



Programmed is a leading provider of staffing, maintenance and facility management services.

We employ approximately 10,000 people across a broad range of government and private sector businesses in the resources, infrastructure, education, manufacturing, logistics, commercial, retail, tourism and recreation sectors.

We provide services to over 7,000 customers, often under long-term contracts. We deliver these services through our network of over 100 branches throughout Australia and New Zealand.

Our business model is built around our ability to recruit, retain and deploy a large directly-employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

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2015 Annual General Meeting **▶**

The annual general meeting of shareholders in the company will be held at 10.00am (EST) on Wednesday, 29 July 2015 at the Melbourne Marriott Hotel (Corner Exhibition Street and Lonsdale Street), Melbourne, Victoria.

Front cover:

Painter Indi Kelly provides painting services to a number of sites around Perth.

Programmed Maintenance Services Limited ABN 61 054 742 264



Our 3 divisions:





Results in brief

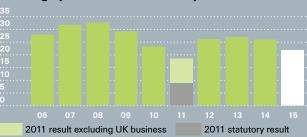
Revenue: \$1.4 billion



Profit after tax: \$25.7 million



Earnings per share: 21.7 cents per share



Dividends: 18.0 cents per share fully franked



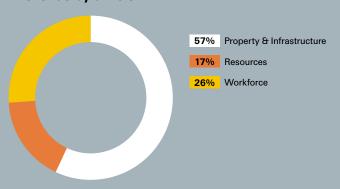
Gross operating cash flow: \$80.9 million



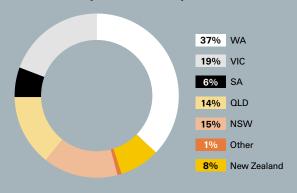
Net Debt: \$7.0 million



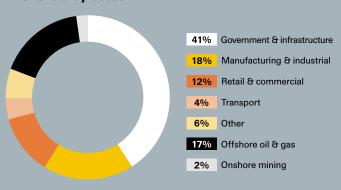
Revenue by division



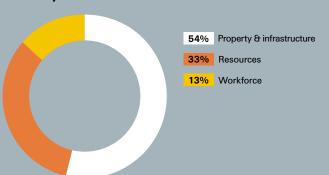
Revenue by state/country



Revenue by sector



EBIT by division





Chairman's letter



FACTS & FIGURES

Number of apprentices

450



"We are pleased to have maintained very strong cash flow, reduced net debt to just \$7 million and increased our final dividend to 11.5 cents per share, bringing total dividends for the year to 18 cents fully franked, up from 17 cents for FY2014."



e are at the coalface, witnessing significant changes across the Australian economy, as the country adjusts to lower prices for its natural resources, a lowering of the significant mining capex expenditure of the past few

years and a reduction in the global competitiveness of our manufacturing sector.

As a company, we are prepared for these adjustments by providing staffing, maintenance and facility management services to all industry sectors, in all geographic locations and across a large diverse set of customers. We can manage downturns in one sector by focusing on opportunities in other sectors where growth is occurring.

Thus, we are reporting revenue that is similar to last year at \$1.434 billion and profit of \$30.4 million, before non-trading items, down just 4.7% on last year. An 18% fall in earnings from our Resources division has been offset by a 16% increase from our Property & Infrastructure division.

Importantly, we are pleased to have maintained very strong cash flow and paid down debt to a net debt position of just \$7 million. We have also announced an increase in our final dividend to 11.5 cents per share, bringing total dividends for the year to 18 cents per share fully franked, up from 17 cents for FY2014.

Our balance sheet strength allows us to continue to evaluate acquisition opportunities and invest in longer term growth opportunities to increase our scale or expand further in the markets we serve.

Equally pleasing was our general operational performance. Our safety performance improved, as measured by both the Long Term Injury Frequency Rate (15% lower pcp) and the Total Injury Frequency Rate (21% lower pcp); customer satisfaction indicators improved; and our employee engagement score is now in the top quartile of companies.

We began FY2015 targeting more than \$3 billion of opportunities in the infrastructure sector and have had great success in securing a number of new long-term contracts. These include a New Zealand PPP (public-private partnership) contract (25 years) for the ongoing operational support and maintenance of four new schools and a student accommodation PPP contract (39 years) at Wollongong University.

We are confronting the opportunities and challenges of an online digital world by making significant investments in technology to enable greater online servicing and support for job seekers, employees, subcontractors and customers and further consolidation of back office functions and support.

I would like to recognise the ongoing support and commitment of our shareholders, customers and my Board colleagues.

Finally, I would like to thank Chris Sutherland and the entire Programmed team for their efforts and for the results they delivered last year for shareholders and customers.



Bruce Brook Chairman, 27 May 2015



Business summary

Property & Infrastructure

Activities

Maintenance, building and operational services including:

- Painting
- · Grounds maintenance and landscaping
- · Specialist turf maintenance for golf and racing
- · Corporate imaging and signage
- · Building repair
- · Electrical and lighting installation and repair
- Audio visual, data and communications installation and repair
- Facility management and complete maintenance services

Services provided to thousands of customers across most industries in Australia and New Zealand, often under long-term contracts and preventative maintenance programs.

2015 Commentary

- Revenue increased by 7% due to growth in new long term facility management contracts
- Margins higher as a result of improved operational controls
- Painting volumes similar to FY2014 on lower invested capital; margins higher due to lower overheads and improved job management
- Increased focus on electrical/AV work in existing buildings and infrastructure, and less exposure to new commercial buildings
- Grounds maintenance business won new outsourcing contracts and increased margins
- Nine significant facility management contracts secured or renewed in FY2015
- Increasing opportunities as public infrastructure requires upgrades and governments outsource operations and maintenance

Resources

Maintenance, construction and operational services including:

- Maintenance
- Construction support
- Marine manning
- Vessel management
- Catering

Services provided to many oil, gas and mining companies both offshore and onshore across Australia and New Zealand.

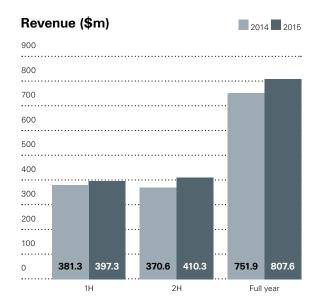
- Revenue and earnings lower due to completion of major offshore projects and work deferred due to the lower oil price
- Demand for vessel management, manning, catering and logistical services has fallen in recent months by approximately 25% but expected to continue at current levels
- Construction associated work will continue on Inpex's Ichthys project and then Shell's Prelude development into FY2017
- Ongoing field extension drilling and increased production and operations support projected for future years
- Outsourcing opportunities for onshore miners to be sought in FY2016
- Negotiations for new Australian marine EBA continue with some risk of industrial action and associated short-term revenue and cost impacts

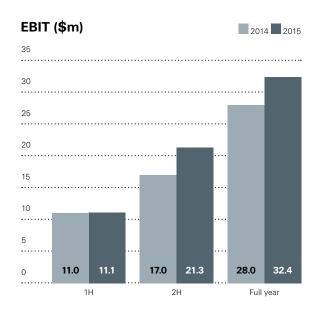
Workforce \

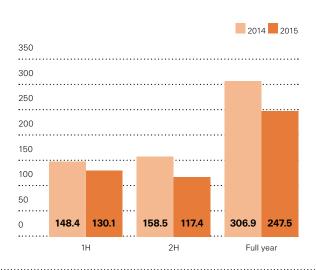
Recruitment and labour hire services to all industry sectors, including mining and construction, industrial, manufacturing, infrastructure, transport and logistics.

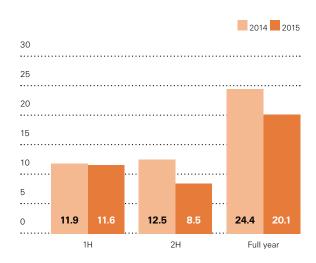
Operates through a network of more than 30 branches across Australia and New Zealand, supported by extensive HSE management, industrial relations and payroll systems.

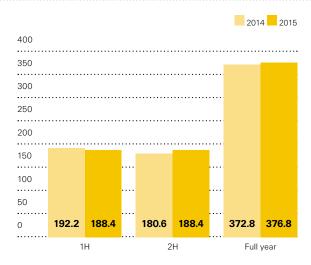
- Revenue in line with FY2014, but margins lower due to weakness in the blue-collar economy
- Business reshaped in the second half, resulting in improved margin
- Costs lowered in the second half through upgraded business system to centralise recruitment functions, expand the mobile account/sales network and reduce the number of branches
- · Continuing growth by OneShift
- Alliance with APM secured Federal Government 'jobactive' contracts in nine of 51 regions across Australia

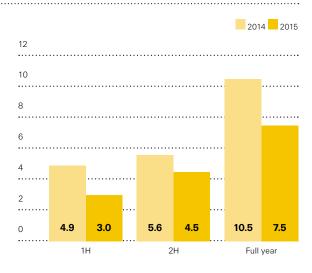












The Programmed Difference

The Programmed Difference is our ability to:



Recruit and develop people



Manage industrial relations in an increasingly difficult environment

PRINAMMED



Deploy the right person with the right competency to each job

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Manage human resources in an increasingly regulated environment



Get safety right on the ground



Deliver operational improvements, flexibility and high levels of satisfaction to our customers

Right: Programmed grounds team leader, Korinda Riddington.



Managing Director's review of operations





"In the past year we have secured new long-term work in education, social housing, defence, tourism and food/agriculture, all industries forecast to grow over the next ten years, and we are positioned to benefit from further PPP projects."

he diversity of our customers and our strategy to serve all industry sectors enabled us to maintain revenue in FY2015 and report a reasonable profit, despite challenging economic conditions due to significant falls in commodity prices and weak business

confidence. Importantly, we reduced our net debt further to just \$7 million and increased our dividend to shareholders.

Health, safety and environment (HSE) ▶

Our HSE results demonstrate that as an organisation we have progressed well down the path to Zero Harm; however, a number of significant near misses tell us that we have a lot more to do.

Our Lost Time Injury Frequency Rate fell a further 15% from 1.99 to 1.70 on more than 23,000,000 hours worked. Equally pleasing was a 21% fall from 22 to 18 in the Total Injury Frequency Rate, which includes all lost time, medical treatment and first aid injuries. These results cover all permanent, casual and contracted employees plus all employees of subcontractors engaged by us and all our labour hire employees who work under the direct supervision and work systems of others. As many companies do not report injuries to casual and contracted workers or the workers of subcontractors, direct comparisons are not often possible.

To further reduce the number of injuries, incidents and near misses, we are continuing to focus on leadership, behaviour and personal responsibility. In addition, we are raising the level of awareness on working at heights, electrical isolation and manual handling as these areas are major contributors to the number of incidents and near misses reported over the past 12 months.

Our safety culture has been based upon core programs such as safety conversations, safety pauses, good news stories and managers ringing injured workers at home. It has been exciting to see many employees develop their own safety leadership at home and at work, influencing the adoption of safe work practices across the wider community.

Strategy

Our strategy is built on four key components:

i. Safety

We need to have every employee come home uninjured every night as a basic tenet of our operations. This also means our productivity improves and our costs are lower. Customers will hire Programmed because we work safely and can help them improve the safety of their own operations.

We continue to expand and develop initiatives to improve the leadership and safety culture of our entire team. Our critical risk standards have been further embedded into the safety systems of each of our businesses and our



customers' operations. We are now seeking to upgrade our core HSE reporting and management system to better reflect the key attributes of our safety program and make it more accessible through any mobile device. We are being asked by customers to assist them to improve their own safety performance and have commenced selling our safety capabilities as a new service.

Our results tell us that our plan is working. Not only are we injuring significantly less people, our customers are recognising that our ability to improve the safety, and as a consequence the productivity, of their operations is a key value-add in our ability to secure their ongoing business and their decision to outsource more work.

ii. People and Culture

Having established common standards of behaviour around safety, we are now pursuing a similar goal around customer service and achieving high levels of customer satisfaction. We have installed a reporting system to measure customer satisfaction on a common basis across two of our divisions, and will complete this roll-out in the next 12 months.

iii. Systems and Integration

We are continuing a progressive upgrade of our systems to enable further significant consolidation of back office functions and support and, importantly, greater online servicing and support for job seekers, employees, subcontractors and customers. The move to enable all our customers, employees, job seekers and subcontractors to interact with us seamlessly through online applications and portals using any mobile device will change the way we do business.

Our Workforce systems upgrade is complete, with an entirely new capability to service and support the division's job seekers, employees and customers through online access and any mobile device.

An upgrade of our finance and accounting system to a "bigger brother" of our current system is underway and will be completed over the next 18 months. This system will enable employees, subcontractors and customers to access the information they need in real time on any mobile device to plan and manage their work, report effectively on a daily basis and help reduce non-productive time. The system will also result in further consolidation of our back office functions.





FACTS & FIGURES

Number of safety conversations held

12,000

Programmed Facility Management recommended for ISO 55000

Certification

In good news for Programmed Facility
Management, the business has recently become
the first in Australia to be recommended by
SAI Global for certification to the international
standard ISO 55000. The business' capability
and effectiveness have been audited to
ensure compliance with the standard, with
the comprehensive audit including specific
asset management plans, operational controls,
continuous improvement activities and
management system conformity.

The audit identified that the business has implemented systems to comply with the standard and displayed the following strengths:

- The asset management system is effective as well as functional, ensuring that most of the standard's requirements are being met.
- There is a strong focus on developing a risk management culture within the organisation.
- The documented procedures sighted during the audit suit the scale and nature of the business and satisfy the standard's requirements.
- The organisation is focused on continuously improving the performance of its asset management system, with continuous improvement projects such as Failure Mode Effects and Criticality Analysis (FMECA) and Reliability Centred Maintenance (RCM).
- Personnel interviewed during the audit have good knowledge of the procedures.
- The management of change process used by the organisation, particularly the Computerised Maintenance Management System (CMMS) – MAXIMO, is robust.

An asset management user group, led by Liz Topolcsanyi, has been formed to provide the strategic direction and roll-out of the certified processes across all asset management contracts.

This is an important step in our company's journey to provide additional value-adds to our customers, and help them achieve asset management excellence.

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Right: Programmed team member Michelle Branch works within the Facility Management call centre providing around the clock service to customers.



The main focus of these investments is to ensure we secure our future in a developing digital world, growing sales through greater 24/7 reach to customers, along with improved operational performance, customer service and satisfaction.

iv. Growth

We have articulated clearly the "Programmed Difference" and are focused on ensuring our people understand and deliver these differences every day, so customers recognise they're what our company and our brand stand for. In a digital world, face-to-face customer interaction may occur less often, and thus an online presence and a company's ability to project its values and what it stands for are even more important. We will invest further in our brand, in online communications and in digital marketing to ensure that the differences we can make

to our customers and the improvements we can make to their business performance are understood, be it safety, the quality of people, the effective maintenance of an asset, or our responsiveness and great customer service.

We have invested more time in seeking how we can provide additional staffing, maintenance and facility management services to our major customers. Our workforce/HR platform is readily scalable and we will seek opportunities to increase



Our Zero Harm philosophy

At Programmed we are committed to Zero Harm, not only to protect the wellbeing of our workforce, but also the environments and communities in which we work and live.

Over the past year, our employees have been working hard to ensure they deliver outstanding services safely and, as a result, we continue to see a significant reduction in injuries.

Our belief is that all injuries can be prevented, and the actions we undertake to support Zero Harm ensure that our people go home uninjured.

The Programmed safety beliefs are:

- · All injuries are preventable
- · Working safely is a condition of employment
- · Employee action and involvement are essential
- · I will get the level of safety I demonstrate I want

These provide an empowering Zero Harm touchstone for our employees as work is planned, and safety conversations are undertaken.

We were recognised during the year at both the National Safety Council of Australia and Facility Management Australia awards for excellence for our highly successful Effective Supervision – The Role of Safety program.

This initiative was delivered to over 1200 supervisors and managers, and included face-to-face, class-based sessions, as well as online learning modules.

The SMARTmoves program was also launched within our Workforce division, which assesses job applicants' functional capabilities to the physical requirements of specific job roles. The program is aimed at helping recruit the right person for the job, and assist in reducing workplace musculoskeletal injuries.

We are also working towards rolling out an employee wellbeing program that is designed to enhance our people's sense of contribution. In turn, a mentoring program will provide assistance to employees at times of need.

In the coming year we will continue to strive for an injury-free workplace that also enhances employee wellbeing.

Below: Sydney based painters Michael Caratzas and Fadi Rahal section off their work area to ensure passers-by remain unharmed.





our workforce services to grow earnings and lower our average unit operating cost.

We are enacting strategies to secure a significant share of future operational and maintenance expenditure on the infrastructure of the major resource companies, utilities and government. We have had considerable success over the past year, winning two new education PPP (public-private partnership) contracts as well as new long-term maintenance contracts in public housing, tourism and agriculture, all sectors forecast to grow over the next decade. A pipeline of large infrastructure maintenance opportunities continues to be developed and we are well positioned to bid for, and secure, a share of this work over the next 12 months.

Group Results

Programmed's profit after tax for the year ended 31 March 2015 was \$30.4 million before non-trading items, a decrease of 4.7% from FY2014 (\$31.9 million). After non-trading items (\$4.7 million), which are detailed on page 16 of this report, net profit after tax was \$25.7 million.

EBIT (earnings before interest and tax) before non-trading items was \$50.1 million, compared to \$52.8 million in FY2014, with lower earnings from the Resources and

Workforce divisions offset partially by higher earnings from the Property & Infrastructure division.

Revenue was \$1,434 million, similar to FY2014 (\$1,435 million), with an increase in revenue from our Property & Infrastructure division offset by lower revenue from our Resources division.

Property & Infrastructure

The Property & Infrastructure division provides a range of maintenance, building and operational services, including painting, electrical, communications, grounds, specialist turf, signage, general building repairs and facility management.

The division's revenue was 7% higher at \$808 million, and EBIT increased 16% to \$32.4 million (FY2014: \$28.0 million). Growth in revenue arose from new long-term facility management contracts and the higher margin was the result of improved operational control across many areas of the business.

Painting volumes were similar to the prior year, but on reduced invested capital due to a greater mix of sundry work. Invested capital in long-term painting maintenance programs was \$97.2 million at the end of FY2015 compared with \$110.2 million a year earlier. Painting margins were higher due





to lower overheads and improved job management, offset partially by lower indexation revenue from existing contracts.

Our grounds maintenance operations performed well, with improved margins and a number of new outsourcing contracts. A significant milestone was a contract to finance, build and maintain for five years the new, elite-standard training ground for the Fremantle Football Club. This work will commence later in 2015. We have begun marketing our new grounds FBM (finance-build-maintain) program to sporting clubs, schools and local councils around Australia and New Zealand.

As explained last year, we have been steadily reducing our exposure to electrical works in new commercial buildings and increasing our focus on fit-out, maintenance and upgrades of electrical, data and communications systems in existing buildings and infrastructure. This allows greater opportunity to work with the division's other customers. We have commenced FY2016 with a strong backlog of electrical maintenance and upgrade work.

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

- A new five year contract to maintain social housing in New Zealand, which commenced on 1 July 2014;
- Renewal of the Western Australian 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 New Zealand, which commenced on 1 September 2014;
- A new 14 year contract for maintenance and lifecycle refurbishment of the South Queensland Correctional 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;



Graduating with flying colours

Successfully completing her Mechanical Engineering degree at Monash University, graduate engineer Ellen Sanchez has embarked upon her new career adventure with Programmed.

While completing her penultimate year of study, Ellen joined the team as part of the 2013 Graduate Engineering Program. Two years on, she is now employed on a full time basis at Programmed's Melbourne office.

"I started my vacation work with Programmed in November 2013 while completing the final year of my degree," said Ellen.

"I saw the placement advertised on the university jobs board and, after some research on Programmed, I knew it was the company for me."

"The diversity of the role, and the industries in which the business operated instantly appealed to me, and I was also drawn to the committed safety goal Programmed operates."

Working within the consultancy team, Ellen has had

the opportunity to work on numerous projects which has helped develop her in-depth understanding of the industry.

"I've attended site commissionings, worked alongside experienced tradespeople and been exposed to senior consultants in my field, all of which has been pivotal for my growth and development," said Ellen.

"I am currently working on developing a number of maintenance plans and supporting the implementation of ISO55000. My journey with Programmed so far has been an exciting one, I'm looking forward to what comes next and further developing my career."

Below: Ellen Sanchez joined Programmed's graduate engineering program during her university vacation and now is a full time member of the company's Melbourne office.





CEO for a day

In March, Programmed managing director
Chris Sutherland shared his role with Generation One
CEO for a Day winner, Dudley
Duncan. The Canberra based
28-year-old spent the day visiting Programmed sites and attending meetings alongside
Chris. Programmed is proud to continue its longstanding partnership with Generation One and is committed to supporting reconciliation through employment and inclusion.



- A second PPP contract in New Zealand to maintain four schools for 25 years; and
- A 39 year PPP contract to maintain student accommodation at Wollongong University.

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, thus creating further opportunities, and increasingly governments at all levels are looking for privately funded and managed solutions.

Resources Division

The Resources division provides a range of workforce, maintenance, construction support and operational services to both the offshore oil and gas and onshore mining sectors. Revenue was \$247 million, 19% less than FY2014 (\$307 million), due to the conclusion of a major offshore project and the lower oil price which caused some operators to defer seismic exploration work in the second half of our fiscal year. EBIT was \$20.1 million, 18% lower (FY2014: \$24.4 million), reflecting the lower demand.

Demand for vessel management, manning, catering and logistical services has fallen in recent months by





All hands on deck

When Kurt Aldam joined Charterman Marine Services as a director back in 1999, little did he know that his career journey within the marine services industry would flourish into what it is today.

A mechanical engineer by trade, and having pursued various other small business ventures, the New Zealand based executive general manager for Programmed Marine found his calling at the port.

"I joined Charterman Marine Services over 16 years ago which merged with Wendell Offshore Group and is today called Programmed Marine," said Kurt.

"I manage the New Zealand marine operations; we have a tight-knit team of 12 office-based employees with a few more based at our major contracts, and we have around 300 employees deployed on and offshore."

Programmed Marine provides a "one stop shop" to the New Zealand market and prides itself on its ability to manage, cater, repair, maintain and crew an entire vessel or rig.

"Our relationship with the industry is one to be proud of; we're recognised as being the most capable service company here in NZ and are trusted to provide quality services from procurement through to full project management," said Kurt.

While Kurt and the team maintain great relationships with their customers, they also hold a strong bond with the port in which they operate.

"We've got a great longstanding relationship with Port Taranaki, and that will continue. The team there is an integral part of our daily business operations and we work together closely," said Kurt.

A stone's throw from his original career plan, Kurt relishes the variety and adventure his role provides. He also looks forward to continuing to contribute to the business's ongoing success.

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Right: Out and About: The port is like a second home to Kurt Aldam.

approximately 25%, compared to the prior corresponding period, as a number of oil and gas operators have elected to defer greenfield exploration expenditure and as offshore construction activity associated with the Gorgon/Wheatstone developments comes off its peak. We project work to remain at about the current level as offshore construction work continues with the lchthys and then the Prelude developments, and due to ongoing field extension drilling and increased production and operations support.

Whilst negotiations for a new Australian marine EBA continue, there remains some risk of industrial action, with associated short-term revenue and cost impacts during the negotiations.



Whilst minimal work was undertaken for onshore mining companies in FY2015, opportunities are being sought in FY2016.

Workforce >

The Workforce division provides a range of staffing services across all industry sectors.

Revenue was \$377 million, similar to FY2014 (\$373 million), but margins were lower due to ongoing weakness in the blue collar economy and the impact of structural changes across the staffing industry. As a result, EBIT was \$7.5 million, 29% below the \$10.5 million in FY2014.

The business has been reshaped in response to these changes. A significant 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 2014, resulting in a reduction in the number of branches and





personnel and ongoing cost savings of more than \$3 million per annum. Thus, the second half EBIT of \$4.5 million, which was \$1.5 million higher than the first half EBIT of \$3 million, is the business' current earnings rate.

OneShift, the start-up online recruitment business in which Programmed invested \$5 million for a 27.5% equity stake in October 2013, continues to develop and grow.

The Federal Government has restructured how unemployed people are managed back to work and recently tendered 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) which has secured contracts in nine regions, including the metropolitan areas of Sydney and Perth and the major regional centres of Geelong and Gold Coast.

Net Unallocated Costs (FY2015: \$9.9 million vs \$10.1 million pcp) ▶

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

Non-trading Items (FY2015: \$4.7 million vs \$1.4 million pcp) ▶

These relate to: restructuring expenses (\$2.8 million); an earn-out incentive payment to the former owner of Turnpoint as part of the purchase agreement (\$1.4 million); a share of the net loss of OneShift (\$0.6 million); the settlement of a liquidator's claim arising from a payment for work performed, and payment received, in 2008 (\$1.0 million); and a tax credit (\$1.1 million) relating to these non-trading items.

Balance Sheet and Cash Flows

Gross operating cash flow was \$80.9 million, similar to FY2014 (\$80.6 million) and 146% of EBITDA (earnings before interest, tax, depreciation and amortisation). Net operating cash flow was \$65.7 million, 18% higher than FY2014 (\$55.8 million).

With the continued focus on capital management and strong operating cash flow, the group's net debt reduced to \$7.0 million at 31 March 2015, from \$42.2 million at 31 March 2014. The net debt to equity ratio fell to 1.7% from 10.3%.



The group operated throughout the year well within its loan covenants.

Looking Ahead

Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength and has enabled us to deliver a reasonable result for shareholders in markets that continue to present new challenges. We are pleased to have maintained very strong cash flow, reduced debt and increased the dividend.

We are targeting markets forecast to grow and are seeking new strategic positions in some emerging markets. In the past year, we have secured new long-term work in education, social housing, defence, tourism and food/agriculture, all industries forecast to grow over the next ten years. We are on the short lists for the Western Australian schools PPP and the new federal courts PPP in ACT, and are positioned to benefit from further PPP projects.

We are also having more success with selling a greater range of maintenance services to our property customers.

We have invested in two new Workforce opportunities: OneShift to benefit from growth in the online staffing sector, and an alliance with APM to become a National Job Network provider to the Federal Government.

We are investing heavily in technology to give the business a more efficient and lower cost base, along with significantly greater field capability to service our customers.

Our balance sheet is strong, with just \$7 million of net debt at the end of March 2015, enabling us to take advantage of further growth opportunities, and we continue to evaluate potential acquisitions to increase our scale and ways in which we can expand in our existing markets.

We thank our shareholders for supporting us, our more than 10,000 employees for the efforts they make every day, and our customers for trusting us with the operations and/or maintenance of their facilities, plant and production output.

Chris SutherlandManaging Director
27 May 2015

C. Sutherland





our employees.

t Programmed, it's our people who continue to deliver the Programmed Difference. We are committed to ensuring our workforce reflects the diversity of our community and to creating a positive, enjoyable and rewarding working environment for all

Diversity

Understanding and drawing on the strengths of diversity are at the heart of meeting the needs of our customers, building strong relationships across the communities we serve, and engaging the many talents of our team.

