PROGRAMMED MAINTENANCE SERVICES LIMITED

ABN 61 054 742 264

HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2014

APPENDIX 4D – HALF YEAR REPORT

Results for announcement to the market

For the half-year ended 30 September 2014
(Previous corresponding period: half-year ended 30 September 2013)

				$ '000
Revenue from ordinary activities (continuing) *(Appendix 4D item 2.1)*	down	0.9%	to	716,861
Profit from ordinary activities after tax attributable to members (continuing) *(Appendix 4D item 2.2)*	down	21.4%	to	9,759
Profit for the period attributable to members *(Appendix 4D item 2.3)*	down	21.4%	to	9,759

The results for the half year ended 30 September 2014 shown above are not directly comparable to the previous half year ended 30 September 2013 due to the impact of the following items which are described in the attached results commentary and financial report:

	HY 30 Sep 14 $'M	*HY 30 Sep 13 $'M*
Non trading items:		
Restructuring costs	*0.9*	*0.6*
Incentive payment (Turnpoint acquisition)	*1.4*	*-*
Equity accounted loss for the investment in OneShift	*0.3*	*-*
Tax on non-trading items	*(0.3)*	*(0.2)*
Total non-trading items	*2.3*	*0.4*
Profit before non-trading items	*12.1*	*12.8*

Dividends/distributions *(Appendix 4D item 2.4)*			Amount per security (cents)	Franked amount per security (cents)
Interim dividend determined			6.5	6.5
Previous corresponding period			6.0	6.0

Record date for determining entitlements to the dividend: 8 January 2015

(payment date of 22 January 2015)

The dividend reinvestment plan will remain suspended until further notice.

			30 September 2014 (cents)	30 September 2013 (cents)
Net Tangible Assets per Ordinary Share			122.2	115.5

HALF YEAR FINANCIAL REPORT

Half-year ended 30 September 2014

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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 2014 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

Results for first half to September 2014

Statutory NPAT $9.8 million
NPAT before non-trading items $12.1 million
Interim dividend up 8% to 6.5 cps, fully franked
Net debt down 42% to $24 million

Programmed (ASX:PRG), which provides staffing, maintenance and facility management services, today announced an after-tax profit of $12.1 million before non-trading items for the six months to 30 September 2014 (1H FY14: $12.8 million). After non-trading items, after-tax profit was $9.8 million (1H FY14: $12.4 million).

Non-trading items were the final earn-out payment of $1.4 million for the acquisition of Turnpoint (announced in July 2014); restructuring costs of $0.9 million (announced in May 2014); and $0.3 million for Programmed's share of the net loss by its associate OneShift.

Revenue was $716.9 million (1H FY14: $723.6 million).

Earnings before interest and tax (EBIT) by the Property & Infrastructure and Resources divisions were in line with the previous year, but lower earnings by the Workforce division resulted in a decline of 8% in group EBIT before non-trading items to $20.6 million (1H FY14: $22.4 million).

Interest paid was down 27% to $3.0 million due to a reduction in net debt to $24.3 million at 30 September 2014, 42% lower than at 31 March 2014 ($42.2 million).

The board has determined to increase the interim dividend by 8% to 6.5 cents per share fully franked, payable on 22nd January 2015 to shareholders on the register at 8th January.

Chris Sutherland, managing director of Programmed, said: ‘We are pleased to have maintained strong cash flow, lowered debt and increased the dividend in challenging market conditions. Importantly, we are also making necessary changes to the business and investing in longer-term growth opportunities, which have reduced reported profit in the short term but will position the company for future growth.

'Programmed is at the coal face of significant change across the Australian economy, and we are ensuring we are well positioned in the markets that will grow in the longer term. Examples are our investment in OneShift and our growing pipeline of infrastructure work, with significant new long-term maintenance and facility management contract wins and renewals.

'The parts of the economy built on the back of large “blue collar” workforces remain under cost pressure, and these customers are seeking lower prices and placing pressure on service provider margins, including our task-based maintenance and workforce services. In response to lower-cost imported goods, online sales / digital disruption, and rigid labour laws, many of these customers are restructuring their business, including investing in technology, offshoring some functions to lower labour costs, and outsourcing non-core activities. This has weakened blue collar labour demand and employment in parts of the economy such as the manufacturing, transport and logistics, and light industrial sectors.

