 3,000 PERFORMANCE SHARES

It is proposed that the Company issue a total of 3,000 Performance Shares. These Performance Shares will convert into fully paid ordinary shares in the Company depending upon the financial performance of the SWG Group over 3 financial years, being the financial years ending 30 June 2009 (FY 2009), 30 June 2010 (FY 2010) and 30 June 2011 (FY 2011). The 3,000 Performance Shares will effectively comprise 3 separate tranches – each comprising 1,000 Performance Shares. The first tranche of 1,000 Performance Shares will relate to (and be tested against) FY 2009.

To provide for such testing, the Company will (following the end of FY 2009) prepare consolidated financial statements for the SWG Group. An EBIT statement (showing consolidated earnings before interest and tax) will then be extracted from the financial statement for FY 2009.

The first 1,000 Performance Shares will be tested against the EBIT performance of the SWG Group for FY 2009 (as shown in the EBIT statement). The terms of the Performance Shares contain EBIT targets (divided into bands) – so that the greater the EBIT performance of the SWG Group in FY 2009, the greater the number of ordinary shares that will arise (upon conversion of those 1,000 Performance Shares). There is also a minimum threshold of \$8 million – so that if the consolidated EBIT of the SWG Group does not reach at least \$8 million in FY 2009, then all of the 1,000 Performance Shares relating to that year will (in aggregate) convert into 1 ordinary share in the Company (effectively, no additional consideration is being paid for that period).

A similar exercise will be performed in respect of FY 2010 and FY 2011 – the only difference being that following the end of FY 2010, the EBIT figure used will be a 2 year average of EBIT over FY 2009 and FY 2010 (against which a further 1,000 Performance Shares will be tested); and following FY 2011, the EBIT figure used will be a 3 year average of EBIT over each of FY 2009, FY 2010 and FY 2011 (against which the final tranche of 1,000 Performance Shares will be tested). This has been structured so as to provide an incentive that stretches across all 3 of the relevant test years. Early testing may apply if there is an “accelerating event”, such as a takeover (or other change of control event in the Company) or if the Company disposes of SWG.

Terms of the Performance Shares (including the relevant EBIT target bands for each of FY 2009, FY 2010 and FY 2011 and the formulae to be applied in determining the number of ordinary shares that may result upon any conversion) are set out in the attached Annexure to Appendix A.

The SWG Share Purchase Agreement also provides that the parties will work together if it decides to change the testing date to 31 March in each relevant year (so as to coincide with the Company's financial year end).

### **ASX Listing Rule 6.2**

ASX Listing Rule 6.2 provides that a company may have only one class of ordinary shares on issue unless (among other things) the ASX has approved the terms of an additional class. ASX has approved the proposed terms of the Performance Shares (for the purposes of Listing Rule 6.2) on condition that:

- (a) the Company obtains shareholder approval for the issue of the Performance Shares (which approval is being sought pursuant to resolution 4; and
- (b) the Company provides ASX with an undertaking that it will disclose in each annual report for the period in which the Performance Shares remain on issue, a summary of the terms and conditions of the Performance Shares and whether any Performance Shares have been converted or cancelled (which undertaking will be given shortly after the meeting at or about the time of issue of the Performance Shares).

If shareholders do not approve resolution 4 at the meeting then the Company will not be permitted to issue the Performance Shares. In this event, the SWG Share Purchase Agreement provides that the Company will issue to the former shareholders of SWG (or their nominees, as relevant), as and when any Performance Shares would have converted into ordinary shares, such number of ordinary shares as the Company is permitted to issue in accordance with the Listing Rules, and then pay (in cash) the value of any additional ordinary shares that would otherwise have resulted from conversion of Performance Shares.

### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company may not, in any 12 month period (and without the approval of its shareholders), issue or **agree to issue** equity securities representing more than 15% of its issued capital.

