PROGRAMMED MAINTENANCE SERVICES LIMITED

(ABN 61 054 742 264)

HALF YEAR REPORT

For the half-year ended 30 September 2011

APPENDIX 4D – HALF YEAR REPORT

Results for Announcement to the Market

For the half-year ended 30 September 2011
(Previous corresponding period: half-year ended 30 September 2010)

				$'000
Revenue from ordinary activities (continuing and discontinued) *(Appendix 4D item 2.1)*	up	6.7%	to	652,307
Profit from ordinary activities after tax attributable to members (continuing and discontinued) *(Appendix 4D item 2.2)*	up	N/A*	to	11,607
Profit for the period attributable to members *(Appendix 4D item 2.3)*	up	N/A*	to	11,607

** Loss of $3,065 thousand in the previous corresponding period, half year ended 30 September 2010.*

The results for the half-year ended 30 September 2011 shown above are not directly comparable to the previous half-year ended 30 September 2010 due to the differing impacts of the following items which are described in the attached results commentary and financial report:

- *Restructuring costs incurred in the half year ended 30 September 2010.*
- *The costs of exiting the United Kingdom painting business (disclosed as discontinued operations) in the half year ended 30 September 2010.*
- *Three months' contribution in the half year ended 30 September 2010 from SWG Offshore Pty Ltd prior to its sale on 1 July 2010.*

Dividends/distributions *(Appendix 4D item 2.4)*			**Amount per security (cents)**	**Franked amount per security (cents)**
Interim dividend determined			5.0	5.0
Previous corresponding period			3.0	3.0

Record date for determining entitlements to the dividend: 11 January 2012

(payment date of 27 January 2012)

			30 September 2011 (cents)	**30 September 2010 (cents)**
Net Tangible Assets per Ordinary Share			91.4	76.2

HALF YEAR FINANCIAL REPORT

Half-year ended 30 September 2011

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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 2011 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 Securities Exchange.

RESULTS COMMENTARY

Programmed First Half FY12 Results

Programmed, which provides staffing, maintenance and project services, today announced a profit after tax of $11.6 million for the six months to 30 September 2011. This compares with a profit of $4.6 million from continuing operations and a statutory loss of $3.1 million in the previous corresponding period.

EBITA (earnings before interest, tax and amortisation) was $23.7 million, up 129% compared with $10.3 million (and $16.2 million before restructuring costs) in the first half of FY2011.

Revenue from continuing operations was $652.3 million, up 8%.

The board has determined to pay a fully franked interim dividend of 5.0 cents per share (1H2011: 3.0 cents), payable on 27 January 2012 to shareholders on the register at 11 January.

Chris Sutherland, managing director of Programmed, said: ‘We are very pleased with this result which reflects Programmed’s strong market positions and the benefits of the restructuring we have undertaken in all three divisions over the past three years.

‘The changes we made last year in our Property & Infrastructure division, in particular our Property Services business, have improved our margins. While some of the division’s private sector customers remain cautious, we are seeing increasing opportunities in the government sector.

‘The Resources division has performed strongly on the back of increased activity in the mining, oil and gas sectors, and we expect this to continue in the second half.

‘The Integrated Workforce division also increased its earnings as a result of tight internal discipline. Overall demand, however, was flat, with weakness in the manufacturing, transport and industrial sectors partly offset by strength in the mining and heavy construction sectors.’

Outlook

‘With more than 7,000 customers and 100 branches throughout Australia and New Zealand, Programmed is well placed to continue to expand our operations and increase the range of services we provide to each customer,’ said Mr Sutherland.

‘While the external business environment remains challenging and demand from some sectors has weakened, this is balanced by Programmed’s increasing exposure to the resources, infrastructure and government sectors. Overall, the group continues to project for FY2012 growth in the Property & Infrastructure division’s earnings supported by the cost reductions in FY2011; growth in the Resources division’s revenue and earnings due to strong demand; and growth in the Integrated Workforce division’s earnings as a result of tight control of margins and costs.’