RESULTS COMMENTARY (CONTINUED)

'However, other parts of the economy − such as health, aged care, education, tourism and recreation − are growing and demand for our services in these sectors is increasing. Existing public assets are getting older and require upgrades and greater levels of maintenance to maintain service. The growing population is requiring new assets to be built and increasingly governments at all levels are looking for privately funded and managed solutions, creating further opportunities for Programmed,' said Chris Sutherland.

Group Results	**1H FY15 30 Sep 2014 $m**	**1H FY14 30 Sep 2013 $m**	**% change**
Revenue	**716.9**	**723.6**	**(0.9%)**
Results Before Non Trading Items			
EBITDA	**26.3**	**28.1**	**(6.4%)**
Depreciation and amortisation	(5.7)	(5.7)	0.0%
EBIT	**20.6**	**22.4**	**(8.0%)**
Interest	(3.0)	(4.1)	26.8%
Profit before Tax	**17.6**	**18.3**	**(3.8%)**
Income tax expense	(5.5)	(5.5)	0.0%
Profit after Tax (before non trading items)	**12.1**	**12.8**	**(5.5%)**
Non Trading Items			
Restructuring costs	(0.9)	(0.6)	
Incentive payment (Turnpoint acquisition)	(1.4)		
Share of net loss of associate (OneShift)	(0.3)		
Tax on non trading items	0.3	0.2	
Profit after Tax (statutory basis)	**9.8**	**12.4**	**(21.0%)**
Earnings per Share (before non trading items)	**10.2**	**10.9**	**(6.4%)**
Earnings per Share (statutory basis)	**8.2**	**10.5**	**(21.9%)**
Weighted Average Shares on Issue (million)	118.4	118.2	

Property & Infrastructure	**1H FY15 30 Sep 2014 $m**	**1H FY14 30 Sep 2013 $m**	**% change**
Revenue	397.3	381.3	4%
EBIT	11.1	11.0	1%

The Property & Infrastructure division, which contributed 44% of the company's EBIT in FY14, provides a range of maintenance, property and operational services, including painting, electrical, communications, grounds, signage, specialist turf, general building repairs and facility management.

Gross margins for task-based sundry / project works across painting, grounds, signage, electrical and communications services remained tight, with customers continuing to seek lower costs and competitors

RESULTS COMMENTARY (CONTINUED)

sometimes meeting their price expectations. Programmed is responding by using systems and scale to lower overheads further and by adding value to customers through the company's national network and ability to bundle services. These changes resulted in one-off costs of $0.6 million in the first half and further one-off costs of $1 million are forecast in the second half.

Programmed Turnpoint, the specialist turf business acquired in 2012, continued to perform well and has a strong pipeline of opportunities. As announced in July, the company's first half results include a one-off expense of $1.4 million representing the final performance-related portion of the business' purchase price.

The division's facility management and maintenance activities continue to grow and seven significant long term contracts have been secured or renewed since March 2014, including:

- A new five year contract to maintain social housing in NZ, which commenced on 1 July 2014;
- Renewal of the WA social housing maintenance contract for the South West region, and the addition of two new regions, which commenced on 2 November 2014 for an initial five years;
- Renewal of the facility management contract on Rottnest Island for a further five years, with the scope expanded to include all accommodation housekeeping, which commenced on 1 August 2014;
- A new three year contract to maintain Fonterra's logistics distribution centres in NZ, which commenced on 1 September 2014;
- A new fourteen year contract for maintenance and lifecycle refurbishment of the South Queensland Corrections Centre, which commenced on 1 July 2014;
- A new contract with Coles to maintain its support office and state office facilities, which commenced in September 2014;
- Renewal of the estate services contract with Energy Australia at Yallourn Power Station for a further four years.

In addition, the facility management business has a strong pipeline of opportunities, with over $3 billion of work identified across new and existing infrastructure that has been, or will be, tendered during the current financial year. These include being part of consortia bidding for the following PPPs (Public Private Partnerships):

- Wollongong University student accommodation project;
- WA schools PPP project (which would include an equity investment);
- Victorian schools PPP project;
- Second schools PPP project in New Zealand (in the same consortium that was successful for the first NZ schools PPP project);
- ACT Canberra Courts PPP project.

Resources	1H FY15 30 Sep 2014 $m	1H FY14 30 Sep 2013 $m	% change
Revenue	130.1	148.4	(12%)
EBIT	11.6	11.9	(3%)

The Resources division, which contributed 39% of the company's EBIT in FY14, provides a range of workforce, maintenance, construction support and operational services to both the offshore oil and gas and onshore mining sectors.

