

08
Annual Report

Annual General Meeting

21 October 2008



SKILLED Group



Ken V Loughnan AO
Chairman

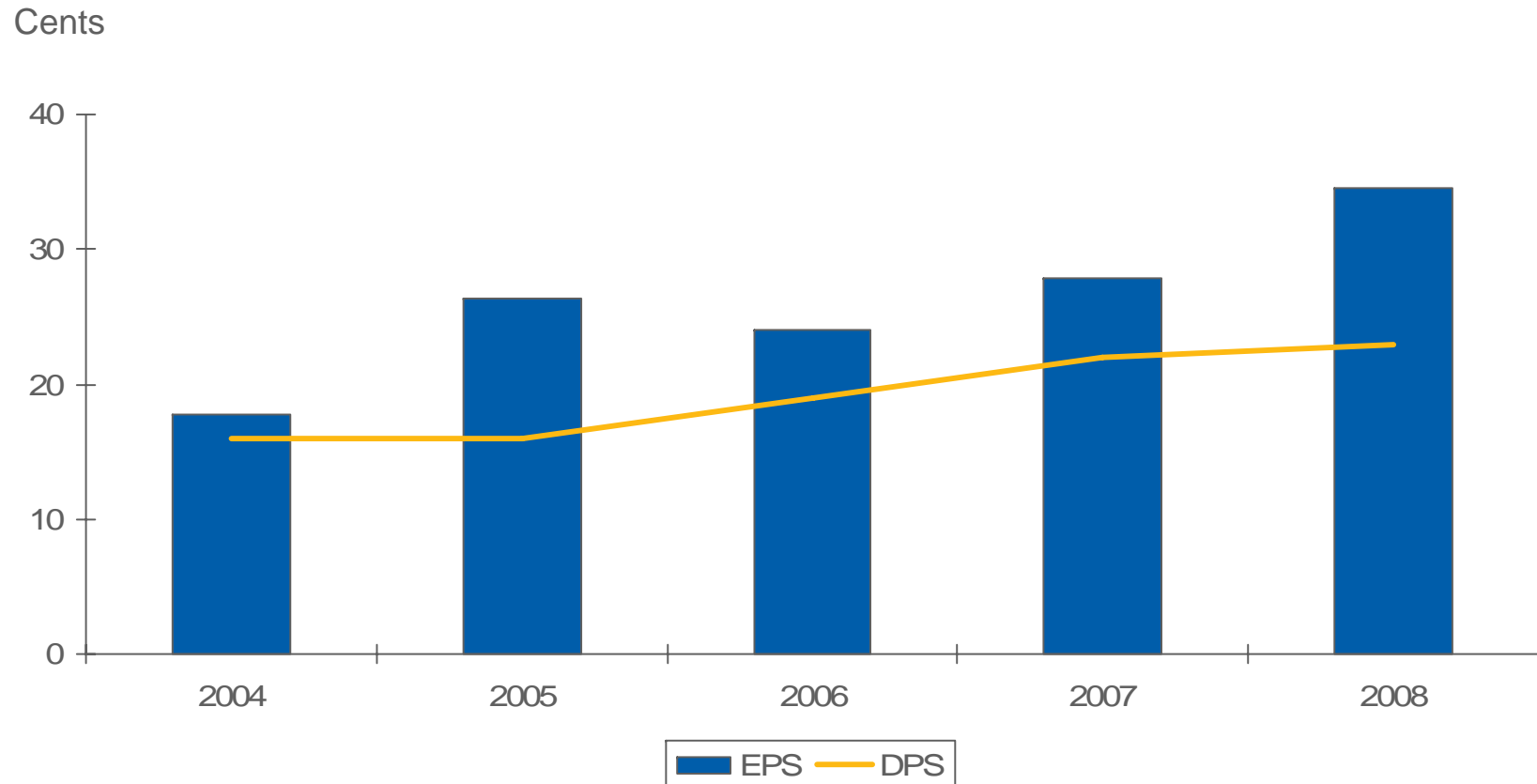
SKILLED Group delivered a strong financial and operational performance in FY08

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- Strong financial results
 - Revenue up 39% to \$1,930m, including 14% organic revenue growth
 - EBITDA up 36% to \$94.1m (excluding profit on divestment of SEM)
 - Underlying NPAT up 30% to \$42.3m
 - Reported EPS up 21% to 34.5 cps
 - Fully franked final dividend of 14 cps, full-year dividend of 23 cps
- Acquisitions made in FY08 performed well (Offshore Marine Services, Hudson T&I, Tradeforce NZ, Longhill Group)
- Strengthened industry exposure to strong growth industries – mining and resources, oil and gas, infrastructure (44% of revenue mix)
- Maintained focus on safety – 12 month rolling average Lost Time Injury Frequency Rate down 56% to 2.3 injuries per million hours worked