RESULTS COMMENTARY (CONTINUED)

Group Results	1H 2012 30 Sep 2011 $m	1H 2011 30 Sep 2010 $m	% change
Continuing operations			
Revenue	**652.3**	**604.7**	**8%**
EBITDA (before restructuring costs)	29.2	22.7	29%
Depreciation	(5.5)	(6.5)	15%
EBITA (before restructuring costs)	**23.7**	**16.2**	**46%**
Restructuring costs	0.0	(5.9)	
EBITA	**23.7**	**10.3**	**129%**
Amortisation	(0.1)	(0.2)	38%
EBIT	**23.6**	**10.2**	**132%**
Net Interest	(7.0)	(6.8)	(3%)
Profit Before Tax	**16.6**	**3.4**	**391%**
Income Tax Expense[1]	(5.0)	1.2	
Profit From Continuing Operations	**11.6**	**4.6**	**153%**
Discontinued operations[2]	0.0	(7.6)	
Profit After Tax (statutory basis)	**11.6**	**(3.1)**	
Earnings Per Share	**9.8**	**(2.6)**	
Earnings Per Share (continuing operations)	**9.8**	**3.9**	**153%**
Weighted Average Shares on Issue (million)	118.2	118.2	

[1] *1H 2011 includes $1.9m tax benefit from retrospective change in tax consolidation rules to allow additional deductions for assets acquired after 1 July 2002*

[2] *Discontinued operations comprise the United Kingdom painting business*

RESULTS COMMENTARY (CONTINUED)

Property & Infrastructure	1H 2012 30 Sep 2011 $m	1H 2011 30 Sep 2010 $m	% change
Revenue	321.5	298.1	7.8%
EBITA	12.3	10.5	17.1%

The Property Services business increased its margin, benefiting from improved sales processes and from the introduction of three new long-term maintenance painting programmes. These new programmes, which give customers greater choice and require a lower capital commitment, have made up approximately 25% of new programmes sold during the year to date. Further improvements are planned across the operations, and, as usual, higher revenue is expected in the second half due to increased painting volume during the summer season.

The Facility Management business produced a steady result, with small increases in revenue and earnings. The highlight of the year was the 10-year facility management contract with WA Water Corporation. This is expected to contribute revenue of $785 million over the ten years, with work starting in February 2012. The business will also benefit next year from the operational start of Programmed's 25-year $200 million prison maintenance contract in Victoria.

The KLM Electrical & Communications business continued to perform well and in line with expectations. While first half earnings were lower than the strong first half of FY2011, earnings for the full year are expected to be similar to the previous year.

Resources	1H 2012 30 Sep 2011 $m	1H 2011 30 Sep 2010 $m	% change
Revenue	138.6	103.5	33.9%
EBITA	10.8	4.3	151.2%

The Total Marine Services business, which provides manning, vessel management and other services, performed strongly due to increased revenue from offshore oil and gas projects. Further growth is expected in the second half, with Programmed's major Gorgon contract due to begin offshore operations in December 2011, and the business is seeking to develop further work associated with other offshore developments.

The onshore Construction & Maintenance business has been successful in securing a number of contracts in both the north and the south of Western Australia.

Workforce	1H 2012 30 Sep 2011 $m	1H 2011 30 Sep 2010 $m	% change
Revenue	190.6	201.5	(5.4%)
EBITA	6.0	5.3	13.2%

The Integrated Workforce division provides a range of staffing services across all industry sectors. Overall demand was flat in the first quarter and weakened across the general manufacturing and industrial sectors during the second quarter, although demand from the mining and heavy construction sectors remained strong. Margins increased through tight control of costs and increased focus on regions where demand is stronger. Trading conditions to date are similar to the first half.

RESULTS COMMENTARY (CONTINUED)

Unallocated costs (1H12: $5.4 million vs $3.9 million pcp)

These relate to corporate overheads and a range of non-trading income and expenses, including foreign exchange movements from UK and NZ payments.

Balance sheet and cash flows

Gross operating cash flow was $33.1 million, 108% higher than the previous corresponding period ($15.9 million). Net operating cash flow was $16.9 million.

With the continued focus on capital management, the group's net debt reduced to $110.0 million at 30 September 2011, from $118.4 million at 31 March 2011. The net debt to equity ratio fell to 30.5% at 30 September 2011 from 33.7% at 31 March 2011.

On 30 September 2011, the group agreed new terms with its banks to provide lending facilities to October 2014, replacing the existing facilities due to expire in October 2012. The bank syndicated facility includes three financing tranches aggregating $250 million. Other arrangements for the group's asset finance requirements ($17 million) remain in place.

Strategy

Programmed's customer knowledge and relationships are at the centre of the group's core strategies which are;

- selling more services to customers;
- expanding the range of services offered to customers; and
- increasing penetration of the resources market.