Given that the Performance Shares could, depending upon the EBIT performance of SWG (and the price (or VWAP) of the Company's shares at the relevant time), convert in the future into shares representing more than 15% of the Company share capital, approval is also sought for the purposes of Listing Rule 7.1. It should be emphasised that any conversion of Performance Shares into ordinary shares in the Company will depend upon the financial performance of SWG as described above (and in the attached Annexure to Appendix A).

As required by Listing Rule 7.3, the Company provides the following information:

- it is proposed that 3,000 Performance Shares be issued. These will effectively be in three tranches (of 1,000 Performance Shares each) and will be tested against EBIT performance of the SWG Group after the end of each of FY 2009, FY 2010 and FY 2011. The maximum number of ordinary shares that may result upon any conversion of Performance Shares is unknown at this time (and will depend upon the performance of the SWG Group over those

3 financial years) but will be in accordance with the formulae set out in the terms of the Performance Shares (contained in the attached Annexure to Appendix A).

- It is proposed that the Company will issue the Performance Shares within 5 Business Days of shareholder approval of this resolution (and, in any event, will do so within 3 months of the date of any shareholder approval). It is proposed that all Performance Shares be issued together. Any conversion of Performance Shares into ordinary shares will occur following the testing of the relevant EBIT targets after each of FY 2009, FY 2010 and FY 2011.
- the Performance Shares are being issued as part consideration for the acquisition by the Company of SWG (as announced to the market on 1 July 2008). No cash is being raised by their issue (or any future conversion of them into ordinary shares).
- the Performance Shares are being issued to the Sellers and Sellers' nominees set out below, being the former shareholders of SWG and certain other employees of SWG who were nominated by the Sellers to receive part of the sale consideration:-

**Sellers:**

- Kaestner Pty Ltd (ACN 114 727 196) as trustee for the Kaestner Family Trust and the Kaestner Family Trust No 2
- Sonic Investments (WA) Pty Ltd (ACN 115 832 507) as trustee for the Anderson Family Trust and the Anderson Family Trust No 2
- Timesfive Pty Ltd (ACN 122 719 813) as trustee for the AC McCauley Family Trust
- Mark Francis Bradley
- Andrew John Holborn and Elaine Margaret Holborn as trustees for the Andrew Holborn Family Trust

**Sellers' Nominees:**

- Graham James Prentice
  - John Ellison Loughridge
  - Simon Todd Miller
  - Darren John Byrne
  - Susana Frigenti
  - Eric James Croucher
- the terms and conditions of the Performance Shares are set out in the Annexure to Appendix A.

Note that no further shareholder approval will be required to permit the conversion of the Performance Shares into ordinary shares. Any ordinary shares that result will fall within exception 4 to Listing Rule 7.2 (which provides exceptions to the 15% cap in Listing Rule 7.1).

### **Corporations Act Section 254H**

Section 254H(1) provides that a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting. The Performance Shares may, in accordance with their terms (and depending upon the financial performance of the SWG Group),

either convert into a greater number of fully paid ordinary shares in the capital of the Company or, if the financial performance of the SWG Group in respect of any particular testing period is below \$8 million, convert into one fully paid ordinary share.

Section 254H usually relates to a consolidation or subdivision of existing shares. Out of an abundance of caution, and to the extent it is required, shareholder approval is also being sought (by way of this resolution 4) to the conversion of Performance Shares into either a larger or smaller number of fully paid ordinary shares in the capital of the Company. Such conversion will take place in the future (in accordance with the terms of the Performance Shares) and following the testing of EBIT targets after each of FY 2009, FY 2010 and FY 2011.

