

Annual General Meeting

Melbourne Town Hall

Monday, 25 October 2010

11am



SKILLED Group



Ken V. Loughnan AO
Chairman

Key Appointments

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- Retirement of Mr Ken Loughnan AO as Chairman
 - served as Chairman for the past 16 years
- Appointment of Ms Vicki McFadden as Chairman
 - effective on completion of 2010 AGM
 - non-executive director since September 2005
 - broad experience in legal, financial and merger & acquisitions
- Appointment of Mr Michael (Mick) McMahon as Chief Executive Officer
 - experience in successfully growing businesses and improving profitability
 - 2007-2009: Chief Operating Officer Coles Supermarkets (Food & Liquor)
 - 2005-2007: Managing Director Coles Express
 - 2003-2005: General Manager, Retail Marketing, Strategy and Portfolio, Shell
 - 1986-2003: Various senior management roles, Shell Group
 - commencement on 15 November

Continuing process of Board renewal

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- Appointment of Mr Max Findlay as independent non-executive director
 - joined in March 2010
 - experience in services and manufacturing
 - Managing Director of Programmed Maintenance Services for 18 years
- Retirement of Kerry Hughes in October 2010
 - appointed to the Board in May 1994 as an Executive Director
 - appointed as a non-executive director in 2005
- Planned appointment of two new independent non-executive directors
 - first of the two new non-executive directors will be completed shortly
 - second appointment to be completed by March 2011

Key Governance initiatives

- Changes to the Board composition
 - significant majority of independent directors
 - compliant with ASX Corporate Governance Principles (recommendation 2.1)
- Establishment of separate Audit and Risk Committees
 - replaced previous Audit, Risk & Compliance Committee
 - main objective of Risk Committee is to oversee management's approach to identifying and managing key operational risks
- Equality and Diversity Policy being developed
 - in line with amendments to ASX Governance Principles
 - to be finalised and adopted by end of FY11

Another challenging year

- Earnings within market guidance given in April 2010
 - Reported EBITDA of \$62.1m down 28% and reported NPAT of \$12.7m down 55%
 - Underlying EBITDA of \$69.1m down 22%; underlying NPAT of \$19.2m down 44%
- Revenue of \$1.7b down 13%
- Reported earnings per share of 7.3c
- No final dividend declared
 - continued focus on improving profitability and reducing debt
- Continued positive operating cash flow of \$29.1m
- Net debt reduced to \$184.4m; down from \$258.7m
- Continued focus on cost management

