

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited
ABN 66 005 585 811**

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Half Year Report
Skilled Group Limited**

**Results for announcement to the market
Half year ended ('current period') – 31 December 2008
(‘previous corresponding period’ – 31 December 2007)**

	<i>Percentage change</i>	\$AUD'000
Revenues from ordinary activities	Up 16.4% to	1,067,419
Revenues from continuing operations	Up 16.4% to	1,067,419
Net profit after tax from continuing operations	Up 47.8% to	21,409
Profit from ordinary activities after tax attributable to members	Up 47.8% to	21,409
Net profit for the period attributable to members	Up 47.8% to	21,409

Dividends (distributions)	<i>Amount per security</i>	Franked amount per security
Interim Dividend (payable 15 April 2009) (Previous Year)	9.0¢ 9.0¢	9.0¢ 9.0¢
Final Dividend (paid 14 October 2008) (Previous Year)	14.0¢ 14.0¢	14.0¢ 14.0¢
Record date for determining entitlements to the Dividend	31 March 2009	
Date for payment of Interim Dividend	15 April 2009	

The Dividend Reinvestment Plan is in operation. Applicable discount rate is 2.5%. Price is based on the weighted average market price for fully paid shares sold on ASX during the 5 trading days immediately following the Record Date for determining entitlements to the dividend. The last date for the receipt of election notices for the Dividend Reinvestment Plan is 31 March 2009.

Earnings Per Ordinary Fully Paid Share (EPS)	<i>Current Period</i>	Previous Corresponding Period
Basic EPS	17.49¢	13.54¢
Diluted EPS	17.49¢	13.53¢

NTA Backing	<i>Current Period</i>	Previous Corresponding Period
Net tangible asset backing per ordinary security	(168.9)¢	(150.8)¢

Net Asset Backing	<i>Current Period</i>	Previous Corresponding Period
Net asset backing per ordinary security	186.9¢	174.4¢

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Directors' Report

The Directors of Skilled Group Limited (the "Company") present the financial report for the half year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the Directors of the Company during or since the end of the half year are:

K.V. Loughnan AO
T.B. Janes
G.M. Hargrave
J.B. Dixon

K.W. Hughes
R.N. Herbert AM
V.A. McFadden

Review of Operations

A detailed review of the operations of the consolidated entity is contained in the interim results announcement to the Australian Stock Exchange.

Subsequent Events

No matter or circumstance has arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 3.

Rounding of Amounts

The Company is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors


G.M. Hargrave
Director


T.B. Janes
Director

Melbourne, 25 February, 2009

The Board of Directors
Skilled Group Limited
Level 15
380 St Kilda Road
Melbourne VIC 3004

25 February 2009

Dear Board Members

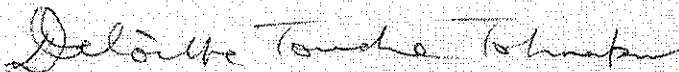
Skilled Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Skilled Group Limited.

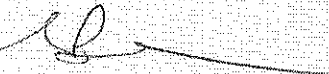
As lead audit partner for the review of the financial statements of Skilled Group Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountant

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Directors' Declaration
For the Half Year Ended 31 December 2008

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; and
- (b) 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.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



G.M. Hargrave
Director



T.B. Janes
Director

Melbourne, 25 February, 2009

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Condensed Consolidated Income Statement
For the half year ended 31 December 2008

	Half year ended 31 December 2008 \$ '000	Half year ended 31 December 2007 \$ '000
Revenue	1,067,419	917,057
Other income	285	583
Employee and sub-contractor related costs	(916,289)	(800,421)
Raw materials and consumables used	(6,787)	(11,847)
Motor vehicle expenses	(670)	(451)
Office occupancy related costs	(8,889)	(7,686)
Depreciation and amortisation expenses	(10,490)	(9,715)
Finance costs	(14,243)	(10,531)
Loss from sale of assets	(76)	(14)
Marine vessel charter costs	(16,408)	(5,695)
Other expenses	(61,624)	(49,954)
Profit before income tax expense	32,228	21,326
Income tax expense	(10,819)	(6,845)
Profit from continuing operations	21,409	14,481
Profit attributable to members of the parent entity	21,409	14,481
Earnings per share		
Basic (cents per share)	17.49¢	13.54¢
Diluted (cents per share)	17.49¢	13.53¢

Notes to the condensed financial statements are included on pages 9 to 13.

