

**Attention ASX Company Announcements Platform
Lodgement of Open Briefing®**



Skilled Group Limited
850 Whitehorse Road
Box Hill, Victoria 3128

Date of lodgement: 01-Sep-2006

Title: Open Briefing® . SKILLED. FY06 Results & TESA & Catalyst acquisitions

Record of interview:

corporatefile.com.au

SKILLED Group Limited today announced completion of the acquisition of blue collar labour hire firm, TESA Group, which follows the previous announcement of a recommended takeover offer for Catalyst Recruitment Ltd. You're paying multiples of seven and eight times trailing FY06 EBITDA for each business and you're investing a total of \$109 million. How do these deals fit with your overall strategy?

MD & CEO Greg Hargrave

Since the divestment of our non-core activities, our continuing strategy is to position SKILLED for improved profitability by growing our core staffing services businesses. We're continuing to invest our strong cash flows to expand our business both organically and with appropriate acquisitions to give us further scale and leverage in the staffing services sector.

The businesses being acquired are specifically focused on labour hire and staffing services. TESA is one of Australia's leading suppliers of skilled labour to the mining, manufacturing and utility sectors. Catalyst Recruitment is a national staffing provider placing around 10,000 candidates annually with around 65 percent of its revenues generated from the blue collar sector. Its brands are aligned to our current markets while taking us into new markets.

TESA and Catalyst will grow our group revenues by some 30 percent to around \$1.4 billion in 2007 and consolidate our market leadership position. Our overall industry market share will rise to around 10 to 11 per cent from around 8 percent.

In the industrial staffing market we're close to three times the size of our nearest competitor which is a great competitive advantage in a tight skilled labour market.

corporatefile.com.au

What is the advantage of aggregation in your sector? Will you generate any revenue synergies? What scope is there to reduce costs across the expanded portfolio?

MD & CEO Greg Hargrave

With greater scale we'll be able to leverage our service capabilities and investments in infrastructure. We'll also be able to provide a greater depth of service to our current clients by accessing a larger and deeper skill base. Our clients increasingly want to deal with fewer labour suppliers so they can streamline reporting, invoicing and transaction systems. This will allow us to expand our capacity to service new clients.

There'll be scope to reduce corporate overheads and Catalyst's ASX listing related costs, as well as the rationalisation of some premises. We've already identified synergies of around \$3 million by the end of year two.

corporatefile.com.au

Do the brands of TESA and Catalyst fit with SKILLED's existing brands?

MD & CEO Greg Hargrave

Both businesses are excellent strategic fits with our core staffing services business and give us greater depth in the blue collar supplementary labour hire market on the Eastern seaboard. TESA leverages us into a strong position in the fast growing black coal industry in both the Hunter Valley and the Bowen Basin.

Catalyst Industrial is a well respected blue collar labour hire brand with long standing client relationships on the Eastern seaboard. Catalyst's Wine Workforce brand takes us into the wine bottling and packaging industry. While it's not a key strategic focus for us, Catalyst also provides us with a degree of scale in white collar recruitment taking our turnover towards \$70 million and bringing new government clients. Catalyst's Premium and Jet brands increase our call centre market share while diversifying our call centre client base.

There's little client overlap and there is no major change in our industry segment exposure. For example, our overall post acquisition revenue share from mining and resources is estimated to remain around 20 percent.

corporatefile.com.au

The SKILLED brand increased EBITDA by 18 percent to \$34.3 million on revenue growth of 13 percent while EBITDA margin grew to 4.9 percent from 4.2 percent in the year to June 2006. What drove the sales growth and margin improvement and are they sustainable?

MD & CEO Greg Hargrave

The SKILLED brand has averaged sales growth of 14 percent over the past five years due to increasing penetration of our major customers' staffing spends, particularly as they consolidate their supplier base. Last year we also benefited

from our clients' strong capital expenditure, increased government investment in infrastructure and we've increased our services to the mining and resources sector. An example is the establishment of a dedicated mine shutdown crew.

