

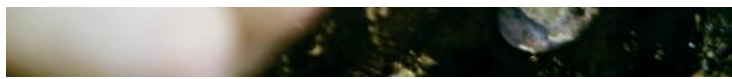
Skilled Annual General Meeting

Melbourne Town Hall

Tuesday 26 October 2004



SKILLED



Annual General Meeting

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Ken V Loughnan AO
Chairman

Headlines from past 12 months

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- Strong financial performance
 - Sales increase of 12%
 - Net profit after tax of \$16.4 million
 - Total dividend of 16 cents per share fully franked
- Acquisition of Origin Healthcare
- Portfolio rationalisation – divestment of Power & Communications businesses
- Management succession – retirement of our founder, Frank Hargrave AO, and appointment of Greg Hargrave as Managing Director

Overview

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- Summary of 2003/04 financial performance
- Significant events
- Corporate Governance
- Outlook for 2004/05

Summary of 2003/04 Financial Performance

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- Sales increase of 12% to \$736 million
- EBITDA of \$36.4 million (an increase of 16%)
- Headline EBIT of \$25.8 million
- Net Profit After Tax of \$16.4 million
- Final dividend of 10 cents per share (fully franked)
- Total dividend of 16 cents (fully franked)

Summary of 2003/04 Financial Performance

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Debt / Gearing

- Net debt of \$55 million compared to \$8.7 million at 30 June 2003
- Includes funding the acquisition of Origin Healthcare (\$41 million)
- Gearing (debt/debt + equity) of 40.6%
- Interest cover was 13.7 times

Business Structure

- Non renewal of Telstra AN contracts
- Acquisition of Origin Healthcare
- Sale of Communications business
- Sale of Power business

Board & Management Changes

- Appointment of Bob Herbert
- Appointment of Bob Biddle
- Retirement of Frank Hargrave AO as Managing Director
- Appointment of Greg Hargrave as Managing Director

Celebration of Skilled's 40th Anniversary

- A tribute to the vision and energy of Frank Hargrave AO
- Establishment of the Skilled Trades Foundation in honour of Frank Hargrave AO

Going Forward

- Change of company name
- New Constitution

- Board is committed to achieving the highest standards of corporate governance
- The Company complies with all of the recommended guidelines established by the ASX Corporate Governance Council except in respect to Board structure
- The Board does not currently comprise a majority of independent non-executive directors:

– Non executive directors	5	(3 are independent)
– Executive directors	4	
– Total	9	

- The Board has indicated that it will work towards achieving a majority of independent directors – but may take several years to achieve
- The Board does not believe the lack of a majority of independent directors compromises the effective functioning of the Board
- Each director contributes individually in the Board decision making process and significant emphasis is placed on their ability to act objectively in the best interests of all shareholders

- Book profit on the sale of the Communications and Power businesses will be included in the 2004/05 profit result
- Both transactions include an earn-out component. If the expected 2004/05 EBITDA is achieved then the book profit from the sale of these businesses will be \$11.3 million
- Proceeds from these sales, including the earn-out component are expected to be approximately \$29 million. These funds will be used to reduce debt and lower gearing
- Trading profit for 2004/05 will include Power for 3 months and Communications for 4 months only

- Opportunities to continue to expand and profitably grow the business
- Expect market demand for Managed Labour Services will grow and our business model, which we are continuously improving, provides us with opportunities to increase our market share
- We expect net profit for 2004/05 (inclusive of the profit on sale of Communications and Power businesses) to be in the range of \$25 to \$26 million

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Chairman



Greg M Hargrave

Managing Director & Chief Executive Officer

Overview

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- The acquisition of Origin Healthcare
- The divestment of Communications and Power businesses
- How does this fit together