The group started the FY2012 financial year with a clear plan to improve performance and grow the business. This plan includes installation of an upgraded HSE administration system; detailed HSE, financial, sales and general management training for over 100 operational managers; and "mining the group's extensive customer base".

Programmed has recently rolled out a major refresh of its brand across its operations to ensure customers connect with and know more about the whole group. This commenced in late September and will be completed in December. The brand refresh places a strong emphasis on ensuring staff across all businesses feel a stronger connection with each other and have the knowledge to see and refer potential new business with existing customers across all business units. In addition, a common customer relationship management (CRM) system is being rolled out and a group-wide customer referral incentive scheme has been running since the beginning of the financial year. Early indicators such as number of referrals, web traffic and customer feedback are positive.

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of Programmed Maintenance Services Limited ("the company") and its subsidiaries ("the Group") for the half-year ended 30 September 2011 and the auditors review report thereon.

The names of the directors of the company during or since the end of the half-year are:

Geoffrey Allan Tomlinson
Christopher Glen Sutherland
Bruce Robert Brook
Susan Mary Oliver
Emma Rachel Stein
Jonathan Gladstone Whittle
Robert John McKinnon

The above named directors held office during the whole of the half-year and since the end of the half-year except for:

Geoffrey Allan Tomlinson – retired 5 August 2011
Robert John McKinnon – appointed 14 November 2011

REVIEW OF OPERATIONS

Consolidated revenue (continuing operations) for the half-year ended 30 September 2011 was $652.307 million, which is 7.9% higher than the corresponding period last year.

For the half-year ended 30 September 2011, the consolidated profit before tax (continuing operations) amounted to $16.57 million and consolidated profit after tax amounted $11.607 million ($3.361 million and $4.57 million respectively for the half-year ended 30 September 2010).

On 29 September 2011, the Group announced that it was the successful proponent for the Perth region operations, maintenance and asset management integrated alliance contract with the WA Water Corporation.

The initial contract term is five years and five months, with rolling extensions possible for the first five years up to a ten year, five month term. The total value of services to be delivered by the Group over this term is currently estimated to be $785 million. A further five year contract extension is also possible.

The alliance will begin in February 2012, following a transition period.

On 30 September 2011, the Group agreed new terms with its banks to provide lending facilities to October 2014, replacing the existing facilities due to expire in October 2012.

CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the consolidated entity during the half year.

SUBSEQUENT EVENTS

On 14 October 2011, the Group completed and signed legal documentation for the new lending facilities.

There has not been any other matter or circumstance that has arisen since the end of the half 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.

DIRECTORS' REPORT (CONTINUED)

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration is included on page 10 of the half-year financial report.

ROUNDING OFF OF AMOUNTS

The company is of a 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 have been rounded off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the directors

C G SUTHERLAND
DIRECTOR

PERTH, WESTERN AUSTRALIA
23 NOVEMBER 2011

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23 November 2011

The Board of Directors
Programmed Maintenance Services Limited
47 Burswood Road
BURSWOOD WA 6100

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 half-year ended 30 September 2011, 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

C Biermann
Partner
Chartered Accountants

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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 condensed statement of financial position as at 30 September 2011, and the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity 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 13 to 26.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 2011 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.

Deloitte

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Programmed Maintenance Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 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

C Biermann
Partner
Chartered Accountants
Melbourne, 23 November 2011

DIRECTORS' DECLARATION

The directors declare that:

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

C G SUTHERLAND
DIRECTOR

PERTH, WESTERN AUSTRALIA
23 NOVEMBER 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2011

	Note	Consolidated Half-year ended 30 Sep 2011 $'000	30 Sep 2010 $'000
Continuing operations			
Revenue		652,307	604,669
Other income		1,836	1,135
Share of net loss of associate accounted for using the equity method		(1)	(391)
Changes in inventories		(4,883)	5,501
Raw materials and consumables used		(70,020)	(61,610)
Employee benefits expense		(401,245)	(367,711)
Sub-contractor expenses		(121,863)	(123,309)
Depreciation and amortisation expense	3	(5,559)	(6,703)
Finance costs	3	(7,339)	(7,289)
Equipment and motor vehicle costs		(6,963)	(8,911)
Information technology and telecommunication costs		(3,955)	(3,544)
Other expenses		(15,745)	(28,476)
Profit before income tax		16,570	3,361
Income tax (expense)/benefit	4	(4,963)	1,209
Profit for the period from continuing operations		11,607	4,570
Discontinued operations			
Loss from discontinued operations	8	-	(7,635)
Profit/(loss) attributable to members of Programmed Maintenance Services Limited		11,607	(3,065)
		Cents	Cents
Earnings per share			
From continuing and discontinued operations:			
Basic earnings/(loss) per share		9.8	(2.6)
Diluted earning/(loss) per share		9.7	(2.6)
From continuing operations:			
Basic earnings per share		9.8	3.9
Diluted earnings per share		9.7	3.8