Our commitment to diversity currently focuses on increasing Indigenous employment, providing opportunities for people with a disability and improving our gender balance. As a result, some of our activities in this area include celebrating Harmony and Race Relations Day and National Reconciliation Week.

In addition, we work closely with Generation One on a number of employment initiatives and were recognised for our collaborative partnership at the 2014 Facility Management Industry Awards for Excellence. We were also a finalist at the Australian Human Resources Awards for 'Best Workplace Diversity and Inclusion Strategy'. Two great results about which our organisation is very proud.

We are also proud to work with organisations such as Activ Foundation and Rocky Bay which support people with disabilities, as well as with government and business to drive workplace gender balance across Programmed and our wider society.

Over the coming year, we will continue to promote a gender-balanced, inclusive and safe workplace where all employees have the opportunity to contribute to our success, and employee differences are valued.

Leadership development and talent management **▶**

A key part of the Programmed Difference is our ability to identify, develop and place talented people into the right role at the right time. We hire more than 35,000 different people each year and know how to train and develop individuals from entry level roles to later becoming supervisors and managers.

We actively identify and develop our current and emerging talent to build our leadership bench and ensure business sustainability. To build the capabilities of our talent pipeline, tailored development options are identified to accelerate readiness for future roles. The company's approach to learning combines on-the-job experience, feedback, learning through others and formal education programs. This is further supported through the use of assessment for leadership tools, career development and executive coaching and mentoring.





FACTS & FIGURES

Number of Programmed offices throughout Australia and New Zealand:

135

The final coat

After 45 years of service and thousands of litres of paint, senior foreman Gus Santos has applied his final coat.

Starting with Programmed as a young man, Gus, now aged 71, was one of the original painters assigned to work at Moonee Valley Racecourse back in 1969.

"I left Portugal when I was 18-yearsold and moved to France because that's where my brother lived at the time," he said.

"I completed my painting apprenticeship in France but I didn't like the weather there; it was too cold, so I decided to move to Australia."

Gus packed his bags and on his own headed for the sunny continent called Australia. Arriving on October 10 1967, it wasn't long before Gus was back on the brushes.

"I was lucky enough to get a job painting shortly after arriving in Australia, working for a company called Miles Paint Services which became

Programmed Maintenance Services in 1975," said Gus.

"I have moved around working on a few different contracts during my career with Programmed, but spent the majority of my years out at Moonee Valley Racecourse – a contract which the company still holds to this day.

"I spent 45 years at Mooney Valley and know the grounds like the back of my hand. Would you believe I've painted the entire racecourse around four times?

"Although I'm not one to bet on horses, I love the surrounds and working environment — it's very picturesque."

A milestone in himself, Gus is one of Programmed's longest standing employees and will be remembered for his loyalty and quality workmanship that spanned more than four decades.

"I'm sad to leave but I know a piece of Programmed will always be with me. I'm so thankful for the opportunity I was given many years ago as a young man arriving in a new country with no family or friends," said Gus.

"I've formed some great friendships during my time and I now embark upon the next chapter of my life." Officially retired, Gus and his wife are headed to Portugal for a long overdue holiday to visit family.

.....

Right: Gus Santos will be remembered not only amongst the Programmed family but by the Moonee Valley Racecourse team as well.



Learning and development

At Programmed we believe it is a requirement to develop our employees' skills and capabilities, whether it be through apprenticeships and traineeships, health and safety training, compliance training or technical skills training.

We employ more than 450 trainees and apprentices in more than 30 vocations company-wide. Our apprentices and trainees provide us with enhanced resources to meet and exceed customer service requirements, contribute to improved contract performance and provide a pathway for succession planning.

Continued development of our Learning Management System and online training content means our people now have access to over 50 Programmed-specific web-based courses which are tailored to our operational needs.

Collectively, our employees and subcontractors undertook more than 18,000 training activities during the 2015 financial year and there was a 60 per cent increase in uptake from the previous financial year.

We were also recognised at the annual National Safety Council of Australia's National Safety Awards for Excellence, receiving a 'highly commended' award for our Effective Supervision — The Role of Safety training program.





he communities where we operate, and in which our employees live, are an important part of our business.

Our team members are encouraged to identify community projects that are important to them, as well as take on active roles in delivering sponsorship

and volunteering opportunities.

Our community commitment is focused on:

- investing in community sporting clubs, fundraising events, and charitable foundations; and
- helping to improve the wellbeing of individuals in the communities where we work

Investing in community

Our employees have a broad range of trades and skills, with many actively taking part in community projects and sponsorships across Australia and New Zealand.

For example, last year we donated two special bicycles in time for Christmas to Carson Street School, a primary school in Victoria Park, Western Australia, which offers services to primary students with special needs.

We also partnered with not-for-profit organisation, Ngala, which provides early parenting and childhood services to the community.

Over the past few years, we have delivered one of our biggest community projects to date — the Moira Kelly Community Project. This brought together Programmed tradespeople and contractors from across the country to help rebuild an unlivable house and turn it into a beautiful home. The home provides accommodation for humanitarian Moira Kelly and her family, as well as the occasional visitor in need. As an addition to the

completed project, our team helped raise funds for a granny flat to be added to the property. The Programmed team project managed these works, and the addition acts as a hospice where Moira can educate others on how to care for those in need.

We continue to support community groups where we work and live, with our Frankston Arts Centre "Hip Cat Circus" partnership entering its eleventh year.

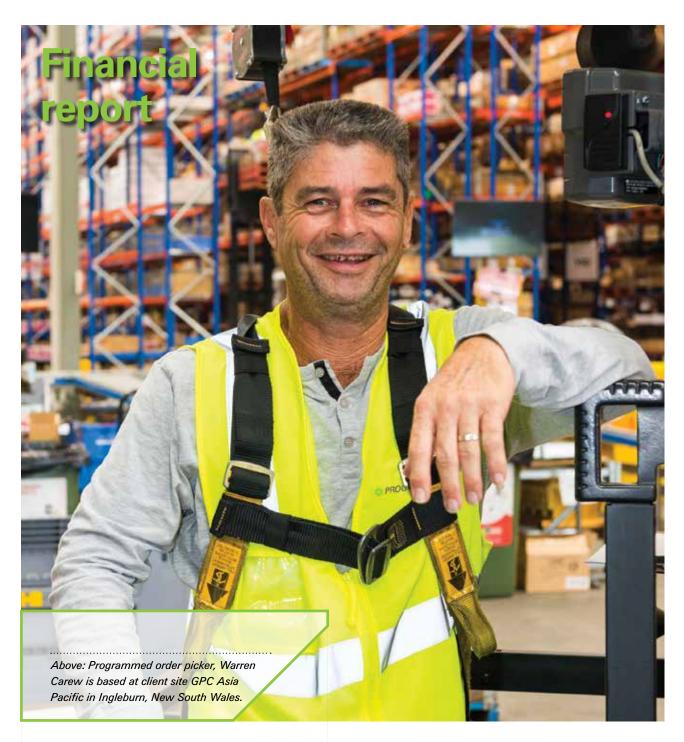
Our partnership with not-for-profit organisation Whitelion has seen valuable and talented young people, who are at risk, placed in sustainable employment through our trade apprentice program. Our employees are also able to volunteer for Whitelion events and provide mentoring to young people.

During the year, we partnered with Marist Youth Care to upskill young Aboriginal people with painting and decorating skills to enable them to have long-term trade careers. To build their skills, the apprentices have completed a number of decoratively painted murals at Marist Youth Care's head office.

We are proud to work with many communities throughout Australia and New Zealand, donating services including the painting of the WWI Kiama Memorial Arch in New South Wales. Each year our team returns before Anzac Day to ensure the arch is in the best condition possible.

We support grass-roots football and other sporting clubs because we are passionate about teamwork. Sport brings together a team of players who work together to achieve one goal — something we at Programmed stand by in our day-to-day business operations.

This can be exemplified through our major sponsorship of the Fremantle Football Club. We facilitate community visits by members of the team, including most recently a visit to Brookman Primary in Langford, Western Australia, where players read to year one and two students.



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Directors' Report

The Directors present their report together with the financial report of the consolidated entity, being Programmed Maintenance Services Limited ("the Company") and its controlled entities, for the year ended 31 March 2015 and the auditor's report:

1. Directors

The names of the directors of the Company during or since the end of the financial year are:

B R Brook	Chairman - Non-Executive
C G Sutherland	Managing Director
J G Whittle	Non-Executive Director
E R Stein	Non-Executive Director
R J McKinnon	Non-Executive Director
A E Grant	Non-Executive Director

Details relating to each Director's qualifications, experience and special responsibilities, as at the date of this Directors' report, are set out below.



Bruce Robert Brook,
Age 60
B.Com, B. Acc, FCA,
MAICD
Independent, Non-Executive
Chairman

Bruce Brook joined the Board in June 2010 and was appointed Chairman in August 2011. He is a chartered accountant with extensive experience in the mining industry, as well as experience in the financial services and manufacturing industries. Mr Brook was the Chief Financial Officer of WMC Resources Limited from 2002 to 2005 and has approximately 30 years experience in senior finance positions at major public

companies including Gold Fields of South Africa Limited, Rio Tinto Limited, Pacific Dunlop and ANZ Banking Group. His current other Non-Executive directorships include CSL Limited (since August 2011), **Boart Longyear Limited** (since February 2007), NYSE listed Newmont Mining Corporation (since October 2011), Export Finance and Insurance Corporation and the Deep Exploration Technologies Co-operative Research Centre. Mr Brook joined the ASIC Director Advisory Panel in November 2013 and was appointed a member of the Anaesthesia and Pain Management Foundation Board of Governors in January 2014. He was previously a member of the Financial Reporting Council.

Mr Brook is the Chairman of the Board's Nomination Committee and a member of the Board's Remuneration & People Committee.



Christopher Glen Sutherland, Age 51 BEng (Hons), FIE (Aust) Managing Director

Chris Sutherland was appointed Managing Director of the Company in January 2008. Mr Sutherland had been the Chief Executive of Integrated Group Limited since February 2006 (which merged with Programmed in June 2007) and prior to this appointment was an Executive Director of Asset Services for WorleyParsons. He is an experienced executive who has held senior management positions in various engineering, maintenance

and contracting businesses with operations in Australia, Asia, Europe and the USA. He holds a Bachelor of Engineering (UWA) and completed the Advanced Management Program at Harvard Business School in 2001.



Jonathan Gladstone Whittle, Age 60 Independent, Non-Executive Director

A Non-Executive Director since June 2007, Jonathan Whittle was the Managing Director of Integrated Group Limited from the time of Integrated's formation in November 1992. In February 2006 he retired from his executive role and became a Non-Executive Director of Integrated. He has extensive experience in the recruitment industry, having worked for and then managed the West Australian operations of a multinational recruitment agency prior to establishing Integrated Workforce.

Mr Whittle is a member of the Board's Nomination Committee, the Board's Audit & Risk Committee, the Board's Remuneration & People Committee and the Board's HSE Committee.



Emma Rachel Stein, Age 54 BSc. (Physics) Hons, MBA, FAICD, Hon Fellow (UWS) Independent, Non-Executive Director

A Non-Executive Director since June 2010, Emma Stein has considerable experience in international energy and utilities markets, investments in long life assets and projects, and the upstream oil and gas sector. Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. She is also a Non-Executive Director of Alumina Limited (since February 2011), Transpacific Industries Limited (since August 2011) and DUET Group (since June 2004). Her community activities include being a NSW Ambassador for the Guides. Ms Stein was previously a member of the University of Western Sydney's Board of Trustees.

Previous directorships of other listed companies within the last three years: Clough Limited (July 2008 to December 2013).

Ms Stein is the Chair of the Board's HSE Committee, a member of the Board's Audit & Risk Committee and a member of the Board's Nomination Committee.



Age 65
FCPA, FCSA, MAICD
Independent, Non-Executive
Director

A Non-Executive Director since November 2011, Bob McKinnon has 40 years experience in finance and general management positions in the light manufacturing and industrial sectors in Australia, New Zealand and Canada. He is the former Managing Director of Austal Ships and Fleetwood Corporation Limited, and spent 28 years with Capral Aluminium (formerly Alcan Australia) in various financial and senior executive positions. Mr McKinnon was also a Non-Executive Director of Bankwest until November 2012 and the Chairman of the Esperance Port Authority until September 2014. His current directorships include Chairman of Tox Free Solutions Limited (since July 2010) and Non-Executive Director of Peet Limited (since May 2014).

Mr McKinnon is the Chairman of the Board's Audit & Risk Committee and a member of the Board's Nomination Committee.



Andrea Elizabeth Grant,
Age 53
BEd, DipTch, MAICD
Independent, Non-Executive
Director

A Non-Executive Director since September 2012, Andrea Grant is a senior human resources professional with over 20 years experience with both global and Australian companies across the finance, pharmaceutical, automotive and telecommunication industries. She is the former Group Managing Director of Human Resources for Telstra, Executive Director of HR for GM Holden, Regional HR Director for GM's Asia Pacific Engineering function and Human Resources Director of Merck, Sharp and Dohme (New Zealand) Ltd a subsidiary of Merck & Co. Ms Grant is now the Managing Director of HR Ingenuity, a boutique HR business.

Ms Grant holds a Bachelor of Education and a Post-Graduate Diploma in teaching. She is also a graduate of the London Business School's Advanced Development Program.

Ms Grant is the Chair of the Board's Remuneration & People Committee, a member of the Board's Nomination Committee and a member of the Board's HSE Committee.



Directors' Report continued

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of Board committees) held during the financial year and the number of meetings attended by each Director:

		d Board tings		I Board tings¹		& Risk nittee		nation nittee		eration & ommittee¹	HSE Co	mmittee
	А	В	Α	В	Α	В	Α	В	А	В	Α	В
B Brook	7	7	8	8	*	*	2	2	3	3	*	*
C Sutherland	7	7	8	8	*	*	*	*	*	*	*	*
J Whittle	7	7	8	7	3	3	2	2	3	3	4	4
E Stein	7	7	8	8	3	3	2	2	*	*	4	4
R McKinnon	7	7	8	7	3	3	2	2	*	*	*	*
A Grant	7	6	8	8	*	*	2	2	3	3	4	4

^{1.} Special Board meetings were held during the financial year due to corporate activities.

Note

- A Number of meetings held during the time the Director held office during the year or was a member of the relevant committee.
- B Number of meetings attended by the Director.
- * Not a member of the relevant committee.

2. Company Secretaries

Stephen Leach B.Com, CA

Mr Leach has been the Chief Financial Officer of the Company since August 2007 and was appointed Company Secretary in February 2008. Mr Leach was previously the Chief Financial Officer and Company Secretary of Integrated Group Limited from October 2005. Prior to joining Integrated Group Limited, Mr Leach was Group Financial Controller of Macmahon Holdings Limited.

Katina Nadebaum B. Com, CA, MAICD

Ms Nadebaum joined the Company in June 2011 as joint Company Secretary. Previously, Ms Nadebaum was the Company Secretary of Macmahon Holdings Limited. Ms Nadebaum has previously held the role of Company Secretary for various public companies and has also worked as an accountant in public practice where she provided corporate and company secretarial advice.

3. Principal Activities

During the financial year the consolidated entity was a substantial provider of staffing, maintenance and project services operating in three divisions, Property & Infrastructure, Resources and Integrated Workforce.

The Property & Infrastructure division provides building, maintenance and operation services to the property and infrastructure sector. Services include painting, grounds

management, corporate imaging and signage, building repairs, electrical and lighting installation and repair, audio visual data and communication installation and repairs, facility management and complete maintenance services.

These services are provided to over 7,000 customers across all industries, often under long term contracts and preventative maintenance programmes.

The Resources division provides construction, maintenance and operation services to the resources sector. Services include marine manning, vessel management, catering, maintenance and construction support.

These services are provided to many oil, gas and mining companies both offshore and onshore across Australia and New Zealand.

The Integrated Workforce division provides recruitment and labour hire services to a range of industries including mining, construction, industrial, manufacturing, transport and logistics.

The services are tailored to suit customer needs, from the provision of a single staff member to complete workforce and contract labour management. The division operates through a network of more than 30 branches across Australia and New Zealand and is supported by extensive health, safety and environmental management systems, industrial relations and payroll services.

There were no significant changes in the nature of the activities of the consolidated entity during the financial year.



4. Operating and financial review

The diversity of our customers and our strategy to serve all industry sectors enabled us to maintain revenue in FY2015 and report a reasonable profit, despite challenging economic conditions due to significant falls in commodity prices and weak business confidence. Importantly, we reduced our net debt further to just \$7 million and increased our dividend to shareholders.

Health, safety and environment (HSE)

Our HSE results demonstrate that as an organisation we have progressed well down the path to Zero Harm; however, a number of significant near misses tell us that we have a lot more to do.

Our Lost Time Injury Frequency Rate fell a further 15% from 1.99 to 1.70 on more than 23,000,000 hours worked. Equally pleasing was a 21% fall from 22 to 18 in the Total Injury Frequency Rate, which includes all lost time, medical treatment and first aid injuries. These results cover all permanent, casual and contracted employees plus all employees of subcontractors engaged by us and all our labour hire employees who work under the direct supervision and work systems of others. As many companies do not report injuries to casual and contracted workers or the workers of subcontractors, direct comparisons are not often possible.

To further reduce the number of injuries, incidents and near misses, we are continuing to focus on leadership, behaviour and personal responsibility. In addition, we are raising the level of awareness on working at heights, electrical isolation and manual handling as these areas are major contributors to the number of incidents and near misses reported over the past 12 months.

Our safety culture has been based upon core programs such as safety conversations, safety pauses, good news stories and managers ringing injured workers at home. It has been exciting to see many employees develop their own safety leadership at home and at work, influencing the adoption of safe work practices across the wider community.

Strategy

Our strategy is built on four key components:

i. Safety

We need to have every employee come home uninjured every night as a basic tenet of our operations. This also means our productivity improves and our costs are lower. Customers will hire Programmed because we work safely and can help them improve the safety of their own operations.

We continue to expand and develop initiatives to improve the leadership and safety culture of our entire team. Our critical risk standards have been further embedded into the safety systems of each of our businesses and our customers' operations. We are now seeking to upgrade our core HSE reporting and management system to better reflect the key attributes of our safety program and make it more accessible through any mobile device. We are being asked by customers to assist them to improve their own safety performance and have commenced selling our safety capabilities as a new service.

Our results tell us that our plan is working. Not only are we injuring significantly less people, our customers are recognising that our ability to improve the safety, and as a consequence the productivity, of their operations is a key value-add in our ability to secure their ongoing business and their decision to outsource more work.

ii. People and Culture

Having established common standards of behaviour around safety, we are now pursuing a similar goal around customer service and achieving high levels of customer satisfaction. We have installed a reporting system to measure customer satisfaction on a common basis across two of our divisions, and will complete this roll-out in the next 12 months.

iii. Systems and Integration

We are continuing a progressive upgrade of our systems to enable further significant consolidation of back office functions and support and, importantly, greater online servicing and support for job seekers, employees, subcontractors and customers. The move to enable all our customers, employees, job seekers and subcontractors to interact with us seamlessly through online applications and portals using any mobile device will change the way we do business.

Our Workforce systems upgrade is complete, with an entirely new capability to service and support the division's job seekers, employees and customers through online access and any mobile device.

An upgrade of our finance and accounting system to a "bigger brother" of our current system is underway and will be completed over the next 18 months. This system will enable employees, subcontractors and customers to access the information they need in real time on any mobile device to plan and manage their work, report effectively on a daily basis and help reduce non-productive time. The system will also result in further consolidation of our back office functions.

The main focus of these investments is to ensure we secure our future in a developing digital world, growing sales through greater 24/7 reach to customers, along with improved operational performance, customer service and satisfaction



Directors' Report continued

iv. Growth

We have articulated clearly the "Programmed Difference" and are focused on ensuring our people understand and deliver these differences every day, so customers recognise they're what our company and our brand stand for. In a digital world, face-to-face customer interaction may occur less often, and thus an online presence and a company's ability to project its values and what it stands for are even more important. We will invest further in our brand, in online communications and in digital marketing to ensure that the differences we can make to our customers and the improvements we can make to their business performance are understood, be it safety, the quality of people, the effective maintenance of an asset, or our responsiveness and great customer service.

We have invested more time in seeking how we can provide additional staffing, maintenance and facility management services to our major customers. Our workforce/HR platform is readily scalable and we will seek opportunities to increase our workforce services to grow earnings and lower our average unit operating cost.

We are enacting strategies to secure a significant share of future operational and maintenance expenditure on the infrastructure of the major resource companies, utilities and government. We have had considerable success over the past year, winning two new education PPP (public-private partnership) contracts as well as new long-term maintenance contracts in public housing, tourism and agriculture, all sectors forecast to grow over the next decade. A pipeline of large infrastructure maintenance opportunities continues to be developed and we are well positioned to bid for, and secure, a share of this work over the next 12 months.

Group Results

Programmed's profit after tax for the year ended 31 March 2015 was \$30.4 million before non-trading items, a decrease of 4.7% from FY2014 (\$31.9 million). After non-trading items (\$4.7 million), which are detailed on page 27 of this report, net profit after tax was \$25.7 million.

EBIT (earnings before interest and tax) before non-trading items was \$50.1 million, compared to \$52.8 million in FY2014, with lower earnings from the Resources and Workforce divisions offset partially by higher earnings from the Property & Infrastructure division.

Revenue was \$1,434 million, similar to FY2014 (\$1,435 million), with an increase in revenue from our Property & Infrastructure division offset by lower revenue from our Resources division.

Property & Infrastructure

The Property & Infrastructure division provides a range of maintenance, building and operational services, including

painting, electrical, communications, grounds, specialist turf, signage, general building repairs and facility management.

The division's revenue was 7% higher at \$808 million, and EBIT increased 16% to \$32.4 million (FY2014: \$28.0 million). Growth in revenue arose from new long-term facility management contracts and the higher margin was the result of improved operational control across many areas of the business.

Painting volumes were similar to the prior year, but on reduced invested capital due to a greater mix of sundry work. Invested capital in long-term painting maintenance programs was \$97.2 million at the end of FY2015 compared with \$110.2 million a year earlier. Painting margins were higher due to lower overheads and improved job management, offset partially by lower indexation revenue from existing contracts.

Our grounds maintenance operations performed well, with improved margins and a number of new outsourcing contracts. A significant milestone was a contract to finance, build and maintain for five years the new, elite-standard training ground for the Fremantle Football Club. This work will commence later in 2015. We have begun marketing our new grounds FBM (finance-build-maintain) program to sporting clubs, schools and local councils around Australia and New Zealand.

As explained last year, we have been steadily reducing our exposure to electrical works in new commercial buildings and increasing our focus on fit-out, maintenance and upgrades of electrical, data and communications systems in existing buildings and infrastructure. This allows greater opportunity to work with the division's other customers. We have commenced FY2016 with a strong backlog of electrical maintenance and upgrade work.

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

- A new five year contract to maintain social housing in New Zealand, which commenced on 1 July 2014;
- Renewal of the Western Australian 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 New Zealand, which commenced on 1 September 2014;



- A new 14 year contract for maintenance and lifecycle refurbishment of the South Queensland Correctional 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;
- A second PPP contract in New Zealand to maintain four schools for 25 years; and
- A 39 year PPP contract to maintain student accommodation at Wollongong University.

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, thus creating further opportunities, and increasingly governments at all levels are looking for privately funded and managed solutions.

Resources Division

The Resources division provides a range of workforce, maintenance, construction support and operational services to both the offshore oil and gas and onshore mining sectors. Revenue was \$247 million, 19% less than FY2014 (\$307 million), due to the conclusion of a major offshore project and the lower oil price which caused some operators to defer seismic exploration work in the second half of our fiscal year. EBIT was \$20.1 million, 18% lower (FY2014: \$24.4 million), reflecting the lower demand.

Demand for vessel management, manning, catering and logistical services has fallen in recent months by approximately 25%, compared to the prior corresponding period, as a number of oil and gas operators have elected to defer greenfield exploration expenditure and as offshore construction activity associated with the Gorgon/Wheatstone developments comes off its peak. We project work to remain at about the current level as offshore construction work continues with the lchthys and then the Prelude developments, and due to ongoing field extension drilling and increased production and operations support.

Whilst negotiations for a new Australian marine EBA continue, there remains some risk of industrial action, with associated short-term revenue and cost impacts during the negotiations.

Whilst minimal work was undertaken for onshore mining companies in FY2015, opportunities are being sought in FY2016.

Workforce

The Workforce division provides a range of staffing services across all industry sectors.

Revenue was \$377 million, similar to FY2014 (\$373 million), but margins were lower due to ongoing weakness in the blue collar economy and the impact of structural changes across the staffing industry. As a result, EBIT was \$7.5 million, 29% below the \$10.5 million in FY2014.

The business has been reshaped in response to these changes. A significant 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 2014, resulting in a reduction in the number of branches and personnel and ongoing cost savings of more than \$3 million per annum. Thus, the second half EBIT of \$4.5 million, which was \$1.5 million higher than the first half EBIT of \$3 million, is the business' current earnings rate.

OneShift, the start-up online recruitment business in which Programmed invested \$5 million for a 27.5% equity stake in October 2013, continues to develop and grow.

The Federal Government has restructured how unemployed people are managed back to work and recently tendered 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) which has secured contracts in nine regions, including the metropolitan areas of Sydney and Perth and the major regional centres of Geelong and Gold Coast.

Net Unallocated Costs (FY2015: \$9.9 million vs \$10.1 million pcp)

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

Non-trading Items (FY2015: \$4.7 million vs \$1.4 million pcp)

These relate to: restructuring expenses (\$2.8 million); an earn-out incentive payment to the former owner of Turnpoint as part of the purchase agreement (\$1.4 million); a share of the net loss of OneShift (\$0.6 million); the settlement of a liquidator's claim arising from a payment for work performed, and payment received, in 2008 (\$1.0 million); and a tax credit (\$1.1 million) relating to these non-trading items.



Directors' Report continued

Balance Sheet and Cash Flows

Gross operating cash flow was \$80.9 million, similar to FY2014 (\$80.6 million) and 146% of EBITDA (earnings before interest, tax, depreciation and amortisation). Net operating cash flow was \$65.7 million, 18% higher than FY2014 (\$55.8 million).

With the continued focus on capital management and strong operating cash flow, the group's net debt reduced to \$7.0 million at 31 March 2015, from \$42.2 million at 31 March 2014. The net debt to equity ratio fell to 1.7% from 10.3%.

The group operated throughout the year well within its loan covenants.

Looking Ahead

Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength and has enabled us to deliver a reasonable result for shareholders in markets that continue to present new challenges. We are pleased to have maintained very strong cash flow, reduced debt and increased the dividend.

We are targeting markets forecast to grow and are seeking new strategic positions in some emerging markets. In the past year, we have secured new long-term work in education, social housing, defence, tourism and food/agriculture, all industries forecast to grow over the next ten years. We are on the short lists for the Western Australian schools PPP and the new federal courts PPP in ACT, and are positioned to benefit from further PPP projects.

We are also having more success with selling a greater range of maintenance services to our property customers.

We have invested in two new Workforce opportunities: OneShift to benefit from growth in the online staffing sector, and an alliance with APM to become a National Job Network provider to the Federal Government.

