

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

## **Directors' Report**

The directors of Skilled Group Limited (the "Company") present the financial report for the half year ended 31 December 2004. 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  
F.J. Hargrave AO  
T.B. Janes  
G.M. Hargrave  
R.K. Biddle

K.W. Hughes  
B.J. Kelly  
R.J. Gartside  
R.N. Herbert

### **Review of Operations**

A detailed review of the operations of the consolidated entity is contained in the Report to Shareholders.

### **Subsequent Events**

Skilled announced on 17 January 2005 that it had acquired the business of Medistaff Nursing Agency for \$3.5 million. A further amount payable, based on 2005 earnings, could increase the total acquisition price to a maximum of \$7.5 million.

Medistaff employs approximately 1,000 specialist nurses and compliments Skilled's existing Origin Health Care operations.

This acquisition was completed on 17 January 2005, on which date control of the business passed to Skilled. No financial effect of this transaction has been reflected in this financial report.

### **Auditor Independence Declaration**

Refer to the attached declaration on page 2.

### **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.

On behalf of the directors



G.M. Hargrave  
Director



T.B. Janes  
Director

Melbourne, 22 February, 2005

The Board of Directors  
Skilled Group Limited  
850 Whitehorse Road  
BOX HILL VIC 3128

22 February 2005

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.

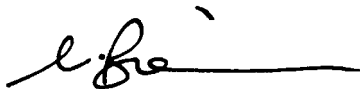
As lead audit partner for the review of the financial statements of Skilled Group Limited for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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 Accountants

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**Half Year Report**

**Skilled Group Limited**

**DIRECTORS' DECLARATION**

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

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The directors declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) 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.

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, 22 February, 2005

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**Results for Announcement to the Market  
Half Year Ended ('current period') – 31 December 2004  
(‘previous corresponding period’ – 31 December 2003)**

	<b>Percentage change</b>	<b>\$A'000</b>
Revenues from ordinary activities (i)	Up 23.6% to	428,282
Profit from ordinary activities after tax attributable to members	Up 78.5% to	17,511
Net profit for the period attributable to members	Up 78.5% to	17,511

(i) excluding proceeds on disposal of businesses and assets

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim Dividend (payable 21 April 2005) (Previous Year)	6.0¢ 6.0¢	6.0¢ 6.0¢
Final Dividend (paid 19 October 2004) (Previous Year)	10.0¢ 9.5¢	10.0¢ 9.5¢
Record date for determining entitlements to the Dividend	4 April 2005	
Date for payment of Interim Dividend	20 April 2005	
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 4 April 2005.		

<b>Earnings Per Ordinary Fully Paid Share (EPS)</b>	<b>Current Period</b>	<b>Previous Corresponding Period</b>
Basic EPS	18.06¢	10.81¢
Diluted EPS	18.01¢	10.76¢

<b>NTA Backing</b>	<b>Current Period</b>	<b>Previous Corresponding Period</b>
Net tangible asset backing per ordinary security	44.7¢	47.8¢

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**Statement of Financial Performance**  
For the Half Year Ended 31 December 2004

	<b>December 2004 \$ '000</b>	<b>December 2003 \$ '000</b>
Revenue from ordinary activities	428,282	346,465
Proceeds from sale of Businesses and Assets	26,318	106
Cost base of Businesses and Assets sold	(10,141)	(137)
Employee and sub-contractor related costs	(371,008)	(286,612)
Raw materials and consumables used	(15,802)	(16,732)
Motor vehicle expenses	(2,621)	(3,016)
Office occupancy related costs	(3,536)	(2,778)
Depreciation and amortisation expense	(7,280)	(3,581)
Borrowing costs	(1,781)	(381)
Other expenses from ordinary activities	(20,307)	(19,092)
Profit from ordinary activities before income tax expense	22,124	14,242
Income tax expense relating to ordinary activities	(4,613)	(4,431)
<b>Profit from ordinary activities after related income tax expense</b>	<b>17,511</b>	<b>9,811</b>
Decrease in foreign currency translation reserve arising on translation of self-sustaining foreign operations	3	(9)
<b>Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity</b>	<b>3</b>	<b>(9)</b>
<b>Total Changes in Equity other than those Resulting from Transactions with Owners as Owners</b>	<b>17,514</b>	<b>9,802</b>

Notes to the financial statements are included on pages 8 to 14.