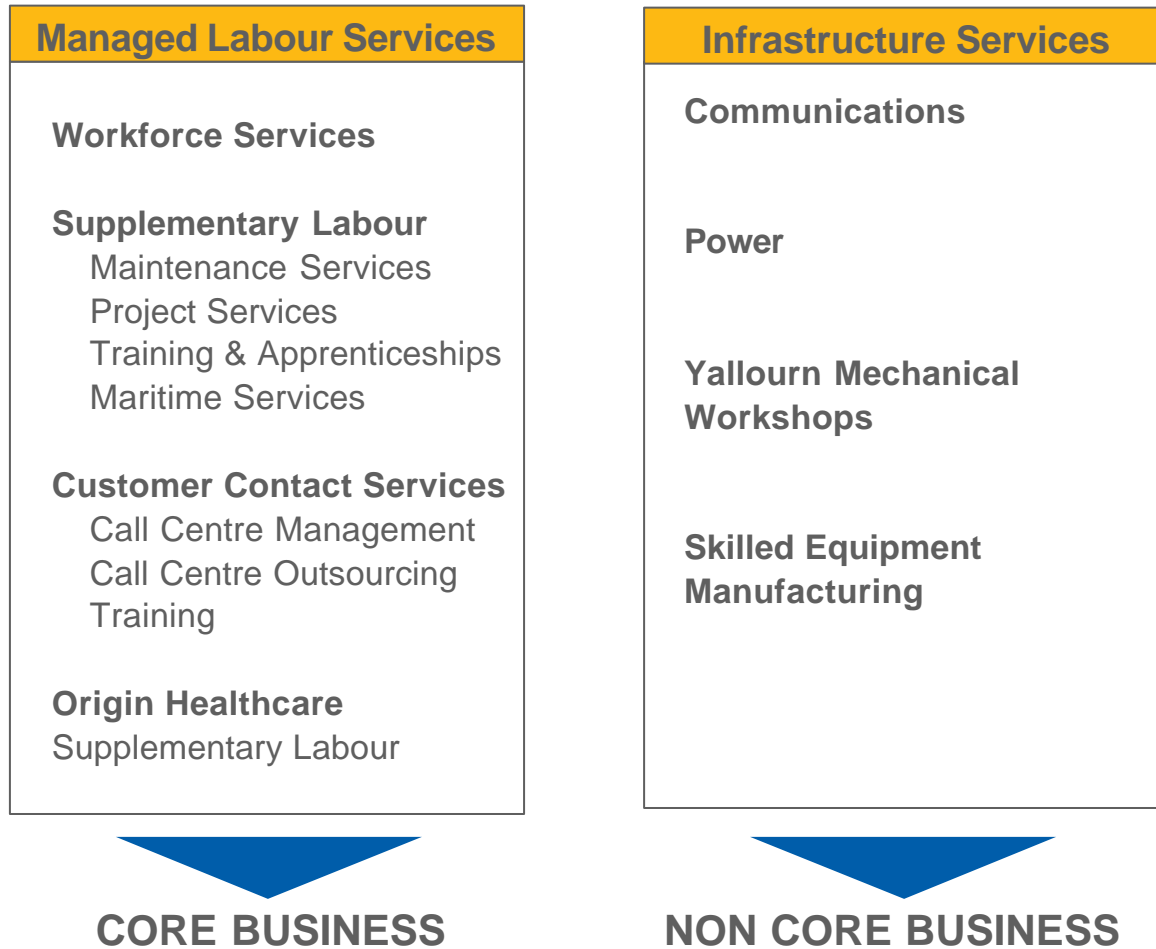
It is time to get back to Core Business

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- For 25 years SKILLED was a Workforce Services Company
 - labour hire, contract maintenance, shut downs, projects etc
- SKILLED spent the mid 90's diversifying
 - SMW, SEM, Communications etc
- Now it is time to refocus and return to our core business

Core Business is Workforce Services and Solutions

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Attributes of Core Business

- Provision of workforce services, eg:
 - Supplementary labour (short, medium and longer term)

- Provision of managed project or contract services, eg:
 - Contract maintenance
 - Projects
 - Call centre management
 - Other workforce related outsourcing activities

- Provision of workforce related consulting services, eg:
 - Training
 - OH&S
 - IR