RESULTS COMMENTARY (CONTINUED)

It is probable that some work is being deferred until a new marine EBA is concluded with a number of the industry participants. Programmed's major contract with Heerema Marine Contractors for the Ichthys project commenced at the end of September. This is expected to run for more than 12 months so, subject to no impact from the current EBA negotiations, the second half is projected to be stronger than the first half.

New opportunities are being sought relating to seismic, drilling, construction and production projects on the NW Shelf and in the Timor Sea, Bass Strait and New Zealand waters, and the outlook for the offshore oil and gas sector remains positive.

Workforce	1H FY15 30 Sep 2014 $m	1H FY14 30 Sep 2013 $m	% change
Revenue	188.4	192.2	(2%)
EBIT	3.0	4.9	(39%)

The Workforce division, which contributed 17% of the company's EBIT in FY14, provides staffing services across most industry sectors, and particularly the manufacturing, light industrial, transport and logistics, construction and mining sectors.

Earnings were affected by ongoing weakness in the blue collar economy and the impact of structural changes across the staffing industry.

For more than a year the division has been reshaping its business in response to these changes. A significant $2 million upgrade of the core Workforce business system has been completed to provide new capability that operates simply and efficiently across any mobile device. The system also enables further centralisation of recruitment functions in each state and expansion of the mobile account / sales network, reducing the need for some branches and lowering overall overhead costs. This redesign of the way the business functions was completed in October, resulting in a reduction in the number of branches and personnel and ongoing cost savings of more than $3 million per annum, with one-off costs associated with the changes of $0.3 million in the first half and $1 million forecast in the second half of FY15.

OneShift, the start-up online recruitment business in which Programmed invested $5 million for a 27.5% equity stake in October 2013, is growing strongly. There are now more than 340,000 job seekers and more than 34,000 employers registered, and sales have grown from less than $10,000 per month at the time of the investment to more than $200,000 in September 2014.

The Federal Government is restructuring how unemployed people are managed back to work and has released a tender for new National Employment Services providers. The tender seeks service providers in more than 50 regions across Australia, and Programmed has formed an alliance with APM (a national provider of workforce and rehabilitation services) to tender for the provision of services to many of these regions. This is a new market for Programmed, with a total market size of $1.4 billion per annum.

Unallocated Costs

Unallocated costs, which relate to corporate overheads and non-trading income and expenses, were $5.2 million (1H FY14: $5.4 million).

RESULTS COMMENTARY (CONTINUED)

Cash Flow and Net Debt

Cash flow remained strong, with gross operating cash flow of $46.1 million (1H FY14: $56.6 million). Net operating cash flow was $36.1 million (1H FY14: $43.0 million).

Net debt fell a further $18 million to $24.3 million at 30 September 2014 from $42.2 million at 31 March 2014. The company's net debt to equity ratio fell to 6.0% from 10.3% at 31 March 2014.

Bank guarantees provided increased from $66.5 million at March 2014 to $80.0 million at September 2014 due mainly to additional FM contracts being secured.

Full Year Guidance

The group's trading EBIT for FY15 is projected to be approximately $50 to $52 million, before non-trading items. In addition to the non-trading items totalling $2.6 million before tax in the first half, the company's accounts for the full year are expected to include non-trading items of approximately $2.0 million in the second half, as explained above in the reports on the Workforce and Property & Infrastructure divisions, and $0.1 million in respect of Programmed's share of OneShift's loss in the second half.

This guidance is based on the following assumptions:

i) No industrial action associated with the ongoing marine EBA negotiations;
ii) No change to current market conditions and margins;
iii) Workforce redesign delivers savings as planned.

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 2014 and the auditors review report thereon.

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

B R Brook
C G Sutherland
J G Whittle
E R Stein
R J McKinnon
A E Grant

REVIEW OF OPERATIONS

Consolidated revenue (continuing operations) for the half-year ended 30 September 2014 was $716.861 million, which is 0.9% lower than the corresponding period last year.

For the half-year ended 30 September 2014, the consolidated profit before tax (continuing operations) amounted to $14.971 million and consolidated profit after tax amounted $9.759 million ($17.714 million and $12.412 million respectively for the half-year ended 30 September 2013).

Refer to Results Commentary on page 4 for further information.