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2011

	Consolidated Half-year ended	
	30 Sep 2011	**30 Sep 2010**
	$'000	**$'000**
Profit/(loss) for the period	11,607	(3,065)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	3,741	(765)
Gain on cash flow hedges taken to equity net of tax	114	650
Other comprehensive income for the period (net of tax)	3,855	(115)
Total comprehensive income for the period attributable to owners of the parent entity	15,462	(3,180)

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2011

	Note	Consolidated 30 Sep 2011 $'000	31 Mar 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents	1	14,030	20,109
Trade and other receivables	1	259,654	246,947
Other financial assets		2,804	5,048
Inventories		62,242	60,154
Current tax assets		256	732
Other	1	2,371	5,419
Total current assets		341,357	338,409
NON-CURRENT ASSETS			
Trade and other receivables		65,979	67,552
Inventories		8,471	13,667
Other financial assets		2,991	3,724
Property, plant and equipment		23,107	24,414
Deferred tax assets		21,119	18,750
Goodwill		238,935	238,397
Other intangible assets		13,169	12,650
Total non-current assets		373,771	379,154
TOTAL ASSETS		715,128	717,563
CURRENT LIABILITIES			
Trade and other payables		132,164	134,309
Borrowings	1	19,573	19,358
Current tax payables		5,953	2,827
Provisions		32,984	26,988
Total current liabilities		190,674	183,482
NON-CURRENT LIABILITIES			
Borrowings		104,423	119,087
Other financial liabilities		-	161
Deferred tax liabilities		51,559	54,897
Provisions		8,375	8,480
Total non-current liabilities		164,357	182,625
TOTAL LIABILITIES		355,031	366,107
NET ASSETS		360,097	351,456
EQUITY			
Issued capital		235,632	235,714
Reserves		(15)	(4,221)
Retained earnings		124,480	119,963
TOTAL EQUITY		360,097	351,456

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2011

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Capital profits reserve $'000	Equity settled employee benefits reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2010	236,060	(11,300)	5,535	2,521	(1,132)	120,170	351,854
Loss for the period	-	-	-	-	-	(3,065)	(3,065)
Exchange differences arising on translation of foreign operations	-	(765)	-	-	-	-	(765)
Gain on cash flow hedges	-	-	-	-	650	-	650
Other comprehensive income for the period	-	(765)	-	-	650	-	(115)
Recognition of share-based payments	-	-	-	(1,091)	-	-	(1,091)
Income tax related to share issue costs	(264)	-	-	-	-	-	(264)
Payment of dividends (note 6)	-	-	-	-	-	(7,090)	(7,090)
Balance at 30 September 2010	235,796	(12,065)	5,535	1,430	(482)	110,015	340,229
Balance at 1 April 2011	235,714	(10,758)	5,535	1,116	(114)	119,963	351,456
Profit for the period	-	-	-	-	-	11,607	11,607
Exchange differences arising on translation of foreign operations	-	3,741	-	-	-	-	3,741
Gain on cash flow hedges	-	-	-	-	114	-	114
Other comprehensive income for the period	-	3,741	-	-	114	-	3,855
Recognition of share-based payments	-	-	-	351	-	-	351
Income tax related to share issue costs	(82)	-	-	-	-	-	(82)
Payment of dividends (note 6)	-	-	-	-	-	(7,090)	(7,090)
Balance at 30 September 2011	235,632	(7,017)	5,535	1,467	-	124,480	360,097

Notes to the condensed consolidated financial statements are included on pages 19 to 26

