

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

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

**Results for announcement to the market
Half year ended ('current period') – 31 December 2005
(‘previous corresponding period’ – 31 December 2004)**

	Percentage change	\$A'000
Revenues from ordinary activities ¹	Up 13.7% to	486,743
Revenues from continuing operations ²	Up 23.9% to	486,743
Net profit after tax from continuing operations ³	Up 60.9% to	12,262
Net profit after tax excluding gains on divestments ⁴	Up 74.5% to	12,288
Profit from ordinary activities after tax attributable to members ⁵	Down 32.7% to	12,288
Net profit for the period attributable to members	Down 32.7% to	12,288

Dividends (distributions)	Amount per security	Franked amount per security
Interim Dividend (payable 19 April 2006) (Previous Year)	7.0¢ 6.0¢	7.0¢ 6.0¢
Final Dividend (paid 18 October 2005) (Previous Year)	10.0¢ 10.0¢	10.0¢ 10.0¢
Record date for determining entitlements to the Dividend	3 April 2006	
Date for payment of Interim Dividend	19 April 2006	

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 3 April 2006.

Earnings Per Ordinary Fully Paid Share (EPS)	Current Period	Previous Corresponding Period
Basic EPS	12.06¢	18.82¢
Diluted EPS	12.05¢	18.77¢

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	22.1¢	27.6¢

Signed: 
K.W. Bieg, Company Secretary

Dated: 22 February 2006

¹ Revenue from ordinary activities includes revenues from continuing operations and the trading revenues from the divested businesses, in the period prior to their disposal.

² Revenues from continuing operations excludes the trading revenues of the divested businesses, in the period prior to their disposal.

³ Net profit after tax from continuing operations excludes the trading profits of the divested businesses, in the period prior to their disposal, and the gains on disposal of the divested businesses.

⁴ Net profit after tax excluding gains on divestments includes the trading profits of the divested businesses, in the period prior to their disposal, but excludes the gains on disposal of the divested businesses

⁵ Profit from ordinary activities after tax attributable to members includes the after tax profit from all activities, including the continuing operations, the trading profits of the divested businesses and the gains on disposal of the divested businesses.

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Directors' Report

The directors of Skilled Group Limited (the "Company") present the financial report for the half year ended 31 December 2005. 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	K.W. Hughes
F.J. Hargrave AO (resigned 25 October 2005)	B.J. Kelly (resigned 25 October 2005)
T.B. Janes	R.J. Gartside
G.M. Hargrave	R.N. Herbert AM
J.B. Dixon (appointed 12 July 2005)	V.A. McFadden (appointed 12 September 2005)

Review of Operations

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

Subsequent Events

There has not been any matter or circumstance other than that referred to in this half year report, that has arisen since the end of the financial half year, that has significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs of the consolidated entity in future financial years.

Auditor Independence Declaration

The auditors independence declaration is included on page 3.

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 made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors


G.M. Hargrave
Director


T.B. Janes
Director

Melbourne, 22 February, 2006

22 February 2006

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

Dear Board Members

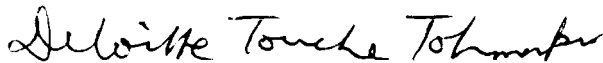
Skilled Group Limited

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 2005, 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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Directors' Declaration
For the Half Year Ended 31 December 2005

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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, 2006

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Consolidated Income Statement
For the half year ended 31 December 2005

	Half year ended 31 December 2005 \$ '000	Half year ended 31 December 2004 \$ '000
Revenue	486,743	392,878
Loss from sale of assets	(52)	(42)
Employee and sub-contractor related costs	(425,077)	(340,300)
Raw materials and consumables used	(13,351)	(12,664)
Motor vehicle expenses	(1,273)	(1,247)
Office occupancy related costs	(3,304)	(3,092)
Depreciation and amortisation expenses	(4,349)	(4,828)
Finance costs	(1,356)	(1,761)
Other expenses	(19,834)	(18,190)
Profit before income tax expense	18,147	10,754
Income tax expense	(5,885)	(3,131)
Profit from continuing operations	12,262	7,623
Profit from discontinued operations	26	10,624
Profit attributable to members of the parent entity	12,288	18,247
Earnings Per Ordinary Fully Paid Share (EPS)		
Basic (cents per share)	12.06¢	18.82¢
Diluted (cents per share)	12.05¢	18.77¢

Notes to the financial statements are included on pages 9 to 26.