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

There has not been any 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT (CONTINUED)

AUDITORS' INDEPENDENCE DECLARATION

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

ROUNDING OFF OF AMOUNTS

The company is of a kind referred to in ASIC Class Order 98/100, 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. Sutherland

C G SUTHERLAND
MANAGING DIRECTOR

PERTH, WESTERN AUSTRALIA
18 NOVEMBER 2014

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18 November 2014

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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

C Biermann
Partner
Chartered Accountants

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Programmed Maintenance Services Limited, which comprises the condensed consolidated statement of financial position as at 30 September 2014, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 14 to 25.

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 gives a true and fair view and 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Programmed Maintenance Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 review 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 2014 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 18 November 2014

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 Group.

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. Sutherland

C G SUTHERLAND
MANAGING DIRECTOR

PERTH, WESTERN AUSTRALIA
18 NOVEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2014

	Note	Consolidated Half-year ended 30 Sep 2014 $'000	30 Sep 2013 $'000
Continuing operations			
Revenue		716,861	723,587
Other income		423	1,332
Share of net loss of associate accounted for using the equity method		(295)	-
Incentive payment in relation to the acquisition of the Turnpoint group		(1,421)	-
Changes in work in progress at cost and other inventories		588	1,084
Raw materials and consumables used		(61,094)	(68,438)
Employee benefits expense		(431,025)	(451,115)
Sub-contractor expenses		(174,047)	(149,578)
Depreciation and amortisation expense	3	(5,701)	(5,746)
Equipment and motor vehicle costs		(8,061)	(8,907)
Information technology and telecommunication costs		(3,843)	(3,712)
Other expenses		(14,399)	(16,699)
Earnings before interest and tax		17,986	21,808
Finance costs	3	(3,015)	(4,094)
Profit before income tax		14,971	17,714
Income tax expense	4	(5,212)	(5,302)
Profit attributable to members of Programmed Maintenance Services Limited		9,759	12,412
		Cents	Cents
Earnings per share			
From continuing operations:			
Basic earnings per share		8.2	10.5
Diluted earnings per share		8.0	10.2

Notes to the condensed consolidated financial statements are included on pages 20 to 25

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2014

	Consolidated Half-year ended 30 Sep 2014 $'000	30 Sep 2013 $'000
Profit for the period	9,759	12,412
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(1,982)	4,118
Other comprehensive income for the period (net of tax)	(1,982)	4,118
Total comprehensive income for the period attributable to owners of the parent entity	7,777	16,530

Notes to the condensed consolidated financial statements are included on pages 20 to 25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

	Note	Consolidated 30 Sep 2014 $'000	Consolidated 31 Mar 2014 $'000
CURRENT ASSETS			
Cash and cash equivalents		41,386	29,477
Trade and other receivables		227,311	254,501
Other financial assets		518	1,576
Inventories		69,156	61,339
Current tax assets		3,470	2,573
Other		5,793	7,272
Total current assets		347,634	356,738
NON-CURRENT ASSETS			
Investments in associates		4,178	4,469
Trade and other receivables		54,574	57,083
Inventories		7,818	11,640
Property, plant and equipment		25,871	26,412
Deferred tax assets		18,173	17,459
Goodwill	6	246,077	246,071
Other intangible assets		14,490	14,134
Total non-current assets		371,181	377,268
TOTAL ASSETS		718,815	734,006
CURRENT LIABILITIES			
Trade and other payables		157,992	162,400
Borrowings		47,624	53,179
Current tax payables		845	1,072
Provisions		37,911	37,825
Total current liabilities		244,372	254,476
NON-CURRENT LIABILITIES			
Borrowings		18,097	18,529
Deferred tax liabilities		45,130	45,569
Provisions		5,685	5,053
Total non-current liabilities		68,912	69,151
TOTAL LIABILITIES		313,284	323,627
NET ASSETS		405,531	410,379
EQUITY			
Issued capital	8	236,060	236,060
Reserves		6,221	7,820
Retained earnings		163,250	166,499
TOTAL EQUITY		405,531	410,379

Notes to the condensed consolidated financial statements are included on pages 20 to 25