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## ANNEXURE A – TERMS OF THE PERFORMANCE SHARES

### 1. Rights of Performance Shareholders

- 1.1 A Performance Share shall confer on the holder the right to receive notices of general meetings, and financial reports and accounts, of the Company that are circulated to Company shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- 1.2 A Performance Share does not entitle the holder to vote on any resolutions proposed at a general meeting of the shareholders of the Company other than a resolution to amend the rights attaching to a Performance Share.
- 1.3 A Performance Share does not confer on the holder any right to dividends or performance payments by the Company.
- 1.4 A Performance Share does not confer on the holder any right to participate in the surplus profits or assets of the Company on a winding up of the Company.
- 1.5 The Performance Shares are not transferrable (other than, in the circumstances provided for in paragraph 8 below, a transfer to one or more existing holders of Performance Shares).
- 1.6 If at any time the issued capital of the Company is reconstructed, all rights of the holders of Performance Shares will be changed to the extent necessary to comply with the applicable Listing Rules at the time of the reorganisation.
- 1.7 The Performance Shares will not be quoted on ASX.
- 1.8 Except to the extent provided in these terms and conditions, or as may be inconsistent with any rights of the Performance Shares, the Performance Shares will have no other rights except as set out in these terms and conditions and those provided at law where such rights cannot be excluded by the terms set out in these terms and conditions.

### 2. Listing of Converted Shares

The Buyer will use its best endeavours to obtain, within 5 Business Days after Conversion, the listing of the resultant Company Shares on ASX. The Company Shares into which the Performance Shares will convert will rank *pari passu* in all respects with existing Company Shares on issue.

### 3. Conversion of Performance Shares for Year 1

- (a) The SWG Group's EBIT for Year 1 shall be extracted from the EBIT Statement for Year 1.
- (b) In respect of Year 1, 1000 of the Performance Shares will (in their entirety) automatically Convert into Company Shares in accordance with the following formula

(subject, where appropriate, to any adjustment in accordance with paragraphs (c) and (d) below):

$$S_1 = 25\% \times (A+B)$$

Where:

**S<sub>1</sub>** = the number of Company Shares to be held by the Sellers and Sellers' Nominees (subject to paragraph 8) after Conversion of the 1000 Performance Shares in respect of Year 1.

**A** = the number of Company Shares shown in column 3 in the table below in respect of the relevant EBIT performance level of the SWG Group for Year 1 (and where the reference to VWAP in that column shall mean the VWAP for the 30 trading days prior to Conversion); and

**B** = the number of Company Shares shown in column 4 in the table below in respect of the relevant EBIT performance level of the SWG Group for Year 1.

- (c) If the number calculated in accordance with the above formula is 0, then those 1000 Performance Shares will automatically Convert into 1 Company Share.

Column 1	Column 2	Column 3	Column 4
EBIT Band	EBIT(\$)	Number of Company Shares (A)	Number of Company Shares (B)
1	<8,000,000	Nil	Nil
2	10,000,000	Nil	800,000
3	11,000,000	3,720,000/VWAP	1,130,667
4	12,000,000	6,400,000/VWAP	1,653,333
5	13,000,000	9,900,000/VWAP	2,120,000
6	14,000,000	10,880,000/VWAP	2,976,000
7	15,000,000	14,000,000/VWAP	3,600,000
8	16,000,000	16,000,000/VWAP	4,000,000
9	17,000,000	18,000,000/VWAP	4,400,000
10	>18,000,000	20,000,000/VWAP	4,800,000

- (d) Where EBIT performance for Year 1 falls between two EBIT bands (as set out in column 1 of the table above) then it is intended that the number of Company Shares determined as "A" and "B" in the above formula be determined on a pro-rata basis. For the purposes of illustration, if Year 1 EBIT is \$11,750,000 (which is 75% of the way between bands 3 and 4) then:

- (i) "A" will be 5,730,000/VWAP (5,730,000 being 3,720,000 (the level for EBIT band 3) plus 75% multiplied by 2,680,000 (2,680,000 being the difference between the EBIT band 4 level of 6,400,000 and the EBIT band 3 level of 3,720,000)); and
- (ii) "B" will be 1,522,666 (1,522,666 being 1,130,667 (the level for EBIT band 3) plus 75% multiplied by 522,666 (522,666 being the difference between the EBIT band 4 level of 1,653,333 and the EBIT band 3 level of 1,130,667)).

