

2 March 2011

Dear Shareholder

**SKILLED Group Entitlement Offer
Notification to Ineligible Retail Shareholders**

On 23 February 2011, SKILLED Group Limited (“**SKILLED**”) announced that it was in the process of raising new equity capital through an accelerated non-renounceable entitlement offer (“**Entitlement Offer**”) of new fully paid ordinary shares (“**New Shares**”) in SKILLED at an offer price of A\$1.68 per New Share. The Entitlement Offer has been fully underwritten by Goldman Sachs and Partners Australia Pty Ltd (“**Goldman Sachs**”). The Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (as modified by Class Order [CO 08/35]).

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

On 25 February 2011, SKILLED announced that it had successfully completed the institutional component of the Entitlement Offer (“**Institutional Entitlement Offer**”), and that due to very strong investor demand it had raised a further A\$17.9 million through an Institutional Placement of 10.4 million shares at a price of A\$1.72 per share (“**Institutional Placement**”). Through the Institutional Entitlement Offer and Institutional Placement, SKILLED has now raised a total of A\$57.1 million. After completion of the retail component of the Entitlement Offer (“**Retail Entitlement Offer**”), which is expected to raise approximately A\$14.2 million, the total amount raised will be approximately A\$71.3 million.

The net proceeds of the Entitlement Offer and Institutional Placement will be used to reduce debt and debt servicing costs and position SKILLED for future growth.

DETAILS OF THE RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below), on the basis of 1 New Share for every 6 existing SKILLED shares held as at 7.00 pm (Melbourne time) Monday, 28 February 2011 (“**Record Date**”). Documents relating to the Retail Entitlement Offer (“**Retail Offer Booklet**”) have today been lodged with the Australian Securities Exchange (“**ASX**”) and are currently being despatched to Eligible Retail Shareholders (as defined below).

ELIGIBILITY CRITERIA

The restrictions upon eligibility are because of the legal and regulatory requirements in countries other than Australia and New Zealand, the relatively small number of Shareholders in those countries, the small number of shares they hold and the potential cost of complying with those legal and regulatory requirements in those countries. SKILLED has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to Shareholders of SKILLED in certain countries under the Retail Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), SKILLED wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

Shareholders who are eligible to participate in the Retail Entitlement Offer (“**Eligible Retail Shareholders**”) are those who:

- (a) were registered as a SKILLED Shareholder as at 7.00pm (Melbourne time) on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not "U.S. persons" (as defined under Regulation S under the United States Securities Act of 1933, as amended) ("**U.S. Persons**");
- (d) were not an institutional shareholder eligible to participate under the Institutional Entitlement Offer (or an ineligible institutional shareholder), in each case, as determined by SKILLED and Goldman Sachs; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above, you will not be sent the Retail Offer Booklet or be able to subscribe for New Shares under the Retail Entitlement Offer.

If you have any questions in relation to any of the above matters, please contact the SKILLED Offer Information Line on 1300 708 271 (local call cost within Australia) or +61 3 9415 4275 (from outside Australia) at any time from 8.30am to 5.00pm Monday to Friday during the Retail Entitlement Offer period or go to our website at www.skilledgroup.com.au.

On behalf of the Board and management of SKILLED, thank you for your continued interest in SKILLED.

Yours sincerely



Tim Paine
Company Secretary

About SKILLED Group

SKILLED Group Limited is Australia and New Zealand's leading provider of labour hire and workforce services. SKILLED Group has over 160 offices across Australasia with annualised revenues around A\$1.7billion. SKILLED partners with clients to improve their workforce efficiency and increase their productivity levels and provides staffing services to the industrial, healthcare and contact service centre sectors. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,200 shareholders, predominantly in Australia.

Important Information

This letter is issued by SKILLED Group Limited, ABN 66 005 585 811 ("SKILLED Group"). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in SKILLED Group in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of SKILLED Group shares. No action has been taken to register any offer or otherwise permit a public offering of securities outside Australia and New Zealand. This letter may not be released or distributed in the United States.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended ("Securities Act") ("U.S. Person")). The shares offered in the Entitlement Offer have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to U.S. Persons absent registration or an exemption from the registration requirements of the Securities Act.