PROGRAMMED Group

ASX Release

Wednesday 24 November2010

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

Dear Sir,

FIRST HALF FY11 RESULTS

Please find attached the Media Release containing details of the Programmed Group's results for the half year ended 30 September 2010.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Company Secretary

PROGRAMMED Group

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Programmed first half FY11 results

Programmed Group, which provides staffing, maintenance and project services, today announced EBITA (earnings before interest, tax and amortisation) of $16.2 million for the six months to 30 September 2010, before restructuring costs of $5.9 million. This compares with EBITA of $26.9 million for 1H10.

The company reported an after-tax loss of $3.1 million, after booking a loss of $7.6 million resulting from exiting the UK business (classified now as discontinuing operations) compared with a profit of $12.1 million in 1H10. Profit from continuing operations was $4.6 million, compared to $11.7 million in 1H10.

Revenue from continuing operations was $604.7 million, up 5.6%.

The board has determined to pay a fully franked interim dividend of 3.0 cents per share (1H10: 3.0 cents) on 27 January 2011 to shareholders on the register at 11 January. The decision to base the interim dividend on profit before restructuring costs reflects the board's confidence in the company's future performance and cash flow.

Chris Sutherland, managing director of Programmed said: 'As we reported earlier this month, the performance of our Property & Infrastructure division has been affected by customers' budget cuts and reluctance to commit to new expenditure; this was less evident in FY10 due to government stimulus expenditure. At the same time, our Resources & Industrial division's revenue has suffered from the effects of the industrial dispute at the beginning of 2010 and delays in the start of some major projects.

'The Property & Infrastructure division has now been restructured and, following the earlier restructuring of the Resources & Industrial and Workforce divisions, all our operations have a lower cost base and are trading more efficiently.

'Our Workforce division's performance has shown solid improvement and this is expected to continue, while our Resources & Industrial division is forecasting significant increases in revenue and earnings in 2H11 and FY12. With the Property and Infrastructure division now operating with a lower cost base, we are confident of a stronger result in the second half, with EBITA of approximately $30 million, similar to 2H10.

'This would lead to EBITA of approximately $46 million before restructuring costs for the full year.'

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Programmed Maintenance Services Limited ABN 61 054 742 264

Group Results	1H11 30 Sep 2010[1] $m	1H10 30 Sep 2009 $m	% Change
Continuing Operations:-			
Revenue	604.7	572.3	5.6%
EBITDA	22.7	33.1	(31.4%)
Depreciation	(6.5)	(6.2)	(4.6%)
EBITA (before restructuring costs)	**16.2**	**26.9**	**(39.8%)**
Restructuring costs	(5.9)	0.0	0.0%
EBITA	**10.3**	**26.9**	**(61.6%)**
Amortisation	(0.2)	(0.8)	76.9%
Earnings before interest expense and tax	**10.2**	**26.1**	**(61.1%)**
Net interest expense	(6.8)	(8.4)	19.2%
Profit before tax	**3.4**	**17.7**	**(81.0%)**
Income tax benefit/(expense)[2]	1.2	(6.0)	120.1%
Profit from continuing operations	**4.6**	**11.7**	**(60.9%)**
Discontinuing operations[3]	(7.6)	0.4	
Profit after tax (statutory basis)	**(3.1)**	**12.1**	**(125.4%)**
Profit after tax (pre amortisation)	(2.9)	12.9	(122.3%)
Earnings per share (pre amortisation)	**(2.4)**	**12.9**	**(118.9%)**
Weighted average shares on issue (million)	118.2	99.2	19.1%

[1] *Half year ended 30 Sept 2010 results include 6 months contribution from KLM Group*

[2] *Includes $1.8m tax benefit from retrospective change in tax consolidation rules to allow additional deductions for assets acquired after 1 July 2002*

[3] *Discontinuing operations comprise the United Kingdom painting business*

Results by Division

Property & Infrastructure	1H11 30 Sep 2010[1] $m	1H10 30 Sep 2009 $m	% Change
Revenue	298.1	240.9	23.8%
EBITA	10.5	14.1	(25.6%)

[1] *Includes revenue of $75.4m and EBITA of $2.9m from KLM Group (acquired in Jan 2010)*

Results were affected by customers' budget cuts and reluctance to commit to new expenditure, which were less evident in FY10 due to federal government stimulus work. The division's response has included a reduction in overhead costs by $7.5 million per annum and expansion of painting programme service options. Full details of these initiatives, which will begin to benefit earnings in 2H11, were contained in the ASX announcement of 10 November 2010 (available on the Programmed website: www.programmed.com.au).