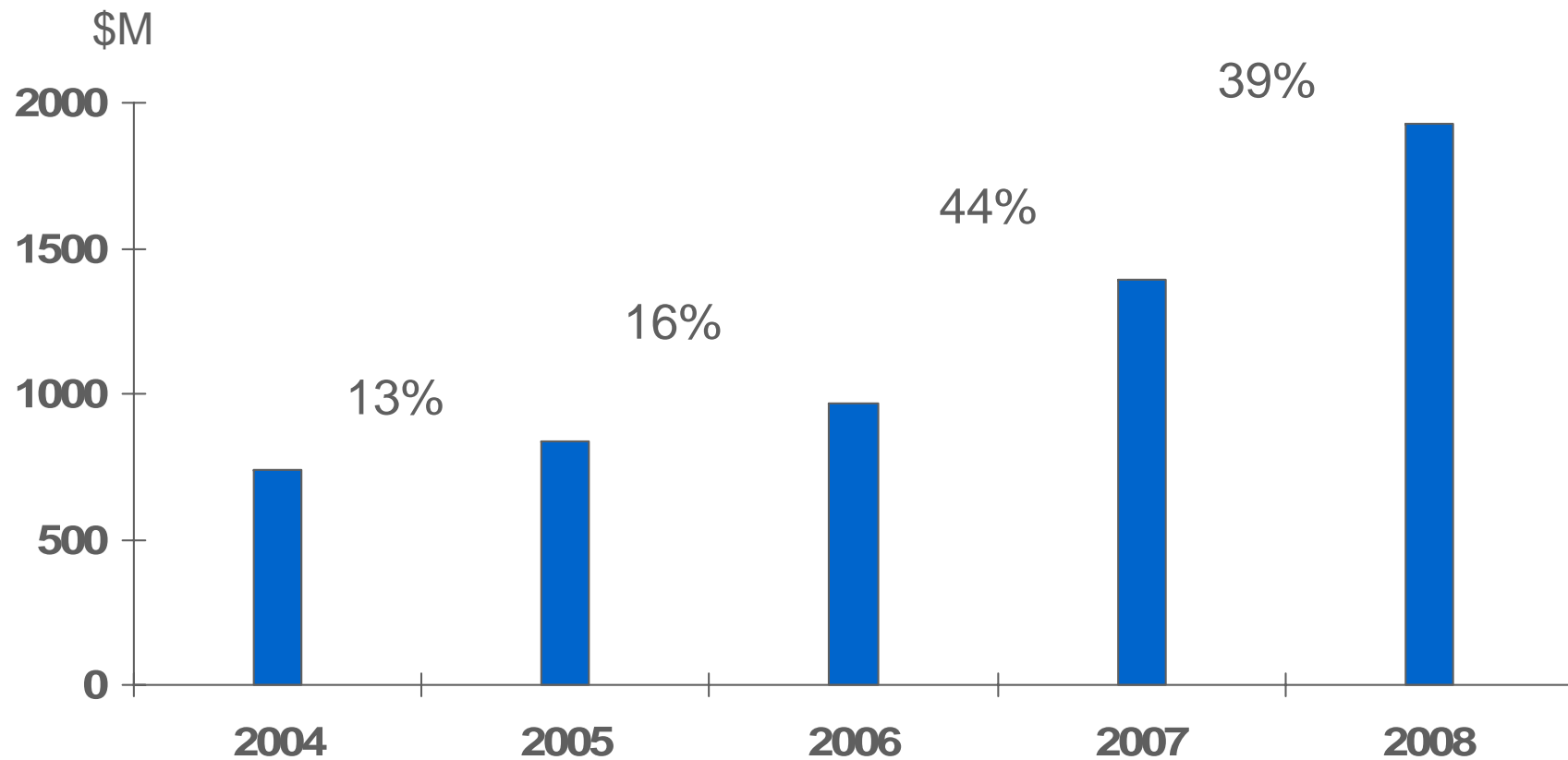
Solid history of dividend and earnings per share growth

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We continue to deliver double-digit revenue growth

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Our net debt position

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- In May 2008, successfully extended \$175m debt facility to 2011 with full support of banking syndicate (NAB, ANZ and Westpac)
- Total syndicated debt facility of \$350m provides flexibility to manage business
 - Tranche A: A\$175 million, maturing 2011
 - Tranche B: A\$175 million, maturing 2010
- At 30 September, our net debt was approximately \$300m, increased from \$245m at FY08 due to earn-out payments:
 - First earn-out payment for acquisition of OMS Australia and New Zealand
 - Final earn-out payment for acquisition of Swan Contract Personnel
- Board and Management are comfortable with our ability to service this level of debt

