

19 August 2009

SKILLED Group announces an equity capital raising and extension of its debt facilities

Overview

SKILLED Group Limited (SKILLED) (ASX: SKE) today announced that it has extended its current debt facilities to August 2012 and has also launched an equity capital raising. This capital management initiative will provide SKILLED with funding certainty, will strengthen the Company's balance sheet and position the business for growth in an imminent economic recovery.

Equity Capital Raising

The equity capital raising comprises a Placement of \$70 million and a share purchase plan ("SPP"). The Placement will be comprised of two tranches with the second tranche subject to shareholder approval.

The net proceeds of the equity capital raising will be used to reduce debt. As at 30 June SKILLED's net debt stood at \$259m with a gearing ratio of 53%. Upon completion of this raising, gearing is expected to fall to around 45% and we expect this to reduce to the high 30%'s over the course of the coming financial year.

SKILLED will also offer its current shareholders with a registered address in either Australia or New Zealand, an opportunity to participate in the SPP. The SPP will offer shareholders the opportunity to subscribe for up to \$15,000 worth of SKILLED shares (subject to obtaining the necessary ASX waiver) at the same price as the Placement. Shareholders participating in the SPP will not incur brokerage or other transaction costs. SKILLED reserves the right to scale back applications under the SPP if total demand exceeds \$10 million. Further details of the SPP will be communicated to shareholders in due course.

The new shares issued under the Placement and SPP will be eligible for the final dividend of 1.5 cents per share as declared for FY2009.

Bell Potter Securities Limited has been appointed the Lead Manager of the Placement.

Bank Debt Restructuring

SKILLED has extended its debt facilities for 3 years (August 2012), from the current \$175m in August 2010 and \$175m in August 2011.

The equity raising and SKILLED's strong operating cashflow will enable the company to reduce its committed facilities from the current \$350m to \$250m over the coming financial year.

Greg Hargrave, Managing Director and Chief Executive Officer said:

“While 2008/9 has been a very tough year we are encouraged by the stabilisation of our business and emerging signs of an economic recovery sometime in 2009 /10. SKILLED will benefit strongly from any upturn and by addressing any potential funding constraints now, management will be able to focus its efforts on driving profit growth.”

For further information please contact:

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About SKILLED Group

SKILLED Group Limited is Australia and New Zealand’s leading provider of labour hire and staffing services. SKILLED Group has over 160 offices across Australasia with annualised revenues around \$2 billion. SKILLED partners with clients to improve their workforce efficiency and increase their productivity levels and provides staffing services to the industrial and healthcare sectors. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,200 shareholders, predominantly in Australia.