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2014

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Capital profits reserve $'000	Equity settled employee benefits reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2013	236,060	(6,706)	5,535	1,803	154,959	391,651
Profit for the period	-	-	-	-	12,412	12,412
Exchange differences arising on translation of foreign operations	-	4,118	-	-	-	4,118
Total comprehensive income for the period	-	4,118	-	-	12,412	16,530
Recognition of share-based payments	-	-	-	250	-	250
Payment of dividends (note 7)	-	-	-	-	(11,818)	(11,818)
Balance at 30 September 2013	236,060	(2,588)	5,535	2,053	155,553	396,613
Balance at 1 April 2014	236,060	(275)	5,535	2,560	166,499	410,379
Profit for the period	-	-	-	-	9,759	9,759
Exchange differences arising on translation of foreign operations	-	(1,982)	-	-	-	(1,982)
Total comprehensive income for the period	-	(1,982)	-	-	9,759	7,777
Recognition of share-based payments	-	-	-	383	-	383
Payment of dividends (note 7)	-	-	-	-	(13,008)	(13,008)
Balance at 30 September 2014	236,060	(2,257)	5,535	2,943	163,250	405,531

Notes to the condensed consolidated financial statements are included on pages 20 to 25

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2014

	Note	Consolidated Half-year ended 30 Sep 2014 $'000	30 Sep 2013 $'000
Cash Flows from Operating Activities			
Receipts from customers[1]		801,820	821,316
Payments to suppliers and employees		(755,677)	(764,639)
Interest and other cost of finance paid		(2,888)	(3,931)
Income tax paid		(7,122)	(9,739)
Net cash provided by operating activities		36,133	43,007
Cash flows from investing activities			
Interest received		171	192
Payment for property, plant and equipment		(3,811)	(3,136)
Proceeds from sale of property, plant and equipment		670	1,245
Payment for development software		(339)	(271)
Payments for investments		(5)	-
Payments for mobilisation of contracts		(790)	(187)
Net cash used in investing activities		(4,104)	(2,157)
Cash flows from financing activities			
Proceeds from borrowings		55,000	40,000
Repayment of borrowings		(61,904)	(69,526)
Dividends paid	7	(13,008)	(11,818)
Net cash used in financing activities		(19,912)	(41,344)
Net increase/(decrease) in cash and cash equivalents		12,117	(494)
Cash and cash equivalents at the beginning of the period		29,477	38,334
Effects of exchange rate changes on the balance of cash held in foreign currencies		(208)	364
Cash and cash equivalents at the end of the period		41,386	38,204
Reconciliation of cash			
Cash and cash equivalents per balance sheet and cash flow statement		41,386	38,204

Notes to the condensed consolidated financial statements are included on pages 20 to 25

[1]Receipts from customers include interest revenue on long term maintenance contracts of $2.823 million (2013: $2.936 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

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 2014 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The consolidated financial statements of the Group as at and for the year ended 31 March 2014 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 98/100, 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 2014 annual financial report for the financial year ended 31 March 2014.

2. Segment Information

Basis of segmentation

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

- Integrated Workforce
- Property & Infrastructure
- Resources

Information has been reported for the 3 segments in the half year ended 30 September 2014.

Segment assets and liabilities

Consolidated	Assets		Liabilities	
	30 Sep 2014	31 Mar 2014	30 Sep 2014	31 Mar 2014
	$’000	$’000	$’000	$’000
Integrated Workforce	132,301	127,834	25,212	27,520
Property & Infrastructure	349,607	354,504	190,295	185,462
Resources	236,907	251,668	38,561	46,545
Total of all segments	718,815	734,006	254,068	259,527
Unallocated	-	-	59,216	64,100
Consolidated	718,815	734,006	313,284	323,627

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2014

2. Segment Information (continued)

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

	Integrated Workforce		Property & Infrastructure		Resources		Total consolidated Continuing operations	
	30 Sep 2014 $'000	30 Sep 2013 $'000	30 Sep 2014 $'000	30 Sep 2013 $'000	30 Sep 2014 $'000	30 Sep 2013 $'000	30 Sep 2014 $'000	30 Sep 2013 $'000
Revenue	188,416	192,218	394,473	378,354	130,067	148,372	712,956	718,944
Finance revenue on long term maintenance contracts	-	-	2,823	2,936	-	-	2,823	2,936
Segment revenue	188,416	192,218	397,296	381,290	130,067	148,372	715,779	721,880
Other revenue, including interest and rental revenue (unallocated)							1,082	1,707
							716,861	723,587
Segment result								
Segment profit	3,023	4,945	11,148	10,954	11,568	11,867	25,739	27,766
Restructuring costs							(869)	(595)
Incentive payment in relation to the acquisition of the Turnpoint group							(1,421)	-
Share of net loss of associate							(295)	-
Unallocated costs							(5,168)	(5,363)
Earnings before interest and tax							17,986	21,808
Finance costs							(3,015)	(4,094)
Profit before tax							14,971	17,714
Income tax expense							(5,212)	(5,302)
Profit for the year							9,759	12,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2014