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Consolidated Statement of Recognised Income and Expense
For the half year ended 31 December 2005

	Half year ended 31 December 2005 \$ '000	Half year ended 31 December 2004 \$ '000
Increase/(Decrease) in foreign currency translation reserve arising on translation of foreign operations	(6)	3
Net income recognised directly in equity	(6)	3
Profit for the period	12,288	18,247
Total recognised income and expense for the period	12,282	18,250

Notes to the financial statements are included on pages 9 to 26.

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**Consolidated Balance Sheet
As at 31 December 2005**

	Note	31 December 2005 \$'000	30 June 2005 \$'000
Current assets			
Cash assets		1,812	2,605
Receivables		106,917	91,251
Inventories		5,719	4,681
Other		2,476	3,804
Total current assets		116,924	102,341
Non-current assets			
Receivables		1,288	961
Other financial assets		-	6
Property, plant and equipment		9,506	9,439
Goodwill		38,731	22,076
Other Intangibles		47,296	48,670
Deferred tax assets		7,556	7,641
Total non-current assets		104,377	88,793
Total assets		221,301	191,134
Current liabilities			
Payables		54,068	38,525
Borrowings		1,327	19,205
Current tax liabilities		1,576	916
Provisions		21,356	21,073
Total current liabilities		78,327	79,719
Non-current liabilities			
Payables		6,063	-
Borrowings		22,072	8,187
Provisions		5,928	5,284
Total non-current liabilities		34,063	13,471
Total liabilities		112,390	93,190
Net assets		108,911	97,944
Equity			
Issued capital	4	82,797	74,007
Reserves		16	16
Retained profits	6	26,098	23,921
Total equity		108,911	97,944

Notes to the financial statements are included on pages 9 to 26.

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Consolidated Cash Flow Statement
For the half year ended 31 December 2005

	Half year ended 31 December 2005 Inflows/(Outflows) \$'000	Half year ended 31 December 2004 Inflows/(Outflows) \$'000
Cash flows from operating activities		
Receipts from customers	520,407	440,681
Payments to suppliers and employees	(503,510)	(433,410)
Interest received	107	102
Interest and other costs of finance paid	(784)	(1,781)
Income tax paid	(5,953)	(6,984)
Net cash provided by/(used in) operating activities	10,267	(1,392)
Cash flows from investing activities		
Payment for property, plant and equipment	(1,548)	(4,357)
Payments for purchase of business	(9,514)	-
Proceeds from disposal of controlled entities and businesses		
• Proceeds relating to working capital	-	8,768
• Other sale proceeds	6,991	13,658
Proceeds from sale of property, plant and equipment	112	133
Net cash (used in)/provided by investing activities	(3,959)	18,202
Cash flows from financing activities		
Proceeds from borrowings	116,600	140,300
Repayment of borrowings	(121,268)	(162,138)
Proceeds from issues of equity securities	426	434
Dividends paid	(2,859)	(2,409)
Net cash used in financing activities	(7,101)	(23,813)
Net decrease in cash held	(793)	(7,003)
Cash at the beginning of the period	2,605	7,651
Cash at the end of the period	1,812	648

Notes to the financial statements are included on pages 9 to 26.

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Notes to the Financial Statements
For the half year ended 31 December 2005

1. Summary of Accounting Policies (IFRS)

Basis of preparation

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '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 2005 annual financial report. The presentation currency for this half year report is Australian dollars.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with accounting standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position and financial performance is discussed in note 11.

The accounting policies set out below have been applied in preparing the financial statements for the half year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in note 11), the consolidated entity's date of transition.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half year financial report:

(a) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control the entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value at the date of acquisition.

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(c) Revenue recognition

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has transferred the significant risks and rewards of ownership of the goods to the buyer.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(d) Income tax

The company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Skilled Group Limited is the head entity in the tax-consolidated group.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of the tax-sharing arrangement, 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 current tax liability or current tax asset of the entity.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess of purchase price over asset(s) acquired.

(e) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts or impairment.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Consumables are recorded at cost and written off over the life of the contract to which they relate.