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Skilled Group Limited**

**Statement of Financial Position**  
As at 31 December 2004

	Note	December 2004 \$'000	June 2004 \$'000
<b>Current Assets</b>			
Cash assets		648	7,651
Receivables		94,248	97,509
Inventories		3,724	5,327
Other		2,401	3,802
<b>Total Current Assets</b>		101,021	114,289
<b>Non-Current Assets</b>			
Receivables		1,035	854
Property, plant and equipment		30,224	37,670
Intangibles		52,063	53,977
Deferred tax assets		8,183	9,276
<b>Total Non-Current Assets</b>		91,505	101,777
<b>Total Assets</b>		192,526	216,066
<b>Current Liabilities</b>			
Payables		31,114	43,186
Interest-bearing liabilities		20,926	16,564
Current tax liabilities		73	3,159
Provisions		19,731	21,472
<b>Total Current Liabilities</b>		71,844	84,381
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities		20,132	46,064
Provisions		4,353	5,201
<b>Total Non-Current Liabilities</b>		24,485	51,265
<b>Total Liabilities</b>		96,329	135,646
<b>Net Assets</b>		96,197	80,420
<b>Equity</b>			
Contributed equity	4	69,812	61,959
Reserves		4,674	4,671
Retained profits	6	21,711	13,790
<b>Total Equity</b>		96,197	80,420

Notes to the financial statements are included on pages 8 to 14.

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**Statement of Cash Flows**  
For the Half Year Ended 31<sup>st</sup> December 2004

	<b>December 2004 Inflows/(Outflows) \$'000</b>	<b>December 2003 Inflows/(Outflows) \$'000</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	440,681	388,725
Payments to suppliers and employees	(433,410)	(377,092)
Interest received	102	128
Interest and other costs of finance paid	(1,781)	(385)
Income tax paid	(6,984)	(4,418)
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>(1,392)</b>	<b>6,958</b>
<b>Cash Flows From Investing Activities</b>		
Payment for property, plant and equipment	(4,357)	(1,149)
Proceeds from disposal of controlled entities and businesses		
• Proceeds relating to Working Capital	8,768	-
• Other sale proceeds	13,658	-
Proceeds from sale of property, plant and equipment	133	216
<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>18,202</b>	<b>(933)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	140,300	58,000
Repayment of borrowings	(162,138)	(58,649)
Proceeds from issues of equity	434	529
Dividends paid	(2,409)	(7,401)
<b>Net Cash Used in Financing Activities</b>	<b>(23,813)</b>	<b>(7,521)</b>
<b>Net Decrease in Cash Held</b>	<b>(7,003)</b>	<b>(1,496)</b>
<b>Cash at the Beginning of the Period</b>	<b>7,651</b>	<b>4,982</b>
<b>Cash at the end of the Period</b>	<b>648</b>	<b>3,486</b>

Notes to the financial statements are included on pages 8 to 14.

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**Notes to the Financial Statements**

For the half year ended 31 December 2004

**1. Basis of Preparation**

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 1029 '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 2004 annual financial report. The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the 2004 annual report.

<b>2. Significant Items</b>	<b>December 2004 \$'000</b>	<b>December 2003 \$'000</b>
Writeback of provision for superannuation on overtime worked by casual employees	-	2,307
Cost of becoming self insured for Workers Compensation in South Australia	-	(1,325)
Net gain on disposal of businesses (Note 10)	12,948	-
	12,948	982

**3. Segment Reporting**

<b>Segment Revenues and Results Half year ending December 2004</b>	<b>Managed Labour Services</b>	<b>Infrastructure Services</b>		<b>Eliminations</b>	<b>Unallocated</b>	<b>Total</b>
	<b>2004 \$'000</b>	<b>2004 \$'000</b>		<b>2004 \$'000</b>	<b>2004 \$'000</b>	<b>2004 \$'000</b>
		<b>Trading</b>	<b>Divestments</b>			
Revenue	382,529	45,970	26,192	(319)	228	454,600
EBITDA	15,929	1,211	13,943			31,083
Depreciation and amortisation	5,515	763	1,002			7,280
Earnings before interest and tax	10,414	448	12,941			23,803
Net interest expense						1,679
Profit from ordinary activities before income tax						22,124
Income tax expense						4,613
Net profit after tax						17,511
<b>Segment Assets And Liabilities</b>						
Assets	148,945		5,719		37,862	192,526
Liabilities	50,605		3,960		41,764	96,329
<b>Other Segment Information</b>						
Acquisition of segment assets	2,382		2,463			4,845
Significant Expenses						
- Writeback/(expensing) of provision for superannuation on overtime worked by casual employees						-
- Cost of becoming self insured for Workers Compensation in South Australia						-
Net gain on disposal of businesses			12,948			12,948