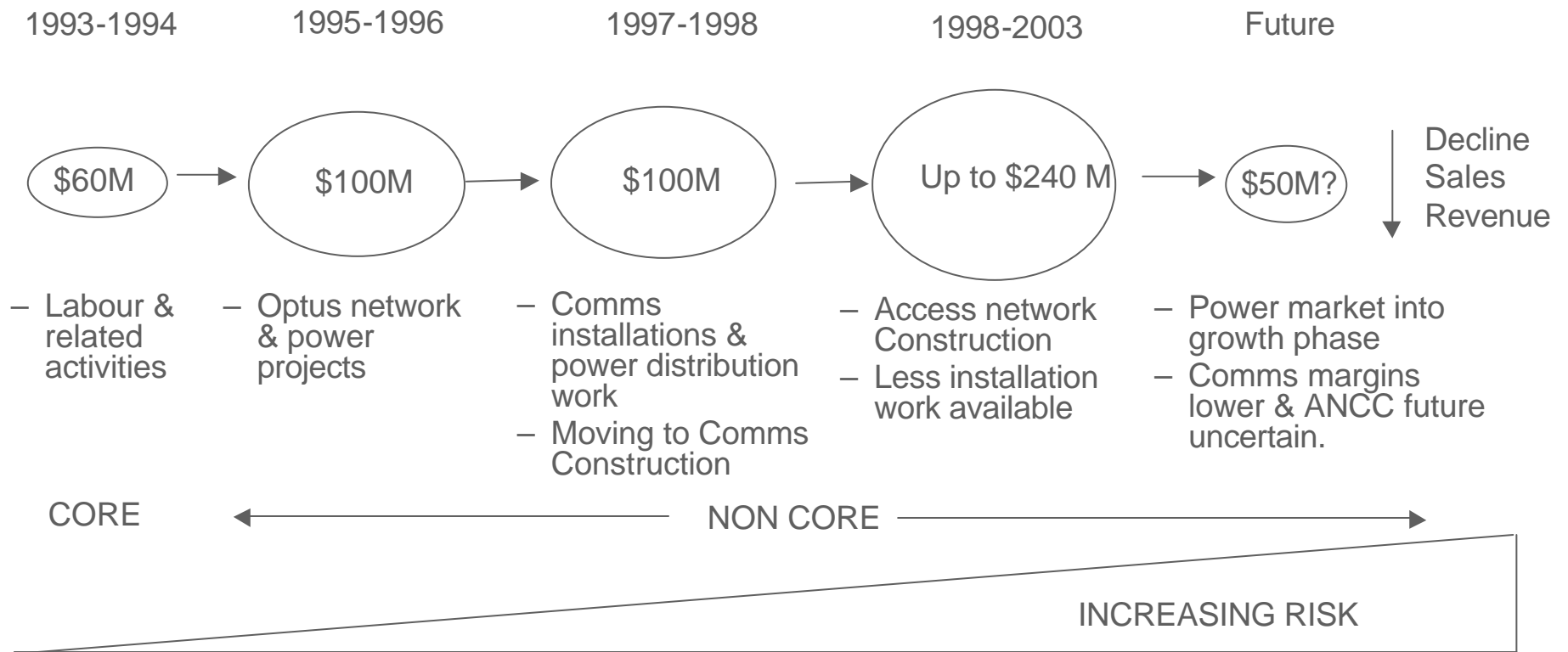
- Provision of workforce related technology solutions, eg:
 - SKILLED Workstream, NGA.net, IRIS, SIRS etc

- Low level of risk across service offering, geography, industry and customer

Initially, Infrastructure Services was Core Business

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The Changing Profile of SKILLED Infrastructure Services



Why is SKILLED moving out of Non Core Businesses?

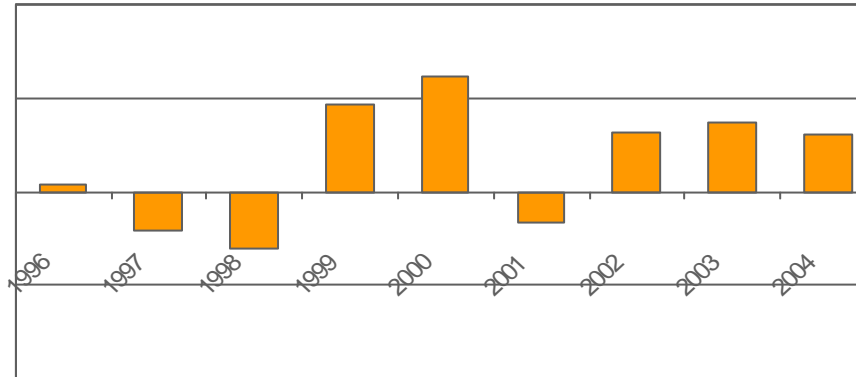
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- Currently high risk and volatility
- Lack of business management synergy
 - Lack of related management expertise
 - lack of system synergies (eg. IT and process)
- Questionable growth potential
- Management distraction
 - disproportionate amount of management time spent relative to earnings
- Lack of clarity of SKILLED among stakeholders
 - customers, investment community, staff, employees

Earnings Volatility across Non Core Businesses...

