

INTEGRATED GROUP LIMITED (ABN 29 085 701 962)

FIRST HALF FY2007 RESULTS ANNOUNCEMENT

RESULTS

- Revenue of \$232M (up 5%)
- EBITDA of \$11.8M (up 16.3%)
- EBITDA margin 5.1% (up from 4.6%)
- NPAT of \$6.5M (before amortisation of employee share performance rights) compared with first half FY06 NPAT of \$5.5M, an increase of 16.7%.
- NPAT available to shareholders \$6.25M (includes amortisation of employee share performance rights) compared with loss of \$0.6M first half FY06 (after losses of training business)
- Operating cashflow of \$4.9M positive compared with \$5.3M negative in FY06
- Earnings per share of 8.9c for the half (up from negative 0.9c)
- Interim dividend maintained at 5 cents per share, fully franked

(Note that unless otherwise specified, all comparisons are against first half FY06 results which have been normalised by removing losses associated with discontinued training operations and net impacts of vessel disposals)

SUMMARY

It is pleasing to report to shareholders a significant turnaround in the business and improved results arising from the early benefits of the significant restructuring that has occurred in the past twelve months.

Group revenue has increased to \$232M from \$221M for the first half. More importantly EBITDA has lifted 16.3% to \$11.8M up from \$10.2M in FY06.

In Workforce, revenue is up 9.3% to \$171M with EBITDA of \$8M and margin at 4.7% down from 5.1% in FY06. Actions have been taken to improve the margin including;

- stronger protocols around price negotiations
- stronger focus away from competitive tendering for national supply contracts
- reduction in overheads.

New branches were opened in Geraldton, Port Hedland, Port Augusta, Hemmant and Ringwood with further new openings planned in the second half.

The outlook remains strong in WA and QLD with conditions steady or improving in other states.

In Marine, revenue is up 6.4% to \$55M compared to a FY06 of \$51M. The sale of the offshore fleet to Mermaid Marine in April 06 for \$23M and Alliance Agreement to man all of Mermaid's fleet for seven years has underpinned the development of a clear market leader in vessel management and manning services in the region. Fresh leadership and a clear plan around providing vessel management and manning services to all owners and operators, as partners, without the threat of competing with our own fleet, has put the business in a strong position.

Marine EBITDA was \$5.3M up 31% on a FY06 EBITDA of \$4.0M. The Mermaid Marine Alliance is performing strongly buoyed by Mermaid's ongoing success. A number of new vessel owners are coming into the market creating new opportunities and drill rig numbers globally are increasing rapidly with oil prices remaining at the \$50+USD / barrel levels.

The acquisition of Wendell Offshore Group in September 06 has expanded our marine capability to New Zealand and will make a solid contribution with a full 6 months in the second half.

Maintenance revenue was \$7.2M down from \$14.3M in FY06. EBITDA was \$1.1M up from \$0.7M in FY06. At present this business lacks scale and performance will vary as projects are completed and new projects are secured. Thus the company believes it is important to build a maintenance business with scale and capacity and this is one of the reasons behind the proposed merger with Programmed Maintenance Services (refer to further notes below).

Corporate costs were \$2.6M or 1.3% of revenue up from \$2.5M in FY06.

MERGER WITH PROGRAMMED MAINTENANCE SERVICES

In understanding our strategy and support (subject to independent expert report concluding that the merger is in the best interests of shareholders and in the absence of a superior proposal) for the recently announced proposal to

merge with Programmed Maintenance Services, it is important to understand our current plans and strategies for growth.

Integrated has a clear vision to be “the preferred provider of recruitment, labour hire and managed labour services”.

Integrated has a simple long term plan to grow its business organically and by acquisition outlined as follows;

Workforce

- Expand further into regional locations in Australia, particularly those exposed to the mining and oil/gas activity;
- Expand further into New Zealand.

Marine

- Expand further overseas to begin development of an international marine manning / services business;
- Expand our marine activity to all forms of offshore labour.

Maintenance

- Establish a significant maintenance business because;
 - 1) The support functions of human resources, industrial relations, health and safety, payroll, workers compensation are common and complementary between Workforce and Maintenance;
 - 2) It builds scale in processes and IT systems to become better and more efficient in these functional services relating to Workforce and Maintenance;
 - 3) Scale, quality processes and strong investment in IT systems are significant barriers to entry in both Workforce and Maintenance industries;
 - 4) It value adds to our customers;
 - 5) It adds further growth potential as a new complementary business activity and creates value for our shareholders.
- Build managed labour and maintenance services in oil/gas and mining and leverage of our marine capability for offshore oil and gas services

For Integrated, the merger will provide a significantly stronger platform, to continue its present strategy and which should deliver its plan for growth faster and with less risk than as a standalone business by:

- sharing infrastructure to expand Integrated’s workforce operations further into regional Australia, New Zealand and establishing operations in the United Kingdom;
- leveraging Programmed’s capability and track record in infrastructure maintenance to expand Integrated’s existing technical maintenance and managed labour services into mining and oil/gas markets where managed labour and maintenance services are in strong demand but not yet serviced in any significant way by either Integrated’s maintenance division or Programmed; and

- using the Programmed's UK corporate presence to support the expansion of Integrated's marine business further overseas and open up the potential to offer global marine manning services.

It is important to note that Integrated and Programmed operate different but complementary businesses.

There is no overlap and hence the merger does not involve the combining or integrating of either parties frontline operations which significantly reduces the merger risks associated with mixing operating cultures and teams from different organisations or the loss of clients, contracts or employees in either group that are often found in the merging of businesses of the same kind.

The brand, management and processes of each companies activities remain separate.

The major advantages result from using and sharing location infrastructure and back office functions and the improved growth outlook the combined platform provides for the business.

In summary, the merger is premised upon combining two companies to create or provide, amongst other things:

- a stronger platform for growth;
- better support and services to customers;
- improved shared service support and technology for all operating units;
- greater opportunities for further acquisitions;
- a wider range of enhanced roles for employees; and
- a larger, more relevant company for our shareholders.

Integrated shareholders share in these benefits through an initial premium implied in the offer price and through continuing ownership in Programmed shares.

Chris Sutherland
Managing Director
27th February 2007