

21 August 2007

SKILLED Group delivers record growth

Financial Highlights

- Revenue of \$1,391 million up 44%
- Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) of \$69.4 million up 46%
- Net Profit after Tax (NPAT) from continuing operations of \$29.0 million up 21%
- Earnings per share (EPS) 27.8 cents (2006: 23.3) up 19%
- Final dividend per share (DPS) 14.0 cents (2006: 12.0) up 17%

Operational Highlights

- Completed seven acquisitions to further build scale and expertise across our key industry sectors
- Strengthened our leadership capability to support our continued growth
- Acquisitions performed in line with expectations
- Delivered 12% organic revenue growth
- Increased market share across all key industry sectors

Commenting on the result Greg Hargrave, Managing Director and Chief Executive Officer said:

“The last twelve months has been a period of unprecedented growth for SKILLED Group and today we reported a solid result with record returns for our shareholders. Our result reflects the continuation of buoyant trading conditions across the business, strong operational performance and our ability to deliver a superior service to our clients.”

FINANCIAL PERFORMANCE

SKILLED Group Limited ("SKILLED") (ASX: SKE) today reported revenue of \$1,391 million, up 44% from the corresponding period and an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) of 46% to \$69.4 million. Net profit after tax (NPAT) from continuing operations was up 21% to \$29.0 million.

Net debt at year end was \$170 million as a result of financing of acquisitions. At 30 June 2007 SKILLED Group's gearing expressed as debt to debt plus equity was 58% and interest cover (EBITDA / interest expense) was a comfortable 7.5 times. The leverage ratio (debt / EBITDA) was 2.3 times.

Greg Hargrave, Managing Director and Chief Executive Officer, said:

"All acquisitions have been successfully integrated according to plan and are performing broadly in line with our expectations. This outstanding achievement is a credit to our staff and I would like to thank them for their hard work during an extremely busy year."

"We continued to capitalise on opportunities in the mining and resources sector. By leveraging off our extensive experience in Western Australia, Queensland and New South Wales we penetrated the resources sector in Tasmania and South Australia. Pleasingly, we also increased our market share across the FMCG, automotive and defence, transport and logistics and infrastructure sectors. This demonstrates the success of our strategy to focus our industrial businesses on key industry segments."

"During the year we realigned our organisational structure, making several key external and internal appointments to strengthen our leadership capability. This was an important step to support our growth and will enable us to continue to expand at a rate of 20 to 30% per annum."

"We made good progress on improving the safety performance of our acquired businesses but further improvements are necessary to meet our high safety standards. Across the Group our LTIFR of 2.14, excluding acquisitions, was well below the Australian industry average and emphasises SKILLED Group's strong safety culture."

Fully Franked Final Dividend

The Board have declared a fully franked final dividend of 14.0 cents per share (2006: 12.0 cents) to be paid on 16 October 2007 to all shareholders on the registry at 24 September 2007. The shares will trade ex-dividend from 25 September 2007 and shareholders will continue to have the option of participating in the Dividend Reinvestment Plan with a 2.5% discount.

OPERATIONAL OVERVIEW

SKILLED Brand

		30 June 07 ¹	30 June 06	Change %
Revenue	\$M	1,043.5	716.1	+46
EBITDA	\$M	47.6	33.0	+44
EBITDA Margin	%	4.6	4.6	
EBIT	\$M	40.4	29.7	+36
EBIT Margin	%	3.9	4.1	

¹ includes 10 months contribution from TESA, 9 months contribution from Catalyst's blue collar business, 4 months contribution from ICE Personnel and 2 months contribution from Pacific Relines

The SKILLED Brand, which includes TESA mining, Catalyst's Blue Collar businesses, NZ Based ICE Personnel and Pacific Relines increased revenue by 46% to \$1044 million. Earnings before interest, tax, depreciation and amortisation increased 44% to \$47.6 million.

Favourable trading conditions across Western Australia, Queensland and Tasmania flowed through to the bottom line and stronger performances in metropolitan areas helped to mitigate the effect of drought in regional areas. In Western Australia we continued to grow our fly in fly out (FIFO) team where we have more than 300 specialists including supervisors, safety advisors and shutdown managers. As labour becomes increasingly scarce mine sites are more reliant on shutdowns and our crew are the leading FIFO team across the country.

Our Maintenance and Project Services business, which specialises in shutdowns and maintenance, reported solid growth establishing a presence in the lucrative 'fit and finish' area of project work.