- (e) The Company shall record the Sellers and (subject to paragraph 8) the Sellers' Nominees as the holders of any Company Shares resulting from Conversion of Performance Shares as soon as practicable, and in any event within 7 days of agreement or other final determination of the EBIT Statement for Year 1. For the sake of clarity, such Company Shares will be held (and recorded as being held) in the same proportions as the holdings of Performance Shares immediately prior to Conversion.

**4. Conversion of Performance Shares for Year 2**

- (a) The SWG Group's EBIT for Year 2 shall be extracted from the EBIT Statement for Year 2. An average of the EBIT for each of Year 1 and Year 2 shall then be determined ("2 Year Average EBIT").
- (b) In respect of Year 2, 1000 of the Performance Shares will (in their entirety) automatically Convert into Company Shares in accordance with the following formula (subject, where appropriate, to any adjustment in accordance with paragraphs (c) or (d) below):

$$S_2 = 50\% \times (A+B) - S_1$$

Where:

**S<sub>2</sub>** = the number of Company Shares to be held by the Sellers and Sellers' Nominees (subject to paragraph 8) after Conversion of the 1000 Performance Shares in respect of Year 2.

**A** = the number of Company Shares shown in column 3 in the table below in respect of the 2 Year Average EBIT for the SWG Group (where the reference to VWAP in that column shall mean the VWAP for the 30 trading days prior to Conversion);

**B** = the number of Company Shares shown in column 4 in the table below in respect of 2 Year Average EBIT for the SWG Group; and

**S<sub>1</sub>** = the number of Company Shares Converted in respect of Year 1.

- (c) If the number calculated in accordance with the above formula is 0 or a negative number, then those 1000 Performance Shares will automatically Convert into 1 Company Share.

Column 1	Column 2	Column 3	Column 4
EBIT Band	EBIT(\$)	Number of Company Shares (A)	Number of Company Shares (B)
1	<8,000,000	Nil	Nil
2	10,000,000	Nil	800,000
3	11,000,000	3,720,000/VWAP	1,130,667
4	12,000,000	6,400,000/VWAP	1,653,333
5	13,000,000	9,900,000/VWAP	2,120,000
6	14,000,000	10,880,000/VWAP	2,976,000
7	15,000,000	14,000,000/VWAP	3,600,000
8	16,000,000	16,000,000/VWAP	4,000,000

Column 1	Column 2	Column 3	Column 4
EBIT Band	EBIT(\$)	Number of Company Shares (A)	Number of Company Shares (B)
9	17,000,000	18,000,000/VWAP	4,400,000
10	> 18,000,000	20,000,000/VWAP	4,800,000

- (d) If the 2 Year Average EBIT falls between two EBIT bands (as set out in column 1 of the table above) then it is intended that the number of Company Shares determined as "A" and "B" in the above formula be determined on a pro-rata basis. The illustrative example at paragraph 3(d) above applies with the appropriate modifications.
- (e) The Company shall record the Sellers and (subject to paragraph 8) the Sellers' Nominees as the holders of any Company Shares resulting from Conversion of Performance Shares as soon as practicable, and in any event within 7 days of agreement or other final determination of the EBIT Statement for Year 2. For the sake of clarity, such Company Shares will be held (and recorded as being held) in the same proportions as the holdings of Performance Shares immediately prior to Conversion.

#### 5. Conversion of Conversion of Performance Shares for Year 3

- (a) The Group's EBIT for Year 3 shall be extracted from the EBIT Statement for Year 3. An Average of the EBIT for each of Year 1, Year 2 and Year 3 shall then be determined ("3 Year Average EBIT").
- (b) In respect of Year 3, the balance of 1000 Performance Shares will (in their entirety) automatically Convert into Company Shares in accordance with the following formula (subject, where appropriate, to any adjustment in accordance with paragraphs (c) or (d) below):

$$S_3 = (A + B) - (S_1 + S_2)$$

Where:

**S<sub>3</sub>** = the number of Company Shares to be held by the Sellers and Sellers' Nominees (subject to paragraph 8) after Conversion of the 1000 Performance Shares in respect of Year 3.