Strategic Review

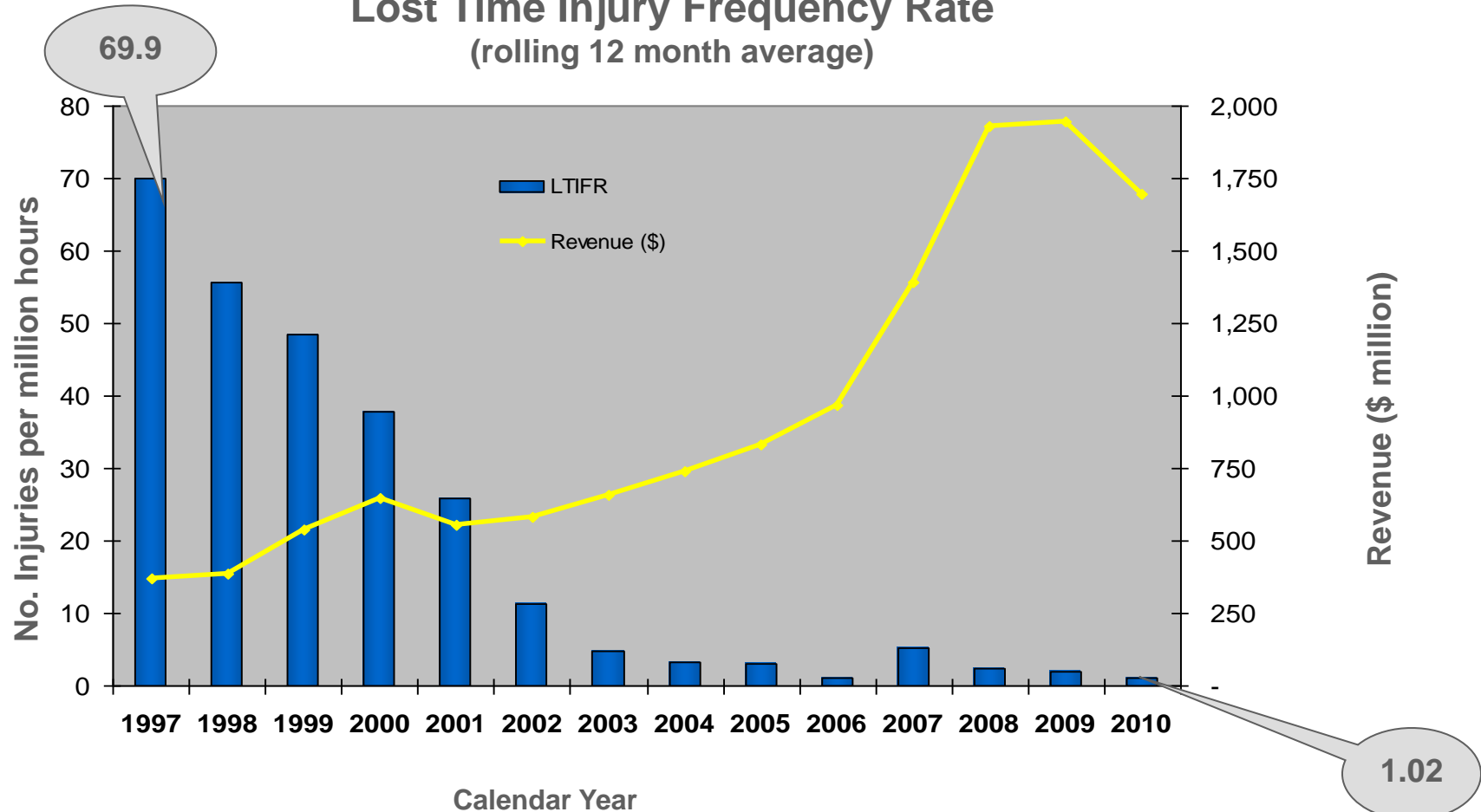
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- Board initiated strategic review of business portfolio, performance and growth prospects
- Review completed:
 - confirmed the fundamental elements of the businesses are strong
 - level of debt (~3x EBITDA) is high given the Group's financial profile and operating requirements; desired debt level to be around 2x EBITDA
 - decision to divest Swan Contract Personnel; sale proceeds to be applied to the Group's debt
- Sale process in progress

Strong safety performance

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Lost Time Injury Frequency Rate (rolling 12 month average)



Positioned for a recovery in demand

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- Signs of recovery in Australian economy
 - GDP growth returned to pre-downturn levels
 - 3% growth in total employment over the last 12 months; total worked hours recovered at a similar rate
 - strong outlook in resources sector continues; high levels of investment anticipate
- Steady signs of improvement and recovery across the Group in the last two months of the year and continuing trend
- New management team focussed on rebuilding, restoring and growing



Ken V Loughnan AO
Chairman



Greg M Hargrave
Managing Director & Chief Executive Officer

Impacted by patchy nature of recovery.....

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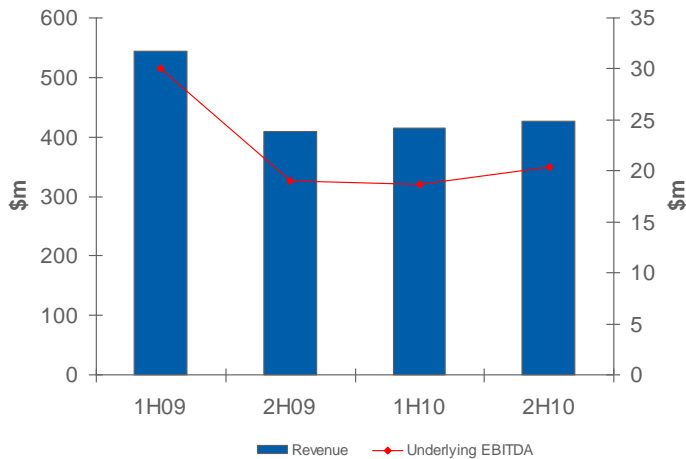
- Another challenging year but the last two months of the year showed signs of improvement
 - clients resume recruitment, maintenance and capital expenditure programs
- Trend has continued over the past three months
- Despite difficult external environment, solid progress was made on processes and systems, realignment of the structure and key executive appointments:
 - Damian Johnson, CEO Staffing Services
 - Mark Jansen, CEO ATIVO
 - John Kempe, CEO Offshore Marine Services