We are investing heavily in technology to give the business a more efficient and lower cost base, along with significantly greater field capability to service our customers.

Our balance sheet is strong, with just \$7 million of net debt at the end of March 2015, enabling us to take advantage of further growth opportunities, and we continue to evaluate potential acquisitions to increase our scale and ways in which we can expand in our existing markets.

We thank our shareholders for supporting us, our more than 10,000 employees for the efforts they make every day, and our customers for trusting us with the operations and/or maintenance of their facilities, plant and production output.



5. Dividends

Dividends paid or declared by the Company to Shareholders since 1 April 2014 were:

Paid during the year

Dividends Paid	Cents per share	Total amount \$'000	Franked/Unfranked	Date of payment
Final 2014	11	13,008	Fully franked	25 July 2014
Interim 2015	6.5	7,712	Fully franked	22 January 2015

Determined after end of year

Dividends Proposed	Cents per share	Total amount \$'000	Franked/Unfranked	Date of payment
Final 2015 ¹	11.5	13,647	Fully franked	24 July 2015

^{1.} No provision has been made for the final 2015 dividend in the financial report for the financial year as the dividend was not declared or determined by the Directors on or before the end of the financial year.

6. Subsequent Events after the balance date

In a market announcement on 25 May 2015, Programmed noted the announcement by Skilled (ASX:SKE) on that same day confirming that Skilled is entering into further discussions with Programmed regarding a potential combination of the businesses.

As at the date of this Directors' report, the Directors are not aware of any other matter or circumstance that has arisen in the interval between the end of the financial year under review and the date of this Director's report that, in the opinion of the Directors, 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.

7. Likely developments, future business strategies and prospects

Information regarding the likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations, as well as information that shareholders would reasonably require to make an informed assessment of the consolidated entity's business strategies and prospects for future financial years, is included in the Operating and Financial Review above.

8. Significant changes in the state of affairs

Other than as disclosed elsewhere in this Annual Report, in the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

9. Environmental Regulations

The consolidated entity's activities are at times subject to environmental legislation and regulation by various authorities in Australia and New Zealand. The consolidated entity aims to achieve a high standard on environmental matters and has established procedures to be followed should an incident occur that has the potential to adversely impact the environment. During the financial year:

- licences were renewed and taken out as and when required by environmental legislation or authorities; and
- the Directors did not receive notification by any government agency, nor are they aware of any significant breaches of environmental laws or licence conditions, in respect of the consolidated entity's operations during the financial year under review.

10. Corporate Governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors support and have adhered to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition). The Company's Corporate Governance Statement is on pages 58 to 63 of this Annual Report.

As stated in the Corporate Governance Statement, the ASX Corporate Governance Council issued a third edition of the *Corporate Governance Principles and Recommendations* in March 2014 ("Third Edition"). The Third Edition takes effect for an entity's first full financial year commencing on or after 1 July 2014. This means that the Third Edition will apply to the Company from 1 April 2015. The Company will continue to apply and report against the Second Edition until 1 April 2015, from which point it will adopt and report against the Third Edition.

11. Remuneration Report - audited

This Remuneration Report sets out remuneration information for the consolidated entity's Key Management



Directors' Report continued

Personnel for the financial year ended 31 March 2015. The prescribed details for each person covered by this report are set out below.

Details of Key Management Personnel

The Remuneration Report sets out remuneration information for the consolidated entity's Key Management Personnel, which includes the Non-Executive Directors, the Managing Director and those executives who have the authority and responsibility for planning, directing and controlling the activities of the consolidated entity. These individuals are outlined in the table below.

Person	Position	Period in position during the year	
Directors: Non-executive			
Bruce Brook	Chairman	Full year	
Jonathan Whittle	Non-Executive Director	Full year	
Emma Stein	Non-Executive Director	Full year	
Robert McKinnon	Non-Executive Director	Full year	
Andrea Grant	Non-Executive Director	Full year	
Directors: Executive			
Christopher Sutherland	Managing Director	Full year	
Executives:			
Stephen Leach	Chief Financial Officer	Full year	
Nicolas Fairbank	Chief Executive Officer, Integrated Workforce	Full year	
Stephen Taylor	Chief Strategy & Marketing Officer	Full year	
Glenn Triggs	Chief Executive Officer, Resources	Full year	
Glenn Thompson	Chief Executive Officer, Property Services	Full year	
Michael Waymark	Chief Executive Officer, Facility Management	Full year	

Remuneration policy

Remuneration governance and external remuneration information

The Board oversees the Company's remuneration arrangements. In performing this function, the Board is assisted by recommendations from the Remuneration & People Committee ("Committee"), external consultants and internal advice. The Committee is responsible for the detailed review of the remuneration arrangements of Directors, the Managing Director and other executives and for making recommendations to the full Board in respect of those arrangements. The Board sets the remuneration arrangements for Directors and the Managing Director. The Managing Director, in consultation with the Board, sets remuneration arrangements for other executives.

Further details of the role and function of the Committee are set out in the Remuneration & People Committee Charter, which is available on the Company's website.

To perform its role, the Committee can directly engage and receive information, advice and recommendations from independent external advisers. The Company has arrangements in place to ensure that the engagement and use of external remuneration consultants by the Committee is free from undue influence by the members of Key Management Personnel to whom the information, advice or recommendation relates.

During the financial year, the Committee appointed Hay Group to review and provide remuneration information, advice and recommendations in the form of market assessment and comparative data in relation to the remuneration of the entity's Non-executive Directors, Managing Director and other executive reports to the Managing Director. Hay Group also provided other services including job evaluation services, access to their remuneration database and training services to the consolidated entity. The consideration paid to Hay Group in respect to the market advice and data was \$14,674 and in relation to these other services was \$29,921.

In accordance with the protocols approved by the Board, Hay Group was commissioned by the Chairman of the Committee. Where requested all reports, advice and recommendations relating to the Managing Director's remuneration, the senior management's remuneration and the Non-Executive Directors' fees are required to be provided directly to the



Chairman of the Committee. In addition to these internal protocols, in each case where advice is provided, Hay Group is required to provide a formal declaration confirming that the recommendation was made free from undue influence by the members of the Key Management Personnel to whom the recommendation related.

For the reasons set out above, the Board is satisfied that the remuneration recommendations received by Hay Group and referred to above were made free from undue influence by the members of the Board and Key Management Personnel to whom the recommendations relate.

Non-Executive Directors

The remuneration policy for Non-Executive Directors aims to attract, retain, motivate and to remunerate fairly and responsibly having regard to the level of fees paid to Non-Executive Directors relative to other similarly sized Australian companies, the size and nature of the consolidated group's operations and the responsibilities and work requirements of Board members.

Non-Executive Director fees are paid in cash and determined by the Remuneration & People Committee following consideration of market conditions and any information, advice or recommendations from remuneration consultants. In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, Board committees or shareholders, or while engaged on Company business. Other than statutory superannuation payments, there are no retirement benefits or other allowances paid on behalf of Non-Executive Directors.

Non-Executive Directors are not eligible for any bonus or incentive payments and the Non-Executive Directors do not participate in any share-based incentive plans.

The maximum aggregate amount that can be paid to Non-Executive Directors (the "fee pool") is currently \$850,000 per annum, including superannuation, which includes an allowance for an increase in the number of directors if required. Actual Non-Executive Directors' fees paid for the reporting period were \$710,000. There has been no increase in the fee pool amount since its approval by shareholders at the 2010 Annual General Meeting.

Details of the fees paid to Non-Executive Directors for the 2015 and 2014 financial years are set out on pages 38 and 39 of this Directors' report.

Executives

In this section, the term "executives" means the Managing Director and other executives of the consolidated entity (that is, all members of Key Management Personnel other than the Non-Executive Directors).

The remuneration policy for the executives aims to provide fair and equitable remuneration in order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the consolidated entity's operations. The policy has been consistently applied over past years and sets remuneration levels that are:

- market competitive, based on independent benchmark research provided by the remuneration consultants; and
- structured for the executives to reward the achievement of defined annual goals directly linked to performance and the creation of longer term shareholder wealth.

The remuneration packages of the executives are reviewed at least annually by the Committee. These packages combine:

- fixed annual remuneration, including superannuation and allowances;
- short term performance incentives assessed over the Company's financial year; and
- long term performance incentives assessed over periods of three to five years.

Fixed Annual Remuneration

The market rate of fixed annual remuneration is determined through analysis of data provided by the remuneration consultants and consideration of the consolidated entity's particular circumstances. The consolidated entity seeks to benchmark the remuneration paid to the executives based on comparative data provided by the consultants.

The comparative data used for the Managing Director is obtained from listed Australian companies. For other executives, the comparative data from both listed Australian companies and subsidiaries of international groups is used where relevant.

The actual level of remuneration appropriate for each executive is determined based on the following principles:

- a. market based remuneration remuneration is based on the current position held by the relevant key executive; and
- b. positioning within the market range where a key executive sits within the relevant market range is determined by performance as well as market and internal relativities. Key executives that are top performers are remunerated between the midpoint and the upper end of the range while less experienced or lesser performing key managers are remunerated between the entry and mid-point of the range. Progression within the range is based on an assessment of performance during the preceding assessment period.

Each executive is given the opportunity to receive their fixed remuneration in a variety of forms, including cash and other benefits. This enables the form of fixed remuneration to be optimal for each executive without creating undue cost for the consolidated entity.



Directors' Report continued

Short Term Incentives

The short term incentives disclosed in the 2015 financial year have been approved by the Board and unless otherwise noted are consistent with the Company's established Short Term Incentive Plan ("STIP"). The Board and the Committee use key performance indicators ("KPIs") that measure the overall success of the consolidated entity. The majority of KPIs related to achievement of corporate targets in respect of financial performance, employee safety, employee retention and development and business improvement projects, as described below.

The Committee considers the final results and KPIs for each year prior to determining if any short term incentives are to be paid. If the annual financial results and KPI targets are met, the Committee then:

- a. determines the amount of the Managing Director's short term incentive; and
- reviews and approves the Managing Director's recommendations as to the allocation of the short term incentive to applicable executives.

Payment of any applicable short term incentives is made in the financial year following the relevant assessed financial year. All of the executives of the consolidated entity have similar "Executive Service Agreements" (key contractual details are set out on pages 50 to 53 of this Directors' report), which specify the fixed annual remuneration as well as entitlements to short term and long term incentives.

Managing Director

Under his Executive Service Agreement, the Managing Director can receive a short term incentive paid in cash up to the value of 75% (2014: 75%) of his fixed annual remuneration payable upon achievement or exceeding of established performance objectives.

The tables below show the weightings applied to performance measures for the Managing Director for the 2015 and 2014 financial years:

2015 Performance Measures	%
The achievement of targets and objectives	
designed to improve the safety performance of	
the business	6.7
The achievement of the established	
financial targets	66.6
The achievement of targets and objectives	
designed to improve the attraction, retention and	
performance of all employees	6.7
The achievement of specific objectives	
designed to support growth and business	
performance improvement	10
The achievement of specific objectives intended to	
support improvements in capital management and	
other financial objectives	6.7
The maintenance of high quality governance	
processes within the business	3.3
2014 Performance Measures	%
The achievement of targets and objectives	
designed to improve the safety performance of	
the business	6.7
The achievement of the established	
financial targets	66.6
The achievement of targets and objectives	
designed to improve the attraction, retention and	
performance of all employees	8.3
The achievement of specific objectives	
designed to support growth and business	
performance improvement	8.3
The achievement of specific objectives intended to	
support improvements in capital management and	
other financial objectives	6.7
	6.7
The maintenance of high quality governance	0.7
The maintenance of high quality governance processes within the business	3.4

These performance measures are agreed between the Managing Director and the Committee as part of the annual planning process, against which the Managing Director's performance will be measured. The performance measures are approved by the Board.

Other Executives

For the other executives, the short term incentives payable are determined by performance against financial targets and also takes into account other performance measures covering HSE (including LTIFR measure), capital management, people management and strategy (3-5 key objectives specific to each Senior Manager's role), established annually with the Managing Director.

Other executives can receive a 2015 short term incentive of up to 30% of their fixed annual remuneration. 100% of this



short term incentive is paid in cash. The short term incentive will continue to be determined by the performance measures discussed above.

In May 2015, the Committee considered the recommendations relating to other executives under the STIP and recommended that the short term incentives determined in the 2015 financial year be approved by the Board. The short term incentives were approved by the Board and will be paid in July 2015. The financial statements for the financial year include an aggregate accrual for total payments to be made under the STIP.

Long Term Incentives

The Long Term Incentive Plan ("LTIP") is a share-based compensation scheme for executives and senior employees of the consolidated entity. The LTIP provides executives and senior employees with performance rights that upon vesting entitle the holder to receive shares in the Company ("Performance Rights") to encourage them to align their performance with shareholders. The Managing Director is also entitled, subject to shareholder approval, to receive grants on the same terms as under the LTIP except as noted below. Participants in the LTIP cannot dispose or otherwise deal with their Performance Rights. This has been an important tool to attract and retain executive talent and will continue to be important in the future.

Under the LTIP, eligible employees are offered an allocation of Performance Rights. The number of Performance Rights offered to each eligible employee is determined with reference to market practice, individual contribution and the influence of the role on business outcomes.

The LTIP was first introduced during the 2008 financial year. The terms of the LTIP were revised during the 2013 financial year with effect from 1 July 2012. Performance Rights granted prior to amendments to the LTIP will be subject to the terms of the LTIP existing at the time of grant.

The key changes to the LTIP that applied for grants made after 1 July 2012 are outlined below:

- Performance Rights are granted in a single tranche, vesting over a period of 4 years (previously a period of between 3 and 5 years determined at grant);
- the qualifying period for pro rata participation (if an employee ends his or her employment under good leave provisions prior to the vesting date, such as for reason of redundancy, death, medical illness, incapacity or total and permanent disablement) has been extended from 6 to 24 months from grant. Performance Rights may also vest prior to the vesting date on a change of control in certain circumstances;
- the Performance Rights automatically entitle the employee to receive ordinary shares in the Company upon vesting and will no longer provide the employee

- with an option to exercise the Performance Rights at any time over a twelve month period following vesting;
- additional performance criteria, measured against the growth of the Company's earnings per share, have been included (previously performance criteria only was measured against total shareholder return ("TSR") and continued employment);
- an adjustment to the performance criteria relating to TSR, so that the number of Performance Rights subject to the TSR condition that vest will be determined on a pro rata basis from 0% to 100% depending on TSR performance between the 40th and 75th percentile, rather than move from 0% to 50% at a single point. Under the performance criteria applicable to previously approved Performance Rights, 50% of Performance Rights would vest if TSR performance was at the 50th percentile, and nil would vest if TSR performance was below that. As set out in more detail below, the Performance Rights will start to vest if TSR performance is at the 40th percentile, and then vest pro rata from that point on, such that TSR performance at the 57th percentile would need to be achieved before 50% of the Performance Rights would vest: and
- the LTIP no longer provides for the grant of Performance Options. The current intention is to not issue Performance Options, with no new Performance Options issued since 2009.

Summary of LTIP Rules applicable for post 1 July 2012 Grants ("2012 Award")

Executives and Other Senior Employees

Executives and other senior employees have been granted Performance Rights under the LTIP on the following specific terms (in addition to the general terms outlined above):

- a. Each Performance Right entitles the holder to one fully paid ordinary share in the Company on vesting. No amounts are paid or payable by the recipient on receipt or vesting of a Performance Right. Performance Rights have a vesting date of four years from the date of issue.
- b. The Performance Rights carry neither rights to dividends nor voting rights.

Performance criteria for these Performance Rights are as follows:



Directors' Report continued

Performance Criteria	Weighting	Details				
Continued Employment	1/3	The performance hurdle for one-third of the Performance Rights will be based on the executive or other senior employee continuing to be an employee of the consolidated entity at the vesting date, thus creating a retention component.				
2. Total Shareholder Return ("TSR")	1/3	The performance hurdle for one-third of the Performance Rights will be based on the Company's performance by reference to the TSR over the Performance Period when compared with the TSR for each company in a group of peer companies. The peer group of companies comprises the companies listed in the S&P/ASX 300 (ranked by market capitalisation) after excluding resource companies, banks and listed property trusts. A peer company continues to be included in the comparator group for the entire Performance Period, except where the company is delisted due to takeover or merger. New entrants into the S&P/ASX 300 during the Performance Period are excluded. The Company's performance ranking within that group of peer companies at the end of the relevant Performance Period determines the number of TSR Performance Rights that vest, as follows:				
		Performance Criteria	TSR Performance Rights vest			
		Below 40th percentile	None vest			
		Between 40th and 75th percentile (inclusive)	TSR Performance Rights that vest to be determined on a straight line escalation from the 40th percentile (0% vest) to the 75th percentile (100% vest)			
		Above 75th percentile	100% of TSR Performance Rights vest			
3. Earnings Per Share 1/3 ("EPS")		Company's EPS performance, where a tain diluted EPS over the Performance Peri	the Performance Rights will be based on the arget range for the average annual growth od of the EPS Performance Rights has been EPS Performance Rights that vest, as follows:			
		Performance Criteria	EPS Performance Rights vest			
		Average growth of less than 5% pa	None vest			
		Average growth from 5% to 15% pa	EPS Performance Rights that vest to be determined on a straight line escalation from EPS growth of 5% pa (0% vest) to EPS growth of 15% pa (100% vest)			
		Average growth above 15% pa	100% of EPS Performance Rights vest			
		The starting EPS is the reported audited prior to grant.	EPS for the financial year ended 31 March			



The Board considers that performance conditions based on the Company's performance against a clearly defined peer group in terms of TSR and the Company's EPS is an appropriate way to gauge changes to shareholder wealth. The method set out in the table above for determining whether this performance condition is satisfied is considered appropriate, because it provides direct alignment between the proportion of Performance Rights that vest and the Company's performance when ranked against both its peer group and its prior financial performance.

Managing Director

The Managing Director was granted 150,000 Performance Rights after shareholder approval was given at the Annual General Meeting on 29 July 2014. Upon certain vesting conditions being met, the Company will issue to the Managing Director one fully paid ordinary share per Performance Right for nil consideration. The Managing Director's grant under the LTIP is subject to the same performance criteria described above, except that:

- half of the Performance Rights are subject to performance criteria 2 described above – Total Shareholder Return; and
- half of the Performance Rights are subject to performance criteria 3 described above – Earnings Per Share.

The vesting period for these Performance Rights is four years.

If the Company becomes the subject of:

- a. a takeover bid and the bid is accepted in respect of at least 50% of the shares in the Company;
- b. a scheme of arrangement and the scheme proceeds with shareholder and Court approval; or
- an arrangement which passes control of more than 50% of the Company's share capital, ("change of control event")

the number of Performance Rights that will vest will be the greater of:

- 50% of the Performance Rights; and
- such number of the Performance Rights as determined in accordance with the performance criteria detailed above.

In the case of all other long term incentive participants, the Directors will apply their reasonable endeavours to negotiate a transition to an alternate plan that they assess as being no less favourable than the existing LTIP.

In the event of a bonus issue, rights issue or any capital reconstruction the number of Performance Rights will be adjusted, at the discretion of the Board, in compliance with the ASX Listing Rules to take into account the impact of the capital reconstruction or issue.

Summary of LTIP Rules applicable for pre-1 July 2012 Grants

Executives and other senior employees, including the Managing Director, have been granted Performance Rights and/or Performance Options under the LTIP in prior financial years. 100% of the pre-1 July 2012 grants to the Managing Director are subject to the TSR performance criteria described below.

The securities issued under the LTIP pre-1 July 2012 were granted on the following terms:

- a. Each Performance Option converts into one fully paid ordinary share in the Company upon the payment of the applicable exercise price at the time of exercise. No amounts are paid or payable by the recipient on receipt of a Performance Option. Performance Options have a vesting date that is three years from the date of issue and may be exercised at any time within twelve months from the date of vesting.
- b. Each Performance Right converts upon exercise into one fully paid ordinary share in the Company. No amounts are paid or payable by the recipient on receipt or exercise of a Performance Right. Performance Rights have vesting dates that are three to five years from the date of issue and may be exercised at any time within twelve months from date of vesting.
- c. Both Performance Rights and Performance Options carry neither rights to dividends nor voting rights.



Performance Criteria for the Performance Rights and Performance Options granted pre-1 July 2012 are as follows:

Performance Criteria	Weighting	Details	
Continued Employment	1/3 for grants made between 1 July 2010 and 30 June 2012	This performance hurdle is based or employee continuing to be an employesting date, thus creating a retention	oyee of the consolidated entity at the
	Nil for grants made prior to 1 July 2010		
2. Total Shareholder Return	2/3 for grants made between 1 July 2010 and 30 June 2012 100% for grants	over the relevant period (the "Perfor reference to the TSR of the Compan	•
	made prior to 1 July 2010	300 (ranked by market capitalisation	s the companies listed in the S&P/ASX n) after excluding resource companies, neer company continues to be included
	100% for grants made prior to 30 June 2012 to the	in the comparator group for the enti	re Performance Period, except where over or merger. New entrants into the
	Managing Director.		nce Period determines the number of Options in the particular tranche that
		Performance Criteria	Number of Performance Rights or Performance Options ("Rights and Options") exercisable
		Performance Ranking below 50th Percentile	No Rights or Options exercisable (as applicable)
		Performance Ranking at the 50th Percentile	50% of the Rights or Options exercisable (as applicable) in the tranche available to be exercised
		Performance Ranking between the 50th and 75th Percentile (both inclusive)	Rights or Options exercisable (as applicable) in the tranche available to be exercised will be determined on a pro-rata basis between 50% and 100% depending on the Company's percentile Performance Ranking
		Performance Ranking at or above 75th Percentile	100% of Rights or Options exercisable (as applicable) in the tranche available to be exercised

The Performance Rights and Performance Options in each particular tranche which become exercisable will become available for exercise from the day after vesting (the "Exercise Date"). Any Performance Rights or Performance Options in a particular tranche that do not become exercisable will lapse on the last day of the period of which performance is assessed. The Performance Rights and Performance Options available for exercise can be exercised at any time over the twelve month period beginning on the Exercise Date (the "Exercise Period"). Any Performance Rights and Performance Options that have not been exercised by the end of the Exercise Period will lapse at that time.

The vesting period for these Performance Rights and Performance Options ranges from three to five years.

The Managing Director's Performance Rights granted in prior financial years are subject to the same performance criteria described above, except that the performance hurdle for all Performance Rights will be the TSR Performance hurdle described above. The vesting period for these Performance Rights ranges from three to five years.



If the Company becomes the subject of a change of control event as defined above, then the Performance Rights and Performance Options may vest as detailed above.

Programmed Employee Share Acquisition Plan ("PESAP")

The PESAP was launched in 2010 and allows employees to buy ordinary shares in the Company, with payment being made from their pre-tax pay. Employees can elect to buy shares to an annual value of \$500, \$750 or \$1,000. The objective is to provide an opportunity for all employees to have ownership and participate in the Company's growth.

Relationship between the remuneration policy and company performance

The Board is of the view that there is a strong correlation between the remuneration policy and the Company's

performance. KPIs for short term incentives are linked to the Company's objectives and vesting of the majority of long term incentives occurs only when either TSR outperforms the median of other listed companies or the Company's earnings per share growth exceeds specified thresholds (further information on these performance hurdles and thresholds is set out on pages 31 to 36 of this Directors' Report). In the 2011 to 2015 financial years the long term incentives that vested were those resulting from employees who continued to be employed by the Company at the vesting date, therefore meeting the 1/3 retention performance hurdle and also the achievement of the Total Shareholder Return performance hurdle. In addition, the short term incentives paid were targeted and related to specific business unit and/or individual performance. If the performance hurdles established continue to be met or exceeded, then it is expected that a greater number of long term incentives will vest in the future.

The table below sets out summary information about the consolidated entity's earnings, debt and dividends for the five years to 31 March 2015. Over the past five years, net debt has decreased each year, dividends have increased each year and the share price has increased from \$1.70 to \$2.42. For more information relating to the Company's performance in 2015, refer to pages 7 to 17 of this Annual Report.

		Financial	Years Ended 31	March	
	2011 ¹	2012	2013	2014	2015
Revenue (\$'000)	1,220,183	1,393,639	1,517,419	1,434,923	1,434,224
Profit after tax (before non-trading items) (\$'000)	26,382	31,220	33,954	31,847	30,437
Earnings per share (cents)	18.8	26.4	27.2	25.8	21.7
Net debt (\$'000)	118,336	87,804	67,107	42,231	7,080
Net debt/equity	34%	24%	17%	10%	2%
Dividends					
- Total dividends per share (cents)	9.0	13.0	15.0	17.0	18.0
- Dividend payout ratio	48%	49%	55%	66%	83%
- Dividend franking	100%	100%	100%	100%	100%
Share Price at 31 March	\$1.70	\$2.52	\$2.56	\$2.90	\$2.42
No. of Shares issued at 31 March (millions)	118.2	118.2	118.2	118.3	118.7
Market Capitalisation at 31 March (\$ millions)	201	298	303	343	287

Notes:

^{1.} From continuing operations.

Remuneration of Key Management Personnel

	Short-te	Short-term employee benefits	enefits	Post- employment benefits			Share-based payment – Equity settled			
		Short-term incentives								
Financial year ended 31 Mar 2015	Salary & Fees ³	Cash¹	Non- monetary ⁴ \$	Super- annuation \$	Other Long-term Employee Benefits ⁴	Termination Benefits \$	Options & Rights² \$	Performance related %	Non- performance related %	Totals \$
Directors										
B. Brook	182,753	ı	ı	17,247	I	I		I	ı	200,000
C. Sutherland	885,595	182,400	600'06	18,512	17,825	I	225,023	28.7	71.3	1,419,364
J. Whittle	118,789	ı	ı	11,211	ı	I	I	ı	ı	130,000
E. Stein	118,789	ı	ı	11,211	ı	I	I	ı	ı	130,000
R. McKinnon	109,652	1	ı	10,348	ı	I	I	ı	ı	120,000
A. Grant	118,789	I	I	11,211	I	I	I	I	ı	130,000
Executives										
S. Leach	471,857	20,000	30,561	18,512	9,718	I	149,357	27.3	72.7	730,005
N. Fairbank	339,234	25,000	8,472	18,551	6,477	I	56,647	18.0	82.0	454,381
S. Taylor	449,382	25,000	26,877	18,512	11,176	I	77,954	16.9	83.1	608,901
G. Triggs	558,997	25,000	85,883	18,551	13,611	I	77,954	13.2	86.8	779,996
M. Waymark	375,420	105,000	6,619	18,512	6,648	I	49,271	27.5	72.5	561,470
G.Thompson	374,807	75,000	17,322	18,512	6,324	I	30,746	20.2	79.8	522,711
TOTALS	4,104,064	487,400	265,743	190,890	71,779	I	666,952	I	I	5,786,828

Notes:

1. The cash bonuses relate to performance for the 2015 financial year. The cash bonuses will be paid in July 2015.

The share based payments are yet to be earned and are subject to performance criteria vesting over a period of four years and were provided under the Long Term Incentive Plan. The amounts have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

. Includes short-term compensated absences.