Work performed but not billed on contracts is valued at the contract rate and recorded as work in progress. Profits recognised are based on the percentage completion of each contract.

(g) Financial assets

Investments in controlled entities are recorded at cost.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

(h) Property, plant and equipment

Depreciation is provided on property, plant and equipment, including buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life whichever is shorter, using the straight line method.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	4 – 20 years
Leasehold improvements	1 – 10 years
Plant and equipment	4 – 5 years
Equipment under finance lease	2 – 8 years
Computer equipment and software	3 – 7 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

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(i) Leased assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the fair value of the assets, or if lower the present value of minimum lease payments, each determined at the inception of the lease.

A finance lease is one that effectively transfers from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis that reflects the pattern in which economic benefits from the leased asset are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis.

(j) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(k) Goodwill

Goodwill, representing the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

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(l) Other intangibles

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Trademarks and brand names

Trademarks and brand names are recorded at cost less any impairment write-down.

The Company is committed to continue to actively use and promote the SKILLED trademarks and brand names in its business. The directors believe the SKILLED trademarks and brand names have an indefinite life and no amortisation is therefore required.

Databases

Databases are recorded at cost less accumulated amortisation, and amortised over 20 years on a straight-line basis.

Software

Costs associated with the development of computer systems are capitalised and then expensed over the future periods to which the economic benefits of the expenditure are expected to be recoverable. Computer software is recorded at cost less accumulated amortisation, and amortised over periods ranging from 3 to 7 years on a straight-line basis.

Non-compete agreements

Non-compete agreements acquired as a result of a business acquisition, recognised separately from goodwill, are valued using an independent registered valuer at the time of the acquisition and amortised over the life of the agreement on a straight-line basis.

(m) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Borrowings

Bank loans and other loans are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Bills of exchange are recorded at fair value net of transaction costs, with the discount amortised over the period to maturity. Interest expense is recognised on an effective yield basis.

(o) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

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Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(p) Derivative financial instruments

The consolidated entity has entered into an interest rate swap to manage its exposure to interest rate risk. AASB 139 'Financial Instruments' requires derivatives to be measured at fair value with gains or losses on remeasurement recognised in the income statement immediately unless the swap is designated and effective as a hedging instrument in which the timing of recognition depends on the nature of the hedge instrument.

(q) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, rostered days off, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made with respect to wages and salaries, annual leave, rostered days off and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made with respect to other employee benefits, such as long service leave, annual leave and rostered days off which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity with respect to services provided by employees up to the reporting date. Regardless of when the benefit is expected to be settled where a present entitlement exists the benefit is classified as a current liability.

Contributions made to defined contribution superannuation plans are expensed when incurred.

(r) Foreign currency

All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are brought to account in profit or loss in the period in which they arise, except that:

- (i) exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and
- (ii) exchange differences relating to foreign currency monetary items forming part of the net investment in a foreign operation are transferred on consolidation to the foreign currency translation reserve and recognised in the income statement on disposal of the net investment.

On consolidation, the assets and liabilities of foreign controlled entities are translated at reporting date using the current rate. Income and expense items are translated at the average exchange rate for the period. Exchange differences are taken directly to the foreign currency translation reserve and recognised in the income statement on disposal of the foreign operation.

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(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from the taxation authority is included as part of receivables and the amount of GST payable to the taxation authority is included as part of payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(t) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Dividends

A provision is recognised for dividends when they have been declared by the directors before reporting date, and are no longer at the discretion of the company.

(u) Workers compensation – self insurance

Outstanding claims

A liability for outstanding claims for self insurance in relation to workers compensation is recognised in respect of claims incurred but not yet paid, claims incurred but not yet reported and the anticipated direct and indirect costs associated with those claims. The liability for outstanding claims has been measured on the basis of an independently prepared actuarial assessment of the cost of claims, including the anticipated effects of inflation, discounted to a present value at balance date.

Claims recoveries

Claims recoveries are recorded on claims paid under self insurance in relation to workers compensation. The recoveries are recognised as revenue and are based on actuarial assessment of the expected recovery, which includes claims paid and claims reported but not yet paid to the extent that the nature of the costs incurred are recoverable, in a manner similar to the measurement of the outstanding claim liability and discounted to the present value at balance date.

