

23 August 2006

SKILLED Group Limited to acquire TESA Group for \$61.9 million

SKILLED Group Limited ("SKILLED") (ASX: SKE) today announced that it had entered into an agreement to acquire TESA Group Pty Ltd ("TESA") for a purchase price representing an enterprise value of \$61.9 million. The agreement is subject to the completion of stage two due diligence expected to conclude by 31 August 2006.

The acquisition is consistent with SKILLED's strategic direction and focus to continue growing in the staffing services sector. The addition of the TESA business will increase SKILLED's market share in the blue collar sector while providing significant exposure to the black coal mining industry in New South Wales and Queensland.

Founded in Tasmania in 1999, TESA has grown through organic growth and acquisitions to become one of Australia's leading suppliers of skilled labour to the mining, manufacturing and utility sectors. Today, TESA operates in 18 locations throughout Australia and generated normalised revenue of \$163.3 million in 2006.

The purchase price is a multiple of 7.3 times normalised EBITDA for the year ending 30 June 2006 and will be fully debt funded and payable in cash upon completion. Gearing is expected to increase to around 53% following the acquisition of TESA and Catalyst Recruitment (announced 17 August 2006).

The acquisition is forecast to be EPS accretive (pre-intangibles amortisation) from year one with synergies of around \$1 million expected by the end of year two.

Commenting on the acquisition Greg Hargrave, Managing Director and Chief Executive Officer of SKILLED Group said:

"TESA is a logical fit with SKILLED and builds on our strong position in the blue collar sector while increasing our scope in the mining and resources sector, particularly through the provision of staffing services to the strategic and rapidly expanding black coal industry."

"I am pleased that the Managing Director and founder of TESA Group, Craig Ransley has agreed to join SKILLED under a three year employment contract. Craig will play a key role in the integration and management of the black coal business going forward. Staffing services businesses are built on the strength of their people and it is our intention to continue to employ all existing staff and field employees of TESA."

Craig Ransley, Managing Director of TESA said:

"I am looking forward to joining SKILLED. They are the clear industry leader in staffing services in Australia and TESA's employees, clients and field staff will benefit from the additional opportunities created by becoming a part of the SKILLED Group.

SKILLED has established an integration team and external support will be provided by Ernst & Young.

Canterbury Partners is acting as financial adviser to SKILLED and Piper Alderman is acting as SKILLED's legal adviser.

Lincoln Crowne & Company is acting as financial adviser to TESA Group and Sparke Helmore is acting as TESA's legal adviser.

For further information please contact:

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About SKILLED Group

SKILLED Group Limited is Australia's leading provider of labour hire and staffing services, partnering with clients to improve their workforce utilisation and increase their productivity levels through the provision of skilled and semi-skilled people. With over 90 offices across Australia, SKILLED provides staffing services in the blue collar, call centre and nursing sectors and their expertise in safety, industrial relations, training and apprenticeships is a core competitive advantage. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,169 shareholders, predominantly in Australia.

About TESA Group

Total Employment Services Australia (The TESA Group) is an Australian owned and privately operated company specialising in the supply of highly skilled temporary, permanent and contract labour to the mining, manufacturing, commercial, telecommunications and industrial blue collar sectors. Through partnership with some 400 blue-chip clients TESA currently manages the careers of over 2,300 temporary, trainee and full time contract workers. Offering an extensive national network, TESA operates 18 offices across five states.