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**Condensed Consolidated Statement of Recognised Income and Expense
For the half year ended 31 December 2008**

	Half year ended 31 December 2008 \$ '000	Half year ended 31 December 2007 \$ '000
Gain/(loss) on cash flow hedges taken to equity	(19,167)	158
Income tax on items taken directly to equity	5,750	(47)
Change in foreign currency translation reserve arising on translation of foreign operations and net investment in foreign subsidiaries	1,075	287
Net revenue/(expense) recognised directly in equity	(12,342)	398
Profit for the period	21,409	14,481
Total recognised income and expense for the period	9,067	14,879

Notes to the condensed financial statements are included on pages 9 to 13.

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**Condensed Consolidated Balance Sheet
As at 31 December 2008**

	Note	31 December 2008 \$'000	30 June 2008 \$'000
Current assets			
Cash and cash equivalents		12,923	-
Trade and other receivables		261,961	285,344
Inventories		1,711	1,141
Financial assets		-	59
Other		11,712	9,062
Total current assets		288,307	295,606
Non-current assets			
Receivables		2,137	3,986
Property, plant and equipment		28,360	27,102
Goodwill		360,030	348,404
Other intangibles		77,509	74,582
Financial assets		-	1,177
Deferred tax assets		17,206	10,048
Total non-current assets		485,242	465,299
Total assets		773,549	760,905
Current liabilities			
Payables		120,036	177,130
Borrowings	8	4,202	17,891
Current tax liabilities		4,984	3,423
Financial liabilities		1,298	47
Provisions		31,171	34,377
Total current liabilities		161,691	232,868
Non-current liabilities			
Payables		38,508	49,359
Borrowings	8	307,794	226,982
Financial liabilities		17,337	657
Provisions		18,399	16,357
Total non-current liabilities		382,038	293,355
Total liabilities		543,729	526,223
Net assets		229,820	234,682
Equity			
Issued capital	4	179,222	176,368
Reserves		(7,779)	4,273
Retained earnings	6	58,377	54,041
Total equity		229,820	234,682

Notes to the condensed financial statements are included on pages 9 to 13.

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Condensed Consolidated Cash Flow Statement			
For the half year ended 31 December 2008			
	Note	31 December 2008 \$'000	31 December 2007 \$'000
Cash flows from operating activities			
Profit before taxation		32,228	21,326
Adjustments for:			
Depreciation and amortisation of non current assets		10,490	9,715
Interest revenue		(209)	(583)
Interest expense		14,243	10,531
Earnings before interest, tax, depreciation and amortisation		56,752	40,989
Amortisation of executive share options		290	1,125
Net loss on disposal of property, plant & equipment		76	14
		57,118	42,128
Increase/decrease in assets and liabilities excluding effects of acquisitions and investments			
Decrease/(Increase) in receivables		25,353	(40,364)
(Increase) in inventories		(570)	(848)
(Increase)/Decrease in other assets		(2,650)	3,493
(Decrease) in payables		(16,918)	(4,497)
(Decrease) in provisions		(1,164)	(10,877)
Cash generated from operations		61,169	(10,965)
Income taxes paid		(10,421)	(22,251)
Net Cash Provided by/(Used in) Operating Activities		50,748	(33,216)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(3,843)	(6,804)
Payments for intangibles		(10,114)	(5,885)
Payments for purchase of businesses	10	(64,358)	(92,626)
Proceeds from sale of property, plant and equipment		87	116
Net Cash Used in Investing Activities		(78,228)	(105,199)
Cash Flows From Financing Activities			
Proceeds from borrowings		180,572	262,778
Repayment of borrowings		(111,531)	(185,026)
Interest received		209	583
Interest paid		(12,002)	(6,685)
Proceeds from issues of equity		343	73,827
Dividends paid		(14,683)	(12,901)
Net Cash Provided by Financing Activities		42,908	132,576
Net Increase/(Decrease) in Cash and Cash Equivalents		15,428	(5,839)
Cash and cash equivalents at the beginning of the Financial Year		(2,505)	5,531
Cash and Cash Equivalents at the End of the Financial Year		12,923	(308)

Notes to the condensed financial statements are included on pages 9 to 13.