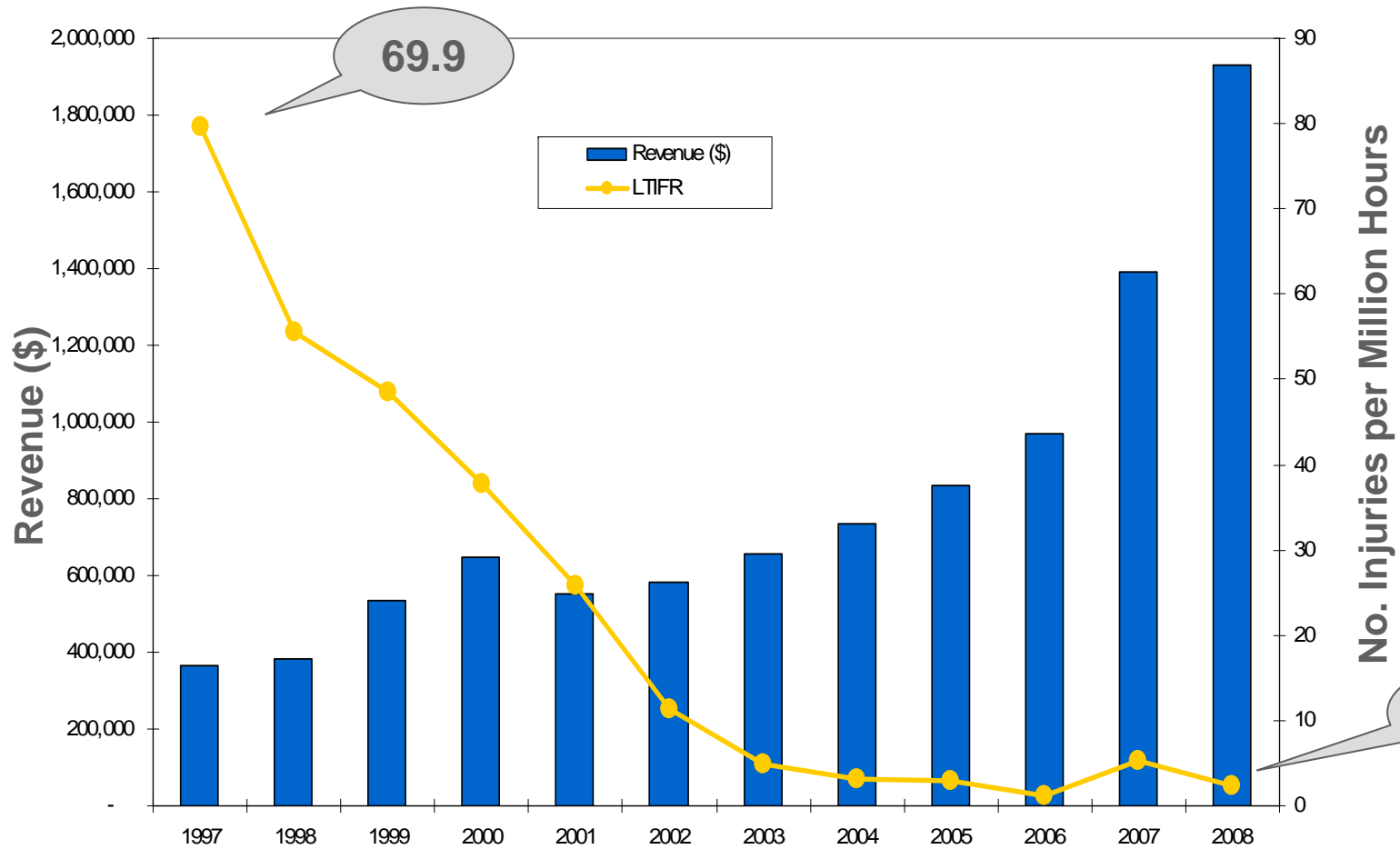
Corporate Governance

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- The Board is committed to complying with Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council
- The Board brings together a broad range of expertise and consists of:
 - Four Non-executive Directors (including Chairman)
 - Three Executive Directors
- A fifth Non-executive Director is being sought to join the Board
- Board policies are available from the Company website (www.skilledgroup.com.au)

We continue to deliver a strong safety performance

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Our commitment to staff, employees and clients extends to the communities in which we work, live and operate

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For all creatures great and small.