Workforce Services

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\$M	FY10	FY09
Revenue	841.4	953.5
EBITDA ¹	36.1	46.5
EBITDA ¹ Margin	4.3%	4.9%
Underlying EBITDA ¹	39.1	49.1
Underlying EBITDA ¹ Margin	4.6%	4.2%

- Growth solid in first half; however not at the same rate in the second half, following the normal seasonal slowdown
- Higher margin trades skills performed well in the second half
- Ongoing focus on reducing indirect costs has countered the pressure of reduced volumes and gross margin reductions
- Activity levels in the Eastern seaboard driven by civil and construction projects and major roads upgrades
- Activity levels in the mining business continue to improve in line with the recovery in the mining sector
- Benefiting from the provision of innovative labour solutions for key clients



¹ Before Corporate Costs

Other Staffing Services

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\$M	FY10	FY09
Revenue	350.4	393.1
EBITDA ¹	15.6	13.7
EBITDA ¹ Margin	4.5%	3.5%
Underlying EBITDA ¹	16.8	14.3
Underlying EBITDA ¹ Margin	4.8%	3.6%

Mosaic

- Benefited from extension of Victorian Government's new MYKI system
- Increased demand for contractors in the professional services and IT&T sectors

PeopleCo.

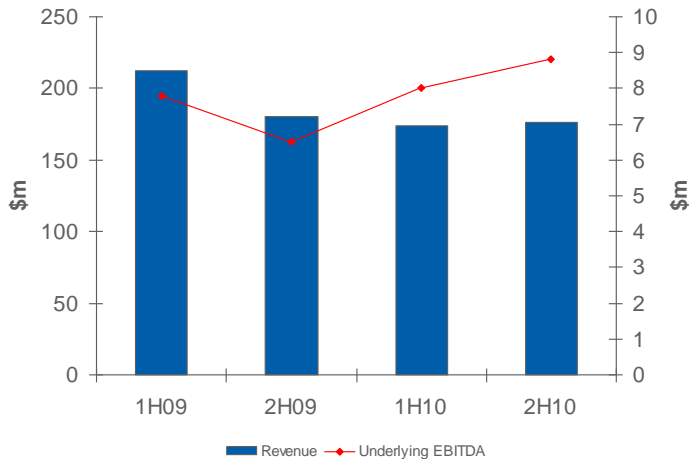
- Impacted by reduction in permanent and white-collar recruitment in SME market
- Offset by significant reduction in personnel and office lease costs

Origin Healthcare

- Continued impact from reduction in the healthcare industry's reliance on agency staff

Swan Personnel

- Profitability impacted marginally by GFC and slowing down of projects in the oil and gas, petrochemical and mining sectors
- Activity increased substantially in the last two months of the year and the trend has continued to date



¹ Before Corporate Costs



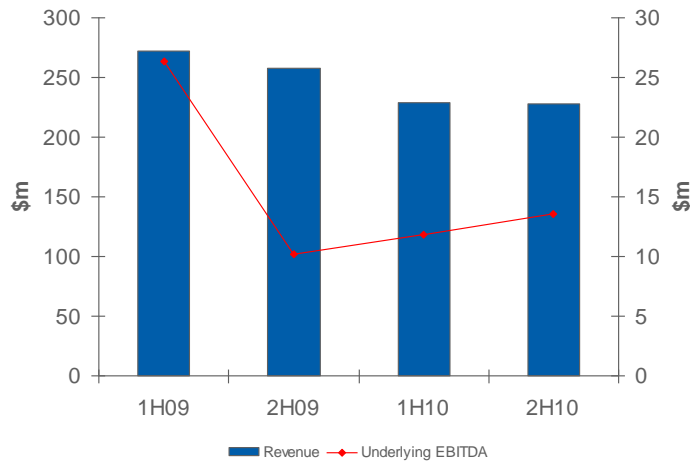
Engineering and Marine Services

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\$M	FY10	FY09
Revenue	457.4	529.5
EBITDA ¹	24.9	35.5
EBITDA ¹ Margin	5.4%	6.7%
Underlying EBITDA ¹	25.4	36.5
Underlying EBITDA ¹ Margin	5.6%	6.9%