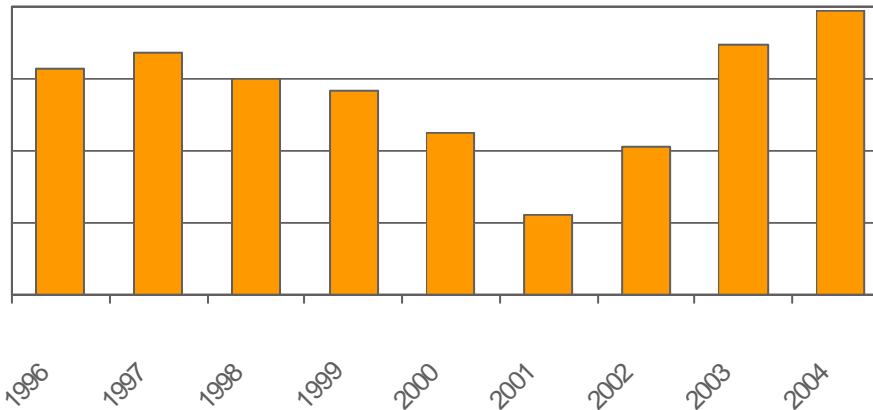
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Non Core Business EBIT



Non Core Business: reported as "Communications" up to 2002, then reported as "Infrastructure Services"

Core Business EBIT



Core Business: reported as "Supplementary Labour Hire" and "Contract Maintenance" up to 2002, then reported as "Managed Labour Services"

There is a Financial Impact Associated with Divesting Non Core Activities

- Positive cash and profit on sale impact, however
- Current non core activities contribute to both revenue and EBIT
 - divestment will cause a reduction that needs to be replaced
- Current non core activities contribute toward group overheads
 - divestment will cause a reduction in total company EBIT margin unless replaced

Therefore, Earnings Streams need to be replaced through Organic Growth and Acquisitions

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- Grow organically and improve margins
 - new workforce services/products and service solutions to existing customers and related market place customers
- Acquire workforce services propositions in new and related vertical markets
 - Acquisition possibilities in core business have been actively and thoroughly investigated (>30 to date) and is a continuous process
- Acquisition of Origin Healthcare (which has the attributes of our core business model) is part of the strategy to replace the earnings streams of non-core businesses