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**Notes to the Condensed Financial Statements
For the half year ended 31 December 2008**

1. Significant Accounting Policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2008 annual financial report. The presentation currency for this half year report is Australian dollars.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and 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.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2008 annual financial report for the financial year ended 30 June 2008.

2. Unusual Items

	December 2008 \$'000	December 2007 \$'000
Acquisition combination costs	-	716
Redundancy program costs	1,590	-

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Notes to the Condensed Financial Statements for the half year ended 31 December 2008

3. Segment Reporting

Segment Revenues and Results Half year ended December 2008	Workforce and maintenance services	Other Brands	Eliminations	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	635,892	433,207	(1,680)	-	1,067,419
Other income	-	-	-	285	285
EBITDA	30,495	26,181		76	56,752
Depreciation and amortisation	(4,788)	(5,702)		-	(10,490)
Earnings before interest and tax	25,707	20,479		76	46,262
Net interest expense				(14,034)	(14,034)
Profit before income tax expense					32,228
Income tax expense				(10,819)	(10,819)
Net profit after tax					21,409
Segment Assets And Liabilities					
Assets	327,228	416,531	-	29,790	773,549
Liabilities	78,261	129,853	-	335,615	543,729
Other Segment Information					
Acquisition of segment assets	11,682	1,953			13,635

Segment Revenues and Results Half year ended December 2007	Workforce and maintenance services	Other Brands	Eliminations	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	621,894	297,382	(2,219)	-	917,057
Other income	-	-	-	583	583
EBITDA	27,707	13,281			40,988
Depreciation and amortisation	(4,088)	(5,627)			(9,715)
Earnings before interest and tax	23,619	7,654			31,273
Net interest expense				(9,947)	(9,947)
Profit before income tax expense					21,326
Income tax expense				(6,845)	(6,845)
Net profit after tax					14,481
Segment Assets And Liabilities					
Assets	338,412	366,556	-	12,527	717,495
Liabilities	90,368	139,374	-	279,190	508,932
Other Segment Information					
Acquisition of segment assets	15,422	144,453			159,875

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Notes to the Condensed Financial Statements for the half year ended 31 December 2008

3. Segment Reporting (continued)

Other Disclosures	The consolidated entity predominantly operates in one geographical segment, being Australia. Inter-segment pricing is on a normal commercial basis.
Segment Descriptions	The consolidated entity has identified the following two segments - workforce and maintenance services and other brands.
Workforce and maintenance services	Provision of supplementary labour hire and contract maintenance services. Revenue from this segment is earned predominantly from the provision of blue-collar hire and maintenance services to clients in the industrial and mining and resources sectors. Brands included in this segment include SKILLED, TESA, Extraman and Ativo.
Other brands	Provision of call centre, nursing, white collar, engineering and technical professionals and offshore marine staffing services. Brands included in this segment include Excelior, Origin Healthcare and its subsidiaries, SEM, PeopleCo, Mosaic, Swan and OMS.

4. Issued Capital

	December 2008 \$'000	June 2008 \$'000
122,984,899 fully paid ordinary shares (June 2008: 121,953,052)	179,222	176,368

	6 months ended December 2008 No. '000	6 months ended December 2008 \$'000	12 months ended June 2008 No. '000	12 months ended June 2008 \$'000
Fully Paid Ordinary Shares				
Balance at beginning of reporting period	121,953	176,368	104,647	88,137
Issue of shares under employee share acquisition scheme	190	464	200	1,059
Issue of shares under the dividend reinvestment plan	842	2,390	683	2,947
Issue of shares to related party	-	-	2,000	10,391
Issue of shares under institutional share placement (i)	-	-	14,423	73,834
Balance at end of reporting period	122,985	179,222	121,953	176,368

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(i) Net of issuance costs of \$1,173,000

5. Executive Share Option Plan

The consolidated entity has an ownership based remuneration scheme for executive directors and executives under which share options are issued to executive directors and executives at the discretion of the Board and are recognised in the financial statements when issued, the cost of which is based on an independent valuation as at the grant date and amortised over the vesting period of the options.