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2011

	Note	Consolidated Half-year ended 30 Sep 2011 $'000	30 Sep 2010 $'000
Cash Flows from Operating Activities			
Receipts from customers		724,137	687,822
Payments to suppliers and employees		(691,035)	(671,918)
Interest and other cost of finance paid		(7,654)	(6,978)
Income tax paid		(8,497)	(6,809)
Net cash provided by operating activities		16,951	2,117
Cash flows from investing activities			
Interest received		213	405
Payment for property, plant and equipment		(2,276)	(3,098)
Proceeds from sale of property, plant and equipment		1,245	981
Payment for development software		(395)	(538)
Payment for businesses		(350)	(60)
Proceeds from sale of businesses	8	3,171	3,000
Payments for mobilisation of contracts		(640)	-
Net cash provided by investing activities		968	690
Cash flows from financing activities			
Proceeds from borrowings		10,000	30,306
Repayment of borrowings		(27,196)	(55,411)
Dividends paid		(7,090)	(7,090)
Net cash used in financing activities		(24,286)	(32,195)
Net decrease in cash and cash equivalents		(6,367)	(29,388)
Cash and cash equivalents at the beginning of the period		20,109	46,527
Effects of exchange rate changes on the balance of cash held in foreign currencies		288	(104)
Disposal of subsidiary	8	-	(25)
Cash and cash equivalents at the end of the period		14,030	17,010
Reconciliation of cash			
Cash and cash equivalents per balance sheet		14,030	16,420
Cash and cash equivalents classified as held for sale		-	590
Cash and cash equivalents per cash flow statement		14,030	17,010

Notes to the condensed consolidated financial statements are included on pages 19 to 26

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2011

1. Significant accounting policies

Programmed Maintenance Services Limited (the "Company") is a company domiciled in Australia. The condensed consolidated financial statements of the Company for the six months ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the consolidated entity's interest in associates.

The consolidated financial statements of the Group as at and for the year ended 31 March 2011 are available upon request at the Company's registered office at 47 Burswood Road, Burswood, Western Australia or at www.programmed.com.au.

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 and shall be read in conjunction with the most recent annual financial report.

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.

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 company's 2011 annual financial report for the financial year ended 31 March 2011.

Reclassifications

Bank overdrafts amounting to $9,486 thousand at 31 March 2011 and $10,738 thousand at 30 September 2010 have been reclassified from current borrowings to cash and cash equivalents in line with the available right of set off.

Financial assets amounting to $5,356 thousand at 31 March 2011 have been reclassified from other current assets to trade and other receivables.

2. Segment Information

Basis of segmentation

The Group's business is organised into the following operating and reportable segments:

- Workforce
- Property & Infrastructure
- Resources

Information has been reported for the 3 segments in the half year ended 30 September 2011.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

2. Segment Information (continued)

The following is an analysis of the revenue and results for the period, analysed by reportable operating segment.

	Workforce		Property & Infrastructure		Resources		Total continuing operations		Discontinued operations UK Painting		Consolidated	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Revenue	190,608	201,531	318,184	294,979	138,609	103,504	**647,401**	**600,014**	-	6,669	**647,401**	**606,683**
Finance revenue on long term maintenance contracts	-	-	3,358	3,129	-	-	**3,358**	**3,129**	-	-	**3,358**	**3,129**
	190,608	201,531	321,542	298,108	138,609	103,504	**650,759**	**603,143**	-	6,669	**650,759**	**609,812**
Other revenue (unallocated)							**1,548**	**1,526**	-	13	**1,548**	**1,539**
							652,307	**604,669**	-	6,682	**652,307**	**611,351**
Segment result												
Earnings before interest, tax, amortisation, restructuring and unallocated costs	6,008	5,321	12,257	10,478	10,781	4,310	**29,046**	**20,109**	-	(8,858)	**29,046**	**11,251**
Amortisation of contract intangibles							**(66)**	**(187)**	-	-	**(66)**	**(187)**
Restructuring costs							**-**	**(5,866)**	-	-	**-**	**(5,866)**
Unallocated costs							**(5,365)**	**(3,895)**	-	-	**(5,365)**	**(3,895)**
Earnings before interest and tax							**23,615**	**10,161**	-	(8,858)	**23,615**	**1,303**
Net finance costs							**(7,045)**	**(6,800)**	-	(120)	**(7,045)**	**(6,920)**
Profit/(loss) before tax							**16,570**	**3,361**	-	(8,978)	**16,570**	**(5,617)**
Income tax (expense)/benefit							**(4,963)**	**1,209**	-	1,343	**(4,963)**	**2,552**
Profit/(loss) for the year							**11,607**	**4,570**	-	(7,635)	**11,607**	**(3,065)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