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(v) Share-based payments

The fair value determined, by an external valuation, at the grant date(s) of the equity-settled share-based payments are expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of the number of shares that will eventually vest.

(w) Comparative amounts

Comparative balances have been adjusted to reflect reporting under new accounting policies compliant with A-IFRS (refer note 11).

2. Unusual Items

	December 2005 \$'000	December 2004 \$'000
Net gain on disposal of businesses	37	12,948

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Notes to the Financial Statements for the half year ended 31 December 2005

3. Segment Reporting

Segment Revenues and Results Half year ended December 2005	SKILLED Brand \$'000	Other Brands \$'000	Divested Businesses		Eliminations \$'000	Unallocated \$'000	Total \$'000
			Trading \$'000	Divestment \$'000			
Revenue	364,977	122,244	-	-	(585)	107	486,743
Gain on disposal				37			37
EBITDA	18,211	5,534	-	37			23,782
Depreciation and amortisation	(1,539)	(2,810)	-	-			(4,349)
Earnings before interest and tax	16,672	2,724	-	37			19,433
Net interest expense				-			(1,249)
Profit before income tax expense				37			18,184
Income tax expense				(11)			(5,896)
Net profit after tax				26			12,288
Segment Assets And Liabilities							
Assets	105,730	105,545	-	-	-	10,026	221,301
Liabilities	52,902	34,226	-	89	-	25,173	112,390
Other Segment Information							
Acquisition of segment assets	1,490	19,437					20,927
Net gain on disposal of businesses	-	-	-	37	-	-	37

Segment Revenues and Results Half year ended December 2004	SKILLED Brand \$'000	Other Brands \$'000	Divested Businesses		Eliminations \$'000	Unallocated \$'000	Total \$'000
			Trading \$'000	Divestment \$'000			
Revenue	315,495	77,803	35,404	-	(523)	103	428,282
Gain/(loss) on disposal				12,948		(42)	12,906
EBITDA	13,758	3,510	(185)	12,941			30,024
Depreciation and amortisation	(1,727)	(3,101)	(671)	-			(5,499)
Earnings before interest and tax	12,031	409	(856)	12,941			24,525
Net interest expense			-	7			(1,679)
Profit before income tax expense			(856)	12,948			22,846
Income tax expense			274	(1,742)			(4,599)
Net profit after tax			(582)	11,206			18,247
Segment Assets And Liabilities							
Assets	100,359	68,461	621	9,322	-	9,386	188,149
Liabilities	40,574	12,600	311	1,033	-	41,627	96,145
Other Segment Information							
Acquisition of segment assets	2,303	130	2,412				4,845
Net gain on disposal of businesses	-	-	-	12,948	-	-	12,948

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

3. Segment Reporting (continued)

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

Inter-segment pricing is on a normal commercial basis.

Segment Descriptions

Due to the divestments of the majority of the Infrastructure Services segment during the year ended June 2005, the segments have been reorganised into the two segments described below.

SKILLED Brand

Provision of supplementary labour hire and contract maintenance services through the SKILLED brand. Revenue from this segment is earned predominantly from the provision of blue-collar and technical professionals on the basis of hours worked.

Other Brands

Provision of supplementary labour hire. Revenue from this segment is predominantly earned through the provision of nursing, call centre and blue collar staff on the basis of hours worked.

The brands included in this segment include Excelior, Origin Healthcare and its subsidiaries, SEM Fire and Rescue, PeopleCo and Extraman.

4. Issued Capital

	December 2005 \$'000	June 2005 \$'000
103,544,546 fully paid ordinary shares (June 2005: 100,464,670)	82,797	74,007

	6 months ended December 2005 No. '000	6 months ended December 2005 \$'000	12 months ended June 2005 No. '000	12 months ended June 2005 \$'000
Fully Paid Ordinary Shares				
Balance at beginning of reporting period	100,465	74,007	95,592	61,959
Issue of shares under employee share acquisition scheme	136	433	170	507
Issue of shares as partial consideration for the acquisition of the Medistaff Nursing Agency business	301	876	-	-
Issue of shares under the dividend reinvestment plan	2,434	7,252	4,481	11,324
Issue of shares under executive share option plan	209	229	222	217
Balance at end of reporting period	103,545	82,797	100,465	74,007

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

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

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 when issued, the cost of which is based on an independent valuation as at the grant date and amortised over the vesting period of the options.