The Profile of Origin Healthcare

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Core business attributes

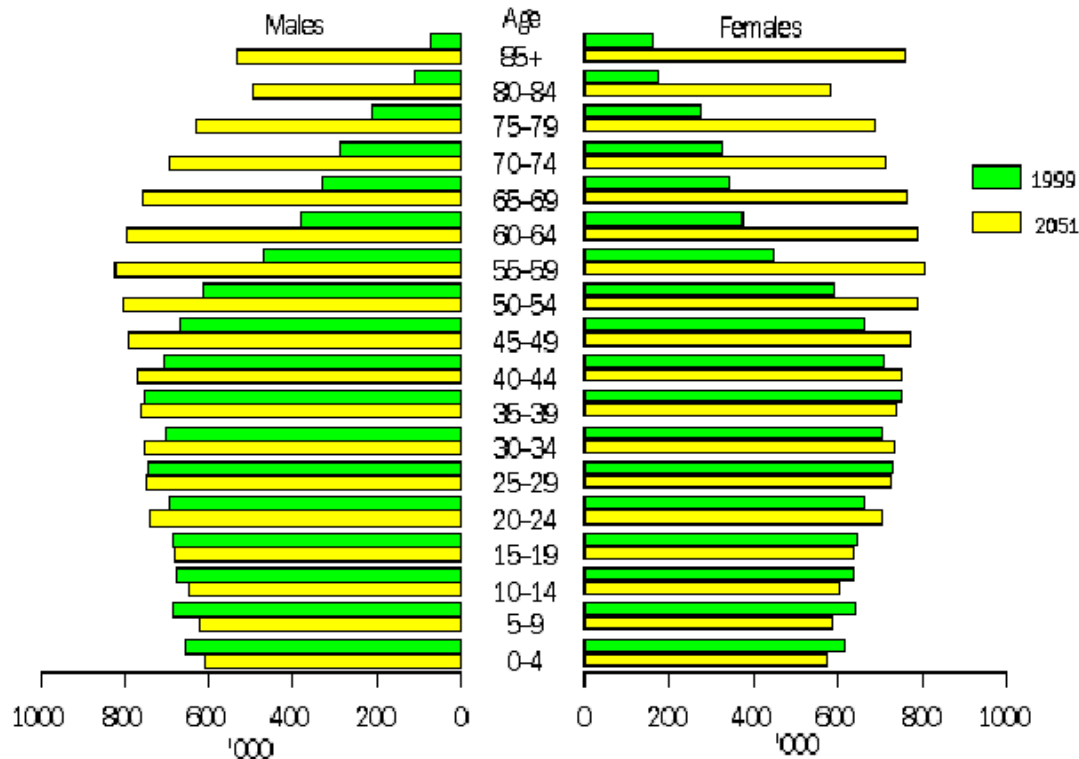
- ✓ Provision of workforce services
- Provision of managed project or contract services
- ✓ Provision of workforce related consulting services
- ✓ Provision of workforce related technology solutions

Other

- ✓ Strong earnings potential
- ✓ Solid leadership position in Industry
- ✓ Business model similar to SKILLED
- ✓ Infrastructure which SKILLED can learn from

There are significant opportunities to achieve synergies across operations and technology

Australia's Ageing Population 1999 - 2051



- Dramatic increase in those over age of 65 in coming years
- 80% of healthcare used in the last 2 years of life
- Nursing workforce is on average 46 years of age, will be 50 by 2011
- Treasury estimates require increase of 50% in funding of hospitals and health care facilities

Origin Healthcare – Current Performance

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- Origin Healthcare was acquired on the basis of:
 - Compatibility with our core business
 - Sound business fundamentals
 - Leadership position in a growth industry
- Initial performance has been disappointing
 - Sales and earnings below expectations
 - Ongoing changes to industry structure
 - Continual challenge to source nursing resources
- What are we doing:
 - Strengthening management team
 - Reviewing and refining our value proposition to both clients and nurses
 - Pursuing strategic client relationships
 - Re-invigoration of nurses recruitment strategy
- We are committed to and confident about the future of Origin Healthcare and the impact it will have on our future earnings base

The Future

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- We've achieved a lot in the past 12 months..... but there is still much to do
- All of this is geared toward building a platform for future sustainable growth and delivering superior rewards for shareholders

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Chairman

Resolution 1

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"That the Financial Statements and the Reports of the Directors and of the Auditors in respect of the year ended 30 June 2004 be received."

Resolution 2

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"That Mr F.J.Hargrave AO, having retired in accordance with Article 60 of the Company's Constitution, be re-elected as a Director."

Resolution 3

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"That Mr K.W.Hughes, having retired in accordance with Article 60 of the Company's Constitution, be re-elected as a Director."

Resolution 4

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"That Mr R.K.Biddle who was appointed as a Director since the last Annual General Meeting, having retired in accordance with Article 59 of the Company's Constitution, be elected as a Director."

Resolution 5

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"That Mr R.N.Herbert who was appointed as a Director since the last Annual General Meeting, having retired in accordance with Article 59 of the Company's Constitution, be elected as a Director."

Resolution 6

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“That the maximum aggregate amount of fees payable to Directors be increased by \$200,000 to \$600,000 per year”.

Resolution 7

“That, effective at the close of the Meeting, the Constitution contained in the document submitted to this Meeting and signed by the Chairman for the purpose of identification be approved and adopted as the Constitution of the Company in substitution for the existing Constitution of the Company”.

Resolution 8

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“That the name of the Company be changed to Skilled Group Limited, with effect from a date determined by the Board, being no later than 1 March 2005”.

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