**A** = the number of Company Shares shown in column 3 in the table below in respect of the 3 Year Average EBIT for the SWG Group (where the reference to VWAP in that column shall mean the VWAP for the 30 trading days prior to Conversion);

**B** = the number of Company Shares shown in column 4 in the table below in respect of the 3 Year Average EBIT for the SWG Group;

**S<sub>1</sub>** = the number of Company Shares Converted in respect of Year 1; and

**S<sub>2</sub>** = the number of Company Shares Converted in respect of Year 2.

- (c) If the number calculated in accordance with the above formula is 0 or a negative number, then those 1000 Performance Shares will automatically Convert into 1 Company Share.

Column 1	Column 2	Column 3	Column 4
EBIT Band	EBIT(\$)	Number of Company Shares (A)	Number of Company Shares (B)
1	<8,000,000	Nil	Nil
2	10,000,000	Nil	800,000
3	11,000,000	3,720,000/VWAP	1,130,667
4	12,000,000	6,400,000/VWAP	1,653,333
5	13,000,000	9,900,000/VWAP	2,120,000
6	14,000,000	10,880,000/VWAP	2,976,000
7	15,000,000	14,000,000/VWAP	3,600,000
8	16,000,000	16,000,000/VWAP	4,000,000
9	17,000,000	18,000,000/VWAP	4,400,000
10	>18,000,000	20,000,000/VWAP	4,800,000

- (d) If the 3 Year Average EBIT falls between two EBIT bands (as set out in column 1 of the table above) then it is intended that the number of Company Shares determined as "A" and "B" in the above formula be determined on a pro-rata basis. The illustrative example at paragraph 3(d) above applies with the appropriate modifications.
- (e) The Company shall record the Sellers and (subject to paragraph 8) the Sellers' Nominees as the holders of any Company Shares resulting from Conversion of Performance Shares as soon as practicable, and in any event within 7 days of agreement or other final determination of the EBIT Statement for Year 3. For the sake of clarity, such Company Shares will be held (and recorded as being held) in the same proportions as the holdings of Performance Shares immediately prior to Conversion.

## 6. Conversion of Performance Shares on Accelerating Event

- (a) If an Accelerating Event occurs prior to the end of Year 3, then:
- (i) the Sellers may (on their own behalf and as the representatives of the Sellers' Nominees), by giving joint written notice to the Company within 30 days of the Accelerating Event, elect to Convert all remaining Performance Shares that remain capable of Conversion; and

- For personal use only
- (ii) provided that such event is a change of control (as described in paragraph (a) of the definition of "Accelerating Event") the Company may, by giving written notice to the Sellers within 30 days of the Accelerating Event, elect to Convert any remaining Performance Shares that remain capable of Conversion.
- (b) If a notice is given under paragraph (a) above, the SWG Group's EBIT for the relevant part of the current financial period that has elapsed (being part of a financial year up to the date of the Accelerating Event) will be extracted from the EBIT Statement prepared in respect of that part financial period. The SWG Group's EBIT for the balance of the period from the date of the Accelerating Event until the end of Year 3 will be determined by deeming that EBIT would have been \$14,000,000 per annum from the date of the Accelerating Event (and applying this on a pro-rata basis for any part of a financial year). Paragraphs 3, 4 and 5 of these terms (and the formulae contained in them) will, as relevant, then be applied to this resultant figure as if the relevant EBIT had been earned in that year, and Performance Shares will be Converted in accordance with those paragraphs.