TESA Mining performed well increasing market share in the Hunter Valley region. The black coal mining industry continues to prosper and there are plenty of growth opportunities for the business.

Other Brands

		30 June 07 ¹	30 June 06	Change %
Revenue	\$M	348.3	246.5	+41
EBITDA	\$M	21.8	13.5	+61
EBITDA Margin	%	6.3	5.5	
EBIT	\$M	14.7	7.8	+88
EBIT Margin	%	4.2	3.2	

¹ includes 9 months contribution from Catalyst's white collar business and 5.5 months contribution from Swan Contract Personnel

Other Brands, which include Extraman, Swan Contract Personnel, Excelior, Origin Healthcare, PeopleCo, Mosaic and SEM Fire and Rescue, increased revenue by 41% to \$348 million and earnings before interest, tax, depreciation and amortisation was up 61% to \$21.8 million.

Extraman increased profitability and the earn-out is now complete with key management retained and the business fully integrated into the SKILLED management structure.

The acquisition of Swan Contract Personnel in January 2007 expanded our presence in the mining and resources and oil and gas sectors through the provision of engineering professionals. The business has been performing well and in line with our expectations.

Origin Healthcare improved profitability and margins. Strong growth in Western Australia and Queensland translated to increased market share in these States. A campaign for recruiting international nurses was successful helping to attract scarce nursing resources to Australia and a permanent recruitment division was recently launched.

It was an exciting year for Excelior, our call centre business, who took over the operation of AAPT's Bendigo and Robina call centres in May and built new call centres in Shepparton and Box Hill. As part of the contractual arrangements for taking over the AAPT call centres, including the assumption of certain liabilities, Excelior received an upfront payment which resulted in a pre-tax profit impact of \$5.3 million being recorded. As Australia's fastest growing contact centre operator the outlook is positive.

PeopleCo, our start up generalist staffing services business to the Small to Medium Enterprise (SME) market, reported a very strong increase in revenue opening a further 14 branches across the east coast. The business model is working well with the roll-out of an additional 14 branches across New

South Wales, Queensland and Western Australia by 30 June 2008, bringing the total number of branches to 38.

Our white collar businesses consisting of Teamwork and the Catalyst brands Trinity and Premium were amalgamated into the Mosaic brand which was successfully launched to the industry in June. The business provides executive, professional and business support and operates across the eastern seaboard. We are confident that with the restructuring, re-branding and new management team the outlook for Mosaic is bright.

SEM Fire and Rescue revenue was stable and the business has a strong order book going forward. At year end the business had achieved 1,132 days without a lost time injury.

SUBSEQUENT ACQUISITIONS

Today SKILLED Group announced it had entered into a contract to acquire Offshore Marine Services ("OMS"). OMS operates predominantly in Australia and New Zealand with developing businesses centred in the United Kingdom, Malta and Dubai. An upfront cash payment and a deferred consideration have been structured for the acquisition which is expected to complete on 31 August 2007. In 2007/08 OMS is forecasting revenue around \$209 million and EBITDA of \$22.5 million, with an approximate contribution to SKILLED Group post acquisition of \$173 million in revenue and \$18 million EBITDA. OMS will continue to operate as an autonomous brand.

The acquisition will be funded using SKILLED Group's existing debt facilities which were recently extended from \$225 million to \$350 million. This provides further capacity to fund growth and to undertake further bolt-on acquisitions.

Further information on the acquisition of OMS is available in a separate announcement lodged today with the ASX.

OUTLOOK AND GUIDANCE

In 2007/08, inclusive of acquisitions, SKILLED Group is forecasting sales revenue of circa \$2 billion and an EBITDA increase of around 45% in the range of \$98 to \$103 million. Depreciation and amortisation is expected to be about \$22.5 million with a total NPAT contribution of \$34 to \$37 million.

Commenting on the outlook, Greg Hargrave said:

"SKILLED Group has a solid base to continue to deliver strong growth supported by favourable conditions across our key industry sectors. We have an excellent portfolio of staffing services businesses and we will continue to assess opportunities that complement our existing businesses and ultimately lead to enhanced shareholder value."

"A strong recovery is underway in the drought stricken regional areas with excellent opportunities across the agriculture sector in packaging, distribution, storage and transport. The mining and resources sector continues to prosper and we are well placed to continue to increase market share across the FMCG, manufacturing, oil and gas and infrastructure segments."

For further information please contact:

Susan Frost
Group Manager Corporate Affairs
SKILLED Group
Tel: 0414 921 010