Offshore Marine Services (OMS)

- Impacted by slow down in the sector
- Lower margins in the manning business
- Vessel business impacted by underutilisation and higher maintenance costs
- Strong first year performance from the OMS Alliance joint venture
- Next six months to be flat but will grow rapidly with increased activity in the oil & gas sector



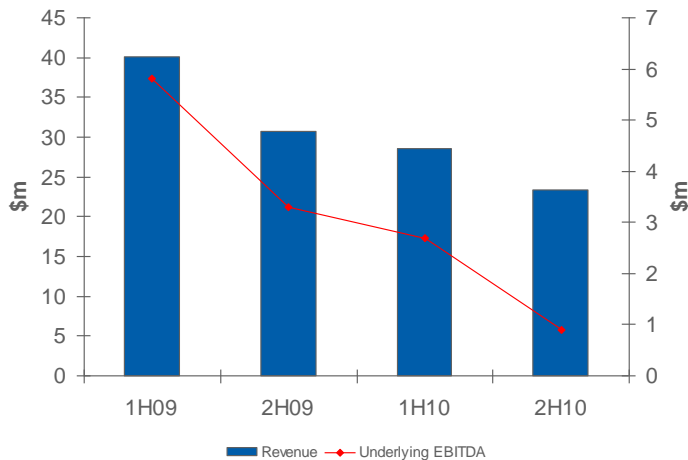
ATIVO

- Results in first half continued to be impacted by decline in business activity due to clients cancelling or postponing maintenance shutdowns and restrictions on capital expenditure
- Increased activity over the last few months with contract wins in the annuity maintenance business

\$M	FY10	FY09
Revenue	51.9	70.8
EBITDA ¹	2.5	8.8
EBITDA ¹ Margin	4.8%	12.4%
Underlying EBITDA ¹	3.6	9.1
Underlying EBITDA ¹ Margin	6.9%	12.9%

Excelior

- Results impacted by:
 - The slowdown in the growth of the call centre outsourcing market
 - Reduction in volumes from continuing contracts
 - Wind down of a major contract
 - Restructuring costs
- Activity improved over the last few months with new opportunities in the pipeline and the signing of new contracts reducing excess capacity



Outlook - signs of recovery continuing

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- Improved level of activity across the Group over the last few months indicating recovery in the economy
- Strong leverage to a return to increased staffing services demand
 - cost base at a sustainable level to flow through to improved margins
 - substantial debt reduction resulting in a stronger balance sheet
- Strong position to grow the business
- Platform in place for the next growth phase

.....from pioneer to market leader

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- Over 45 years ago, my father Frank Hargrave AO, founded Skilled Engineering
 - pioneering the concept of providing a flexible workforce to Australian businesses
- Today, SKILLED Group is an ASX listed company with a multi-billion dollar turnover providing employment to around 25,000 people
- It is a clear market leader
- Proud and honoured to have led SKILLED Group over the past seven years
- Thank you to the Board, my management team, SKILLED staff and our shareholders for the support over the past seven years



Greg M Hargrave

Managing Director & Chief Executive Officer



Ken V Loughnan AO
Chairman

Item 1

“To consider the Directors’ Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2010.”

No formal resolution but shareholders are invited to ask questions.

Item 2

“To adopt the Remuneration Report for the financial year ended 30 June 2010.”

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

Item 3(a)

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



Item 3(b)

"That Mr Max Findlay, having been appointed to the Board since the last Annual General Meeting in accordance with Clause 14.1 of the Company's Constitution, be elected as a Director."



"That, for the purposes of ASX Listing Rule 10.14, approval be given to the grant of options to Mr T.B. Janes, to subscribe for up to 350,000 fully paid ordinary shares in the Company and to the issue of shares upon the exercise of those options pursuant to the SKILLED Group Executive Long Term Incentive Plan and on the terms set out in the Explanatory Notes."



safety • knowledge • integrity • leadership • production
 people • risk management • specialist skills • safety
 productivity • innovation • delivery • people • risk
 leadership • productivity • innovation • delivery
 specialist skills • safety • knowledge • integrity
 delivery • people • risk management • specialist

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