By way of illustration, if an Accelerating Event occurs on 31 March 2010 (being 9 months into Year 2) and the Year 1 EBIT had been \$11,000,000 and Year 2 EBIT had (for the elapsed 9 months) been \$9,000,000, then:

- (i) the Year 1 calculation will have already occurred (following the end of Year 1) and Performance Shares will have been Converted in respect of Year 1;
  - (ii) Year 2 EBIT will be calculated as \$12,500,000 (being \$9,000,000 of actual EBIT and \$3,500,000 which is 3 months worth of deemed EBIT at \$14,000,000 per annum) – this will be averaged with Year 1 EBIT of \$11,000,000 to arrive at a "2 Year Average EBIT" figure of \$11,750,000 for the purposes of paragraph 4; and
  - (iii) Year 3 EBIT will be calculated as \$14,000,000 (the full year deemed amount) which will be averaged with Year 1 EBIT of \$11,000,000 and Year 2 EBIT of \$12,500,000 to result in "3 Year Average EBIT" of \$12,500,000 for the purposes of paragraph 5.
- (c) Where the Accelerating Event is a takeover (within the terms of paragraph (a)(i) of the definition of "Accelerating Event") then notwithstanding any other provision of these terms the number of Company Shares into which Performance Shares are capable of Conversion pursuant to this paragraph 6 (as a result of the occurrence of the Accelerating Event) shall not exceed the greater of:
- (i) 9,898,100 (being 10% of the number of Company Shares currently on issue at the date of this document); and
  - (ii) if the Company issues any Company Shares after the date of this document, 10% of the total issued Company Shares at the date of Conversion.

## 7. Effect of cessation of employment

If either Kaestner or Anderson ceases to be employed by any SWG Group Member (other than for redundancy, total and permanent disability, death, or termination initiated by the relevant SWG Group Member (otherwise than for cause)) and is not immediately employed by another SWG Group Member then all outstanding Performance Shares will automatically and immediately Convert into 1 Company Share.

## 8. Departure of Sellers' Nominees

It is intended that the issue of Performance Shares to the Sellers' Nominees (and the rights set out in these terms and conditions in connection with such Performance Shares) are related to the continued employment of those Sellers' Nominees within the SWG Group. Accordingly, until such time as no further Performance Shares remain capable of Conversion, the Sellers may notify the Company (and the Company shall be entitled to rely absolutely upon such notification received from the Sellers) that one or more Sellers' Nominees have ceased employment with an SWG Group Member in circumstances that constitute such person a 'bad-leaver' under the contractual terms agreed with that Sellers' Nominee (a "Bad Leaver"). Where the Company is so notified after Performance Shares have been issued then any Performance Shares held by the Bad Leaver shall be transferred from that Bad Leaver to the Sellers in accordance with the proportions notified by the Sellers to the Company (and the Company is entitled to rely upon any transfer signed by a Seller under a power of attorney granted by the Bad Leaver for these purposes).

## 9. Definitions

In these terms, these meanings apply unless the contrary intention appears:

**Accelerating Event** means:

- (a) a change of control of the Company as a result of:
  - (i) a takeover bid (where the bidder has voting power of 50% or more and the bid is unconditional); or
  - (ii) merger by way of a scheme of arrangement (approved by members at a meeting convened by order of a court under section 411(1)); or
- (b) any disposal by the Company of the whole or a substantial part of the business of SWG, or of 50% or more of the Shares in SWG (other than to a Related Body Corporate); or
- (c) there is any in specie capital distribution by SWG or any of its Subsidiaries comprising assets which represent the whole or a substantial part of the business of SWG or the SWG Group.

**Anderson** means Scott Anderson, one of the Sellers and a senior executive of the SWG Group.

**ASX** means the Australian Securities Exchange.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Western Australia.

**Company** means Programmed Maintenance Services Ltd ACN 054 742 264.

**Conversion** means the conversion of Performance Shares into Company Shares in accordance with these terms, and the expressions **Convert**, **Converting** and **Converted** shall have corresponding meanings.

**EBIT** means consolidated earnings before interest and tax for the SWG Group.

**EBIT Statement** means a statement setting out SWG Group EBIT for each of Year 1, Year 2, Year 3 and (where necessary) for any part of a financial year up to the date of an Accelerating Event, in each case as prepared by the Company and agreed with the Sellers (or failing agreement, as determined by an independent expert).