Executive Share Option Plan 2006	6 months ended December 2008 No.	12 months ended June 2008 No.
Balance at beginning of the reporting period	4,660,000	3,002,000
Granted during the reporting period	5,508,000	2,354,000
Lapsed during the reporting period	-	(696,000)
Balance at end of the reporting period	10,168,000	4,660,000

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Notes to the Condensed Financial Statements for the half year ended 31 December 2008

6. Retained Earnings

	6 months ended December 2008 \$'000	12 months ended June 2008 \$'000
Balance at beginning of the reporting period	54,041	40,309
Net profit attributable to members of parent entity	21,409	39,328
Dividends provided for or paid	(17,073)	(25,596)
Balance at end of reporting period	58,377	54,041

7. Dividends

	6 months ended December 2008		12 months ended June 2008	
	Cents per share	Cents per share	Cents per share	Total \$'000
<u>(a) Recognised Amounts</u>				
Final dividend relating to year ended June 2007, 100% franked	-	-	14.0	14,651
Interim dividend relating to year ended June 2008, 100% franked	-	-	9.0	10,945
Final dividend relating to year ended June 2008, 100% franked	14.0	17,073	-	-
	14.0	17,073		25,596
<u>(b) Unrecognised Amounts</u>				
Final dividend for year ended June 2008, 100% franked	-	-	14.0	17,073
Interim dividend for year ended June 2009, 100% franked	9.0	11,069	-	-

The interim dividend for the year ended 30 June 2009 has not been recognised in this financial report because it was declared subsequent to 31 December 2008.

8. Borrowings

	December 2008 \$'000	June 2008 \$'000
<u>Current</u>		
Bank overdraft	-	2,505
Bank debt facilities	-	5,000
Insurance premium funding	1,494	7,994
Finance lease liabilities	2,708	2,392
	4,202	17,891
<u>Non-current</u>		
Bank debt facilities	305,147	223,707
Finance lease liabilities	2,647	3,275
	307,794	226,982
Total	311,996	244,873

9. Contingent Liabilities

	December 2008 \$'000	June 2008 \$'000
Bank guarantees for various contracts	22,186	16,776

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10. Business Acquisitions

There were no acquisitions during the current period.

	Fair Value on Acquisition	
	December 2008 \$'000	December 2007 \$'000
Consideration		
Cash	-	80,959
Deferred Consideration	-	68,052
	-	149,011
Fair value of net assets of entity acquired		
Current Assets		
Cash	-	6,303
Receivables	-	45,691
Inventories	-	455
Prepayments and other assets	-	4,753
Non-Current assets		
Plant and equipment	-	1,177
Intangibles – brands	-	1,986
Intangibles – other	-	7,124
Deferred tax asset	-	96
Current Liabilities		
Overdraft	-	(1,841)
Payables	-	(18,874)
Borrowings	-	(12,755)
Tax liabilities	-	(3,450)
Provision and accruals	-	(9,367)
Non-Current Liabilities		
Borrowings	-	(5,276)
Deferred tax liability	-	(948)
Payables	-	(7)
Net Assets acquired	-	15,067
Goodwill on acquisition	-	133,944
	-	149,011
Net Cash Outflow to acquire business		
Cash consideration	-	80,959
Add: bank overdraft balances acquired:	-	1,841
Less: cash balance acquired	-	(6,303)
Net outflow of cash	-	76,947
Net Cash Outflows for prior years acquisitions		
Payment of deferred consideration (i)	64,358	16,129
Net outflow of cash for acquisitions	64,358	92,626

- (i) During the period deferred consideration payments were made in respect of the prior periods' acquisitions of OMS Australia, OMS NZ, Longhill and Swan.

11. Subsequent Events

There has been no matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, results of those operations, or the state of affairs of the consolidated entity in future financial years.

Independent Auditor's Review Report to the members of Skilled Group Limited

We have reviewed the accompanying half-year financial report of Skilled Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Skilled Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte

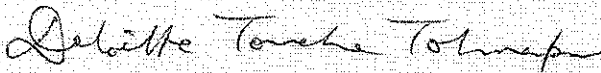
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

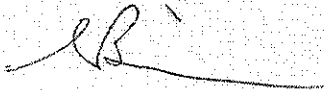
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Skilled Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants
Melbourne, 25 February 2009