Executive Share Option Plan	6 months ended December 2005 No.	12 months ended June 2005 No.
Balance at beginning of the reporting period	309,969	632,435
Granted during the reporting period	-	-
Exercised during the reporting period	(208,836)	(221,630)
Lapsed during the reporting period	-	(100,836)
Balance at end of the reporting period	101,133	309,969

6. Retained Profits

	6 months ended December 2005 \$'000	12 months ended June 2005 \$'000
Balance at beginning of the reporting period	23,921	13,520
Net profit attributable to members of parent entity	12,288	25,917
Dividends provided for or paid	(10,111)	(15,516)
Balance at end of reporting period	26,098	23,921

7. Dividends

	6 months ended December 2005		12 months ended June 2005	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<u>(a) Recognised Amounts</u>				
Final dividend relating to year ended June 2004, 100% franked	-	-	10.0	9,590
Interim dividend relating to year ended June 2005, 100% franked	-	-	6.0	5,926
Final dividend relating to year ended June 2005, 100% franked	10.0	10,111	-	-
		10,111		15,516
<u>(b) Unrecognised Amounts</u>				
Interim dividend for year ended June 2006, 100% franked	7.0	7,248	-	-

The interim dividend for the year ended 30 June 2006 has not been recognised in this financial report because it was declared subsequent to 31 December 2005.

8. Contingent Liabilities

	December 2005 \$'000	June 2005 \$'000
Bank guarantees for various contracts	5,342	3,596

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

9. Business Acquisitions

SKILLED announced on 5 July 2005 that it had acquired the Extraman business by purchasing 100% of the shares of ExtraGroup Pty Ltd ("ExtraGroup") and its controlled entities. The purchase price is based on an "earn out" arrangement of a multiple of Earnings before Interest and Tax ("EBIT") for the 2005, 2006, and 2007 financial years, plus the assumption of outstanding debt and payout of retained profits at the date of acquisition. Currently the purchase price is estimated to be a gross amount of \$20.0m prior to discounting the deferred consideration in accordance with Accounting Standard AASB 3 Business Combinations.

Extraman specialises in the provision of staff to the resources and engineering industries. This acquisition was completed on 4 July 2005, on which date control of the business passed to SKILLED Group Limited.

On 17 January 2005 the consolidated entity acquired the Medistaff Nursing Agency business for \$5.8m.

Details of the acquisitions are as follows:

	FAIR VALUE ON ACQUISITION	
	ExtraGroup \$'000	Medistaff Nursing Agency \$'000
Consideration		
Cash	7,695	3,540
Deferred Consideration(i)	11,095	2,234
	18,790	5,774
Fair value of net assets of entity acquired		
Current Assets		
Receivables	9,326	-
Prepayments	140	-
Non-Current assets		
Receivables	118	-
Plant and equipment	340	101
Intangibles - brandnames	764	-
Intangibles - other	287	3,000
Deferred tax asset	12	-
Current Liabilities		
Overdraft	(461)	-
Payables	(6,233)	-
Borrowings	(55)	-
Tax Liabilities	(815)	-
Provision and accruals	(1,149)	-
Non-Current Liabilities		
Payables	(1)	-
Borrowings	(46)	-
Net Assets acquired	2,227	3,101
Goodwill on acquisition	16,563	2,673
	18,790	5,774
Net Cash Outflow to acquire business		
Cash consideration	7,695	3,540
Add: bank overdraft balances acquired:	461	-
Net outflow of cash	8,156	3,540
Net Cash Outflows for prior years acquisitions		
Payment of deferred consideration	1,358	160
Net outflow of cash for acquisitions	9,514	3,700

(i) The total acquisition price for Extraman, of which \$7,695,000 has already been paid, is based on a defined formula that will be settled by instalments on 30 September 2006, 28 February 2007 and 30 September 2007. The balance remaining is the best estimate of these future payments, discounted to a present value, based on information currently available (referred to as Deferred Consideration).

(i) The deferred consideration of the Medistaff Nursing Agency comprises the issue of shares with a fair value of \$876,000 and a cash payment of \$1,358,000.