Future facility management earnings will benefit from the start of a 25-year $200 million prison contract and from recently-awarded public housing contracts. Electrical / communication services activities (KLM) are expected to continue to perform well, and work in hand at the end of September 2010 was $80 million compared with $45 million at the time of the business' purchase in January 2010.

While the division has been responding to the weaker demand, it has continued to focus on its strategy, which is to maintain strong, long-term relationships with many customers and to expand its range of services. The acquisition of KLM in January 2010 has added capability, and further opportunities exist to grow the volume and range of maintenance and project services for many customers as the economy recovers.

The present value before tax liabilities of the division's contract recoverable asset at 30 September 2010 was $138.6 million before tax; this relates to work previously performed but yet to be invoiced per the terms of long-term painting maintenance programmes.

Resources & Industrial	1H11 30 Sep 2010 $m	1H10 30 Sep 2009 $m	% Change
Revenue	103.5	147.6	(29.9%)
EBITA	4.3	12.3	(65.0%)

Activity levels in 1H11 were well below the prior corresponding period due to delays in work restarting after the major industrial dispute at the beginning of 2010 and to lower levels of general maintenance / construction work.

The general maintenance and construction operations have been restructured through merging the back office with the larger marine services operations. This has lowered the fixed cost base by more than $5 million, as anticipated in May 2010, and has resulted in a restructuring cost of $2.3 million in 1H11.

A substantial uplift in revenue is expected in 2H11 and FY12. Work in hand at September 2010 and due to be completed by March 2012 was greater than $350 million, and opportunities for additional new work are being pursued.

The division continues to seek opportunities to expand the range of maintenance and project services it can deliver customers in the resources and industrial markets.

Workforce	1H11 30 Sep 2010 $m	1H10 30 Sep 2009 $m	% Change
Revenue	201.5	180.8	11.5%
EBITA	5.3	4.0	32.7%

The performance of the company's staffing services division has been pleasing, recovering from its low in mid-2009 as the economy strengthens, and the reduction of the cost base in the prior year will provide further upside as revenue grows. Demand has been building across the mining and construction markets and recovery has commenced in the SME market. The improvement in demand, together with strong cost management, has resulted in an increased EBITA margin.

Unallocated Costs (1H 11 -$3.9m vs -$3.5m pcp).
These costs relate to corporate overheads and a range of non-trading income and expenses.

Change in accounting policy for painting programmes

The change in accounting policy for painting programmes, as announced on 10 November 2010 (available on the Programmed website: www.programmed.com.au), has been applied retrospectively so FY11 financial results can be compared with previous years. The main consequence of this change is a non-cash reduction of $27.6 million in the book value of the contract recoverable asset at 31 March 2010 and a similar increase in interest income to be recognised in future years. This has resulted in an increase of $0.2 million in 1H10 EBITA and an increase of $0.7 million in 1H11 EBITA.

Discontinued operations – UK painting business

As announced in May 2010, Programmed has decided to exit its UK painting business. Most of the redundancies and restructuring of the business has been completed and a provision of $7.6 million has been booked in 1H11 for the estimated loss after tax on exiting the business. Offers are currently being evaluated for the contract book, with the aim of generating a net cash surplus of approximately $5 million, to be received over a number of years and invested in the group's Australian and New Zealand businesses.

Balance sheet and cash flows

Gross operating cash flow was $15.9 million, 4% higher than the previous corresponding period ($15.3 million). After significantly lower interest and income tax payments than 1H10, net operating cash flow was $2.1 million.

With the continued focus on capital management, the group's net debt at 30 September 2010 was almost unchanged at $108.5 million, compared with $106.6 million at 31 March 2010. Due to the reduction in net assets from the change in accounting policy, the net debt to equity ratio increased to 32% at 30 September 2010 from 30% at 31 March 2010.

For further information contact:

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