3. Profit

	Consolidated Half-year ended 30 Sep 2011 $'000	Consolidated Half-year ended 30 Sep 2010 $'000
Profit before income tax includes the following specific expenses:		
Finance Costs:		
Total interest costs	5,311	6,079
Other finance costs	2,028	1,330
	7,339	7,409
Continuing operations	7,339	7,289
Discontinued operations	-	120
	7,339	7,409
Depreciation and amortisation of non-current assets		
- Plant and equipment	4,992	6,144
- Identifiable intangibles	103	303
- Other non-current assets	464	506
	5,559	6,953
Continuing operations	5,559	6,703
Discontinued operations	-	250
	5,559	6,953

4. Income taxes

The income tax expense/(benefit) for the half year can be reconciled to the accounting profit/(loss) as follows:

	Half-year ended 30 Sep 2011 $'000	Half-year ended 30 Sep 2010 $'000
Profit from continuing operations	16,570	3,361
Loss from discontinued operations	-	(8,978)
Profit/(loss) from operations	16,570	(5,617)
Income tax expense/(benefit) calculated at 30%	4,971	(1,685)
Effect of amounts that are not deductible/(assessable) in determining taxable profit:		
Amortisation of intangibles	31	78
Non-assessable gain on disposal of business	411	(176)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(106)	(139)
Benefit of tax losses not recognised	7	433
Impairment of assets	-	1,218
Tax consolidation deduction	-	(1,840)
Other sundry items	(351)	(95)
	4,963	(2,206)
Adjustments recognised in the current year in relation to the current tax of prior years	-	(346)
Income tax expense/(benefit)	4,963	(2,552)
Continuing operations	4,963	(1,209)
Discontinued operations	-	(1,343)
	4,963	(2,552)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

5. Contracts and work in progress at recoverable value

Consolidated	Half-year ended 30 Sep 2011 $'000	Year ended 31 Mar 2011 $'000	Half-year ended 30 Sep 2010 $'000
Contracts in progress at recoverable value			
Balance at the beginning of period	133,785	152,272	152,272
Decrease in amounts recoverable: Continuing	(5,425)	(7,507)	(4,560)
Decrease in amounts recoverable: Discontinued	-	(986)	-
Impairment provision	-	-	(1,239)
Disposal of subsidiaries	-	(7,054)	-
Effect of foreign currency movements	3,711	(2,940)	(1,451)
Balance at end of period	132,071	133,785	145,022
Categorised as:			
Current	66,092	66,460	69,138
Assets classified as held for sale	-	-	6,406
Non-current	65,979	67,325	69,478
	132,071	133,785	145,022
Work in progress at recoverable value			
Balance at the beginning of period	28,997	22,845	22,845
(Decrease)/increase in amounts recoverable: Continuing	(2,306)	8,794	3,229
Decrease in amounts recoverable: Discontinued	-	(1,872)	-
Disposal of subsidiaries	-	(500)	-
Effect of foreign currency movements	380	(270)	(1,029)
Balance at end of period	27,071	28,997	25,045
Categorised as:			
Current	18,600	15,330	12,128
Assets classified as held for sale	-	-	1,430
Non-current	8,471	13,667	11,487
	27,071	28,997	25,045
Total contracts and work in progress at recoverable value			
Categorised as:			
Current	84,692	81,790	81,266
Assets classified as held for sale	-	-	7,836
Non-current	74,450	80,992	80,965
	159,142	162,782	170,067

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

6. Dividends

During the period, Programmed Maintenance Services Limited made the following dividend payments:

	Half-year ended 30 Sep 2011		Half-year ended 30 Sep 2010	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	6.0	7,090	6.0	7,090

On 23 November 2011, the directors determined a fully franked interim dividend of 5.0 cents per share (2010: 3.0 cents) to the holders of fully paid ordinary shares in respect of the half-year ended 30 September 2011, to be paid to shareholders on 27 January 2012. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $5,908 thousand (2010: $3,545 thousand).