Ken V Loughnan AO
Chairman



Greg M Hargrave
Managing Director & Chief Executive Officer

Business segments performed strongly in FY08

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WORKFORCE AND MAINTENANCE SERVICES

The 'WORKFORCE AND MAINTENANCE SERVICES' section features a large blue box with the word 'SKILLED' in white. Below this are the logos for TESA GROUP PTY LTD (a stylized figure with arms raised), XTRAMAN (a stylized 'e' with two figures), and SKILLED Services (the word 'SKILLED' in blue with a yellow underline, and 'Services' in yellow below it).

OTHER BRANDS

The 'OTHER BRANDS' section displays several logos: swan contract personnel (a swan icon), excelior (with the tagline 'insourcing - outsourcing - resourcing'), Offshore Marine Services (a blue circle with an 'M' and waves), PeopleCo. (a green box with three white circles), mosaic recruitment (a blue and yellow mosaic pattern), and OriginHealthcare (a blue and orange logo).

Workforce and Maintenance Services

- Strong financial performance
 - Revenue up 14% to \$1,266m, including 12% organic revenue growth
 - EBITDA up 4% to \$56m (after the allocation of corporate costs)
 - Maintained Business Unit EBITDA margins

- Successfully completed three acquisitions – all performing well
 - Hudson T&I, Tradeforce NZ and Longhill Group

- All businesses performed well
 - Continued to capture benefit from the mining and resources boom

- Ongoing business expansion with key clients in mining and resources, and infrastructure sectors
 - Secured a number of major client contract extensions

- Strong growth in rail business across Australia
 - Particularly in WA and SA

Other Brands: OMS, Swan Contract Personnel, Excelior, Origin Healthcare, PeopleCo. and Mosaic

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- OMS Australia strongly exceeded our initial expectations
 - Developing businesses show strong growth prospects
 - High-margin business
 - Industry fundamentals remain strong
- Swan Contract Personnel performed very well
 - 100% exposure to mining and resources and oil and gas industries
 - Growth prospects remain strong
- Excelior delivered strong growth in revenue
 - Benefited from operational expansion over past 18 months
 - Secured new anchor clients in telecommunications and government sectors
- Origin Healthcare and Mosaic Recruitment continued to perform well
- PeopleCo. traded profitably in 2H08, now operates in four states

We are now focused on driving operational efficiency across the Group

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- Commenced roll-out of our back office IT platform
 - Transform the way we handle our payroll, billing, finance and human resource functions
- New shared services environment established
 - Deliver an improved level of service to clients and employees
- Business improvement initiatives focused on ‘front of house’ processes
- Standardisation of processes
 - Establish best practices and common ways of working across branches
 - Bring consistency to our procedures and processes
- Developing our people
 - Introduce a Group-wide performance management program

Strategic operational initiatives will support organic business growth

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- Combining Swan and Skilled EDTS to build platform for growth and expansion in eastern states
 - Coordinated national focus on technical professionals
 - Expand into other industries
- Launch of new business brand – ATIVO Maintenance and Project Services
 - Focused on capturing an increased share of the growing market for maintenance and project services work across Australia
- Exploring new and expanded services targeting mining and resources and infrastructure
- Workforce attraction and retention strategies