Non-monetary short term employee benefits represent annual leave entitlements and accommodation benefits. Non-monetary long term employee benefits represent long service leave employee entitlements.

Remuneration of Key Management Personnel (continued)

	Short-ter	Short-term employee benefits	nefits	Post- employment benefits			Share-based payment – Equity settled			
I		Short-term incentives				I				
Financial year ended 31 Mar 2014	Salary & Fees³ \$	Cash¹ \$	Non- monetary⁴ \$	Super- annuation \$	Other Long-term Employee Benefits ⁴	Termination Benefits \$	Options & Rights² \$	Performance related %	Non- performance related %	Totals \$
Directors										
B. Brook	183,182	I	I	16,818	I	I	I	I	I	200,000
C. Sutherland	867,586	200,795	33,771	17,424	14,366	I	226,612	31.4	68.6	1,360,554
J. Whittle	119,061	I	I	10,939	I	I	I	I	I	130,000
E. Stein	119,061	I	I	10,939	I	I	I	I	I	130,000
R. McKinnon	109,903	I	I	10,097	I	I	I	1	I	120,000
A. Grant	119,061	I	I	10,939	I	I	I	I	I	130,000
Executives										
S. Leach	462,587	48,000	17,575	17,424	7,553	I	137,825	26.9	73.1	690,964
B. Styles ⁵	31,606	I	3,645	3,801	I	185,094	4,633	2.0	98.0	228,779
N. Fairbank ⁵	329,257	17,500	(5,444)	17,474	3,839	I	38,429	13.9	86.1	401,055
S. Taylor	423,605	34,350	(1,929)	16,157	7,000	I	75,136	19.8	80.2	554,319
G. Triggs	504,449	123,250	108,204	17,474	34,000	I	74,315	22.9	77.1	861,692
M. Waymark	359,668	62,000	1,208	16,790	6,065	I	33,477	19.9	80.1	479,208
G. Thompson	336,182	52,000	16,987	16,790	6,089	I	8,227	13.8	86.2	436,275
TOTALS	3,965,208	537,895	174,017	183,066	78,912	185,094	598,654	I	I	5,722,846

Notes:

- The cash bonuses relate to performance for the 2014 financial year except for \$100,000 paid to G. Triggs in July 2013 for the achievement of one-off specific objectives. The cash bonuses related to performance for the 2014 financial year were paid in July 2014.
 - The share based payments are yet to be earned and are subject to performance criteria vesting over a period of four years and were provided under the Long Term Incentive Plan. The amounts have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.
- . Includes short-term compensated absences.
- Non-monetary short term employee benefits and other long term employee benefits represent annual leave and long service leave employee entitlements respectively.
- Mr Styles resigned as the Chief Executive Officer of Integrated Workforce and Mr Fairbank was appointed the Chief Executive Officer of Integrated Workforce on 26 April 2013.



Total Cash Payments to Key Management Personnel

The table below shows cash payments received by Key Management Personnel in relation to the 2015 financial year.

Financial year ended 31 March 2015	Fixed Remuneration ¹	Cash bonuses ²	Termination benefits ³	Options & Rights ⁴	Total
Director:					
B. Brook	200,000	-	_	_	200,000
C Sutherland	904,107	200,795	_	274,423	1,379,325
J. Whittle	130,000	-	_	_	130,000
E.Stein	130,000	-	_	_	130,000
R. McKinnon	120,000	-	_	_	120,000
A. Grant	130,000	-	_	_	130,000
Executive:					
S. Leach	490,369	48,000	_	164,787	703,156
N. Fairbank	357,785	17,500	_	15,524	390,809
S. Taylor	467,894	34,350	_	82,394	584,638
G. Triggs	577,548	23,250	_	82,394	683,192
M. Waymark	393,932	62,000	_	41,314	497,246
G. Thompson	393,319	52,000	_	_	445,319
TOTALS	4,294,954	437,895	_	660,836	5,393,685

^{1.} The sum of Salary, Fees and Superannuation.

^{2.} Cash bonuses paid in the current financial year in relation to performance of the previous financial year.

^{3.} Termination benefits paid during the financial year.

^{4.} Value of options and rights at date of vesting, for rights and options that vested during the financial year.



The financial years

Bonuses and share-based payments granted as compensation for the current financial year:

(a) Short Term Incentives

The cash bonuses granted during the 2015 financial year to Key Management Personnel (other than Non-Executive Directors) under the STIP are shown in the table below and relate to performance in the 2015 financial year. The cash bonuses will be paid in July 2015. The performance criteria applicable to the short term incentives referred to in this section are set out on pages 31 and 32 of this Directors' report.

Name	Date of Grant	Included in remuneration \$	Vested during the reporting period %	Forfeited because performance criteria not met %	(after this reporting period) in which the bonus will be payable (assuming performance conditions are met)
Director:					
C. Sutherland	14/05/2015	182,400	27	73	2016
Executive:					
S. Leach	14/05/2015	50,000	34	66	2016
N. Fairbank	14/05/2015	25,000	23	77	2016
S. Taylor	14/05/2015	25,000	18	82	2016
G. Triggs	14/05/2015	25,000	14	86	2016
M. Waymark	14/05/2015	105,000	88	12	2016
G. Thompson	14/05/2015	75,000	63	37	2016

No variable component is outstanding in relation to the cash bonuses.



(b) Long Term Incentives

Performance Rights

Performance Rights held during the 2015 financial year by Key Management Personnel are shown in the tables below.

2015	Balance 1.4.14	Number Granted as compensation	Numbe Exercise		Balance 31.3.15	Balance held nominally
B. Brook	-	_	_	_	-	_
C. Sutherland	760,000	150,000	_	(150,000)	760,000	_
J. Whittle	-	_	_	_	_	_
E. Stein	-	_	_	_	-	_
R. McKinnon	-	_	_	_	-	_
A. Grant	_	_	_	_	-	_
S. Leach	460,000	120,000	(61,152)	(18,848)	500,000	_
N. Fairbank	148,500	60,000	(5,772)	(1,728)	201,000	_
S. Taylor	240,000	60,000	(30,576)	(9,424)	260,000	_
G. Triggs	240,000	60,000	(30,576)	(9,424)	260,000	_
M. Waymark	120,000	80,000	(15,049)	(5,951)	179,000	_
G. Thompson	40,000	80,000	_	_	120,000	_

2014	Balance 1.4.13	Number Granted as compensation	Numbe Exercised		Balance 31.3.14	Balance held nominally
B. Brook	_	_	_	_	_	-
C. Sutherland	600,000	160,000	-	_	760,000	-
J. Whittle	_	_	-	_	-	-
E. Stein	_	_	-	_	-	-
R. McKinnon	_	_	-	_	-	_
A. Grant	_	_	-	_	-	_
S. Leach	360,000	120,000	(6,667)	(13,333)	460,000	_
N. Fairbank	65,000	85,000	(500)	(1,000)	148,500	
B. Styles	199,500	_	-	(199,500)	-	_
S. Taylor	205,000	60,000	(11,814)	(13,186)	240,000	
G. Triggs	199,500	60,000	(8,704)	(10,796)	240,000	
M. Waymark	95,000	40,000	(5,000)	(10,000)	120,000	_
G. Thompson	_	40,000	_	_	40,000	_

Performance Rights granted during the 2015 financial year to Key Management Personnel (other than Non-Executive Directors) under the LTIP are shown in the tables below. The performance criteria applicable to the grants referred to in this section are set out on pages 32 to 37 of this Directors' report.

	_			-	_	_	-	
Total maximum value of Performance Rights that will vest in future financial years	184.500		158,400	79,200	79,200	79,200	105,600	105,600
Total minimum value of Performance Rights that will vest in future financial years	Z		Ξ Z	Z	Z	Z	Z	ΞZ
The financial years (after this reporting period) in which the Performance Rights will vest (assuming all performance conditions are	2018		2018	2018	2018	2018	2018	2018
Forfeited because performance criteria not met	Z		Z	Z	Ē	Z	Z	ÏZ
Vested or was paid during the reporting period	Z		Ē	Z	Z	Z	Z	ΞŻ
Included in remuneration \$	34.499		29,619	14,809	14,809	14,809	19,746	19,746
Nature of grant	Performance Rights		Performance Rights	Performance Rights	Performance Rights	Performance Rights	Performance Rights	Performance Rights
Number of Performance Rights	150.000		120,000	000'09	000'09	000'09	80,000	80,000
Date of grant	31/07/2014		1/07/2014	1/07/2014	1/07/2014	1/07/2014	1/07/2014	1/07/2014
Name	Director: C. Sutherland	Executive:	S. Leach	N. Fairbank	S. Taylor	G. Triggs	M. Waymark	G. Thompson



The table below shows Performance Rights granted, lapsed and vested during the financial year. The Performance Rights that lapsed during the year lapsed as a result of the performance hurdles, discussed on pages 32 to 37, not being met.

	Grant	ed during t	he year	Laps	ed during th	e year	Vest	ed during the	e year
Executive	Number	Tranche	Value (calculated at grant) \$	Number	Financial year rights granted	Tranche	Number	Value at date of vesting ¹ \$	Tranche
	Number	Hallone	Ψ	Number	grantea	Trancile	Number	Ψ	Tranone
Director:									
C. Sutherland	150,000	2014 Award	184,500	47,220	2011	PR-17	102,780	274,423	PR-17
C. Sutrieriaria	130,000	Awaru	104,500	47,220	2011	111-17	102,700	274,420	111-17
Executive:									
		2014							
S. Leach	120,000	Award	158,400	6,256	2010	PR-15	13,744	38,208	PR-15
				12,592	2011	PR-17	47,408	126,579	PR-17
		2014							
N. Fairbank	60,000	Award	79,200	469	2010	PR-15	1,031	2,866	PR-15
				1,259	2011	PR-17	4,741	12,658	PR-17
		2014							
S. Taylor	60,000	Award	79,200	3,128	2010	PR-15	6,872	19,104	PR-15
				6,296	2011	PR-17	23,704	63,290	PR-17
		2014							
G. Triggs	60,000	Award	79,200	3,128	2010	PR-15	6,872	19,104	PR-15
				6,296	2011	PR-17	23,704	63,290	PR-17
		2014							
M. Waymark	80,000	Award	105,600	4,692	2010	PR-15	10,308	28,656	PR-15
				1,259	2011	PR-17	4,741	12,658	PR-17
		2014							
G. Thompson	80,000	Award	105,600	Nil			Nil		

^{1.} At the date of vesting, the closing market share price has been used to determine the value of the Performance Rights.



The table below shows the Performance Rights granted under the LTIP that vested during the financial year.

Executive	Number of rights that have vested	Tranche	Total number of rights granted for that tranche	Value per right at vesting date ¹ \$	% of grant that vested
Director:					
C. Sutherland	102,780	PR-17	150,000	2.67	68.5
Executive:					
S. Leach	13,744	PR-15	20,000	2.78	68.7
	47,408	PR-17	60,000	2.67	79.0
N. Fairbank	1,031	PR-15	1,500	2.78	68.7
	4,741	PR-17	6,000	2.67	79.0
S. Taylor	6,872	PR-15	10,000	2.78	68.7
	23,704	PR-17	30,000	2.67	79.0
G. Triggs	6,872	PR-15	10,000	2.78	68.7
	23,704	PR-17	30,000	2.67	79.0
M. Waymark	10,308	PR-15	15,000	2.78	68.7
	4,741	PR-17	6,000	2.67	79.0
G. Thompson	Nil	-	-	-	_

^{1.} At the date of vesting, the closing market share price has been used to determine the value of the Performance Rights.

The fair value of Performance Rights that may vest in future years is set out below. The amount reported is calculated in accordance with AASB 2 Share-based payment.

Executive	Grant date	Number	Tranche	Fair value per right at grant date \$	Fair value of total rights at grant date \$	Amount paid or payable by the participant \$	First exercise date	Expiry date (last exercise date)
Director:								
C. Sutherland	02/07/2011	150,000	PR-18	1.34	201,000	Nil	01/07/2015	01/07/2016
	02/07/2011	150,000	PR-19	1.32	198,000	Nil	01/07/2016	01/07/2017
	02/07/2012	150,000	2012 Award	1.17	175,500	Nil	01/07/2016	N/A
	02/07/2013	160,000	2013 Award	0.99	158,400	Nil	01/07/2017	N/A
	31/07/2014	150,000	2014 Award	1.23	184,500	Nil	01/07/2018	N/A
Executive:								
S. Leach	02/07/2010	20,000	PR-16	1.11	22,200	Nil	01/07/2015	01/07/2016
	02/07/2011	60,000	PR-18	1.34	80,400	Nil	01/07/2015	01/07/2016
	02/07/2011	80,000	PR-19	1.32	105,600	Nil	01/07/2016	01/07/2017
	02/07/2012	100,000	2012 Award	1.31	131,000	Nil	01/07/2016	N/A
	02/07/2013	120,000	2013 Award	1.10	132,000	Nil	01/07/2017	N/A
	01/07/2014	120,000	2014 Award	1.32	158,400	Nil	01/07/2018	N/A



Executive	Grant date	Number	Tranche	Fair value per right at grant date \$	Fair value of total rights at grant date \$	Amount paid or payable by the participant \$	First exercise date	Expiry date (last exercise date)
N. Fairbank	02/07/2010	2,000	PR-16	1.11	2,220	Nil	01/07/2015	01/07/2016
	02/07/2011	6,000	PR-18	1.34	8,040	Nil	01/07/2015	01/07/2016
	02/07/2011	8,000	PR-19	1.32	10,560	Nil	01/07/2016	01/07/2017
	02/07/2012	40,000	2012 Award	1.31	52,400	Nil	01/07/2016	N/A
	02/07/2013	85,000	2013 Award	1.10	93,500	Nil	01/07/2017	N/A
	01/07/2014	60,000	2014 Award	1.32	79,200	Nil	01/07/2018	N/A
S. Taylor	02/07/2010	10,000	PR-16	1.11	11,100	Nil	01/07/2015	01/07/2016
	02/07/2011	30,000	PR-18	1.34	40,200	Nil	01/07/2015	01/07/2016
	02/07/2011	40,000	PR-19	1.32	52,800	Nil	01/07/2016	01/07/2017
	02/07/2012	60,000	2012 Award	1.31	78,600	Nil	01/07/2016	N/A
	02/07/2013	60,000	2013 Award	1.10	66,000	Nil	01/07/2017	N/A
	01/07/2014	60,000	2014 Award	1.32	79,200	Nil	01/07/2018	N/A
G. Triggs	02/07/2010	10,000	PR-16	1.11	11,100	Nil	01/07/2015	01/07/2016
	02/07/2011	30,000	PR-18	1.34	40,200	Nil	01/07/2015	01/07/2016
	02/07/2011	40,000	PR-19	1.32	52,800	Nil	01/07/2016	01/07/2017
	02/07/2012	60,000	2012 Award	1.31	76,800	Nil	01/07/2016	N/A
	02/07/2013	60,000	2013 Award	1.10	66,000	Nil	01/07/2017	N/A
	01/07/2014	60,000	2014 Award	1.32	79,200	Nil	01/07/2018	N/A
M. Waymark	02/07/2010	20,000	PR-16	1.11	22,200	Nil	01/07/2015	01/07/2016
	02/07/2011	6,000	PR-18	1.34	8,040	Nil	01/07/2015	01/07/2016
	02/07/2011	8,000	PR-19	1.32	10,560	Nil	01/07/2016	01/07/2017
	02/07/2012	25,000	2012 Award	1.31	32,750	Nil	01/07/2016	N/A
	02/07/2013	40,000	2013 Award	1.10	44,000	Nil	01/07/2017	N/A
	01/07/2014	80,000	2014 Award	1.32	105,600	Nil	01/07/2018	N/A
G. Thompson	02/07/2013	40,000	2013 Award	1.10	44,000	Nil	01/07/2017	N/A
	01/07/2014	80,000	2014 Award	1.32	105,600	Nil	01/07/2018	N/A



Performance Options

Performance Options held during the 2015 financial year by Key Management Personnel are shown in the tables below.

2015	Balance 1.4.14	Number Granted as compensation	Numbe Exercised		Balance 31.3.15	Balance held nominally
B. Brook	_		_		_	
C. Sutherland	-	-	_	-	-	_
J. Whittle	_	_	_	-	-	_
E. Stein	-	-	_	-	-	_
R. McKinnon	-	-	_	-	-	_
A. Grant	-	-	_	-	-	_
S. Leach	-	-	_	-	-	_
N. Fairbank	-	-	_	-	-	_
S. Taylor	5,089	-	(5,089)	-	_	-
G. Triggs	5,089	-	_	(5,089)	-	_
M. Waymark	_	_	_	-	-	_
G. Thompson	_	_	-	-	_	-

2014	Balance 1.4.13	Number Granted as compensation	Number Exercised	Net other change	Balance 31.3.14	Balance held nominally
B. Brook	-	_	_	-	-	_
C. Sutherland	-	_	_	_	-	_
J. Whittle	-	_	_	_	-	_
E. Stein	-	_	_	_	-	_
R. McKinnon	-	_	_	_	-	_
A. Grant	_	_	_	_	-	_
S. Leach	-	_	_	_	-	_
B. Styles	9,000	_	_	(9,000)	-	_
S. Taylor	9,000	_	_	(3,911)	5,089	_
G. Triggs	9,000	_	_	(3,911)	5,089	_
M. Waymark	_	_	_	_	-	_
G. Thompson	-	_	_	_	-	_

No Performance Options were granted or vested under the LTIP during the year.



The Performance Options granted under the LTIP that lapsed and were exercised during the year is set out below:

	Lapsed during the year				Exerci	sed during the y	/ear
Executive	Number	Tranche	Financial year options granted		Number	Tranche	Value per option at date of exercise ¹ \$
Director:							
C. Sutherland	Nil	-	-	_	Nil	-	_
Executive:							
S. Leach	Nil	_	-		Nil	_	-
N. Fairbank	Nil	_	_	_	Nil	_	-
S. Taylor	Nil	_	-	_	5,089	PO-9	2.46
G. Triggs	5,089	PO-9	2009		Nil	-	_
M. Waymark	Nil	_	-	_	Nil	_	_
G. Thompson	Nil	_	_		Nil	-	_

^{1.} At the date of exercise, the closing market share price has been used to determine the value of the Performance Options.

The table below shows the Performance Options granted under the LTIP that were exercised during the financial year.

Executive	Number of options that were exercised	Tranche	Total number of options granted for that tranche	Value per option at exercise date ¹ \$	% of grant that were exercised	Number and Class of shares issued under the exercised options	The amount paid on each of those shares
Director:							
C. Sutherland	Nil	_	_	-	_	_	_
Executive:							
S. Leach	Nil	-	-	_	-	_	_
N. Fairbank	Nil	-	-	_	-	_	_
						5,089 ordinary	44-0
S. Taylor	5,089	PO-9	9,000	2.46	56.54	shares	\$1.70
G. Triggs	Nil	_	_	_	_	_	_
M. Waymark	Nil	-	-	-	-	-	_
G. Thompson	Nil	_	_	_	_	_	_

^{1.} At the date of exercise, the closing market share price has been used to determine the value of the Performance Options.

There are no outstanding Performance Options that may vest in future years.



Key Management Personnel Equity Holdings

Fully paid ordinary shares held during the 2015 financial year by Key Management Personnel are shown in the tables below.

		Number Granted	Number received on exercise of	Net other		Balance held
2015	Balance 1.4.14	as compensation	rights/options	change	Balance 31.3.15	nominally
B. Brook	70,000	_	-	10,000	80,000	60,000
C. Sutherland	583,142	_	102,780	_	685,922	685,922
J. Whittle	2,084,656	-	-	_	2,084,656	1,984,958
E. Stein	22,359	-	-	6,782	29,141	25,441
R. McKinnon	50,000	-	-	_	50,000	50,000
A. Grant	10,000	-	-	_	10,000	-
S. Leach	36,497	-	61,152	(70,000)	27,649	20,638
N. Fairbank	23,947	-	5,772	_	29,719	1,447
S. Taylor	50,114	-	47,659	(5,997)	91,776	21,641
G. Triggs	17,709	-	42,570	(53,938)	6,341	6,341
M. Waymark	5,000	-	15,049	-	20,049	_
G. Thompson	_	-	_	_	_	_

2014	Balance 1.4.13	Number Granted as compensation	Number received on exercise of rights/options	Net other change	Balance 31.3.14	Balance held nominally
B. Brook	70,000	-	- -	-	70,000	50,000
C. Sutherland	583,142	_	_	-	583,142	579,188
J. Whittle	2,084,656	-	-	-	2,084,656	1,984,958
E. Stein	22,359	-	-	-	22,359	22,359
R. McKinnon	50,000	_	-	-	50,000	50,000
A. Grant	10,000	_	-	-	10,000	_
S. Leach	29,830	-	6,667	-	36,497	20,638
N. Fairbank	12,367	-	500	11,080	23,947	1,447
B. Styles	24,444	-	_	(24,444)	_	_
S. Taylor	38,236	-	11,814	64	50,114	27,638
G. Triggs	28,514	-	8,704	(19,509)	17,709	12,338
M. Waymark	-	-	5,000	-	5,000	_
G. Thompson	-	_	_	_	_	

Other transactions with Key Management Personnel

During the financial year, some of the key management personnel and their related entities entered into transactions, which were domestic or trivial in nature, with the Company on the same terms and conditions available to other employees and customers.



Key terms of employment contracts

Managing Director

Set out below are the key terms of the Executive Service Agreement ("the Agreement") of the Managing Director, Christopher Sutherland. The Company and Mr Sutherland entered into the Agreement on 6 March 2013 to reflect changes to the Corporations Act 2001. Mr Sutherland was previously employed under a different executive service agreement.

Term

From 6 March 2013 until one of the following occurs

- a. the Company gives the Managing Director 12 months' written notice;
- b. the Managing Director gives the Company 12 months' written notice;
- c. the Company terminates the Agreement due to actions of the Managing Director such as serious misconduct, dishonesty and bankruptcy; or
- d. a genuine redundancy occurs as a result of structural change or operational requirements.

Payments on Termination

If the Agreement is terminated under (a) or (b) above, the Company has the discretion to, at any time, during the notice period either bring the Agreement to an immediate end and, subject to the Corporations Act 2001, pay the remuneration that would have been received during the remaining notice period, or require the Managing Director to undertake alternative duties or to remain at home for the remaining notice period.

If the Agreement is terminated under (c) above, the Company is only obliged to pay the Managing Director any accrued remuneration, including superannuation and leave entitlements.

If the Agreement is terminated under (d) above due to a genuine redundancy the severance payment due to the Managing Director, will, subject to the Corporations Act 2001, be determined in accordance with the following table:

Period of continuous service	Redundancy payment (months' pay)	Notice payment (months' pay)	Total severance payment (months' pay)
Less than 5 years	3	9	12
More than 5 years but not more than 6 years	4	8	12
More than 6 years but not more than 7 years	5	7	12
More than 7 years but not more than 8 years	6	6	12
More than 8 years but not more than 9 years	7	5	12
More than 9 years but not more than 10 years	8	4	12
10 years and over	9	3	12



Remuneration

Fixed annual remuneration:

\$911,550 comprising base salary, superannuation contribution and benefits as allocated by the Managing Director in accordance with the Company's policies.

Review of remuneration:

The remuneration will be reviewed at least annually, with any increase at the absolute discretion of the Company.

Annual leave and other leave:

- Four weeks annual leave per annum (in addition to public holidays).
- After the completion of one year's continuous service with the Group, the Managing Director will also be entitled to one extra day of annual leave for every year of continuous service that he completes with the Group, up to a maximum of 10 additional days¹.
- Thirteen weeks for fifteen years' service, with pro rata long service leave after 10 years' service or 7 years on termination.
- Personal and compassionate leave as defined in the Company's policies.
- The Managing Director has completed 9 years' continuous service with the Group and is currently entitled to an extra 9 days of annual leave under this provision.

Short term incentive:

Up to 75% of his fixed annual remuneration payable upon achievement of, or exceeding, the established performance objectives (further information applicable to the Managing Director's short term incentives is set out on page 32 of this Directors' report).

Long term incentive:

The Managing Director may participate in the Long Term Incentive Plan described on pages 32 to 37 of this Directors' report. The performance criteria applicable to the long term incentives are also set out on pages 32 to 37 of this Directors' report.

Restraint

The Agreement provides that the Managing Director must not be employed by, or be engaged in, (whether directly or indirectly) any competitive business in Australia to provide services that are the same as or similar to those the Managing Director provided to the Company at any time during his employment or within the 12 months¹ immediately following the end of his term of employment. The Agreement also provides the Managing Director must not induce employees to leave the consolidated group or persuade any of the consolidated group's clients to cease or reduce business with the consolidated group during that period.

1. The Managing Director's prior agreement provided for a six month post-employment restraint period.

Other Executives

Set out below are the key terms of the Executive Service Agreement ("the Agreement") of the other executives:

Term

From the commencement date until one of the following occurs:

- a. the consolidated entity gives the executive 6 to 12 months' written notice¹;
- b. the executive gives the consolidated entity 6 to 12 months' written notice1;
- c. the consolidated entity terminates the Agreement due to actions of the executive such as serious misconduct, dishonesty and bankruptcy; or
- d. the executive is terminated as a result of redundancy arising from genuine structural change or changes to operational requirements.
- The notice period in respect of all executives is 6 months other than in respect to Glenn Triggs whose Agreement provides for a 12 month period.



Payments on Termination

If the Agreement is terminated under (a) or (b) above, the employing entity has the discretion to, at any time, during the notice period either bring the Agreement to an immediate end and pay the remuneration that would have been received during the remaining notice period, or require the executive to undertake alternative duties or to remain at home for the remaining notice period. If the Agreement is terminated under (c) above, the consolidated entity is only obliged to pay the executive any accrued remuneration, including superannuation and leave entitlements.

If the Agreement is terminated under (d) above, the executive is entitled to receive severance payments of between 6 and 12 months (a "month's pay" is the equivalent of the executive's fixed annual remuneration divided by 12) determined by reference to the executive's length of service and Agreement, consisting of any notice given or payment made in lieu and redundancy payments.

If the executive has a Notice Period of 6 months the severance payment will be calculated in accordance with the table below:

Period of continuous service	Redundancy payment (months' pay)	Notice payment (months' pay)	Total severance payment (months' pay)
Less than 5 years	3	6	9
More than 5 years but not more than 6 years	4	6	10
More than 6 years but not more than 7 years	5	6	11
More than 7 years but not more than 8 years	6	6	12
More than 8 years but not more than 9 years	7	5	12
More than 9 years but not more than 10 years	8	4	12
10 years and over	9	3	12

If the Executive has a Notice Period of 12 months the severance payment will be calculated in accordance with the table below:

Period of continuous service	Redundancy payment (months' pay)	Notice payment (months' pay)	Total severance payment (months' pay)
Less than 5 years	3	9	12
More than 5 years but not more than 6 years	4	8	12
More than 6 years but not more than 7 years	5	7	12
More than 7 years but not more than 8 years	6	6	12
More than 8 years but not more than 9 years	7	5	12
More than 9 years but not more than 10 years	8	4	12
10 years and over	9	3	12



Remuneration

Fixed annual remuneration:

Comprises base salary, superannuation contribution and benefits as allocated by the executive in accordance with the Company's policies.