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

Since acquisition Extraman has contributed revenue of \$37,346,000 and earnings before interest, tax and corporate overheads of \$2,846,000 to the consolidated group.

The assets and liabilities acquired are stated at their fair values. Fair values are equal to the carrying values in the books of the acquiree immediately prior to the acquisition with the exception of intangibles. Intangibles had a book value of \$138,000 immediately prior to acquisition. The consolidated entity has paid a premium for the intangibles, which represents the fair value of the future cash flows that are expected to be generated by the acquired business.

10. Subsequent Events

There has not been any matter or circumstance other than that referred to in this half year report, that has arisen since the end of the financial period, that has significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs of the consolidated entity in future financial years.

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

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian accounting standards equivalent to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition.

An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position and financial performance is set out in the following tables and notes that accompany the tables. The adoption of A-IFRS has had no material effect on the cash flow statement for the periods ended 31 December 2004 and 30 June 2005.

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

Opening Balance Sheet as at 1 July 2004

The following is an analysis of the impact that conversion to A-IFRS had on the balance sheet as at 1 July 2004.

**Balance sheet
as at 1 July 2004**

	Note	Consolidated		
		Previous AGAAP 1/07/2004 \$'000	Effect of Change to A-IFRS \$'000	A-IFRS 1/07/2004 \$'000
Current Assets				
Cash assets		7,651	-	7,651
Receivables		97,509	-	97,509
Inventories		5,327	-	5,327
Other		3,802	-	3,802
Total Current Assets		114,289	-	114,289
Non-Current Assets				
Receivables		854	-	854
Property, plant and equipment	11(a)	37,670	(22,834)	14,836
Other Intangibles	11(b)	33,678	17,734	51,412
Goodwill	11(e)	20,299	-	20,299
Deferred tax assets	11(c)	9,276	(70)	9,206
Total Non-Current Assets		101,777	(5,170)	96,607
Total Assets		216,066	(5,170)	210,896
Current Liabilities				
Payables		43,186	-	43,186
Borrowings		16,564	-	16,564
Current tax liabilities		3,159	-	3,159
Provisions	11(c)	21,472	(229)	21,243
Total Current Liabilities		84,381	(229)	84,152
Non-Current Liabilities				
Borrowings		46,064	-	46,064
Provisions		5,201	-	5,201
Total Non-Current Liabilities		51,265	-	51,265
Total Liabilities		135,646	(229)	135,417
Net Assets		80,420	(4,941)	75,479
Equity				
Issued capital		61,959	-	61,959
Reserves	11(d)	4,671	(4,671)	-
Retained profits	11(f)	13,790	(270)	13,520
Total Equity		80,420	(4,941)	75,479

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

Effect of A-IFRS on the income statement for the half year ended 31 December 2004 and the financial year ended 30 June 2005

Consolidated Income statement

		Half year ended 31 December 2004			
	Note	Previous AGAAP \$'000	Effect of Change to A-IFRS \$'000	Re- classific ation A-IFRS* \$'000	A-IFRS \$'000
Revenue		428,282	-	(35,404)	392,878
Loss from sale of assets	11(h)	-	-	(42)	(42)
Proceeds from sale of businesses and assets	11(h)	26,318	-	(26,318)	-
Cost base of businesses and assets sold	11(h)	(10,141)	-	10,141	-
Employee and sub-contractor related costs	11(c)	(371,008)	(57)	30,765	(340,300)
Raw materials and consumables used		(15,802)	-	3,138	(12,664)
Motor vehicle expenses		(2,621)	-	1,374	(1,247)
Office occupancy related costs		(3,536)	-	444	(3,092)
Depreciation and amortisation expenses	11(e)	(7,280)	779	1,673	(4,828)
Finance costs		(1,781)	-	20	(1,761)
Other expenses		(20,307)	-	2,117	(18,190)
Profit before income tax expense		22,124	722	(12,092)	10,754
Income tax expense	11(c)	(4,613)	14	1,468	(3,131)
Profit from continuing operations		-	-	-	7,623
Profit from discontinuing operations		-	-	10,624	10,624
Profit attributable to members of the parent entity		17,511	736	-	18,247