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**Notes to the Financial Statements for the half year ended 31 December 2004**

**3. Segment Reporting (continued)**

<b>Segment Revenues and Results Half year ending December 2003</b>	<b>Managed Labour Services</b>	<b>Infrastructure Services</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Total</b>
	<b>2003 \$'000</b>	<b>2003 \$'000</b>	<b>2003 \$'000</b>	<b>2003 \$'000</b>	<b>2003 \$'000</b>
Revenue	278,967	67,921	(442)	125	346,571
EBITDA	12,479	5,600	-	-	18,079
Depreciation and amortisation	2,163	1,418	-	-	3,581
Earnings before interest and tax	10,316	4,182	-	-	14,498
Net interest expense					256
Profit from ordinary activities before income tax					14,242
Income tax expense					4,431
Net profit after tax					9,811
<b>Segment Assets And Liabilities</b>					
Assets	74,931	39,367	-	26,978	141,276
Liabilities	37,479	19,094	-	16,481	73,054
<b>Other Segment Information</b>					
Acquisition of segment assets	1,058	808	-	-	1,866
Significant Expenses					
- Writeback of provision for superannuation on overtime worked by casual employees	2,307	-	-	-	2,307
- Cost of becoming self insured for Workers Compensation in South Australia	(1,325)	-	-	-	(1,325)

**Other Disclosures**

The consolidated entity predominantly operates in one geographical segment, being Australia.

**Segment Descriptions**

Inter-segment pricing is on a normal commercial basis.

Managed Labour Services

Provision of supplementary labour hire and contract maintenance services. Revenue is based predominantly on hours worked. This segment includes the Workforce Service business, Origin Healthcare, the Customer Contact Services business and Skilled Maritime Services.

Infrastructure Services

Provision of design, construction, installation and maintenance services to Australia's telecommunications and utilities industries. This segment includes the businesses Skilled Communications and Skilled Power as well as Skilled Mechanical Workshops and Skilled Equipment Manufacturing.

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**Notes to the Financial Statements for the half year ended 31 December 2004**

**4. Contributed Equity**

	<b>December 2004 \$'000</b>	<b>June 2004 \$'000</b>
98,716,638 fully paid ordinary shares (June 2004: 95,592,178)	69,812	61,959

	<b>6 months ended December 2004 No. '000</b>	<b>6 months ended December 2004 \$'000</b>	<b>12 months ended June 2004 No. '000</b>	<b>12 months ended June 2004 \$'000</b>
<b>Fully Paid Ordinary Shares</b>				
Balance at beginning of reporting period	95,592	61,959	90,419	48,525
Issue of shares as partial consideration for the acquisition of the Origin Healthcare business	-	-	4,000	10,360
Issue of shares under Employee Share Acquisition Scheme	170	507	179	509
Issue of shares under the Dividend Reinvestment Plan	2,783	7,181	819	2,231
Issue of shares under Executive Share Option Plan	172	165	175	334
Balance at end of reporting period	98,717	69,812	95,592	61,959

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

**5. Executive Share Option Plan**

The consolidated entity has an ownership based remuneration scheme for directors and executives under which share options are issued to directors and executives at the discretion of the Board and are recognised in the financial statements if and when exercised.