Review of remuneration:

The remuneration will be reviewed at least annually, with any increase at the absolute discretion of the employing entity.

Annual leave and other leave:

- · Four to six weeks' annual leave per annum (in addition to public holidays).
- Long service leave in accordance with applicable legislation.
- Personal and compassionate leave as defined in the Company's policies.

Short term incentive:

Up to 30% of fixed annual remuneration payable in cash, as described on pages 31 and 32 of this Directors' report.

Long term incentive:

Refer to pages 32 to 37 of this Directors' report for details of long term incentives and performance criteria.

Restraint

Activities:

The Agreement provides that the executive must not be employed or be engaged in (whether directly or indirectly) with any competitive business within the geographic area described below to provide services that are the same as or similar to those the executive provided to the Company at any time during his/ her employment or within the period specified below immediately following the end of his/her term of employment. The Agreement also provides the executive must not induce employees to leave the consolidated group or persuade any of the consolidated group's clients to cease or reduce business with the consolidated group during that period.

Duration:

For a period between 3 and 12 months from the termination date which aligns with the Executive's notice period.

Geography:

The restraint applies to all regions for which the Executive has responsibility.

12. Diversity

The diversity of our people is one of our great strengths. We recognise the value of attracting, engaging and retaining employees with different backgrounds, experience and perspectives. Harnessing these differences, creates more productive and inclusive workplaces, provides a competitive advantage and contributes to superior customer service.

Programmed's success is built on the talent and enthusiasm of our people and the values they bring with them from their homes and communities. There are more than 10,000 people who are part of our team and we come from a broad range of cultural backgrounds, speak multiple languages and span many generations.

Programmed's diversity strategy focusses on cultural diversity, including our Ten-Year Indigenous Engagement

Strategy, cross-generational diversity, people with a disability and achieving gender balance.

To build on these key focus areas, we take a multi-pronged approach:

- Customer: We help our customers tap into the benefits of a safe and inclusive workplace
- Employment: We aim to have a diverse workforce which represents the community in which we operate
- Procurement: We support local suppliers and delivering value for money
- Community: We engage with our local communities through partnerships, volunteering and pro-bono support

Programmed's commitment is underpinned by its Diversity Policy, which is available on the Company's website.



As a company, we aspire to create and maintain a workforce which is representative of our customers and communities and in which individual differences are valued and respected – it's good for our employees and good for the business.

The policy provides for the Board, in consultation with senior management, to establish measurable diversity targets and to measure and report on its progress towards achieving them. The gender balance and diversity targets outlined in the table below have been established.

Gender Balance Target

	Gender Balance Target	2015 Outcome
Non-Executive Directors ¹	Between 40% to 60%	40% (2014: 40%)
Senior Leaders (MD to MD-4) ²	Increase by +2% until we reach and maintain between 40% to 60%	29% (2014: 25%)
Employees Overall (excl. Field)	Between 40% to 60%	39% (2014: 40%)
Employees Overall (incl. Field)	Long-Term Target of at least 15% women	16% (2014: 14%)

- 1. The Managing Director is the only director on the Board who is a not a Non-Executive Director. The proportion of women on the entire Board including the Managing Director is one third.
- 2. Programmed has defined senior leaders to include the WGE Agency's approach to managers and key professional roles.

Programmed has lodged its report as required under the Workplace Gender Equality ("WGE") Act 2012. A copy is available on the Company's website and will also be available on the WGE Agency website.

The Company has continued its strategy to increase the representation of women in leadership and attract women in trades. This includes visiting schools and communities to share career insights and placing a strong focus on growing a gender-balanced pipeline through development programs and focused talent review conversations. This has seen the promotion of internal female talent and attraction of new women to the Company, with women leading and working in operations and functions across Programmed.

In the last year, Programmed has been involved in targeted programs such as the Glass Elevator Initiative and Inclusive Leadership Workshops (with a focus on unconscious bias). Programmed has also contributed to external advocacy for women in leadership through the CEOs for Gender Equity initiative and led the women in technical and trades stream, supported women in trades' networks e.g. Trades Up and Fanelle, established a blue-collar diversity network and initiated the Facility Management Association's diversity special interest group.

To further support the Company's Diversity Strategy, Programmed established Divisional Diversity Working Groups, chaired by a member of the Division's Leadership Team to provide direction and guidance on inclusion initiatives and highlight the benefits that diversity brings to our business. The Company has also formalised its support of flexible working arrangements to accommodate the diverse needs of employees at different career and life stages.

Programmed's commitment to a safe and inclusive culture is led by our Managing Director, who is actively involved in championing gender balance through the CEOs for Gender Equity in Western Australia and Generation One's CEO for A Day campaign where ten Indigenous professionals shadowed Managing Directors of leading companies across Australia.

The Company also actively participates in the Business Council of Australia's Business Indigenous Network and Disability Employment Network, the Diversity Council of Australia, the Australian Network on Disability and the Generation One campaign to end disparity. Programmed was also a founding member of an employer forum in Western Australia, Yokai, to share knowledge with like-minded companies about reconcilation and Indigenous engagement.

People with a Disability

Programmed recently joined the Australian Network on Disability which provides employment advice and services. We have positive relationships with a number of providers which has led to employment opportunities across the business for people with disabilities. In the last year, Programmed has focused on building awareness through International Day for People with a Disability and supported community initiatives including Carson Street Primary and Rocky Bay's CEO Segway Challenge.

Indigenous Engagement

Governed by the three principles of reconciliation: relationships, respect and opportunities, Programmed has implemented a 10-Year Indigenous Engagement Strategy, to attract and retain talented Aboriginal and Torres Strait



Islander people. This Strategy supports the communities in which we operate and assists our clients to achieve their diversity outcomes. To achieve this, we:

- create opportunities through real and sustainable employment;
- engage with Indigenous business through our supplier diversity targets;
- respect and celebrate Indigenous culture through training, events and policies;
- maintain transparency through public reporting of outcomes; and
- advocate for change and encourage other companies to take action to close the gap.

We partner with local communities through pro-bono work and sponsorships and support young people through school scholarships and pathways to employment. The Company also advocates for change more broadly, and support our customers to develop and achieve their diversity approaches.

Since rolling out the Strategy, Programmed has achieved real and sustainable employment for indigenous people, partnerships with community and business, and advocacy and encouragement of other companies to take action to close the gap. The outcomes are not limited to, but include:

- recruiting over 360 people who joined Programmed or our customers since signing the Australian Employment Covenant, a national industry-led initiative aimed at securing 50,000 jobs for Aboriginal and Torres Strait Islander people.
- employing Indigenous employees across every part of our company and retained 71% of our new hires, in line with best practice.
- increasing career progression of Indigenous employees, plus more senior hires.
- focusing on improving the gender-balance of our Indigenous workforce e.g. 'try-a-trade' day for young Aboriginal women.
- supporting key community events e.g. Dreamtime
 Career Expo with Korin Gamadji Institute in Victoria,
 the National Rugby League's Close the Gap Round and
 partnered with Reconciliation Western Australia for
 Aboriginal Elders to be part of the Australian Football
 League's Indigenous Round.

 providing input to best practice guides including Generation One's Everybody's Business Handbook and Reconciliation Australia's Reconciliation Enabling Diversity and Inclusion Diagnostic.

Programmed was honoured to receive the 2014 Facility Management Industry Award for Excellence (Collaborative Partnership with Generation One to create real and sustainable Indigenous employment) and be a Finalist for the Best Workplace Diversity and Inclusion Strategy in the Australian Human Resources Award (2014).

Continued Focus

Programmed will continue to promote a gender-balanced, inclusive and safe workplace where all employees have the opportunity to realise their potential and contribute to the Company's success, and employee differences are valued.

We will continue to drive accountability through setting targets and measuring performance across our business. In addition, we review the diversity of our company and the impact of our inclusion initiatives through our employee engagement surveys, entry and exit surveys. This helps us to establish a better understanding of the demographic diversity of our workforce and assess the levels of engagement across different groups.

Programmed regularly reviews its policies and procedures and seeks regular feedback from employees and stakeholders to support the aim of maintaining a positive and inclusive work environment where all employees can contribute to being a leading provider of staffing, maintenance and facility management services, without injury in Australia and New Zealand.



13. Directors' Interests

The following table sets out each Director's relevant interest in shares of the Company, and Performance Rights or Performance Options over such shares as at the date of this report:

Director	Ordinary shares	Performance Options over ordinary shares	Performance Rights over ordinary shares
B Brook	80,000	-	-
C Sutherland	685,922	-	760,000
J Whittle	2,084,656	-	-
E Stein	29,141	_	-
R McKinnon	50,000	-	-
A Grant	10,000	_	-
Totals	2,939,719	_	760,000

No Director holds a relevant interest in shares of any related body corporate of the Company, nor any debentures of, or interests in, registered schemes made available by the Company or a related body corporate, nor any rights or options over such instruments.

14. Share Performance Options and Performance Rights

The details of unissued ordinary shares of the Company under Performance Options and Performance Rights as at the date of this report are set out in the Remuneration Report and Note 34 to the financial statements.

The details of shares of the Company issued during the year or since the end of the year as a result of the exercise of Performance Options and Performance Rights over such unissued shares are set out in the Remuneration Report and Note 34 to the financial statements.

15. Indemnification and insurance of officers and executives

Indemnification

Under the Company's constitution and subject to and so far as permitted by applicable law, the Company indemnifies each officer of the Company and its wholly owned subsidiaries against any liability (including legal costs) incurred by the officer as such an officer, including any liability incurred as a result of appointment or nomination by the Company or any of its subsidiaries as a trustee or as an officer of another corporation unless the liability arises out of conduct involving the officer's lack of good faith.

The above indemnity is a continuing indemnity and applies in respect of all acts done by a person while an officer of the Company or any of its wholly-owned subsidiaries even though the person is not an officer at the time the claim is made.

The Company has entered into Deeds of Indemnity, Access and Insurance ("Deed") with each current Director, Company Secretary and certain Senior Managers of the Company. Under each Deed, to the extent permitted by law and to the extent that the officer is not indemnified under any other indemnity (including an indemnity contained in any insurance policy), the Company indemnifies the relevant officer against liabilities (including liabilities for legal costs) incurred by the officer:

- in the discharge of his or her duties as an officer of the Company or its subsidiaries; and
- connected with the officer being an officer of the Company or its subsidiaries, or of an outside entity at the request of the Company.

The Company has previously entered into similar deeds with (now) former Directors.

No amount has been paid under any of these indemnities during the financial year.

Insurance premiums

During the financial year, the Company paid premiums in respect of contracts insuring all current and former Directors, Company Secretaries and other officers and executives of the Company and its related entities against certain liabilities incurred in that capacity. Disclosure of the nature of the liability covered by and the amount of the premiums payable for such insurance is subject to a confidentiality clause under the contracts of insurance.

The current Directors and Company Secretaries are named on pages 22 to 24 of this Directors' report. The consolidated entity's Key Management Personnel named on page 30 of this Directors' report and other senior managers are also considered to be officers of the Company for these purposes, and may benefit from the above indemnities and insurance.



16. Non-audit services

During the year Deloitte, the Company's auditor, performed services in addition to its statutory duties. Deloitte was paid a total of \$32,689 for these non-audit services.

The Audit & Risk Committee has, following the passing of a resolution of the committee, provided the Board with written advice in relation to the provision of non-audit services by Deloitte. The Directors have considered this advice and the non-audit services provided by Deloitte, and are satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- Deloitte's services have not involved audit partners or staff acting in a managerial or decision making capacity within the consolidated entity or being involved in the processing or origination of transactions;
- Deloitte's non-audit services have only been provided where the Company is satisfied that the related function or process will not have a material bearing on the audit procedures;
- Deloitte's partners and staff involved in the provision of non-audit services have not participated in associated approval or authorisation processes;
- Deloitte's services were subject to the procedures and policies adopted by the Company, including the policy on non-audit services provided by independent external auditors which requires prior approval from the Audit & Risk Committee Chairman for the provision of the nonaudit services above a specified amount;
- a description of all non-audit services undertaken by Deloitte and the related fees have been reported to the Board to ensure complete transparency in relation to the services provided; and
- the declaration required by section 307C of the Corporations Act 2001 confirming independence has been received from Deloitte.

17. Auditor's independence declaration

The auditor's independence declaration is set out on page 117 of the financial statements and forms part of this Directors' report.

18. Auditor and Disclosure of Officers who are Former Auditors

Deloitte is the consolidated group's external auditor for the financial year. No officer of the consolidated entity who held office during the financial year, and no current officer, is or was formerly a partner or director of Deloitte.

19. Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars.

This report is signed pursuant to a resolution of the Directors:

Christopher Sutherland Managing Director

C. Sutherland

Dated 27 May 2015 at Perth



Corporate Governance Statement

Programmed is committed to ensuring that its obligations and responsibilities to its various stakeholders are fulfilled through appropriate corporate governance practices. These practices are designed to ensure that its Directors and its executive management perform their duties with honesty, integrity, care and diligence, and act in good faith in the best interests of the Company and in a manner that reflects the appropriate standards of corporate governance having regard to the particular circumstances of the Company's business and operations.

The Company has followed and complied with all of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition, 2010) ("Second Edition" or "ASX Principles and Recommendations").

In March 2014, the ASX Corporate Governance Council issued a third edition of the *Corporate Governance Principles and Recommendations* ("Third Edition"). The Third Edition takes effect for an entity's first full financial year commencing on or after 1 July 2014. So, in Programmed's case, this means that the Third Edition applies to the Company from 1 April 2015. Consistent with Programmed's commitment to corporate governance, the Company is in the process of reviewing and updating its charters, policies and practices to ensure compliance with the Third Edition as soon it takes effect for Programmed. Accordingly, the Company will continue to apply and report against the Second Edition until 1 April 2015, from which point it will adopt and report against the Third Edition.

This statement outlines the main corporate governance practices of the Company that were in place throughout the year and at the date of this report.

The Company also makes relevant information in relation to its corporate governance practices publicly available on its website, in accordance with Recommendations 1.3, 2.6, 3.5, 4.4, 5.2, 6.2, 7.4, 8.4 of the ASX Principles and Recommendations.

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Company has established and disclosed on its website its Board Charter in accordance with this recommendation. The Board Charter establishes the relationship between the Board and management and describes their respective functions and responsibilities.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Board undertakes a review of the Managing Director's performance on at least an annual basis. Objectives are approved by the Board after they have been established between the Managing Director and the Board's Nomination Committee. These objectives are aligned to overall business goals and the Company's requirements of the position.

The performance of senior management is evaluated by the Managing Director through formal performance reviews undertaken on an annual basis. The individual performance of each senior executive is reviewed against goals set in the previous year and new objectives are established for the following financial year.

During the reporting period, performance evaluations for senior executives took place in accordance with the process agreed by the Board and disclosed above.

Principle 2: Structure the Board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1: A majority of the board should be independent directors.

The Company has a majority of independent directors.

The Board is comprised of five Non-executive Directors (including the Chairman) and one Executive Director.

To add value, the Board has been structured so that it is of effective composition, size and commitment to adequately discharge its responsibilities and duties. Collectively, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business and operations of the Company. Details of the skills, experience and expertise relevant to the position of each Director who is in office at the date of this annual report (and their terms of office) are included in the Directors' Report on pages 22 and 23 and on the Company's website.

In assessing the independence of each Director, the Board considers all relevant facts and circumstances including whether the Director:

- is a material shareholder of the Company, or officer
 of, or otherwise associated directly or indirectly with,
 substantial shareholders of the Company;
- has within the last 3 years been employed in an executive capacity by the Company or another group member;
- was appointed as a director of the Company within 3 years of ceasing to be employed in an executive capacity by the Company or another group member;
- has within the last 3 years been a principal or employee of a material professional adviser or a material consultant to the Company or another group



member, or an employee materially associated with the service provided;

- is a material supplier to, or customer of, the Company or other group member, or an officer of, or otherwise associated directly or indirectly with a material supplier or customer¹;
- has a material contractual relationship with the Company or another group member, other than as a director of the Company; and
- otherwise has any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Board has determined (considering the criteria above) that Mr Bruce Brook, Mr Jonathan Whittle, Mr Robert McKinnon, Ms Emma Stein and Ms Andrea Grant are independent Non-executive Directors.

1. During the reporting period, the directors listed above held non-executive directorships with certain companies that Programmed conducts business with. The Board considers that a director's affiliation with a business that accounts for less than 5% of Programmed's revenue is, as a category, immaterial for the purpose of determining independence. The companies that the directors listed above are affiliated with do not trigger this threshold. For this reason, the Board considers that the independence of these directors is not affected.

Recommendation 2.2: The chair should be an independent director.

The Board has determined that the Company's Chairman, Mr Bruce Brook is an independent director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The roles of Chairman of the Board and Managing Director are held by different individuals. The Chairman of the Board is Mr Bruce Brook (an independent Non-executive Director) and the Managing Director is Mr Chris Sutherland. The responsibilities of the Chairman and the Managing Director are set out in more detail in the Board Charter, which is available on the Company's website.

Recommendation 2.4: The board should establish a nomination committee.

The Board has established a Nomination Committee which operates under a charter approved by the Board. The Nomination Committee Charter is disclosed on the Company's website.

The Nomination Committee is comprised of the full Board, excluding the Managing Director. Mr Bruce Brook (the Chairman of the Board) is the Chairman of this Committee and is an independent, Non-executive Director. Details of the number of meetings of the Nomination Committee held during the reporting period and members'

attendance at those meetings is set out on page 24 of the Directors' Report.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Nomination Committee is responsible for determining the processes for evaluating the performance of the Board, its committees and individual directors.

In accordance with these processes, the Board undertakes an internal evaluation of its effectiveness as a whole and in committee against a broad range of good practice criteria. The Company's position is that the internal review process is an efficient and effective way of reviewing the performance of the Board, and for this reason an internal review was conducted this year as it has been in previous years.

The Nomination Committee reviews the individual performance of each Board member prior to each Director being considered for re-election and may use the assistance of an external facilitator. The Chairman's performance is evaluated periodically by the Board.

During the reporting period, an evaluation of the performance of the Board, its committees and individual directors was carried out in accordance with the process disclosed above.

Recommendation 2.6: Companies should provide the information indicated in the *Guide to reporting on Principle 2.*

The Company has included the information in the *Guide to reporting on Principle 2* either in this Corporate Governance Statement or, in respect of information regarding the skills, experience and expertise of its Directors and their periods of office, in pages 22 and 23 of the Directors' Report. The Company also makes the relevant material publicly available on its website in accordance with this recommendation.

In determining the independence of each Director, materiality is assessed on a case-by-case basis. The Board considers all relevant facts and circumstances, with consideration of the nature and activities of the Directors having regard to the considerations set out under recommendation 2.1 above, rather than by applying general materiality thresholds.

It is a policy of the Board that each Director has the right to seek independent professional advice at the Company's expense, subject to prior approval of the Chairman which will not be unreasonably withheld.

The Board's policy and procedure for the selection, nomination and appointment of new Directors and the re-election of incumbent Directors is as follows.

The Board (with the assistance the Nomination Committee) oversees the selection, appointment and succession planning process of the Company's Directors and Managing Director. The Committee also oversees the induction



Corporate Governance Statement continued

process for Directors. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with particular qualifications, expertise and experience, the Nomination Committee determines the selection criteria based on the skills deemed necessary. The Nomination Committee identifies potential candidates and may use the assistance of an external consultant. Those nominated are assessed by the Nomination Committee against background, gender, experience, professional skills, personal qualities, whether the nominee's skills and experience will best complement Board effectiveness, and their availability to commit themselves to the Board's activities. Upon recommendation from the Nomination Committee, the Board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

The Nomination Committee also reviews the balance of skills and experience of the Board when considering the reappointment of an existing Director. In this way, the Board, through its membership, aims to achieve a sufficient mix of skills and diversity having regard to the strategic direction of the Company.

With the exception of the Managing Director, all Directors are subject to re-election in accordance with the Company's constitution. When Directors are due for re-election, the Board does not endorse the reappointment of a Director who is not satisfactorily performing the role.

Principle 3: Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Code of Conduct and Whistleblower Protection Policy

The Company has established and disclosed on its website its Code of Conduct in accordance with this recommendation. The Code of Conduct applies to all Directors, managers and employees of the Company. The Code of Conduct is reviewed as necessary to ensure it reflects the high ethical standards of conduct necessary to maintain confidence in the Company's integrity.

The Board also promotes the maintenance of an open working environment in which all employees and contractors are able to report instances of unethical, improper, unlawful or undesirable conduct without fear of intimidation or reprisal. This is endorsed through the Whistleblowers Protection Policy, which is disclosed on the Company's website.

Dealings in Company shares

The Board has adopted a Share Trading Policy that applies to all Directors and employees of the Company. The purpose of this policy is to define the circumstances in which Directors, employees and any of their associates, are permitted to deal in Company securities.

In summary, the policy prohibits Directors and "Designated Executives" (defined to mean key management personnel and other senior executives) and any of their associates from trading in the Company's securities while in possession of non-public price sensitive information until such time as that information becomes generally available. Directors and Designated Executives (and their associates) are restricted from trading in Company securities outside designated trading windows, subject to limited exceptions. Notification requirements apply to any proposed trade in Company securities.

The Share Trading Policy is subject to the overriding application of insider trading laws.

The Company's Share Trading Policy is available on the Company's website.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has established and disclosed on its website its Diversity Policy in accordance with this recommendation.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Details of the Company's measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and the Company's progress towards achieving those objectives are set out on pages 53 to 55 of the Directors' Report.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Details of the proportion of women employees in the whole organisation, women in senior executive positions and women on the board are set out on pages 53 to 55 of the Directors' Report.



Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1: The board should establish an audit committee.

The Board has established an Audit & Risk Committee, which operates under a charter approved by the Board. The Audit & Risk Committee charter is available on the Company's website.

The purpose of the Audit & Risk Committee is to assist the Board in monitoring and reviewing any matters of significance that affect financial reporting and compliance.

Recommendation 4.2: The audit committee should be structured so that it consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the Board; and has at least three members.

The Audit & Risk Committee is structured in accordance with this recommendation

At the date of this report and throughout the reporting period, the Audit & Risk Committee consisted of:

- Mr Robert McKinnon, independent Non-executive Director (Chairman of the Audit & Risk Committee);
- Mr Jonathan Whittle, independent Non-executive Director; and
- Ms Emma Stein, independent Non-executive Director.

Details of the relevant skills and qualifications of the members of the Audit & Risk Committee are set out in the Directors' Report on pages 22 and 23. The Board considers that each of them is suitably qualified to be a member of the Audit & Risk Committee based on their financial expertise and industry experience.

The external auditor, the Directors who are not members of the Audit & Risk Committee, the Managing Director, the Chief Financial Officer, the Group Financial Controller and Group General Manager Risk & Legal are all invited to attend Audit & Risk Committee meetings at the discretion of the Audit & Risk Committee.

Details of the number of meetings of the Audit & Risk Committee held during the reporting period and members' attendance at those meetings is set out on page 24 of the Directors' Report.

Recommendation 4.3: The audit committee should have a formal charter.

The Audit & Risk Committee has a formal charter which is disclosed on the Company's website.

Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Subject to limited exceptions, the Company must immediately (that is, promptly without delay) notify the market, through ASX, upon becoming aware of any information that a reasonable person would expect to have a material effect on the price or value of its securities.

The Board has adopted a Continuous Disclosure Policy to reinforce the Company's commitment to compliance with these obligations. The Company's Continuous Disclosure Policy is available on the Company's website.

This policy sets out the Company's procedures to enable accurate, timely, clear and adequate disclosure to the market in accordance with the ASX Listing Rules and the Corporations Act, as well as management's accountabilities and the processes to be followed for ensuring compliance. The Board reviews its disclosure practices to ensure the market is kept informed of price sensitive or otherwise significant information in accordance with the ASX Listing Rules and the Corporations Act.

The Company Secretary is responsible for communications with, and coordinating disclosure of information to, the ASX in a timely manner. The Board and Managing Director determine whether information is to be disclosed to ASX and both the Company Secretary and Managing Director are responsible for monitoring compliance with the Continuous Disclosure Policy.

Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board recognises the important rights of shareholders and strives to communicate with shareholders regularly, clearly and effectively, both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. The Company's external auditors attend the Company's



Corporate Governance Statement continued

Annual General Meeting and are available to answer shareholders' questions.

Consistent with this approach, the Company has adopted a Shareholder Communications Policy, which includes the following initiatives and practices:

- communicating effectively with shareholders through releases to the market via ASX, the media, the Company's website, information mailed to shareholders and the general meetings of the Company;
- ensuring all information disclosed to ASX is posted on the Company's website when it is disclosed to ASX (including presentation material used in public presentations and for the purpose of briefing analysts); and
- arranging for the Company's external auditor to attend
 the Company's Annual General Meeting and be available
 to answer shareholder questions about the conduct of
 the audit, the preparation and content of the Auditor's
 Report, the accounting policies adopted by the Company
 and the independence of the auditor in relation to the
 conduct of the audit.

The Company's Shareholder Communications Policy is available on the Company's website.

Principle 7: Recognise and Manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Risk management and internal control

The Board, together with management, seeks to identify, assess, monitor and mitigate risk. Internal controls are monitored on a continuous basis and wherever possible, improved. Risk management is formalised in the Company's Group Risk Policy and in the Audit & Risk Committee Charter which are both regularly reviewed. This review takes place at both a committee level through the Board's Audit & Risk Committee (which meets at least four times each year) and at Board level. The Audit & Risk Committee has established policies and procedures to identify and monitor business risks as well as adopting an internal compliance and control system to manage material business risk.

Further, the Company has formed a Management Risk Committee ("Programmed Risk Committee"), which comprises the Managing Director and senior management. The Programmed Risk Committee is responsible for the oversight and maintenance of the systems and plans established to manage the Company's operational risk, and regularly reports to the Audit & Risk Committee about this.

The Audit & Risk Committee Charter and the Company's Group Risk Policy are available on the Company's website.

Health, Safety and Environment Committee

The Board has established a Health, Safety and Environment Committee, which operates under a charter approved by the Board. The Health, Safety and Environment Committee Charter is available on the Company's website.

The purpose of the Health, Safety and Environment Committee is to assist the Board in monitoring, reviewing and managing health, safety and environmental risks involved in the Company's activities.

At the date of this report and throughout the reporting period, the Health, Safety and Environment Committee consisted of:

- Ms Emma Stein, independent Non-executive Director (Chair of the HSE Committee);
- Mr Jonathan Whittle, independent Non-executive Director; and
- Ms Andrea Grant, independent Non-executive Director.

Details of the number of meetings of the HSE Committee held during the reporting period and members' attendance at those meetings is set out on page 24 of the Directors' Report.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Management has established and implemented risk management procedures for the Company, including the preparation of the Company's Risk Register, which identify, assess, monitor and manage the material business risks of the Company. Each divisional CEO is responsible and accountable for implementing and managing the material operating risks of the division.