7. Issued capital

	30 Sep 2011 $'000	30 Sep 2010 $'000
118,169,908 fully paid ordinary shares (2010: 118,169,908)	235,632	235,796

	Half-year ended 30 Sep 2011		Half-year ended 30 Sep 2010	
	No.'000	$'000	No.'000	$'000
Ordinary shares				
Balance at the beginning of the half-year	118,170	235,714	118,170	236,060
Income tax related to share issue costs	-	(82)	-	(264)
Balance at the end of the half-year	118,170	235,632	118,170	235,796
Performance shares				
Balance at the beginning of the half-year	-	-	2,000	-
Converting during the half-year	-	-	(2,000)	-
Balance at the end of the half-year	-	-	-	-

Performance shares

As a result of the sale of SWG Offshore Pty Limited (refer note 8(ii)) and in accordance with the terms of the SWG share purchase agreement (dated 1 July 2008), the remaining 2,000 performance shares converted during the previous half year reporting period into only two Programmed ordinary shares. Accordingly, there are now no performance shares currently on issue and there is no further deferred consideration payable under the SWG share purchase agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

7. Issued capital (continued)

Apart from those noted above, there were no other movements in the issued share capital of the company in the current or prior half-year reporting period.

Performance rights and options

The following reconciles the outstanding Performance rights and options under the Long Term Incentive Plan at the beginning and end of the half-year:

	Performance rights Half year ended		Performance options Half year ended	
	30 Sep 2011 No.	30 Sep 2010 No.	30 Sep 2011 No.	30 Sep 2010 No.
Balance at the beginning of the half-year	996,500	952,500	1,817,000	3,185,000
Granted during the half-year	1,603,000	684,000	-	-
Exercised during the half-year	-	-	-	-
Lapsed during the half-year	(78,500)	(477,500)	(231,000)	(100,000)
Balance at the end of the half-year	2,521,000	1,159,000	1,586,000	3,085,000

8. Disposal of subsidiaries

(i) Discontinued operations in the half year ended 30 September 2010

On 12 May 2010, the consolidated entity announced that, following a strategic review of its operations and taking into account changes in market conditions over the past 18 months, it proposed to exit its United Kingdom painting business. The business, consisting of Programmed Maintenance Services (UK) Limited and its subsidiaries was disposed of on 14 February 2011.

The loss for the half-year from the discontinued operations is analysed as follows:

	Half-year ended 30 Sep 2011 $'000	Half-year ended 30 Sep 2010 $'000
Loss of the business for the half-year	-	(7,635)

The following were the results of the business for the half-year:

Revenue and other income	-	6,722
Operating expenses	-	(11,268)
Depreciation and amortisation expense	-	(250)
Finance costs	-	(120)
Operating loss before tax	-	(4,916)
Impairment expense	-	(4,062)
Loss before income tax	-	(8,978)
Income tax benefit	-	1,343
Loss after tax	-	(7,635)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

8. Disposal of subsidiaries (continued)

(ii) Disposal of subsidiary in the half year ended 30 September 2010

On 1 July 2010, the Group disposed of SWG Offshore Pty Limited. The consideration consisted of an upfront cash receipt of $3,000 thousand offset by a rise and fall adjustment of $630 thousand payable to the acquirer 12 months after completion, and a performance component of up to $4,000 thousand receivable 12 months after completion on satisfaction of certain conditions. At 31 March 2011, the Group calculated a fair value of $2,432 thousand for the performance component and recorded a financial asset at fair value through the profit and loss account and a corresponding gain in the income statement in that year. In the half year ended 30 September 2011, the performance component was settled at a net cash value of $3,171 thousand (performance component of $3,951 thousand less adjustments of $150 thousand and less the rise and fall adjustment of $630 thousand).

Details of the sale of the subsidiary:

	Half-year ended 30 Sep 2011 $'000	Half-year ended 30 Sep 2010 $'000
Cash consideration received	3,171	3,000
Rise and fall adjustment	-	(630)
Net consideration	3,171	2,370
Fair value of performance component recorded in the year ended 31 March 2011	(2,432)	-
Rise and fall adjustment recorded in the year ended 31 March 2011	630	-
Carrying amount of net assets (including goodwill) sold	-	(1,783)
Gain on disposal	1,369	587
Income tax	-	-
Gain on disposal after tax	1,369	587
Net cash inflow on disposal:		
Cash and cash equivalents consideration	3,171	3,000
Less cash balance disposed of	-	(25)
	3,171	2,975

The sale was not presented as a discontinued operation since SWG Offshore Pty Ltd was not a major line of business of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2011

9. Subsequent events

On 30 September 2011, the Group agreed new terms with its banks to provide lending facilities to October 2014, replacing the existing facilities due to expire in October 2012.

On 14 October 2011, the Group completed and signed legal documentation for the new facility.

There has been no other matter or circumstance that has arisen since the end of the half year, other than those referred to in the financial statements or notes thereto, 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.