**Kaestner** means David Kaestner, one of the Sellers and a senior executive of the SWG Group.

**Performance Shares** means 3000 shares in the capital of the Company with the conversion rights set out in, and otherwise issued on the terms of, these terms and conditions.

**Related Body Corporate** has the meaning given to it in the Corporations Act.

**Sellers** means the former owners of the shares in SWG (which shares have now been transferred to the Company) and who together with the Sellers' Nominees will hold all Performance Shares.

**Sellers' Nominees** means certain employees of SWG Group companies who were nominated by the Sellers to receive part of the consideration (including some of the Performance Shares) for the sale of SWG to the Company, and who together with the Sellers will hold all Performance Shares.

**Shares or Company Shares** means fully paid ordinary shares in the capital of the Company.

**SWG** means SWG Holdings (2005) Pty Ltd ACN 114 897 737.

**SWG Group** means SWG and its subsidiaries and **SWG Group Member** means any one of them.

**VWAP** means the volume weighted average price of Company Shares traded on ASX.

**Year 1, Year 2 and Year 3** mean the financial years ending 30 June 2009, 2010 and 2011 respectively.

## APPENDIX B

### DETAILED DISCUSSION OF RESOLUTION 5 – APPROVAL OF FINANCIAL ASSISTANCE

#### A. Introduction

The following explanatory material is provided to shareholders in relation to Resolution 5 set out in the notice of meeting accompanying this Explanatory Memorandum (the **Notice of Meeting**) to be proposed at a meeting of Programmed Maintenance Services Limited (the **Company**) to be held on 7 August 2009.

The purpose of the resolution is to approve one of the Company's subsidiaries, Integrated Group Limited (**Integrated**) and certain wholly owned subsidiaries of Integrated (together, the **Integrated Obligors**), financially assisting the previous purchase by the Company of 72,375,758 ordinary shares in the capital of Integrated Group Limited (the **Shares**).

#### B. Background

On 12 February 2007, the boards of Integrated and the Company announced a proposal to merge the two companies (the **Merger**) by way of a scheme arrangement (the **Scheme**). The Scheme was approved by the Court on 25 May 2007. On 7 June 2007 the Merger took place with the Company acquiring 72,375,758 ordinary shares in Integrated.

The Merger was financed by the Company issuing 18,817,689 ordinary shares and by loan funds provided under a \$A165,000,000 syndicated Senior Credit Facility dated 24 May 2007 between, among others, Programmed and Westpac Banking Corporation (as arranger, agent and original lender)(the **Facility Agreement**). The Company's obligations under the Facility Agreement were guaranteed by the Integrated Obligors and the provision of such guarantees constituted "financial assistance" by the Integrated Obligors. The approval of the shareholders of the Company in respect of the financial assistance was obtained in 2007 in accordance with section 260B of the *Corporation Act 2001* (Cth) (the **Corporations Act**) and the Company approved the provision of that guarantee in favour of the financiers under the Facility Agreement.

The Company's obligations under the Facility Agreement are now required to be secured by fixed and floating company charges to be provided by the Company and certain wholly owned subsidiaries of the Company (including security from the Integrated Obligors).

Although the Company does not currently intend to refinance the Facility Agreement, it may do so in future and, if it does, it and the Integrated Obligors may also be required to provide guarantees, charges and other security with respect to the refinancing.

As the provision by the Integrated Obligors of the security described above may also constitute "financial assistance" by the Integrated Obligors to the Company in connection with the earlier acquisition of Integrated under the Merger for the purposes of section 260A of the Corporations Act, the Company (as the parent company of Integrated) is required to seek formal approval from its shareholders under the available procedures in the Corporations Act.

### **C. Particulars of the proposed financial assistance**

It is proposed that each Integrated Obligor may provide fixed and floating company charges over all amounts that may be owing from time to time under or in connection with the Facility Agreement (the *Integrated Securities*). In future, the Company may refinance the Facility Agreement (*Refinancing Facility*) and it and the Integrated Obligors may be required to provide guarantees, charges and other security (*Refinancing Security*) with respect to any Refinancing Facility.