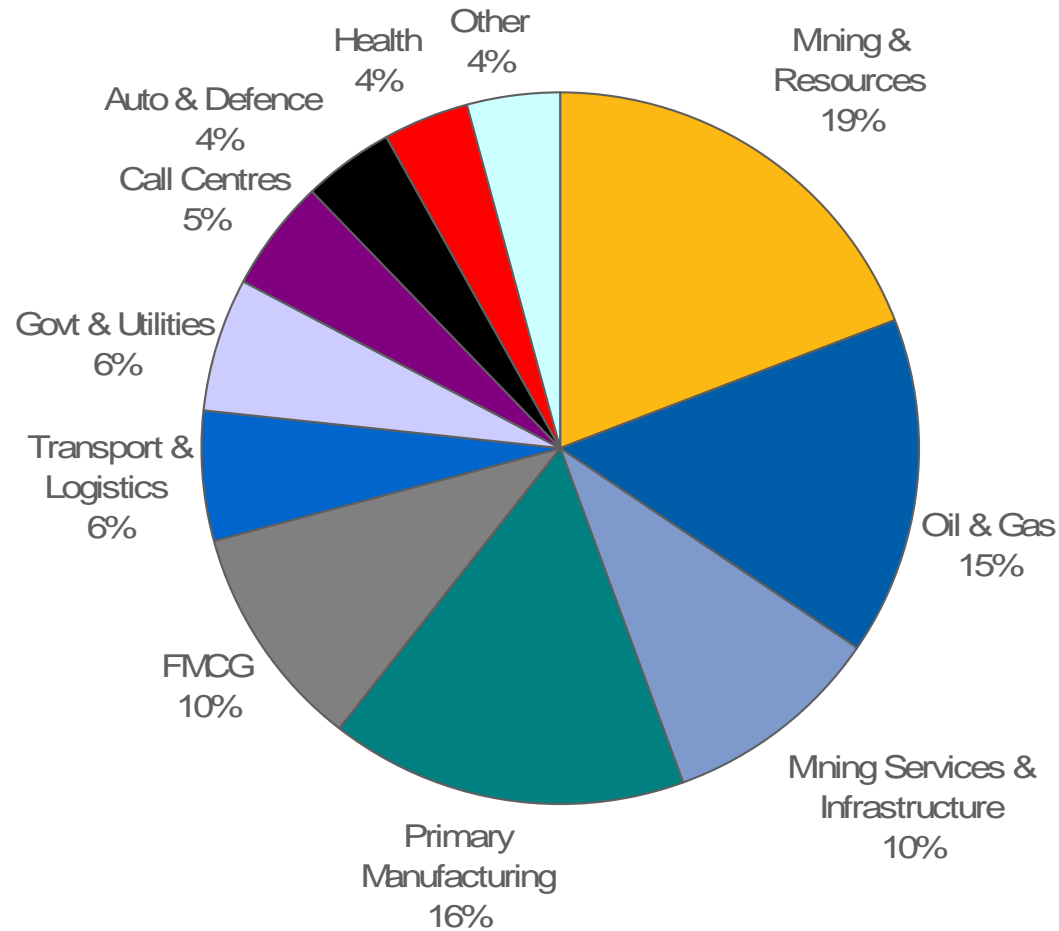
Our underlying business remains strong

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- Resilient earnings base
- Strong exposure to growth industries
- Continued strong demand for skilled labour
- Expected growth in government infrastructure projects
- Insulated from rising input costs (Cost + margin model)

Diverse industry exposure provides flexibility to adjust focus for industry cycles

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*based on FY08 revenue of \$1,930 million

Commercial in Confidence

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Business performed well in 1Q'09, however we remain cautious

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- We have not yet witnessed a significant slowdown in demand for our services
- We are extremely cognisant of current uncertainty in the global economic environment
- We are monitoring our business closely, month by month

We maintain a conservative view of FY09 and reiterate our market guidance

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- We reiterate our FY09 market guidance of:
 - EBITDA of \$100 million – \$110 million
 - Total reported depreciation and amortisation of approximately \$22.5 million
 - Reported NPAT of \$31 million – \$38 million
 - Adjusted for:
 - Notional interest on earn-out liabilities of approx. \$4 million
 - Amortisation of acquired intangibles of approx. \$4 million
 - Underlying NPAT of \$39 million – \$46 million



Greg M Hargrave
Managing Director & Chief Executive Officer



Ken V Loughnan AO
Chairman

Item 1

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To consider the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2008.

Item 2

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To adopt the Remuneration Report for the financial year ended 30 June 2008.

(Note: the vote on this item is advisory only and does not bind the Directors or the Company)

Item 3a

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"That Ms V.A. McFadden, having retired in accordance with Clause 14.3 of the Company's Constitution, be re-elected as a Director."

Item 3b

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"That Mr J.B. Dixon, having retired in accordance with Clause 14.3 of the Company's Constitution, be re-elected as a Director."

Item 4a

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"That, for the purposes of Listing Rule 10.14 of the Australian Stock Exchange Limited, approval be given to grant an option to Mr G. M. Hargrave, a Director of the Company, to subscribe for 791,000 fully paid shares in the Company pursuant to the Skilled Group Executive Long Term Incentive Plan and that approval be given to him exercising his option accordingly."

Item 4b

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"That, for the purposes of Listing Rule 10.14 of the Australian Stock Exchange Limited, approval be given to grant an option to Mr J.B.Dixon, a Director of the Company, to subscribe for 461,000 fully paid shares in the Company pursuant to the Skilled Group Executive Long Term Incentive Plan and that approval be given to him exercising his option accordingly."

Item 4c

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"That, for the purposes of Listing Rule 10.14 of the Australian Stock Exchange Limited, approval be given to grant an option to Mr T.B.Janes, a Director of the Company, to subscribe for 341,000 fully paid shares in the Company pursuant to the Skilled Group Executive Long Term Incentive Plan and that approval be given to him exercising his option accordingly."



SKILLED Group