3. Profit

	Consolidated	
	Half-year ended 30 Sep 2014 $'000	Half-year ended 30 Sep 2013 $'000
Profit before income tax includes the following specific expenses:		
Finance Costs:		
Total interest costs	1,496	2,258
Other finance costs	1,519	1,836
	3,015	4,094
Depreciation and amortisation of non-current assets		
- Plant and equipment	4,915	5,052
- Identifiable intangibles	363	262
- Other non-current assets	423	432
	5,701	5,746

4. Income taxes

The income tax expense for the half year can be reconciled to the accounting profit as follows:

Profit from operations	14,971	17,714
Income tax expense calculated at 30%	4,491	5,314
Effect of amounts that are not deductible/(assessable) in determining taxable profit:		
Amortisation of intangibles	108	77
Effect of different tax rates of subsidiaries operating in other jurisdictions	(693)	(333)
Benefit of tax losses not recognised	15	4
Other sundry items	709	240
	4,630	5,302
Adjustments recognised in the current year in relation to the current tax of prior years	582	-
Income tax expense	5,212	5,302

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2014

5. Contracts and work in progress at recoverable value

Consolidated	Half-year ended 30 Sep 2014 $'000	Year ended 31 Mar 2014 $'000	Half-year ended 30 Sep 2013 $'000
Contracts in progress at recoverable value			
Balance at the beginning of period	110,166	113,630	113,630
Decrease in amounts recoverable	(7,634)	(8,941)	(3,221)
Effect of foreign currency movements	(1,569)	5,477	3,704
Balance at end of period	100,963	110,166	114,113
Categorised as:			
Current	46,389	53,083	58,628
Non-current	54,574	57,083	55,485
	100,963	110,166	114,113
Work in progress at recoverable value			
Balance at the beginning of period	28,103	28,003	28,003
Increase/(Decrease) in amounts recoverable	3,483	(47)	(1,672)
Effect of foreign currency movements	(317)	147	273
Balance at end of period	31,269	28,103	26,604
Categorised as:			
Current	23,451	16,463	16,301
Non-current	7,818	11,640	10,303
	31,269	28,103	26,604
Total contracts and work in progress at recoverable value			
Categorised as:			
Current	69,840	69,546	74,929
Non-current	62,392	68,723	65,788
	132,232	138,269	140,717

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2014

6. Goodwill

	Note	Half-year ended 30 Sep 2014 $'000	Half-year ended 30 Sep 2013 $'000
Gross carrying amount			
Balance at beginning of financial year		246,071	245,543
Additional amounts recognised from business combinations occurring during the period		221	-
Net foreign exchange differences		(215)	338
		246,077	245,881

7. Dividends

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

	Half-year ended 30 Sep 2014		Half-year ended 30 Sep 2013	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	11.0	13,008	10.0	11,818

On 18 November 2014, the directors determined a fully franked interim dividend of 6.5 cents per share (2013: 6.0 cents) to the holders of fully paid ordinary shares in respect of the half-year ended 30 September 2014, to be paid to shareholders on 22 January 2015. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $7.712 million (2013: $7.094 million).

8. Issued capital

	30 Sep 2014 $'000	30 Sep 2013 $'000
118,651,911 fully paid ordinary shares (2013: 118,229,190)	236,060	236,060

	Half-year ended 30 Sep 2014		Half-year ended 30 Sep 2013	
	No.'000	$'000	No.'000	$'000
Ordinary shares				
Balance at the beginning of the half-year	118,254	236,060	118,180	236,060
Issue of shares	398	-	49	-
Balance at the end of the half-year	118,652	236,060	118,229	236,060

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2014

8. Issued capital (continued)

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 2014 No.	30 Sep 2013 No.	30 Sep 2014 No.	30 Sep 2013 No.
Balance at the beginning of the half-year	3,720,500	3,184,000	30,534	63,000
Granted during the half-year	1,315,000	1,170,000	-	-
Exercised during the half-year	(397,919)	(49,494)	-	-
Lapsed during the half-year	(174,081)	(413,506)	-	(9,000)
Balance at the end of the half-year	4,463,500	3,891,000	30,534	54,000

9. Subsequent events

There has not been any 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.