<b>Executive Share Option Plan</b>	<b>6 months ended December 2004 No.</b>	<b>12 months ended June 2004 No.</b>
Balance at beginning of the reporting period	632,435	864,969
Granted during the reporting period	-	-
Exercised during the reporting period	(171,630)	(175,000)
Lapsed during the reporting period	(100,836)	(57,534)
Balance at end of the reporting period	359,969	632,435

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**Notes to the Financial Statements for the half year ended 31 December 2004**

**6. Retained Profits**

	<b>6 months ended December 2004 \$'000</b>	<b>12 months ended June 2004 \$'000</b>
Balance at beginning of reporting period	13,790	11,728
Net profit attributable to members of parent entity	17,511	16,387
Dividends provided for or paid	(9,590)	(14,325)
<b>Balance at end of reporting period</b>	<b>21,711</b>	<b>13,790</b>

**7. Dividends**

	<b>December 2004</b>		<b>June 2004</b>	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<u>(a) Recognised Amounts</u>				
Interim dividend relating to year ended June 2004, 100% franked	-	-	6.0	5,711
Final dividend relating to year ended June 2004, 100% franked	-	-	10.0	9,559
				<b>15,270</b>
<u>(b) Unrecognised Amounts</u>				
Interim dividend for year ended June 2005, 100% franked	6.0	5,923	-	-

The interim dividend for the year ended 30 June 2005 has not been recognised in this financial report because it was declared subsequent to 31 December 2004.

**8. Tax Consolidation System**

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes, was substantively enacted on 21 October 2002.

The company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and have elected to be taxed as a single entity from 16 February 2004. The implementation of the tax consolidation system was notified to the Australian Tax Office in December 2004 together with the lodgement of its 2003/04 income tax returns. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Skilled Group Limited.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Skilled Group Limited and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the taxable profit or loss of the entity and the current tax rate.

Such amounts are reflected in the amounts receivable from or payable to other entities within the tax consolidated group.

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**Notes to the Financial Statements for the half year ended 31 December 2004**

**9. Contingent Liabilities**

	December 2004 \$'000	June 2004 \$'000
Bank guarantees for various contracts.	3,134	8,911

**10. Discontinuing Operations**

Skilled Communications Services Pty Ltd

Skilled announced on 27 July 2004 the disposal of 100% of its ownership interest in Skilled Communications Services Pty Ltd to Service Stream Limited. The disposal was completed on 31 October 2004, on which date control of the subsidiary passed to Service Stream Limited.

The sale resulted in proceeds of \$10,656,000 some of which are deferred until March 2005 and some are earn-out based on the performance of Skilled Communications Services Pty Ltd to June 2005.

The consolidated entity has recognised a pre tax gain of \$2,560,000 for the current reporting period after taking into account costs related to the disposal.

Skilled Power Services Business

Skilled announced on 17 September 2004 that it had completed negotiations to sell the business and certain assets and liabilities of Skilled Power Services to Abigroup Limited. This disposal was completed on 30 September 2004, on which date control passed to Abigroup Limited.

The sale resulted in proceeds of \$14,891,000 some of which is earn-out based on the performance of the business to June 2005.

The consolidated entity has recognised a pre tax gain of \$10,855,000 for the current reporting period after taking into account costs related to the disposal.

Skilled Mechanical Workshops

Skilled announced on 26 November 2004 that it had completed negotiations to sell the business and certain assets and liabilities of Skilled Mechanical Workshops to the Elliott Group of companies. This disposal was completed on 26 November 2004, on which date control passed to the Elliott Group of companies.

The sale resulted in proceeds of \$638,000 some of which will be received in January 2005.

The consolidated entity has recognised a pre tax loss of \$467,000 for the current reporting period after taking into account costs related to the disposal.

Other Asset sales

In addition to the above divestments a further \$133,000 of assets were sold in the ordinary course of business.

Summary of business and asset sales

	Proceeds	Pre Tax Profit
Communications	\$10,656,000	\$2,560,000
Power	\$14,891,000	\$10,855,000
Yallourn	\$638,000	(\$467,000)
Other Assets	\$133,000	(\$42,000)
	\$26,318,000	\$12,906,000

The Earnings before Interest and Tax (EBIT) of the three divested businesses for the period to 31 December 2004 was an EBIT loss of \$856,000 (December 2003 : EBIT gain \$3,254,000).

Tax Expense on divestments

The total income tax expense recognised in the statement of financial performance relating to the above three divestments was \$1,742,000.

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**11. Subsequent Events**

Skilled announced on 17 January 2005 that it had acquired the business of Medistaff Nursing Agency for \$3.5 million. A further amount payable, based on 2005 earnings, could increase the total acquisition price to a maximum of \$7.5 million.

Medistaff employs approximately 1,000 specialist nurses and compliments Skilled's existing Origin Health Care operations.

This acquisition was completed on 17 January 2005, on which date control of the business passed to Skilled.