The Programmed Risk Committee identifies significant risks to the Company and reports to the Audit & Risk Committee on how they are being mitigated and managed by senior management. In turn, the Audit & Risk Committee reports to the Board regularly on the implementation and management of the Company's risk management system.

During the reporting period, the Audit & Risk Committee reported to the Board in accordance with the systems and procedures outlined above, including in relation to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of



risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company's Managing Director and Chief Financial Officer have provided a declaration for the reporting period in accordance with section 295A of the Corporations Act.

The Managing Director and Chief Financial Officer have also confirmed in writing to the Board that this declaration provided in accordance with section 295A of the Corporations Act is founded on sound risk management and internal control systems and that the system is operating effectively in all material aspects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1: The board should establish a remuneration committee.

The Board has established a Remuneration & People Committee, which operates under a charter approved by the Board. The Remuneration & People Committee Charter is available on the Company's website.

The purpose of the Remuneration & People Committee is to assist the Board fulfill its responsibilities in respect of establishing appropriate remuneration levels and policies for Directors and senior managers.

At the date of this report and throughout the reporting period, the Remuneration & People Committee consisted of:

- Ms Andrea Grant, independent Non-executive Director (Chair of the Remuneration & People Committee);
- Mr Bruce Brook, independent Non-executive Director; and
- Mr Jonathan Whittle, independent Non-executive Director

Details of the number of meetings of the Remuneration & People Committee held during the reporting period and members' attendance at those meetings is set out on page 24 of the Directors' Report.

Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair, and has at least three members.

The Remuneration & People Committee is structured in accordance with this recommendation, as set out in the discussion under Recommendation 8.1 above.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Company remunerates its directors and senior management in accordance with this recommendation.

The Company's Non-executive Directors receive fees as remuneration for acting as a Director of the Company and, if applicable, acting as a member of a standing Committee of the Board. The Company has not established any schemes for the provision of retirement benefits (other than statutory superannuation) for Non-executive Directors. Non-executive Directors' fees do not incorporate any performance-based bonuses or incentive element, and the Non-executive Directors do not participate in any share-based incentive plans.

Further details regarding Non-executive Directors' remuneration are set out in the Remuneration Report on pages 29 to 53.

The remuneration of the Company's executive directors and senior management consists of elements of fixed salary (including superannuation and allowances), short-term performance incentives assessed over the Company's financial year and long-term performance incentives assessed over periods of three to five years.

Consistent with section 206J of the Corporations Act, it is the Company's policy to prohibit senior management from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

Further details on the Company's remuneration policies, including how the structure of the remuneration of Non-executive Directors is distinguished from that of Executive Directors and senior executives, are set out in the Remuneration Report on pages 29 to 53.



Consolidated Statement of Profit or Loss

for the financial year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Continuing operations			
Revenue	5	1,434,224	1,434,923
Other income	6(a)	1,027	1,720
Share of net loss of associate accounted for using the equity method	12	(629)	(679)
Incentive payment in relation to the acquisition of the Turnpoint Group		(1,421)	_
Changes in work in progress at cost and other inventories		(269)	9,697
Raw materials and consumables used		(106,710)	(130,927)
Employee benefits expense	6(b)	(853,062)	(892,896)
Sub-contractor expenses		(367,569)	(306,439)
Equipment and motor vehicle costs		(17,650)	(18,031)
Information technology and telecommunication costs		(7,197)	(6,916)
Depreciation and amortisation expense	6(b)	(11,250)	(11,229)
Finance costs	6(b)	(5,447)	(7,415)
Other expenses		(25,269)	(28,136)
Profit before income tax		38,778	43,672
Income tax expense	7	(13,083)	(13,220)
Profit for the year attributable to members of Programmed Maintenance			
Services Limited	25	25,695	30,452
		Cents	Cents
Earnings per share			
From continuing operations:			
Basic earnings per share	26	21.7	25.8
Diluted earnings per share	26	21.0	25.0



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Profit for the year	25	25,695	30,452
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	24	1,987	6,431
Other comprehensive income for the year (net of tax)		1,987	6,431
Total comprehensive income for the year attributable to owners of the parent entity		27,682	36,883



Consolidated Statement of Financial Position

as at 31 March 2015

	Note	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	33(a)	42,768	29,477
Trade and other receivables	8	236,078	254,501
Other financial assets	9	-	1,576
Inventories	10	70,409	61,339
Current tax assets	7	83	2,573
Other	11	4,433	7,272
Total current assets		353,771	356,738
NON-CURRENT ASSETS			
Investments in associates	12	3,844	4,469
Trade and other receivables	13	57,560	57,083
Inventories	14	12,207	11,640
Property, plant and equipment	15	24,362	26,412
Deferred tax assets	7	17,833	17,459
Goodwill	16	246,431	246,071
Other intangible assets	17	16,529	14,134
Total non-current assets		378,766	377,268
TOTAL ASSETS		732,537	734,006
CURRENT LIABILITIES			
Trade and other payables	20	173,596	162,400
Borrowings	21	46,618	53,179
Current tax payable	7	834	1,072
Provisions	22	36,433	37,825
Total current liabilities		257,481	254,476
NON-CURRENT LIABILITIES			
Borrowings	21	3,230	18,529
Deferred tax liabilities	7	47,103	45,569
Provisions	22	6,287	5,053
Total non-current liabilities		56,620	69,151
TOTAL LIABILITIES		314,101	323,627
NET ASSETS		418,436	410,379
EQUITY			
Issued capital	23	236,086	236,060
Reserves	24	10,876	7,820
Retained earnings	25	171,474	166,499
TOTAL EQUITY		418,436	410,379



Consolidated Statement of Changes in Equity

for the financial year ended 31 March 2015

	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 year	_	_	_	_	30,452	30,452
Exchange differences arising on translation of foreign operations (note 24)	_	6,431	_	_	_	6,431
Total comprehensive income for the year	_	6,431	-	_	30,452	36,883
Recognition of share-based payments (note 24)	-	-	-	757	_	757
Payment of dividends (note 27)	_	-	_	_	(18,912)	(18,912)
Balance at 31 March 2014	236,060	(275)	5,535	2,560	166,499	410,379
Balance at 1 April 2014	236,060	(275)	5,535	2,560	166,499	410,379
Profit for the year	_	_	_	_	25,695	25,695
Exchange differences arising on translation of foreign operations (note 24)	_	1,987	_	_	_	1,987
Total comprehensive income for the year	-	1,987	-	_	25,695	27,682
Recognition of share-based payments (note 24)	_	_	_	1,069	_	1,069
Issues of shares (note 23)	26	-	_	_	_	26
Payment of dividends (note 27)	_	_	_	_	(20,720)	(20,720)
Balance at 31 March 2015	236,086	1,712	5,535	3,629	171,474	418,436



Consolidated Statement of Cash Flows

for the financial year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers ¹		1,565,273	1,617,289
Payments to suppliers and employees		(1,484,308)	(1,536,702)
Interest and other cost of finance paid		(5,144)	(7,764)
Income tax paid		(10,093)	(17,010)
Net cash provided by operating activities	32(d)	65,728	55,813
Cash flows from investing activities			
Interest received		382	368
Payments for brands		-	(136)
Payments for property, plant and equipment		(6,506)	(6,024)
Proceeds from sale of property, plant and equipment		1,621	2,274
Payments for development software		(2,519)	(346)
Payments for mobilisation of contracts		(1,446)	(613)
Payments for investments		-	(5,148)
Net cash used in investing activities		(8,468)	(9,625)
Cash flows from financing activities			
Proceeds from issue of shares		26	_
Proceeds from borrowings		75,000	85,000
Repayments of borrowings		(98,484)	(121,713)
Dividends paid	27	(20,720)	(18,912)
Net cash used in financing activities		(44,178)	(55,625)
Net increase/(decrease) in cash and cash equivalents		13,082	(9,437)
Cash and cash equivalents at the beginning of the year		29,477	38,334
Effects of exchange rate changes on the balance of cash held in foreign currencies		209	580
Cash and cash equivalents at the end of the year	32(a)	42,768	29,477

^{1.} Receipts from customers include interest revenue on long term maintenance contracts of \$6.498 million (2014: \$6.752 million).



Notes to the Financial Statements

31 March 2015

1. General information

Programmed Maintenance Services Limited (the Company) is a listed public company, incorporated in New South Wales and operating in Australia and New Zealand.

Principal Registered Office: 47 Burswood Road,

Burswood, WA, 6100 Telephone: (08) 9216 2100

Principal Place of Business: 47 Burswood Road,

Burswood, WA, 6100 Telephone: (08) 9216 2100

The principal activities of the Company and its subsidiaries (the Group) are described in note 4.

2. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 27 May 2015.

Basis of preparation

The financial report has been prepared on the basis of historical cost except for the revaluation of 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.

Comparative information is reclassified where appropriate to enhance comparability.

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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgements in applying the Group's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013w-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
- Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
- · Part C: 'Materiality'
- Interpretation 21 'Levies'



Notes to the Financial Statements

31 March 2015 continued

2. Significant accounting policies (continued)

There are no material impacts on the Group's financial statements on the adoption of these new accounting standards.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as the 'Group' in these financial statements). Control is achieved where the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

(c) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss. Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(d) Foreign currencies

The individual financial statements of each Group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the



functional currency of Programmed Maintenance Services Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 2(w)); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Rendering of services

The revenue recognised from rendering of services combines:

- Invoicing from the provision of the Group's services inclusive of:
 - revenue earned on work completed in servicing long term maintenance contracts;
 - revenue from temporary employee placements on an accrual basis in accordance with time worked indicated on employee timesheets; and
 - permanent placement fees on placement of candidates.
- ii. Revenue not yet invoiced but earned on work completed in servicing long term maintenance contracts which, while owing to the Group under the terms of those contracts, will not become receivable until future years. The fair value of this component of revenue is determined by discounting the future amounts receivable under the long term maintenance contracts by the implicit rate of interest. The implicit rate of interest is determined with reference to prevailing market rates at inception of the contract.
- iii. Revenue not yet invoiced but earned on work completed under contracts other than long term maintenance contracts.



31 March 2015 continued

2. Significant accounting policies (continued)

The revenue earned on work completed comprises the costs incurred plus the individual contract margin earned to date, based on the percentage of completion and the expected contract margin.

The long term maintenance contracts specifically detail both services to be performed and the invoicing components for each year of the contracts. The Group's contract administration system enables the stage of completion of each contract to be reliably measured against predetermined budgets and regularly updated assessments of the work required for completion of the contract.

The Group's long term maintenance contracts include indexation clauses to allow for cost escalations. Labour and material costs are indexed on publicly available indices, and overhead costs are indexed at long term interest rates.

Dividend and interest revenue

Dividend revenue from investments is recognised when the Group's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental Income

Revenue from operating leases is recognised on a straight line basis over the term of the relevant lease.

(g) Contracts in progress at recoverable value and other recoverable works

The revenue earned on long term maintenance contracts includes a portion that will only become receivable after the reporting date. The receivable is carried forward and shown in the statement of financial position as contracts in progress at recoverable value. As described in note 2(f), contracts in progress at recoverable value are recorded at fair value on initial recognition (based on the fair value of revenue not yet invoiced but earned on work completed in servicing long term maintenance contracts), and are subsequently measured at amortised cost which includes an adjustment for implicit rate of interest. The implicit rate of interest is determined with reference to prevailing market rates at inception of the contract.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the financial year plus the margin percentage earned. Percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract. Where a loss is expected to occur, it is recognised immediately for

both work in progress completed to date and for future work on the contract.

(h) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(i) Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or



liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Programmed Maintenance Services Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in note 7. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(k) Financial assets

Financial assets are recognised when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value, net of transaction costs except for those financial assets classified at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of an



31 March 2015 continued

2. Significant accounting policies (continued)

investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profittaking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial

asset and is included in the 'other gains and losses' line item in the statement of profit or loss. Fair value is determined in the manner described in note 33.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 33. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed



does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(I) Inventories

Inventories are valued at the lower of cost and net realisable value, except for those components of work in progress which are valued at recoverable value.

(m) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(n) Property, plant and equipment

Property, plant, equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Freehold buildings 20 – 30 years

Leasehold improvements 3 – 5 years

Plant and equipment 3 – 15 years

Equipment under finance lease 5 years

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present



31 March 2015 continued

2. Significant accounting policies (continued)

value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 2(o).

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition.

Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(r) Intangible assets

Value of long term contracts acquired

Included in other intangible assets is the value of long term contracts acquired. The Group recognises the value of these intangible assets as the total of the purchase consideration and the fair value of the net liabilities acquired. Amortisation is charged on a straight-line basis over their estimated useful lives (2-9 years). Such assets are tested for impairment in accordance with the policy stated in note 2(s).

Value of development software

Included in other intangible assets is the value of development software. The Group recognises the value of these intangible assets as the total of the consideration paid to external parties to develop proprietary software that is used in the operational processes of the Group. Directly attributable costs that are capitalised as part of the software include employee costs where those employee costs can be directly attributed or are incremental to the development and not overhead in nature. Amortisation is charged on a straight-line basis over their estimated useful lives (3-5 years). Such assets are tested for impairment in accordance with the policy stated in note 2(s).

Value of brands

Included in other intangible assets is the value of brands. Brands recognised by the Group have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment of the asset. Such assets are tested for impairment in accordance with the policy stated in note 2(s).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(s) Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).



Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(t) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

(v) Financial liabilities and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

Financial liabilities, other than financial liabilities at fair value through profit or loss, including borrowings, are initially



31 March 2015 continued

2. Significant accounting policies (continued)

measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(w) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 33 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss. Amounts accumulated in equity are recycled in the statement of profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement or profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of profit or loss.



(x) Standards and Interpretations issued not yet effective

At the date of the authorisation of the financial statements, the Standards and Interpretations relevant to the Group, and listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards ¹	1 January 2018	31 March 2019
AASB 2014-1 'Amendments to Australian Accounting Standards'	1 July 2014	31 March 2016
Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'		
Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'		
Part C: 'Materiality'		
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 March 2017
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 March 2018
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	31 March 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 March 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 March 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 March 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 March 2017

- 1. The AASB has issued the following versions of AASB 9 and the relevant amending standards:
 - AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2013-9 'Amendment to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments' Part C: Financial Instruments and AASB 2014-1 'Amendment to Australian Accounting Standards' Part E: Financial Instruments.
 - AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards Mandatory Effective Date of AASB 9 and Transition Disclosure', AASB 2013-9 'Amendment to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments' Part C: Financial Instruments and AASB 2014-1 'Amendment to Australian Accounting Standards' Part E: Financial Instruments.
 - AASB 9 'Financial Instruments' (December 2014) and AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)'.
 - AASB 2014-8 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) Application of AASB 9 (December 2009) and AASB 9 (December 2010)'. For annual reporting periods beginning on or after 1 January 2015, an entity may elect to early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards if the entity's relevant date of initial application is before 1 February 2015, however after that point if an entity wishes to early adopted AASB 9, it must adopt the AASB 9 (December 2014) version.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

	Effective for	Expected to
	annual reporting	be initially
	periods	applied in
	beginning on	the financial
Standards/Interpretations	or after	year ending
None at the time of publication		

The Company has yet to evaluate the potential impact of these new accounting pronouncements on its financial statements for the future periods.



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3. Critical accounting judgements and key sources of estimation uncertainty

(i) Critical judgements in applying the Group's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee entitlements:

Management judgement is applied in determining the following key assumptions used in the calculation of long service and severance provisions at balance date:

- · future increases in wages and salaries;
- future on-cost rates; and
- prior experience of employee retention rates and periods of service.

(ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Goodwill:

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in usecalculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details are provided in note 16.

Other intangible assets:

Useful lives of intangible assets with finite lives are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

Useful lives of property, plant and equipment:

As described in note 2(n), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Any reassessment of useful lives in a particular year will affect the depreciation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

Workers compensation:

Amounts owing in respect of workers compensation incidents or claims that have not yet been finalised or settled, and will not be covered by deposits or premiums previously

paid in respect of workers compensation insurance cover are provided for by the Group at reporting date. In making the provision, the Group determined the best estimate of the future sacrifice of economic benefits to the Group that will arise as a result of claims made, and provided for this amount as a liability. The Group's best estimate is determined after considering the estimates of potential liability provided by the Group's insurers, advice provided by insurance brokers and advisors, and taking into account management's and the directors' business and experience resulting from previous workers compensation claims of a similar nature.

Work in progress:

Revenue recognition of some contracts is based on stage of completion. Management have used judgement in recognising a portion of any unapproved variations and in determining the final cost to complete these projects which forms the basis of the revenue recognition policy described in note 2(f). The outcomes within the next annual reporting period that are different from the assumptions applied could require an adjustment to the carrying value of the work in progress balance and the revenue recognised through the statement of profit or loss.

Revenue recognition on long term maintenance programmes:

As outlined in note 2(f)(ii), revenue not yet invoiced but earned on work completed in servicing long term maintenance contracts is measured at the fair value of the consideration received or receivable, and is recognised as an asset (described as 'contracts in progress').

As revenue earned by the Group on work completed will not become receivable until future years, the fair value is determined by discounting the future amounts receivable by the implicit rate of interest. The implicit rate of interest is determined by reference to prevailing market rates at inception of the contract. The prevailing market rates have been based on market data for variable term loans which have been risk adjusted taking into consideration the duration of the contracts and the industry type.

4. Segment Information

Basis of segmentation

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

- Integrated Workforce Recruitment and labour hire services to a range of industries.
- Property & Infrastructure Building, maintenance and operational services to the property and infrastructure sectors.
- Resources Construction, maintenance and operational services to the resources sector.

Information has been reported for the 3 segments in the year ended 31 March 2015.

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

	Integrated Workforce	Norkforce	Property & Infrastructure	frastructure	Resources	rces	Total consolidated Continuing operations	olidated operations
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	376,784	372,781	801,107	745,125	247,464	306,939	1,425,355	1,424,845
Finance revenue on long term maintenance contracts	I	I	6,498	6,752	I	ı	6,498	6,752
Segment revenue ¹	376,784	372,781	807,605	751,877	247,464	306,939	1,431,853	1,431,597
Other revenue, including interest and rental revenue (unallocated)							2,371	3,326
							1,434,224	1,434,923
Segment result								
Segment profit	7,476	10,501	32,387	27,963	20,137	24,449	60,000	62,913
Restructuring and other costs							(3,846)	(1,023)
Incentive payment in relation to the acquisition of the Turnpoint Group							(1,421)	ı
Share of net loss of associate							(629)	(629)
Unallocated costs							(9,879)	(10,124)
Earnings before interest and tax							44,225	51,087
Finance costs							(5,447)	(7,415)
Profit before tax							38,778	43,672
Income tax expense						'	(13,083)	(13,220)
Profit for the year							25,695	30,452

1. Segment revenue represents revenue from rendering of services to external customers.



31 March 2015 continued

4. Segment information (continued)

Revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment results represent the profit earned by each segment without allocation of amortisation of contract intangibles, corporate costs, net finance costs and income tax expense/benefit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Ass	ets	Liabilities		
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	
Integrated Workforce	131,393	127,834	26,395	27,520	
Property & Infrastructure	366,063	354,504	193,692	185,462	
Resources	235,081	251,668	49,679	46,545	
Total of all segments	732,537	734,006	269,766	259,527	
Unallocated	_	_	44,335	64,100	
Consolidated	732,537	734,006	314,101	323,627	

Other segment information

	Integrated Workforce \$'000	Property & Infrastructure \$'000	Resources \$'000	Other \$'000	Total \$'000
2015					
Additions to non-current assets	1,092	6,200	666	2,455	10,413
Depreciation and amortisation of segment assets	768	7,939	557	1,986	11,250
2014					
Additions to non-current assets	2,384	6,172	550	519	9,625
Depreciation and amortisation of segment assets	566	8,371	573	1,719	11,229

Geographical information

The consolidated entity operates in two key geographic locations – Australia and New Zealand.

The Group's revenue from external customers and information about its segment assets by geographical location is detailed below:

	Revenu external c	ent assets		
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Australia	1,310,120	1,337,071	350,991	350,006
New Zealand	111,230	111,230 83,053 27,77 10,503 11,473		27,262
Other	10,503			_
Consolidated	1,431,853	1,431,597	378,766	377,268



5. Revenue

An analysis of the Group's revenue for the year, is as follows:

	2015 \$'000	2014 \$'000
Continuing operations		
Revenue from rendering of services:		
Invoiced	1,437,704	1,440,585
Not yet invoiced		
- Change in amounts recoverable (note 18)	(20,790)	(15,693)
- Change in work in progress at recoverable value (note 18)	8,441	(47)
	1,425,355	1,424,845
Interest revenue – Other entities	382	368
Finance revenue on long term maintenance contracts (note 18)	6,498	6,752
Rental revenue		
- Operating lease rental revenue	412	153
Other revenue	1,577	2,805
	1,434,224	1,434,923

6. Profit for the year before income tax

(a) Gains and losses

Profit for the year has been arrived at after crediting/(charging) the following specific gains and losses:

	2015 \$'000	2014 \$'000
Continuing operations		
Gain on disposal of property, plant and equipment	1,032	1,264
Net foreign exchange (losses)/gains	(5)	456
	1,027	1,720



31 March 2015 continued

6. Profit for the year before income tax (continued)

(b) Other expenses

Profit for the year includes the following expenses:

	2015 \$'000	2014 \$'000
Continuing operations		
Finance costs:		
Interest on bank overdrafts and loans	2,112	3,229
Interest on obligations under finance leases	322	730
Total interest expense	2,434	3,959
Other finance costs	3,013	3,456
Total finance costs	5,447	7,415
Impairment of trade receivables	1,065	1,655
Depreciation of non-current assets:		
Property, plant and equipment	7,432	6,958
Amortisation of non-current assets:		
Finance lease assets	2,200	2,824
Value of long term contracts acquired	786	614
Value of development software and other	832	833
	3,818	4,271
Total depreciation and amortisation of non-current assets	11,250	11,229
Operating lease rental expenses:		
Minimum lease payments	16,174	14,610
Employee benefit expense:		
Defined contribution plans (superannuation contributions)	52,318	52,972
Equity settled share-based payments	1,069	757
Other employee benefits	799,675	839,167
Total employee benefit expense	853,062	892,896



7. Income taxes relating to continuing operations

Income tax recognised in profit or loss

	2015 \$'000	2014 \$'000
Tax expense comprises:		
Current tax expense in respect of the current year	11,674	11,232
Adjustments recognised in the current year in relation to the current tax of prior years	673	-
	12,347	11,232
Deferred tax expense relating to the origination and reversal of temporary differences	736	1,988
Total tax expense	13,083	13,220
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit from operations	38,778	43,672
Income tax expense calculated at 30%	11,633	13,102
Effect of amounts that are not deductible/(assessable) in determining taxable profit:		
Amortisation of intangibles	236	184
Effect of different tax rates of subsidiaries operating in other jurisdictions	(368)	(280)
Benefit of tax losses not recognised	25	4
Share of net loss of associate	189	204
Other sundry items	695	6
	12,410	13,220
Adjustments recognised in the current year in relation to the current tax of prior years	673	_
Income tax expense	13,083	13,220

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2015 \$'000	2014 \$'000
Current tax assets and liabilities		
Current tax assets		
Entitities in the tax-consolidated group	40	2,573
Other	43	_
	83	2,573
Current tax liabilities		
Other	834	1,072



31 March 2015 continued

7. Income taxes relating to continuing operations (continued)

Deferred tax balances

2015	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions/ disposals \$'000	Exchange difference \$'000	Change in tax rates \$'000	Closing balance \$'000
Temporary differences							
Inventories	(13,719)	(5,122)	_	-	(51)	-	(18,892)
Contracts in progress at							
Recoverable value	(31,238)	4,561	_	_	(388)	_	(27,065)
Property, plant and equipment	621	(270)	_	_	2	_	353
Provisions	13,577	(488)	_	_	3	_	13,092
Doubtful debts	755	(50)	-	-	10	-	715
Other	1,894	633	-	_	_	_	2,527
	(28,110)	(736)	_	_	(424)	_	(29,270)

Presented in the statement of financial position as follows:

Deferred tax liabilities	(47,103)
Deferred tax assets	17,833
	(29,270)

2014	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions/ disposals \$'000	Exchange difference \$'000	Change in tax rates \$'000	Closing balance \$'000
Temporary differences							
Inventories	(11,380)	(2,166)	_	_	(173)	_	(13,719)
Contracts in progress at							
Recoverable value	(32,275)	2,438	-	_	(1,401)	_	(31,238)
Property, plant and equipment	989	(381)	-	_	13	_	621
Provisions	15,366	(1,799)	-	_	10	_	13,577
Doubtful debts	871	(142)	-	_	26	_	755
Other	1,820	62	-	_	12	_	1,894
	(24,609)	(1,988)	_	_	(1,513)	_	(28,110)

Presented in the statement of financial position as follows:

Deferred tax liabilities	(45,569)
Deferred tax assets	17,459
	(28.110)

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Programmed Maintenance Services Limited.



Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Programmed Maintenance Services Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

8. Current trade and other receivables

	2015 \$'000	2014 \$'000
Trade receivables	173,975	174,731
Allowance for doubtful debts	(2,416)	(2,567)
	171,559	172,164
Contracts in progress at recoverable value (note 18)	39,669	53,083
Other trade receivables	24,850	29,254
	236,078	254,501

The average credit period for invoiced services is 30 – 60 days. No interest is charged on trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past rendering of services, determined by reference to past default experience.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$17.862 million (2014: \$16.575 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 66 days (2014: 66 days).

	2015 \$'000	2014 \$'000
Ageing of past due but not impaired		
60 – 90 days	7,736	8,636
90 – 120 days	2,624	2,104
120+ days	7,502	5,835
Total	17,862	16,575
Movement in allowance for doubtful debts		
Balance at the beginning of the year	2,567	3,219
Impairment losses recognised on receivables	1,065	1,655
Amounts written off as uncollectible	(655)	(1,633)
Amounts recovered during the year	(458)	(590)
Net foreign exchange differences	20	86
Impairment losses reversed	(123)	(170)
Balance at the end of the year	2,416	2,567

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.



31 March 2015 continued

8. Current trade and other receivables (continued)

	2015 \$'000	2014 \$'000
Ageing of impaired trade receivables		
60 – 90 days	515	563
90 – 120 days	233	57
120+ days	1,668	1,947
Total	2,416	2,567

9. Other financial assets

Loans carried at amortised cost		
Current		
Loans to other entities	-	1,576
	_	1,576
Disclosed in the financial statements as:		
Current other financial assets	_	1,576
	-	1,576

10. Inventories

At cost:		
Raw materials and stores	2,705	2,981
Work in progress	43,124	41,572
Finished goods	77	323
At recoverable amount:		
Work in progress (note 18)	24,503	16,463
	70,409	61,339

11. Other current assets

Prepayments	4,433	7,272
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12. Investment in associates

Details of the Group's associate are as follows:

		Ownershi	p interest
		2015	2014
Name of associate	Country of incorporation and operation	%	%
OneShift Pty Ltd (i)	Australia	27.5	27.5
UMW Deepnautic Pte Ltd (ii)	Singapore	49.0	49.0

i. The financial year end date of OneShift Pty Ltd is 30 June. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method the financial statements of OneShift for the period ended 31 March 2015 have been used.