Consolidated Income statement

		Financial year ended 30 June 2005			
	Note	Previous AGAAP \$'000	Effect of Change to A-IFRS \$'000	Re- classific ation A-IFRS* \$'000	A-IFRS \$'000
Revenue		833,633	-	(35,785)	797,848
Loss from sale of assets	11(h)	-	-	(70)	(70)
Proceeds from sale of businesses and assets	11(h)	26,176	-	(26,176)	-
Cost base of businesses and assets sold	11(h)	(13,551)	-	13,551	-
Employee and sub-contractor related costs	11(c)	(722,807)	(63)	29,039	(693,831)
Raw materials and consumables used		(27,061)	-	3,088	(23,973)
Motor vehicle expenses		(3,704)	-	1,352	(2,352)
Office occupancy related costs		(6,786)	-	437	(6,349)
Depreciation and amortisation expenses	11(e)	(11,655)	1,688	516	(9,451)
Finance costs		(3,033)	-	20	(3,013)
Other expenses		(38,103)	-	1,086	(37,017)
Profit before income tax expense		33,109	1,625	(12,942)	21,792
Income tax expense	11(c)	(8,829)	12	1,638	(7,179)
Profit from continuing operations		-	-	-	14,613
Profit from discontinuing operations		-	-	11,304	11,304
Profit attributable to members of the parent entity		24,280	1,637	-	25,917

*reclassification of income statement items as required by A-IFRS.

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

Effect of A-IFRS on the balance sheet as at 31 December 2004 and 30 June 2005

Consolidated Balance Sheet

Note	31 December 2004			30 June 2005			
	Previous	Effect of	A-IFRS	Previous	Effect of	A-IFRS	
	AGAAP	Change to		AGAAP	Change to		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Current Assets							
Cash assets	648	-	648	2,605	-	2,605	
Receivables	94,248	-	94,248	91,251	-	91,251	
Inventories	3,724	-	3,724	4,681	-	4,681	
Other	2,401	-	2,401	3,804	-	3,804	
Total Current Assets	101,021	-	101,021	102,341	-	102,341	
Non-Current Assets							
Receivables	1,035	-	1,035	961	-	961	
Other financial assets	-	-	-	6	-	6	
Property, plant and equipment	11(a)	30,224	(20,215)	10,009	27,342	(17,903)	9,439
Other Intangibles	11(b)	33,307	15,115	48,422	35,867	12,803	48,670
Goodwill	11(e)	18,756	779	19,535	20,388	1,688	22,076
Deferred tax assets	11(c)	8,183	(56)	8,127	7,699	(58)	7,641
Total Non-Current Assets		91,505	(4,377)	87,128	92,263	(3,470)	88,793
Total Assets		192,526	(4,377)	188,149	194,604	(3,470)	191,134
Current Liabilities							
Payables		31,114	-	31,114	38,525	-	38,525
Borrowings		20,926	-	20,926	19,205	-	19,205
Current tax liabilities		73	-	73	916	-	916
Provisions	11(c)	19,731	(184)	19,547	21,262	(189)	21,073
Total Current Liabilities		71,844	(184)	71,660	79,908	(189)	79,719
Non-Current Liabilities							
Borrowings		20,132	-	20,132	8,187	-	8,187
Provisions		4,353	-	4,353	5,284	-	5,284
Total Non-Current Liabilities		24,485	-	24,485	13,471	-	13,471
Total Liabilities		96,329	(184)	96,145	93,379	(189)	93,190
Net Assets		96,197	(4,193)	92,004	101,225	(3,281)	97,944
Equity							
Issued capital		69,812	-	69,812	74,007	-	74,007
Reserves	11(d),11(g)	4,674	(4,659)	15	5,077	(5,061)	16
Retained profits	11(f)	21,711	466	22,177	22,141	1,780	23,921
Total Equity		96,197	(4,193)	92,004	101,225	(3,281)	97,944

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

Note 11(a)

Previously software was classified under property plant and equipment. Under A-IFRS software is now classified as an intangible asset and as such has been transferred to the balance sheet classification of intangibles. Software of \$20,215,000 has been reclassified from property plant and equipment to Intangibles as at 31 December 2004 and \$17,903,000 as at 30 June 2005.

Note 11(b)

Intangible assets under previous AGAAP included a revaluation of \$5,100,000 prior to the adoption of A-IFRS. This revaluation, previously allowable under AGAAP is no longer allowed under A-IFRS and is written off against the applicable general reserve.