**12. Adoption of Australian Equivalents to International Financial Reporting Standards from 1 July 2005**

From 1 July 2005 Skilled will be adopting Australian equivalents of International Financial Reporting Standards. This will affect the consolidated entity for the reporting year ended 30 June 2006 and future reporting periods. The transition is mandated in a special Accounting Standard, AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. The first financial report prepared under Australian Equivalents of International Financial Reporting Standards will require a full restatement of comparative information, with certain limited exceptions.

The Company is currently monitoring accounting standard developments as and when they arise in respect of Australia's adoption of International Financial Reporting Standards. The Company has undertaken a high level scoping exercise and developed a detailed transition project plan.

Key differences in accounting policies that will affect the consolidated entity in relation to current Australian Accounting Standards in effect and proposed Australian equivalents of International Financial Reporting Standards are as follows:

**(i) Trademarks and Brand Names**

Under current Australian Accounting Standards, non-current assets are able to be revalued and the revalued amount recorded directly against equity in the revaluation reserve. Under the new Australian equivalents of International Financial Reporting Standards, trademarks and brand names acquired are not able to be revalued and any past revaluation must be reversed. The consolidated entity has revalued brand names and trademarks in the past, which under the new standards will need to be written off to the applicable revaluation reserve, now known as the general reserve, when the Australian equivalents of those International Financial Reporting Standards come into effect. The financial effect will be to write down trademarks and brand names by \$5.1million against the revaluation reserve that was a result of the initial revaluation.

**(ii) Goodwill**

The consolidated entity currently amortises goodwill over periods of up to 20 years. Under the Australian equivalents of International Financial Reporting Standards, goodwill will no longer be amortised. Instead an impairment test will be performed annually to ensure the recorded value of goodwill is appropriate. To this effect, there will no longer be a goodwill amortisation expense recorded each reporting period.

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**12. Adoption of Australian Equivalents to International Financial Reporting Standards from 1 July 2005 (continued)**

**(iii) Employee Benefits**

a. Defined Benefit Superannuation Plan – The consolidated entity currently sponsors a defined benefit superannuation plan for approximately 29 of its employees. The current accounting treatment is to record an actuarial loss when the plan is in deficit, as there is a financial obligation for the consolidated entity to ensure the plan has adequate resources to meet expected future commitments, when such a deficit exists. Under the Australian equivalents of International Financial Reporting Standards the consolidated entity has the option of either recognising an actuarial loss when the plan is in deficit and also an actuarial gain when the plan is in surplus, recognising the adjustment directly in equity or not recognising the surplus or deficit if it is within a certain threshold. The plan is currently in a surplus position.

b. Executive Share Option Plan – The consolidated entity operates an option plan for its executives. The current accounting treatment is to not record the value of share options in the financial statements until the options are exercised, but instead to make disclosure of these options in the notes to the financial statements. Under the Australian equivalents of International Financial Reporting Standards the consolidated entity will be required to expense the value of the options at “grant date” over the vesting period of the options. A reversal of the expense will be required to the extent non-market based vesting conditions (e.g. service conditions) are not met. The consolidated entity will not retrospectively recognise share-based payments vested before 1 January 2005. The impact on equity and in the income statement of the existing share options granted as remuneration will be immaterial.

**(iv) Tax**

The consolidated entity currently uses the income method of accounting for tax whereby tax effect accounting is based on timing and permanent differences between taxable income and accounting profit. Under the Australian equivalents of International Financial Reporting Standards, a balance sheet approach is used, under which temporary differences are identified for each asset and liability. The directors are yet to fully assess the impact of this change on the Company.

**(v) Impairment of Assets**

Non-current assets are currently written down to recoverable amount when the asset’s carrying amount exceeds recoverable amount. Under the Australian equivalents of International Financial Reporting Standards, the consolidated entity is required to discount the net cash flows in determining the recoverable amount of its non-current assets.

It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

## Independent Review Report to the members of Skilled Group Limited

### Scope

We have reviewed the financial report of Skilled Group Limited for the half-year ended 31 December 2004 as set out on pages 3, and 5 to 14. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.


Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Statement

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:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

  
DELOITTE TOUCHE TOHMATSU

  
Chris Biermann  
Partner  
Chartered Accountants  
Melbourne, 22 February 2005