Summarised financial information in respect of the Group's associate is set out below:

	2015 \$'000	2014 \$'000
Total assets	1,619	3,797
Total liabilities	(3,831)	(3,721)
Net (liabilities)/assets	(2,212)	76
Group's share of net (liabilities)/assets of associate	(608)	21
Goodwill	4,452	4,448
Carrying value of net (liabilities)/assets of associates	3,844	4,469
Total revenue	1,502	83
Total loss for the period	(2,288)	(2,469)
Group's share of losses of associate	(629)	(679)
13. Non-current trade and other receivables		
Contracts in progress at recoverable value (note 18)	57,560	57,083
14. Non-current inventories		
At recoverable amount:		
Work in progress (note 18)	12,207	11,640

ii. This entity was placed into voluntary liquidation on 29 April 2013 and the liquidation is in progress.



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15. Property, plant and equipment

	Freehold land and buildings at cost \$'000	Leasehold improvements at cost \$'000	Plant and equipment \$'000	Equipment under finance lease at cost \$'000	Total \$'000
Gross carrying amount					
Balance at 1 April 2013	136	10,010	47,418	26,104	83,668
Additions	7	2,749	3,268	3,255	9,279
Disposals	-	(272)	(8,925)	(970)	(10,167)
Net foreign currency exchange differences and reclassifications	_	(384)	7,125	(5,629)	1,112
Balance at 31 March 2014	143	12,103	48,886	22,760	83,892
Additions	_	1,722	4,784	1,388	7,894
Disposals	_	(179)	(7,429)	(529)	(8,137)
Net foreign currency exchange differences and reclassifications	_	(2,850)	4,020	(763)	407
Balance at 31 March 2015	143	10,796	50,261	22,856	84,056
Accumulated depreciation and amortisation					
Balance at 1 April 2013	(55)	(5,001)	(36,751)	(14,252)	(56,059)
Disposals	_	245	8,066	846	9,157
Depreciation expense	(4)	(1,614)	(5,340)	(2,824)	(9,782)
Net foreign currency exchange differences and reclassifications	_	(54)	(3,162)	2,420	(796)
Balance at 31 March 2014	(59)	(6,424)	(37,187)	(13,810)	(57,480)
Disposals	-	191	6,939	418	7,548
Depreciation expense	(4)	(1,512)	(5,916)	(2,200)	(9,632)
Net foreign currency exchange differences and reclassifications	-	(22)	(818)	710	(130)
Balance at 31 March 2015	(63)	(7,767)	(36,982)	(14,882)	(59,694)
Net book value					
As at 31 March 2014	84	5,679	11,699	8,950	26,412
As at 31 March 2015	80	3,029	13,279	7,974	24,362

16. Goodwill

	2015 \$'000	2014 \$'000
Gross carrying amount		
Balance at beginning of financial year	246,071	245,543
Net foreign exchange differences and other	360	528
	246,431	246,071

During the financial year, the Group assessed the recoverable amount of goodwill, and determined that the carrying amount of goodwill was not impaired.

Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units:



	2015 \$'000	2014 \$'000
Integrated Workforce	72,898	72,898
Property & Infrastructure	32,988	32,767
Resources	140,545	140,406
	246,431	246,071

Intangible assets with indefinite useful lives have been allocated for impairment testing purposes to the following groups of cash-generating units:

	2015 \$'000	2014 \$'000
Integrated Workforce	3,058	3,058
Resources	5,553	5,553
Property & Infrastructure	136	136
	8,747	8,747

Integrated Workforce

The recoverable amount of this cash-generating unit ("CGU") is determined based on a value in use calculation which uses pre-tax cash flow projections based on the financial budget for the 2016 financial year approved by the directors, then extrapolated for a total of four years at a growth rate of between 1.70% and 1.85% (2014: 2.5%), and a pre-tax discount rate of 11.69% per annum (2014: 12.29% per annum).

A restructuring of Integrated Workforce was completed during the year with more consulting activities centralised across the branch network and fewer branches, achieving cost savings. Cash flow projections during the five year period are based on the same expected gross margins throughout this period, which are materially consistent with gross margins achieved in the second half of the 2015 financial year after the completion of the restructuring.

The cash flows beyond that five year period have been extrapolated using a steady 1.90% per annum growth rate (2014: 2.5%). This growth rate does not exceed the long-term average growth rate for this business's market in Australia.

Based on this assessment, the Directors are of the opinion that the carrying value of goodwill and intangibles exceeds their recoverable amount.

Changes in the key assumptions in the table below would have the following approximate impact on the recoverable amount of the CGU:

	Change in variable	Effect on recoverable amount \$'000
Forecast gross margin	+ 0.25%	10,756
	- 0.25%	(10,756)
2016 budgeted sales (budgeted gross margin maintained)	+ 5.0%	17,702
	- 5.0%	(17,702)
Pre-tax discount rate	+ 1.5%	(12,703)
	- 1.5%	17,286



31 March 2015 continued

16. Goodwill (continued)

Changes in the assumptions used in the CGU value-in-use model, when considered in isolation, will result in the following impairment impact on the profit or loss.

	Change in variable	Effect on profit or loss \$'000
Forecast gross margin	- 0.25%	(1,433)
2016 budgeted sales (budgeted gross margin maintained)	- 5.0%	(8,380)
Pre-tax discount rate	+ 1.5%	(3,381)

It must be noted that each of the sensitivities above assumes that a specific assumption moves in isolation, while the other assumptions are held constant. In reality, a change in one of the aforementioned assumptions could be accompanied by a change in another assumption, which may increase or decrease the net impact.

Property & Infrastructure

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses pre-tax cash flow projections based on the financial budget for the 2016 financial year approved by the directors, then extrapolated for a total of four years at a growth rate of between 2.0% and 2.15% (2014: 2.5%), and a pre-tax discount rate of 12.24% per annum (2014: 13.50% per annum).

Cash flow projections during the five year period are based on achieving revenue growth in the 2016 financial year resulting primarily from new major contracts in the Electrical Technologies and Facilities Management businesses, and at the same expected gross margins throughout this period, which are materially consistent with gross margins achieved in the 2015 financial year.

The cash flows beyond that five year period have been extrapolated using a steady 2.15% per annum growth rate (2014: 2.5%). This growth rate does not exceed the long-term average growth rate for this business's market in Australia.

Based on this assessment, the Directors are of the opinion that the carrying value of goodwill and intangibles exceeds their recoverable amount. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Resources

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses pre-tax cash flow projections based on the financial budget for the 2016 financial year approved by the directors, then extrapolated for a total of four years at a growth rate of between 0.0% and 1.95% (2014: 4.0%), and a pre-tax discount rate of 12.58% per annum (2014: 14.48% per annum).

Cash flow projections during the five year period are based on achieving revenue growth in the 2016 financial year resulting primarily from major contracts whose work was deferred during the current year that will now fall in the 2016 financial year and later financial years. The cash flow projections during the five year period are also based on the same gross margins throughout this period, which are budgeted to be slightly lower than the margins achieved during 2015 financial year.

The cash flows beyond that five year period have been extrapolated using a steady 2.0% per annum growth rate (2014: 2.5%). This growth rate does not exceed the long-term average growth rate for this business's market in Australia.

Based on this assessment, the Directors are of the opinion that the carrying value of goodwill and intangibles exceeds their recoverable amount



Changes in the key assumptions in the table below would have the following approximate impact on the recoverable amount of the CGU:

	Change in variable	Effect on recoverable amount \$'000
Forecast gross margin	+ 0.25%	6,590
	- 0.25%	(6,590)
2016 budgeted sales (budgeted gross margin maintained)	+ 10.0%	22,665
	- 10.0%	(22,665)
Pre-tax discount rate	+ 1.5%	(21,100)
	- 1.5%	28,044

Changes in the assumptions used in the CGU value-in-use model, when considered in isolation, will result in the following impairment impact on the profit or loss.

	Change in variable	Effect on profit or loss \$'000
Forecast gross margin	- 0.25%	-
2016 budgeted sales (budgeted gross margin maintained)	- 10.0%	(9,989)
Post tax discount rate	+ 1.5%	(8,425)

It must be noted that each of the sensitivities above assumes that a specific assumption moves in isolation, while the other assumptions are held constant. In reality, a change in one of the aforementioned assumptions could be accompanied by a change in another assumption, which may increase or decrease the net impact.



17. Other intangible assets

	Value of long term contracts acquired \$'000	Value of development software \$'000	Value of brands \$'000	Total \$'000
Gross carrying amount				
Balance at 1 April 2013	14,724	6,385	8,761	29,870
Additions	613	346	136	1,095
Net foreign currency exchange differences and other	139	2	_	141
Balance at 31 March 2014	15,476	6,733	8,897	31,106
Additions	1,446	2,519	_	3,965
Net foreign currency exchange differences and other	195	(29)	-	166
Balance at 31 March 2015	17,117	9,223	8,897	35,237
Accumulated amortisation				
Balance at 1 April 2013	(10,432)	(4,890)	(150)	(15,472)
Amortisation expense	(614)	(833)	_	(1,447)
Net foreign currency exchange differences and other	(53)	_	_	(53)
Balance at 31 March 2014	(11,099)	(5,723)	(150)	(16,972)
Amortisation expense	(786)	(832)	_	(1,618)
Net foreign currency exchange differences and other	(144)	26	_	(118)
Balance at 31 March 2015	(12,029)	(6,529)	(150)	(18,708)
Net book value				
As at 31 March 2014	4,377	1,010	8,747	14,134
As at 31 March 2015	5,088	2,694	8,747	16,529

The amortisation expense is included in depreciation and amortisation expense in the statement of profit or loss.



18. Contracts and work in progress at recoverable value

	2015 \$'000	2014 \$'000
Contracts in progress		
Balance at the beginning of year	110,166	113,630
Increase/(decrease) in amounts recoverable (note 5):		
- Revenue from rendering of services	(20,790)	(15,693)
- Finance revenue	6,498	6,752
Effect of foreign currency movements	1,355	5,477
Balance at the end of year	97,229	110,166
Categorised as:		
Current (note 8)	39,669	53,083
Non-current (note 13)	57,560	57,083
	97,229	110,166
Work in progress		
Balance at the beginning of year	28,103	28,003
Increase/(decrease) in amounts recoverable (note 5)	8,441	(47)
Effect of foreign currency movements	166	147
Balance at the end of year	36,710	28,103
Categorised as:		
Current (note 10)	24,503	16,463
Non-current (note 14)	12,207	11,640
	36,710	28,103
Total contracts and work in progress		
Categorised as:		
Current	64,172	69,546
Non-current Non-current	69,767	68,723
	133,939	138,269

19. Assets pledged as security

In accordance with the security arrangements of liabilities, as disclosed in note 21 to the financial statements, certain assets of the Group have been pledged as security. The holders of the security do not have the right to sell or pledge the assets other than in the event of default.

20. Trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	76,977	78,968
Accruals and sundry creditors	92,766	81,062
Deferred revenue	3,853	2,370
	173,596	162,400

The average credit period on purchases is 30 days (2014: 30 days). No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.



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21. Borrowings

	2015 \$'000	2014 \$'000
Secured – at amortised cost		
Current		
Bank loans (i)	44,335	50,000
Finance lease liabilities (ii)	2,283	3,179
Non-current		
Bank loans (iii)	-	14,100
Finance lease liabilities (ii)	3,230	4,429
	49,848	71,708
Disclosed in the financial statements as:		
Current borrowings	46,618	53,179
Non-current borrowings	3,230	18,529
	49,848	71,708

Summary of borrowing arrangements:

- Working capital facility provided by the Westpac Banking Corporation. The current weighted average interest rate is 3.04% (2014: 3.54%). The facility is secured by a fixed and floating charge over the assets of all main operating companies in Australia and New Zealand. The amount is disclosed net of borrowing costs of \$0.665 million (2014: Nil).
- ii. Secured by the assets leased. The borrowings are at a fixed rate with varying maturity periods not exceeding 5 years. The current weighted average effective interest rate is 5.38% (2014: 7.54%).
- iii. Senior credit facility provided by the Westpac Banking Corporation. The current weighted average interest rate is nil (2014: 3.83%). The facility is secured by a fixed and floating charge over the assets of all main operating companies in Australia and New Zealand. The amount is disclosed net of borrowing costs of nil (2014: \$0.900 million).

22. Provisions

	2015 \$'000	2014 \$'000
Current		
Employee benefits	35,348	36,611
Other	1,085	1,214
	36,433	37,825
Non-current		
Employee benefits	6,287	5,053



Other \$'000
1,117
280
(183)
1,214
281
(410)
1,085
_

23. Issued capital

	2015 \$'000	2014 \$'000
118,667,178 fully paid ordinary shares (2014: 118,253,992)	236,086	236,060

	2015		2014	4
	No.'000	\$'000	No.′000	\$′000
Ordinary shares				
Balance at the beginning of the year	118,254	236,060	118,180	236,060
Issue of shares under the Long Term Incentive Plan	413	26	74	-
Balance at the end of the year	118,667	236,086	118,254	236,060

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Performance rights and performance options granted under the employee long term incentive plan

In accordance with the provisions of the employee Long Term Incentive Plan, as at 31 March 2015, executives and senior employees have been granted performance rights and/or performance options. Both performance rights and performance options granted under the employee Long Term Incentive Plan carry no rights to dividends and no voting rights. Further details of the employee Long Term Incentive Plan are contained in note 34 to the financial statements.



31 March 2015 continued

24. Reserves

	2015 \$'000	2014 \$'000
Foreign currency translation reserve	1,712	(275)
Capital profits reserve	5,535	5,535
Equity settled employee benefits reserve	3,629	2,560
	10,876	7,820
Foreign currency translation reserve:		
Balance at the beginning of the financial year	(275)	(6,706)
Translation of foreign operations	1,987	6,431
Balance at the end of the financial year	1,712	(275)

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

	2015 \$'000	2014 \$'000
Capital profits reserve:		
Balance at the beginning and end of the financial year	5,535	5,535
The capital profits reserve relates to profits realised on the sale of non-current as	sets.	
Equity settled employee benefits reserve:		
Balance at the beginning of the financial year	2,560	1,803
Share-based payments	1,069	757
Balance at the end of the financial year	3,629	2,560

The equity-settled employee benefits reserve arises on the grant of performance rights and options to executives and senior employees under the Long Term Incentive Plan. Amounts are transferred out of the reserve and into issued capital when the performance rights and options are exercised. Further information about share-based payments to employees can be found in note 34 to the financial statements.

25. Retained earnings

	\$'000	\$'000
Balance at the beginning of the financial year	166,499	154,959
Net profit attributable to members of the parent entity	25,695	30,452
Dividends provided for or paid (note 27)	(20,720)	(18,912)
Balance at the end of the financial year	171,474	166,499

26. Earnings per share

	2015 Cents per share	2014 Cents per share
Basic earnings per share		
From continuing operations	21.7	25.8
Diluted earnings per share		
From continuing operations	21.0	25.0



Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2015 \$'000	2014 \$'000
Earnings used in the calculation of basic EPS: Net profit from continuing operations	25,695	30.452
	2015 No.'000	2014 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	118,514	118,213
Diluted earnings per share		
	2015 \$'000	2014 \$'000
Earnings used in the calculation of basic EPS: Net profit from continuing operations	25,695	30,452
	2015 No.'000	2014 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	118,514	118,213
Shares deemed to be issued for no consideration in respect of:		
Performance rights and options	4,090	3,447
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	122,604	121,660

There are no options outstanding at reporting date that are not dilutive.

27. Dividends

	2015		2014	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% at 30% tax rate (2014: 100%)	11.0	13,008	10.0	11,818
Interim dividend – franked to 100% at 30% tax rate (2014: 100%)	6.5	7,712	6.0	7,094
	17.5	20,720	16.0	18,912
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% at 30% tax rate (2014: 100%)	11.5	13,647	11.0	13,008

On 27 May 2015 the directors determined a fully franked final dividend of 11.5 cents per share to holders of fully paid ordinary shares in respect of the financial year ended 31 March 2015, to be paid to shareholders on 24 July 2015. This has not been included as a liability in these financial statements. The dividend will be paid to all shareholders on the Register of Members on 3 July 2015. The total estimated dividend to be paid is \$13.647 million.

	2015 \$'000	2014 \$'000
Adjusted franking account balance	32,465	33,872
Impact on franking account balance of dividends not recognised	(5,849)	(5,575)



31 March 2015 continued

28. Commitments for expenditure

(a) Capital expenditure commitments

	2015 \$'000	2014 \$'000
Plant and equipment – Not longer than 1 year	314	101

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 30 to the financial statements.

29. Contingent liabilities

The Company has been provided with performance and security guarantees by its bankers in accordance with certain contractual requirements (refer note 32(c)).

The directors are not aware of any other significant contingent liabilities.

30. Leases

Finance leases

Leasing arrangements:

The hire purchase and finance lease arrangements are generally made for a three year period and are secured by a charge over the related assets. The Group has the option to purchase the related assets at the conclusion of the finance leases.

	2015 \$'000	2014 \$'000
Finance lease liabilities:		
No later than 1 year	2,506	3,551
Later than 1 year and not later than 5 years	3,484	4,689
Minimum future lease payments*	5,990	8,240
Less future finance charges	(477)	(632)
Present value of minimum lease payments	5,513	7,608
Included in the financial statements as (note 21):		
Current borrowings	2,283	3,179
Non-current borrowings	3,230	4,429
	5,513	7,608

^{*} Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.



Operating leases

Leasing arrangements:

The operating leases relate to motor vehicles, office and warehouse facilities with the majority of lease terms not exceeding five years. Most of the leases have options to extend for further periods of similar duration, with market review clauses in the event that the Group exercises the options to renew. The Group does not have the option to purchase the related assets at the expiry of the lease period.

	2015 \$'000	2014 \$'000
Non-cancellable operating lease commitments:		
No longer than 1 year	14,093	12,059
Longer than 1 year and not longer than 5 years	20,481	16,578
Longer than 5 years	4	63
	34,578	28,700

31. Subsidiaries

			Ownershi	p interest
Name of subsidiary	Note	Country of incorporation	2015 %	2014 %
Programmed Maintenance Services (NZ) Ltd		New Zealand	100	100
PMS Share Schemes Administration Pty Ltd	(i)	Australia	100	100
PMS Building Services Pty Ltd	(i)	Australia	100	100
Programmed Property Services Pty Ltd	(i), (ii)	Australia	100	100
Programmed Property Services Ltd		United Kingdom	100	100
Programmed Facility Management Pty Ltd	(i), (ii)	Australia	100	100
Programmed Building Services Pty Ltd	(i)	Australia	100	100
Programmed Integrated Workforce Ltd	(i), (ii)	Australia	100	100
Labour Management Australia Pty Ltd	(i)	Australia	100	100
ACN 113 518 880 Ltd	(iv)	Australia	-	100
Integrated Maintenance Services Pty Ltd	(i), (ii)	Australia	100	100
Sea Wolves Pty Ltd	(i), (ii)	Australia	100	100
Programmed Marine Pty Ltd	(i), (ii)	Australia	100	100
Programmed Total Harbour Services Pty Ltd	(i)	Australia	100	100
Programmed Total Marine Services (Asia) Pte Ltd		Singapore	100	100
NTBD Pty Ltd	(i)	Australia	100	100
Programmed Total Marine Services Ltd		New Zealand	100	100
Programmed Total Marine Catering Services Ltd		New Zealand	100	100
Programmed Total Marine Offshore Services Ltd		New Zealand	100	100
Artel Corporation Ltd		New Zealand	100	100
Hi-Point Personnel Pty Ltd	(i)	Australia	100	100
Programmed Integrated Workforce NZ Ltd		New Zealand	100	100
SWG Holdings (2005) Pty Ltd	(i), (ii)	Australia	100	100
Programmed Maintenance Pty Ltd	(i), (ii)	Australia	100	100
SWG International Holdings Pte Ltd		Singapore	100	100



31 March 2015 continued

31. Subsidiaries (continued)

		Ownership interest		
Name of subsidiary	Note	Country of incorporation	2015 %	2014 %
SWG Offshore International Pte Ltd		Singapore	100	100
Programmed Electrical Technologies Ltd	(i), (ii)	Australia	100	100
Allied Technologies Australia Pty Ltd	(i), (ii)	Australia	100	100
KLM Group (SA) Pty Ltd	(i), (ii)	Australia	100	100
Qolit Australia Pty Ltd	(v)	Australia	-	70
ACN 152 632 294 Pty Ltd	(i)	Australia	100	100
Programmed Facility Management NZ Ltd		New Zealand	100	100
Programmed Facility Management (PRA) Pty Ltd	(i), (ii)	Australia	100	100
Swan Water Services Pty Ltd	(i), (ii)	Australia	100	100
Western Water Services Pty Ltd	(i), (ii)	Australia	100	100
Programmed Turnpoint Pty Ltd	(i), (ii)	Australia	100	100
ES Administration Services Pty Ltd	(i), (ii), (iii)	Australia	100	100
Monaco 88 Pty Ltd	(i), (ii), (iii)	Australia	100	100
Turn Point Pty Ltd	(i), (ii)	Australia	100	100
Turnpoint Racecourse Maintenance Pty Ltd	(i), (ii)	Australia	100	100
Turnpoint Maintenance Trust	(vi)	Australia	-	100
TP Racing Services Pty Ltd	(i), (ii)	Australia	100	100
Turnpoint Maintenance Pty Ltd	(i), (ii), (iii)	Australia	100	100
Programmed Facility Management BW Pty Ltd	(i), (ii)	Australia	100	100

⁽i) These subsidiaries are members of the tax consolidated group, with Programmed Maintenance Services Limited being the head entity within the tax consolidated group.

⁽ii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Programmed Maintenance Services Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

⁽iii) These dormant entities were placed into voluntary liquidation on 29 January 2015.

⁽iv) This entity was liquidated on 22 January 2015.

⁽v) This entity was liquidated on 20 April 2014.

⁽vi) This entity was liquidated on 18 December 2014.



The consolidated statement of profit or loss and statement of financial position of the entities party to the deed of cross guarantee are:

	2015 \$'000	2014 \$'000
Continuing operations		
Statement of profit or loss		
Revenue	1,320,243	1,349,513
Other income	1,044	1,539
Changes in work in progress at cost and other inventories	(3,426)	9,689
Raw materials and consumables used	(104,462)	(128,513)
Employee benefits expenses	(778,799)	(825,338)
Sub-contractor expenses	(334,460)	(299,650)
Depreciation and amortisation expense	(10,394)	(10,507)
Finance costs	(5,290)	(7,266)
Equipment and motor vehicle costs	(15,851)	(16,242)
Information technology and telecommunications costs	(6,853)	(6,690)
Other expenses	(23,768)	(27,253)
Share of net loss of associate accounted for using the equity method	(629)	(679)
Profit before tax expense	37,355	38,603
Income tax expense	(9,109)	(10,153)
Profit for the year	28,246	28,450
Other comprehensive income		
Total comprehensive income for the year attributable to owners of the parent entity	28,246	28,450
Statement of financial position		
Current assets		
Cash and cash equivalents	35,356	22,214
Trade and other receivables	193,706	221,146
Inventories	65,316	59,158
Current tax assets	519	2,573
Other	4,329	7,051
Total current assets	299,226	312,142
Non-current assets		
Trade and other receivables	41,460	40,130
Inventories	9,565	9,496
Investments accounted for using the equity method	3,844	4,469
Other financial assets	13,208	16,510
Property, plant and equipment	21,255	23,838
Deferred tax assets	15,947	16,065
Goodwill	236,134	235,963
Other intangible assets	15,792	13,537
Total non-current assets	357,205	360,008
Total assets	656,431	672,150



31. Subsidiaries (continued)

	2015 \$'000	2014 \$'000
Current liabilities		
Trade and other payables	156,691	153,876
Borrowings	46,618	53,179
Other financial liabilities	13,187	19,380
Current tax payables	481	-
Provisions	35,788	37,361
Total current liabilities	252,765	263,796
Non-current liabilities		
Borrowings	3,230	18,529
Deferred tax liabilities	37,655	36,072
Provisions	3,109	2,703
Total non-current liabilities	43,994	57,304
Total liabilities	296,759	321,100
Net assets	359,672	351,050
Equity		
Issued capital	236,086	236,060
Reserves	9,210	8,140
Retained earnings*	114,376	106,850
Total equity	359,672	351,050
*Retained earnings		
Retained earnings as at beginning of the financial year	106,850	97,312
Net profit	28,246	28,450
Dividends provided for or paid	(20,720)	(18,912)
Retained earnings as at end of the financial year	114,376	106,850

32. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2015 \$'000	2014 \$'000
Cash and cash equivalents per statement of financial position	42,768	29,477
(b) Non-cash financing and investing activities		

Aggregate amount of property, plant and equipment acquired during the financial year by		
entering into hire purchase agreements and finance leases.		
These acquisitions are not reflected in the cash flow statement.	1,388	3,255

	2015 \$'000	2014 \$'000
(c) Financing facilities		
1. Credit standby arrangements		
(a) Secured loan acceptance facilities with various maturity dates		
- amount used	45,000	65,000
- amount unused	45,000	48,000
	90,000	113,000
(b) Secured bank overdraft facilities with various maturity dates, payable at call.		
- amount used	_	_
- amount unused	10,979	10,935
	10,979	10,935
2. Bank guarantees		
- amount used	70,213	66,511
- amount unused	29,787	10,489
	100,000	77,000

(d) Reconciliation of profit for the year to net cash flows from operating activities

	2015 \$'000	2014 \$'000
Profit for the year	25,695	30,452
Gain on sale of non-current assets (note 6(a))	(1,032)	(1,264)
Depreciation and amortisation of non-current assets (note 6(b))	11,250	11,229
Interest income received and receivable (note 5)	(382)	(368)
Equity settled share-based payments (note 6(b))	1,069	757
Change in net current tax balances	2,252	(5,789)
Change in deferred tax balances	1,160	3,501
Share of losses of associate	629	679
Changes in net assets and liabilities, net of effects of acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables	18,423	27,876
Current inventories	(9,070)	(9,093)
Other current assets	4,415	(1,747)
Non-current receivables	(477)	(2,880)
Non-current inventories	(567)	(163)
Increase/(decrease) in liabilities:		
Current payables	11,196	2,530
Current provisions	(1,392)	(1,988)
Other current liabilities	1,325	5,234
Non-current provisions	1,234	(3,153)
Net cash from operating activities	65,728	55,813



31 March 2015 continued

33. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of debt as disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23, 24 and 25 respectively.

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 30% that is determined as the proportion of net debt to equity. The actual gearing ratio has been lower than the target gearing ratio as the Group has not made any major acquisitions in the past two years but continues to evaluate potential acquisitions. The target gearing ratio has been set with this in mind. Based on recommendations of management, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	2015	2014
Debt (\$'000) (i)	49,848	71,708
Cash and cash equivalents (\$'000) (note 32(a))	(42,768)	(29,477)
Net debt (\$'000)	7,080	42,231
Equity (\$'000) (ii)	418,436	410,379
Net debt to equity ratio	1.7%	10.3%

⁽i) Debt is defined as long and short-term borrowings, as detailed in note 21.