The margin improvement has been gained by delivering deeper value propositions to our clients on the back of the superior service that we have demonstrably delivered.

corporatefile.com.au

Origin Healthcare increased revenue by five percent to \$77.6 million and EBITDA more than doubled. How did you achieve this result?

MD & CEO Greg Hargrave

We've achieved this result primarily by restructuring Origin over the last 18 months. We brought in SKILLED people and expertise and structured management roles with defined responsibilities and performance measurements. Brands have been rationalised from 21 to 13 and we've reduced costs. The full year contribution of Medistaff, which we acquired in January 2005, also contributed to the improved result.

corporatefile.com.au

Extraman generated revenue of \$69 million in FY06. Did Extraman's performance meet your pre-acquisition expectations?

MD & CEO Greg Hargrave

Extraman exceeded our expectations and we expect this strong performance to continue. It's a well managed business performing solidly in a growing mining and resource sector and it is strongly aligned to our core SKILLED brand and value proposition.

corporatefile.com.au

In the last financial year the Immigration Department granted around 70,000 temporary visas to skilled workers. What is your policy on the use of temporary migrants to address the skills shortage?

MD & CEO Greg Hargrave

We have around 100 employees on temporary business visas recruited primarily from Ireland, South Africa and the UK. The majority are employed in the areas where Australia has the most severe skills shortages such as heavy diesel fitters, nurses, boilermakers and fitter machinists.

However, it's just as necessary to invest heavily in training and apprenticeships. SKILLED currently has over 200 apprentices and over 600 trainees throughout our business. We also provide financial assistance and mentoring through our programs such as the SKILLED Trades Foundation and our annual Apprentice of the Year Award.

Given the scale of the skills shortage, however, neither of these strategies are complete answers and we continue to work with the government, industry bodies and educators to develop a long term solution.

corporatefile.com.au

What has been the recent trend in capex? What's the capex outlook for FY07 and where will spending be directed.

MD & CEO Greg Hargrave

Last year we spent a net \$6 million on plant, equipment and acquisitions and we're expecting to spend about \$14 million in capex this financial year.

Spending will primarily be on major IT investments, a new call centre for our Excelior brand at Box Hill, Victoria, to support our expanding client base and office fit-outs to support our growth. For example, we're expanding the branches of our start up business, PeopleCo, by 14 to 24 in Victoria, NSW and Queensland in the next 12 months alone.

corporatefile.com.au

You've forecast gearing will rise to 47 percent at 30 June 2007 as a result of the acquisitions. How will the increase in gearing affect your strategy to grow by acquisition?

MD & CEO Greg Hargrave

In the coming months our priority will be to integrate our recent acquisitions. We continue to look at a range of other exciting and interesting opportunities, although we don't anticipate undertaking an acquisition of the same scale as TESA or Catalyst in the short term.

corporatefile.com.au

You paid out 80 percent of earnings in dividends in FY06. Will the increase in gearing affect your dividend policy?

MD & CEO Greg Hargrave

The board has always maintained a dividend policy of paying the maximum that's fiscally prudent which has historically averaged about 70 to 75 percent of EPS.

corporatefile.com.au

Thank you Greg.

For more information about SKILLED Group, visit www.skilled.com.au or call Susan Frost on (03) 9924 2386 or 0414 921 010.

For previous Open Briefings with SKILLED Group Limited, or to receive future Open Briefings by e-mail, please visit www.corporatefile.com.au.

DISCLAIMER: Corporate File Pty Ltd has taken reasonable care in publishing the information contained in this Open Briefing®. It is information given in a summary form and does not purport to be complete. The information contained is not intended to be used as the basis for making any investment decision and you are solely responsible for any use you choose to make of the information. We strongly advise that you seek independent professional advice before making any investment decisions. Corporate File Pty Ltd is not responsible for any consequences of the use you make of the information, including any loss or damage you or a third party might suffer as a result of that use.