Changes to other intangibles are as follows:

	December 2004	June 2005
	\$'000	\$'000
Removal of previous revaluation	(5,100)	(5,100)
Reclassification of software (refer Note 11(a))	20,215	17,903
	<u>15,115</u>	<u>12,803</u>

Note 11(c)

The effect of discounting the expected long term portion of employee benefits at 31 December 2004 has resulted in a reduction of employee benefits provision of \$184,000 (June 2005:\$189,000). The tax effect of this adjustment is to decrease the deferred tax asset by \$56,000 as at 31 December 2004 (June 2005: \$58,000).

Changes to provisions are as follows:

	December 2004	June 2005
	\$'000	\$'000
Opening A-IFRS adjustment 1 July 2004	(229)	(229)
Current period effect of discounting employee benefits provision	45	40
	<u>(184)</u>	<u>(189)</u>

Note 11(d)

Under A-IFRS the consolidated entity has elected to reset the foreign currency translation reserve to zero, effectively reclassifying \$429,000 of negative reserves to opening retained earnings as at 1 July 2004, the date of transition.

Changes to reserves are as follows:

	December 2004	June 2005
	\$'000	\$'000
Removal of previous revaluation (refer note 11(b))	(5,100)	(5,100)
Reset of Foreign exchange revaluation	429	16
Amortisation of Executive Options (refer note 11(g))	12	23
	<u>(4,659)</u>	<u>(5,061)</u>

Note 11(e)

The consolidated entity has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed. However, goodwill, which was amortised under previous accounting policies, is no longer amortised under A-IFRS from the date of transition. The effect of this for the half year ended 31 December 2004 is an increase in the carrying amount of goodwill of \$779,000 (June 2005: \$1,688,000) and an increase in the net profit before tax of \$779,000 (June 2005: \$1,688,000).

**Appendix 4D ASX Listing Rule 4.2A.3
Half Year Report
Skilled Group Limited**

Notes to the Financial Statements for the half year ended 31 December 2005

Note 11(f)

Changes to retained profits are as follows:

	December 2004	June 2005
	\$'000	\$'000
Opening A-IFRS adjustment 1 July 2004	(270)	(270)
Effect of resetting foreign revaluation reserve (i)	-	413
Amortisation of executive share options (refer Note 11 (g))	(12)	(23)
Add back goodwill amortisation for the period (refer Note 11(e))	779	1,688
Adjustment to employee benefits provision (refer Note 11(c))	(45)	(40)
Tax effect of employee benefits provision adjustment (refer Note 11(c))	14	12
	466	1,780

(i) During the year ended 30 June 2005 the consolidated entity transferred \$413,000 from its foreign currency translation reserve to retained profits, in relation to the liquidation of a foreign subsidiary. This entry is reversed on the adoption of A-IFRS as the foreign currency translation reserve is reset to zero.

Note 11(g)

Under previous AGAAP the fair value of executive options was not recognised until the options were exercised. Under A-IFRS the consolidated group is required to amortise the fair value of the options at "grant date" over the vesting period of the options. The consolidated group has elected not to retrospectively recognise share-based payments vested before 1 January 2005. The impact for the half year ended 31 December 2004 is an additional expense in the income statement of \$12,000 (June 2005: \$23,000) resulting in a corresponding increase in reserves in the balance sheet.

Note 11(h)

Under previous AGAAP proceeds and cost of business assets disposed were required to be reported separately. Under A-IFRS these disposals are required to be reported as the net gain or loss on disposal and have been reclassified accordingly.

Independent review report to the members of Skilled Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 4 to 26. The consolidated entity comprises both Skilled Group Limited (the company) and the entities it controlled at the end of the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

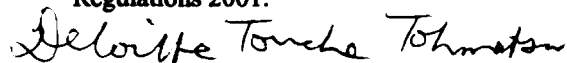
We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", 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, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was 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.

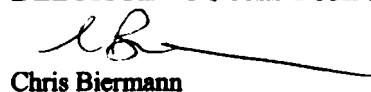
Statement

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 the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner

Chartered Accountants
Melbourne, 22 February 2006

Member of
Deloitte Touche Tohmatsu