Banking covenants

During the year the Group and the Company complied with their banking covenants. The banking covenants were:

- · Gearing ratio;
- · Interest cover ratio;
- · Maintaining a minimum amount of shareholders' funds; and
- Working capital assets ratio.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

⁽ii) Equity includes all capital and reserves.

(c) Categories of financial instruments

	2015 \$'000	2014 \$'000
Financial assets		
Cash and cash equivalents	42,768	29,477
Loans and receivables	293,638	313,160
Financial liabilities		
Amortised cost	223,444	234,108

(d) Financial risk management objectives

The Group's corporate treasury function provides services to the business by coordinating access to financial markets and monitoring and managing financial risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 33(f)) and interest rates (refer note 33(g)).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(f) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters using forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liab	ilities	Assets		
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	
New Zealand dollars	16,948	7,248	59,554	50,352	
British pounds	10	208	48	1,864	

Foreign currency sensitivity analysis

The Group is mainly exposed to New Zealand dollars as noted above. The Group's sensitivity to a 10% increase and decrease in the Australian dollar against the New Zealand dollar decreases net assets by \$3.873 million (2014: \$3.899 million) and increases net assets by \$4.734 million (2014: \$4.765 million) respectively.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Forward foreign exchange contracts

The Group has not entered into any forward exchange contracts at 31 March 2015 (2014: nil).



31 March 2015 continued

33. Financial instruments (continued)

(g) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates.

The Company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

During the financial year, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would decrease by \$0.216 million and increase by \$0.216 million (2014: decrease by \$0.293 million and increase by \$0.293 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated favourably by independent rating agencies and if not available the Group uses publicly

available financial information and its own trading record to rate its major customers. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 32(c) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$′000	5+ years \$′000
2015						
Non-interest bearing	-	134,878	34,609	256	-	-
Finance lease liability	5.38	219	407	1,880	3,484	-
Variable interest rate instruments:						
- Bank loans	3.04	_	279	45,085	-	-
		135,097	35,295	47,221	3,484	-
2014						
Non-interest bearing	_	105,591	52,357	2,082	-	-
Finance lease liability	7.54	314	612	2,731	4,583	-
Variable interest rate instruments:						
- Bank loans	3.61	_	478	50,995	16,018	-
		105,905	53,447	55,808	20,601	_

At the year-end it was not probable that the counterparty to the financial guarantee contracts (note 32(c)) will claim under the contract. Consequently, the amount included above is nil.

(j) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid
 markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

At reporting date, there are no financial instruments measured, subsequent to initial recognition, at fair value.

34. Share-based payments

Performance rights granted during the reporting period

The Long Term Incentive Plan ("LTIP") was first introduced during the year ended 31 March 2008 as a share-based compensation scheme for executives and senior employees of the Group. The LTIP was revised during the 2013 reporting period and a summary of the key changes to the LTIP are detailed in the Directors Report on pages 32 to 37. In accordance with the provisions of the revised LTIP, the executives and senior employees have been granted performance rights.

The revised LTIP contains the following components:

- a. Each performance right converts upon exercise into one fully paid ordinary share in the Company, with no amounts being paid or payable by the recipient on receipt of the performance right;
- b. Performance rights have a vesting date of four years from the date of issue;
- c. The performance rights carry neither rights to dividends nor voting rights; and
- d. Performance criteria for the performance rights is as follows:



31 March 2015 continued

34. Share-based payments (continued)

- The performance hurdle for one-third of the performance rights will be based on the executive and other senior employees continuing to be an employee of the Group at the vesting date, thus creating a retention component;
- The performance hurdle for one-third of the performance rights, will be based on the Company's performance by reference to the Total Shareholder Return ("TSR") over the performance period when compared with the TSR for each company in a group of peer companies listed in the S&P/ASX300; and
- The performance hurdle for one-third of the performance rights will based on the Company's performance, where a target range for the average annual growth in diluted Earnings Per Share ("EPS") over the performance period of the EPS performance rights has been established to determine the number of EPS performance rights that may be vested.

The Managing Director's grant under the LTIP is subject to the same performance criteria described above, except that half of the performance rights are subject to TSR, and half of the performance rights are subject to EPS.

Performance rights and performance options granted in prior reporting periods

Executives and other senior employees have been granted performance rights and/or performance options in prior financial years under the LTIP that was in operation prior to its revision 2013.

The LTIP contains the following components:

- Each performance right converts upon exercise into one fully paid ordinary share in the Company, with no amounts being paid or payable by the recipient on receipt of the performance right;
- b. Each performance option converts into one fully paid ordinary share in the Company upon the payment of

- the applicable exercise price at time of exercise, with no amounts being paid or payable by the recipient on receipt of the performance option;
- Performance rights have vesting dates that are three to five years from the date of issue, and may be exercised at any time within twelve months from date of vesting;
- d. Performance options have a vesting date that is three years from the date of issue, and may be exercised at any time within twelve months from the date of vesting;
- e. Both performance rights and performance options carry neither rights to dividends nor voting rights;
- f. For performance rights or performance options issued prior to 1 July 2010:
 - the number of performance rights or performance options that will become exercisable on the vesting date is based on the TSR of the Company during the years prior to the vesting date as compared to the TSR for a peer group of companies listed in the S&P/ ASX 300.
- g. For performance rights issued between 1 July 2010 and 30 June 2012:
 - one-third of the performance rights issued will become exercisable on the relevant executive or senior manager continuing to be an employee of the Group at the vesting date; and
 - for the remaining two-thirds of the performance rights issued, the number that will become exercisable on the vesting date is based on the TSR of the Company during the years prior to the vesting date as compared to the TSR for a peer group of companies listed in the S&P/ASX300.

100% of the performance rights and performance options granted to the Managing Director in prior reporting periods are subject to the TSR performance criteria described above.

The following reconciles the outstanding performance rights and performance options under the LTIP's at the beginning and end of the financial year:

	Performan	ce rights	Performance options		
	2015 No.	2014 No.	2015 No.	2014 No.	
Balance at the beginning of the financial year (i)	3,720,500	3,184,000	30,534	63,000	
Granted during the financial year (ii)	1,315,000	1,170,000	_	_	
Exercised during the financial year (iii)	(397,919)	(74,296)	(15,267)	_	
Lapsed during the financial year (iv)	(203,581)	(559,204)	(15,267)	(32,466)	
Balance at the end of the financial year (v)	4,434,000	3,720,500	-	30,534	



(i) Balance at beginning of the financial year 2015

	Grant date	Issue date	Exercised number	Unvested number	Vesting date	Expiry date	Exercise price \$	Fair value at grant date \$
Performance righ	nts					į. <i>7</i>		
Tranche PR-15	02/07/2010	02/07/2010	_	128,500	01/07/2014	01/07/2015	_	1.15
Tranche PR-16	02/07/2010	02/07/2010	_	142,000	01/07/2015	01/07/2016	_	1.11
Tranche PR-17	02/07/2011	02/07/2011	_	403,000	01/07/2014	01/07/2015	-	1.35
Tranche PR-18	02/07/2011	02/07/2011	_	403,000	01/07/2015	01/07/2016	-	1.34
Tranche PR-19	02/07/2011	02/07/2011	_	487,000	01/07/2016	01/07/2017	_	1.32
2012 Award (A)	02/07/2012	02/07/2012	_	867,000	01/07/2016	N/A	_	1.31
2012 Award (B)	06/08/2012	06/08/2012	_	150,000	01/07/2016	N/A	_	1.17
2013 Award (A)	01/07/2013	01/07/2013	_	980,000	01/07/2017	N/A	_	1.10
2013 Award (B)	09/08/2013	09/08/2013	_	160,000	01/07/2017	N/A	_	0.99
Total of performa	ance rights		-	3,720,500				
Performance opt	ions							
Tranche PO-9	12/03/2009	12/03/2011	_	30,534	11/03/2014	11/03/2015	1.70	0.25
Total of performa	ance options		_	30,534				

(ii) Granted during the financial year 2015

The following performance rights were granted by the Board of Directors during the financial year:

	Number granted	Grant date	Vesting date	Expiry date	Exercise price \$	Fair value at grant date \$
Performance rights						
2014 Award (A)	1,165,000	01/07/2014	01/07/2018	N/A	_	1.32
2014 Award (B)	150,000	31/07/2014	01/07/2018	N/A	-	1.23
Total performance rights	1,315,000					

The fair values at grant date of the performance rights have been priced using a Monte Carlo simulation, which is a valuation method using the results of many individual simulations to determine a fair value.

	Tranches of performance rights			
Key inputs into the model	2014 Award (A)	2014 Award (B)		
Share price at grant date	\$2.78	\$2.82		
Exercise price	\$0.00	\$0.00		
Years from grant date until vesting	4.00	3.92		
Expected TSR volatility of Company	35.00%	35.00%		
Dividend yield	5.60%	5.85%		
Risk-free interest rate	2.88%	2.86%		



31 March 2015 continued

34. Share-based payments (continued)

(iii) Exercised during the financial year 2015

The following performance options were exercised during the financial year:

	Number Exercised	Exercise Date	Closing Share price at exercise date	
Performance options				
Tranche PO-09	15,267	11/03/2015	\$2.46	
Total performance options	15,267			

The number of performance options were exercised and calculated in accordance with the LTIP.

The following performance rights were exercised during the financial year:

	Number Exercised	Exercise Date	Closing Share price at exercise date
Performance rights			
Tranche PR-15	88,305	5 August 2014	\$2.69
Tranche PR-16	2,751	12 September 2014	\$2.94
Tranche PR-17	302,677	5 August 2014	\$2.69
Tranche PR-18	1,622	12 September 2014	\$2.94
Tranche PR-19	1,730	12 September 2014	\$2.94
2012 Award (A)	834	12 September 2014	\$2.94
Total performance rights	397,919		

The number of performance rights exercised was calculated in accordance with the LTIP as a result of:

- employees who continued to be an employee of the Company at the vesting date, therefore meeting the retention performance hurdle for 1/3 of the performance rights. Employees who met this retention component were entitled to performance rights; or
- performance rights that met the Total Shareholder Return performance hurdle; or
- as a result of an employee who ceased to be employed by the Company because of a qualifying reason (in this case, redundancy) and was entitled to performance rights.

(iv) Lapsed/forfeited during the financial year 2015

The following performance rights and performance options lapsed/forfeited during the financial year:

	Number lapsed	Grant date	Issue date	Vesting date	Expiry date
Performance rights					. ,
Tranche PR-15	40,195	02/07/2010	02/07/2010	01/07/2014	01/07/2015
Tranche PR-16	3,249	02/07/2010	02/07/2010	01/07/2015	01/07/2016
Tranche PR-17	100,323	02/07/2011	02/07/2011	01/07/2014	01/07/2015
Tranche PR-18	4,378	02/07/2011	02/07/2011	01/07/2015	01/07/2016
Tranche PR-19	6,270	02/07/2011	02/07/2011	01/07/2016	01/07/2017
2012 Award (A)	34,166	02/07/2012	02/07/2012	01/07/2016	N/A
2013 Award (A)	15,000	01/07/2013	01/07/2013	01/07/2017	N/A
Total performance rights	203,581				



Performance options					
Tranche PO-9	15,267	12/03/2009	12/03/2011	11/03/2014	11/03/2015
Total performance options	15,267				

(v) Balance at end of the financial year 2015

								Exercise	Fair value at grant
	Grant date	Issue date	Vested number	Exercised number	Unvested number	Vesting date	Expiry date	price \$	date \$
Performance rig	hts								
Tranche PR-16	02/07/2010	02/07/2010	_	_	136,000	01/07/2015	01/07/2016	_	1.11
Tranche PR-18	02/07/2011	02/07/2011	_	_	397,000	01/07/2015	01/07/2016	_	1.34
Tranche PR-19	02/07/2011	02/07/2011	_	_	479,000	01/07/2016	01/07/2017	_	1.32
2012 Award (A)	02/07/2012	02/07/2012	_	_	832,000	01/07/2016	N/A	_	1.31
2012 Award (B)	06/08/2012	06/08/2012	_	-	150,000	01/07/2016	N/A	_	1.17
2013 Award (A)	01/07/2013	01/07/2013	_	-	965,000	01/07/2017	N/A	_	1.10
2013 Award (B)	09/08/2013	09/08/2013	_	-	160,000	01/07/2017	N/A	_	0.99
2014 Award (A)	01/07/2014	01/07/2014	_	_	1,165,000	01/07/2018	N/A	_	1.32
2014 Award (B)	31/07/2014	31/07/2014	_	_	150,000	01/07/2018	N/A	_	1.23
Total of performance rights – 4,434,000									

Performance options

There are no outstanding performance options that may vest in future years.

35. Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2015 \$	2014 \$
Short-term employee benefits	4,857,207	4,677,120
Post-employment benefits	190,890	183,066
Other long-term benefits	71,779	78,912
Termination benefits	-	185,094
Share-based payments – long term incentives	666,952	598,654
Total	5,786,828	5,722,846

36. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 31 to the financial statements.



31 March 2015 continued

36. Related party transactions (continued)

(b) Transactions with entities in the wholly-owned group

The wholly-owned group includes:

- · The ultimate parent entity in the wholly-owned group; and
- Wholly-owned subsidiaries.

The ultimate parent entity in the wholly-owned group is Programmed Maintenance Services Limited. Transactions that occurred during the financial year between entities in the wholly-owned group were:

- · Interest revenue derived by the parent entity;
- Dividends receivable by the parent entity from wholly owned subsidiaries;
- · Accounting and administrative services;
- Management fees; and
- · Reimbursement for expenses incurred.

(c) Transactions with other related parties

Other related parties include directors of related parties, their director-related entities and other related parties.

There were no transactions with other related parties that needed to be disclosed in the financial statements in the current financial year or in the previous financial year.

37. Remuneration of auditors

During the year, the following fees were paid or were payable for services provided by the auditor of the parent entity and its related practices:

	2015 \$	2014 \$
Audit services		
Deloitte Touche Tohmatsu	470,531	454,020
Deloitte Touche Tohmatsu related practices	73,364	82,425
Total remuneration for audit services	543,895	536,445
Other services		
Deloitte Touche Tohmatsu – Other assurance services	_	20,000
Deloitte Touche Tohmatsu related practices - Taxation advisory services	32,689	39,504
Total remuneration for non-audit services	32,689	59,504
Total reumuneration for all services rendered	576,584	595,949

The auditor of Programmed Maintenance Services Limited is Deloitte Touche Tohmatsu.

38. Subsequent events

In a market announcement on 25 May 2015, Programmed noted the announcement by Skilled (ASX:SKE) on that same day confirming that Skilled is entering into further discussions with Programmed regarding a potential combination of the businesses.

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



39. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

	2015 \$'000	2014 \$'000
Financial position		
Assets		
Current assets	65,155	74,646
Non-current assets	283,983	342,421
Total assets	349,138	417,067
Liabilities		
Current liabilities	70,874	101,024
Non-current liabilities	3,932	49,225
Total liabilities	74,806	150,249
Net assets	274,332	266,818
Equity		
Issued capital	236,086	236,060
Retained earnings	29,082	22,663
Reserves:		
- Capital profits reserve	5,535	5,535
- Equity settled employee benefits reserve	3,629	2,560
Total equity	274,332	266,818
Financial performance		
Profit for the year	27,139	28,197
Guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
Guarantee provided under the deed of cross guarantee (i)	217,824	170,696
(i) Programmed Maintenance Services Limited has entered into a deed of cross guarantee with	217,024	170,030
its wholly-owned subsidiaries (refer note 31).		
Commitments of the parent		
Commitments for the acquisition of property, plant and equipment by the parent entity		
- Not longer than 1 year	_	101



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;
- b. In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- c. 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; and
- d. The directors have been given the declaration required by s.295A of the Corporations Act 2001.

At the date of the declaration, the Company is within the class of companies affected by ASIC Class order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class order applies, as detailed in note 31 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001. On behalf of the Directors

Christopher Sutherland Managing Director

C. Sutherland

27 May 2015



Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu ABN 74 490 121 060

550 Bourke Street Melbourne VIC 3000 GPO Box 78 Melbourne VIC 3001 Australia

DX: 111

Tel: +61 3 9671 7000 Fax: +61 3 9671 7001 www.deloitte.com.au

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

27 May 2015

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 audit of the financial statements of Programmed Maintenance Services Limited for the financial year ended 31 March 2015, 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 audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Delotte Touche Tohnston

Chris Biermann

Partner

Chartered Accountants

Melbourne



Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu ABN 74 490 121 060

550 Bourke Street Melbourne VIC 3000 GPO Box 78 Melbourne VIC 3001 Australia

DX: 111

Tel: +61 3 9671 7000 Fax: +61 3 9671 7001 www.deloitte.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Programmed Maintenance Services Limited, which comprises the statement of financial position as at 31 March 2015, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 64 to 116.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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.

Opinion

In our opinion:

- a. the financial report of Programmed Maintenance Services Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 53 of the directors' report for the year ended 31 March 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Programmed Maintenance Services Limited for the year ended 31 March 2015, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Deloite Touche Tohnsham

Chris Biermann

Partner

Chartered Accountants Melbourne, 27 May 2015



ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The following details of shareholders of Programmed Maintenance Services Limited have been taken from the Share Register on 4 May 2015.

Number of Holders of Equity Securities

Ordinary Share Capital

118,669,244 fully paid ordinary shares are held by 5,831 individual shareholders.

Voting rights

The voting rights attaching to ordinary shares are set out below:

 On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote

Unquoted Securities

There are 4,328,500 Performance Rights outstanding held by 68 holders.

There are no performance options outstanding.

There are no performance shares outstanding.

Distribution of Holders of Quoted Equity Securities

Size of holdings	No of Holders of fully paid ordinary shares
1 – 1,000	1,961
1,001 – 5,000	2,441
5,001 - 10,000	768
10,001 – 100,000	615
100,001 - and over	46
	5,831

The number of shareholders holdings less than a marketable parcel of ordinary shares is 181.

Twenty largest shareholders as at 4 May 2015

Name	Number of ordinary shares held	Percentage of capital held
HSBC Custody Nominees (Australia) Limited	27,002,852	22.75%
National Nominees Limited	19,443,010	16.38%
J P Morgan Nominees Australia Limited	17,595,064	14.83%
Citicorp Nominees Pty Limited	10,542,272	8.88%
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/c)	2,188,115	1.84%
Mr J.G. Whittle & Mrs L.B. Whittle (The J Whittle Family A/c)	1,693,358	1.43%
Argo Investments Limited	1,572,197	1.32%
BNP Paribas Noms Pty Ltd (DRP)	1,370,457	1.15%
Questor Financial Services Limited (TPS RF A/c)	1,171,585	0.99%
Warbont Nominees Pty Ltd (Accumulation Entrepot A/c)	587,042	0.49%
The Australian National University	553,134	0.47%
National Exchange Pty Ltd	500,000	0.42%
Prudential Nominees Pty Ltd	500,000	0.42%
Mr Maxwell John Findlay	440,384	0.37%
QIC Limited	432,959	0.36%
Zero Nominees Pty Ltd	420,000	0.35%
S M & R W Brown Pty Ltd (Robert & Sally Brown SF A/c)	400,000	0.34%
Zacharry Pty Ltd (C Auty Family A/c)	386,246	0.33%
Sutho One Pty Ltd (The Sutherland Family A/c)	342,100	0.29%
RBC Investor Services Australia Nominees Pty Limited (Piselect)	317,024	0.27%
	87,457,799	73.70%

Substantial Shareholders

As at 4 May 2015, the register of substantial shareholders disclosed the following information:

Holders giving notice	Number of ordinary shares in which interest is held	Percentage %
Delta Lloyd Asset Management N.V.	11,001,364	9.27
Invesco Australia Ltd	9,716,654	8.22
Dimensional Fund Advisors LP	7,110,225	6.01



Summary of Financial Statistics

Annual Summary of Financial Statistics 10 Year History¹

	2006 \$'000	2007 \$'000	2008 \$′000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
Earnings Summary										
Revenue from Ordinary Activities	283,379	332,999	933,769	1,229,540	1,161,520	1,227,570	1,393,639	1,517,419	1,434,923	1,434,224
Earnings before Interest, Taxes, Depreciation Amortisation (EBITDA)	43,172	50,640	72,653	77,046	71,236	42,975	67,628	64,410	62,316	55,475
Earnings before Interest, Taxes and Amortisation of Identifiable Intangibles (EBITA)	34,376	39,282	57,520	63,312	58,063	30,436	56,888	52,677	51,701	45,011
. ,		·		•		•		-	·	·
Amortisation of Identifiable Intangibles	(510)	(510)	(3,164)	(3,659)	(1,622)	(486)	(206)	(657)	(614)	(786)
Earnings before Interest and Taxes (EBIT)	33,866	38,772	54,356	59,653	56,441	29,950	56,682	52,020	51,087	44,225
Interest	(4,139)	(6,219)	(16,254)	(19,466)	(18,308)	(14,600)	(12,510)	(9,933)	(7,415)	(5,447)
Profit before Income Tax Expense	29,727	32,553	38,102	40,187	38,133	15,350	44,172	42,087	43,672	38,778
Income Tax Expense	(9,556)	(10,154)	(9,680)	(12,115)	(13,200)	(4,922)	(12,952)	(9,950)	(13,220)	(13,083)
Profit after Income Tax Expense	20,171	22,399	28,422	28,072	24,933	10,428	31,220	32,137	30,452	25,695
Earnings per Share (pre-amortisation) – cents	29.2	32.2	36.5	33.1	25.0	9.2	26.6	27.8	26.3	22.3
Basic Earnings per Share – cents	28.5	31.5	32.9	29.2	23.5	8.8	26.4	27.2	25.8	21.7
Dividends										
- Interim - cents per share	7.5	8.5	9.5	9.5	3.0	3.0	5.0	5.0	6.0	6.5
- Final - cents per share	9.5	10.0	10.5	5.0	6.0	6.0	8.0	10.0	11.0	11.5
– Dividends per share – cents	17.0	18.5	20.0	14.5	9.0	9.0	13.0	15.0	17.0	18.0
– Dividend payout ratio	60%	67%	66%	51%	41%	48%	49%	55%	66%	83%
– Dividend franking	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EBITA/ Revenue	12.1%	11.8%	6.2%	5.1%	5.0%	2.5%	4.1%	3.5%	3.6%	3.1%
Interest Cover – times	8.3	6.3	3.5	3.3	3.2	2.1	4.5	5.3	7.0	8.3
Average Tax rate	32.1%	31.2%	25.4%	30.1%	34.6%	32.1%	29.3%	23.6%	30.3%	33.7%
Growth in Profit after Tax from Continuing Operations	10.5%	11.0%	26.9%	(1.2%)	(11.2%)	(58.2%)	199.4%	2.9%	(5.2%)	(15.6%)

The consolidated entity's financial year ends 31 March.

⁻ The results for the year ended 31 March 2008 include ten months' contribution from Integrated Group following the merger on 7 June 2007.

⁻ The results for the year ended 31 March 2011 include an after tax loss of \$11,848 thousand arising from our exit of the painting business in the United Kingdom.

⁻ The dividend payout ratio for the years ended 31 March 2011 and 31 March 2010 is calculated on net profit after tax from continuing operations.

	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
Assets & Liabilities										
Cash	6,527	5,213	4,044	38,229	48,167	20,109	34,668	38,334	29,477	42,768
Debtors	63,293	74,196	179,914	157,480	165,323	180,226	214,701	222,950	201,418	196,409
Contract Recoverables & Work in Progress	176,938	187,436	198,129	211,952	175,117	162,782	153,923	141,633	138,269	133,939
Property Plant & Equipment	33,075	43,262	31,020	34,826	28,679	24,414	24,251	27,609	26,412	24,362
Goodwill	9,378	9,428	199,367	233,700	240,945	238,397	242,010	245,543	246,071	246,431
Other Assets	19,909	20,644	80,500	60,431	79,403	91,635	87,312	77,143	92,359	88,628
Total Assets	309,120	340,179	692,974	736,618	737,634	717,563	756,865	753,212	734,006	732,537
Payables	37,653	37,852	122,063	130,251	136,744	134,309	146,819	159,870	162,400	173,596
Borrowings	80,884	96,729	235,336	215,473	154,746	138,445	122,472	105,441	71,708	49,848
Provisions & other liabilities	64,539	68,953	80,745	106,497	94,290	93,353	114,084	96,250	89,519	90,657
Total Liabilities	183,076	203,534	438,144	452,221	385,780	366,107	383,375	361,561	323,627	314,101
Total Equity	126,044	136,645	254,830	284,397	351,854	351,456	373,490	391,651	410,379	418,436

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financial Statistics										
Number of shares on issue at Year End (millions)	71.2	71.2	90.0	99.0	118.2	118.2	118.2	118.2	118.3	118.7
Net Tangible Assets per Share	\$1.61	\$1.76	\$0.44	\$0.51	\$0.84	\$0.85	\$1.00	\$1.11	\$1.27	\$1.31
Net Debt (\$'000)	74,357	91,516	231,292	177,244	106,579	118,336	87,804	67,107	42,231	7,080
Net Debt to Equity	59%	67%	91%	62%	30%	34%	24%	17%	10%	2%
Gross Operating Cashflows (\$'000)	18,335	31,288	57,089	82,453	59,962	29,071	72,640	90,595	80,587	80,964
Share Price at 31 March	\$3.61	\$5.15	\$5.20	\$2.49	\$3.08	\$1.70	\$2.52	\$2.56	\$2.90	\$2.42
Market Capitalisation at 31 March (\$ millions)	256.9	366.7	468.0	246.5	364.0	200.9	297.8	302.5	342.9	287.2

^{1.} Up to and including the year ended 31 March 2009, items in the Summary of Financial Statistics are shown as reported in the Company's previous Annual Report. Amounts for the year ended 31 March 2010 have been restated as a result of the change in accounting policy for painting programmes announced on 10 November 2010. Interest for the years up to and including 31 March 2009 represents net interest expense. From 31 March 2010 onwards interest represents total finance costs in accordance with changes in disclosure requirements.



Corporate Directory

Programmed Maintenance Services Limited

ABN 61 054 742 264

Board of Directors

B.R. Brook (Chairman - Non-executive)

C.G. Sutherland (Managing Director)

J.G. Whittle (Non-executive Director)

E.R. Stein (Non-executive Director)

R.J. McKinnon (Non-executive Director)

A.E. Grant (Non-executive Director)

Secretary

S.M. Leach

K.A. Nadebaum

Auditors

Deloitte Touche Tohmatsu

550 Bourke Street Melbourne VIC 3000

Bankers

Westpac Banking Corporation

Level 9, 360 Collins Street Melbourne VIC 3000

National Australia Bank

Level 28, 500 Bourke Street Melbourne VIC 3000

Registered Office and Principal Administrative Office

47 Burswood Road Burswood WA 6100

Telephone: +61 (08) 9216 2100 Facsimile: +61 (08) 9216 2186

Location of Share Register

Computershare Investor Services Pty. Limited

Level 2, 45 St Georges Terrace Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange

Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

Internet Web Site

www.programmed.com.au

Email

companysecretary@programmed.com.au

Other information

Programmed Maintenance Services Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