### **D. Shareholder approval of the financial assistance**

The approval of the shareholders of the Company in respect of the proposed financial assistance is sought under section 260B(2) of the Corporations Act because the Company is the ultimate Australian holding company of the Integrated Obligors.

### **E. Effect of the proposed financial assistance**

#### **(i) Effect**

The Integrated Securities and the Refinancing Securities are likely to be enforced if there is a default in the due and punctual payment of amounts owing under the Facility Agreement or any Refinancing Facility or if certain other defaults occur. If such an event occurs, the guarantees are likely to be called and the fixed and floating company charges over the assets of the Integrated Obligors and any other security are likely to be enforced.

The provision of the Integrated Securities and any other Refinancing Security over the assets of the Integrated Obligors also mean that the debt secured by them will rank in priority ahead of the debts owing to creditors of the Integrated Obligors generally.

#### **(ii) Advantages of the proposed financial assistance**

The advantages of the proposed resolution include the following:

1. The directors of the Company believe that the Facility Agreement was and currently remains the most efficient form of funding available to finance the Merger. It may be that better terms and conditions will be able to be obtained if the Company under a Refinancing Facility in the future.
2. The Company undertook to its financiers that it would procure that its shareholders approve the Integrated Obligors providing the securities under the Facility Agreement in accordance with section 260B(2) of the Corporations Act. The Company may be required to undertake a similar obligation if it enters into a Refinancing Facility. The approval of this resolution will satisfy this obligation. If the proposed resolution is not passed, this may constitute an event of default under the Facility Agreement. In such circumstances, the financiers would be entitled to demand immediate repayments of funds under the Facility Agreement.
3. If the proposed resolution is not approved, the Integrated Obligors will not be able to provide the Integrated Securities which is likely to prejudice the Company's ability to achieve the best possible terms and conditions (including pricing) in future financings of the Programmed and its related bodies corporate (the *Group*).

**(iii) Disadvantages of the proposed financial assistance**

The directors of the Company do not believe there is any disadvantage to the Company in approving the proposed resolution.

**F. Directors' interests**

None of the directors of the Company has any interest (directly or indirectly) in the proposed financial assistance other than in relation to their position as a director or an employee of the Company, Integrated or of a related body corporate of the Company or Integrated, or as a shareholder of the Company.

**G. Other relevant information**

The directors consider that there is no other information that is known to the Company that is material to a shareholder's decision on how to vote on the proposed resolution, other than information which it would be unreasonable to require the Company to include in this document as the Company has previously disclosed the information to shareholders.

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**Lodge your vote:**

**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

**By Mail:**  
 Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia

 Alternatively you can fax your form to  
 (within Australia) 1800 783 447  
 (outside Australia) +61 3 9473 2555

**For all enquiries call:**

 (within Australia) 1300 850 505  
 (outside Australia) +61 3 9415 4000

 000001 000 PRG  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**

**Cast your proxy vote**

**Access the annual report**

**Review and update your securityholding**
**Your secure access information is:**
**Control Number: 999999**
**SRN/HIN: I9999999999**
**PIN: 99999**

**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11.00am Wednesday 5th August 2009**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

 Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

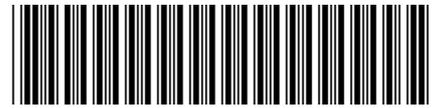
**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
 or turn over to complete the form →**

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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Programmed Maintenance Services Limited hereby appoint

the Chairman of the meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Programmed Maintenance Services Limited to be held at the offices of Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, Victoria on Friday, 7th August 2009 at 11:00am and at any adjournment of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### Ordinary Resolutions

For Against Abstain

Item 1. Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Item 2. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Item 3. Re-election of Director – Mr. G.A. Tomlinson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Item 4. Approval of 3,000 Performance Shares being issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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### Special Resolutions

Item 5. Approval of Financial Assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /