

2004/05 Full Year Review of Financial Results & Trading Performance

24 August 2005

safety • knowledge • integrity • leadership • production
people • risk management • specialist skills • safety
productivity • innovation • delivery • people • risk
leadership • productivity • innovation • delivery
specialist skills • safety • knowledge • integrity
delivery • people • risk management • specialist

Financial Highlights

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- Sales revenue increased 13% to \$833.6m
- Reported NPAT (including profit from divestments) up 48% to \$24.3m
- Reported EPS of 25 cents per share
- NPAT (excluding profit from divestments) \$13.3m
- Core Business – Managed Labour Services – Sales Revenue up 27.4% to \$779.3m
- Core Business – Managed Labour Services – EBITDA up 25.3% to \$33.1m
- Net Debt reduced to \$25m from \$55m June 2004
- Final dividend 10 cents per share – Annual dividend 16 cents per share fully franked

Total Company – Headline Results

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	Trading	Profit from Divestments	FY 2004/05 A\$m	FY 2003/04 A\$m	Change
Sales A\$m	833.6m		833.6m	736.1m	+13%
EBITDA A\$m	34.9m	13.7m	48.6m	36.4m	+34%
EBITDA %	4.2%		5.8%	4.9%	
EBIT A\$m	23.3m	12.7m	36.0m	25.8m	+39%
EBIT %	2.8%		4.3%	3.5%	
Net Profit after Tax A\$m	13.3m	11.0m	24.3m	16.4m	+48%

Strategic Achievements

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- Focus on core competency in staffing services sector
- Exit non-core businesses
- Divested non-core businesses - Communications, Power and Yallourn Mechanical Workshops
- Acquisitions in the staffing services sector
 - Medistaff January 2005 complements Origin Healthcare
 - Extraman – July 2005 – complements SKILLED brand
- Major restructure of business portfolio complete
- Increased depth and strength of management
- Key appointments– Chief Operating Officer, Chief Marketing Officer, Chief Human Resources Officer

Changes to Business Portfolio

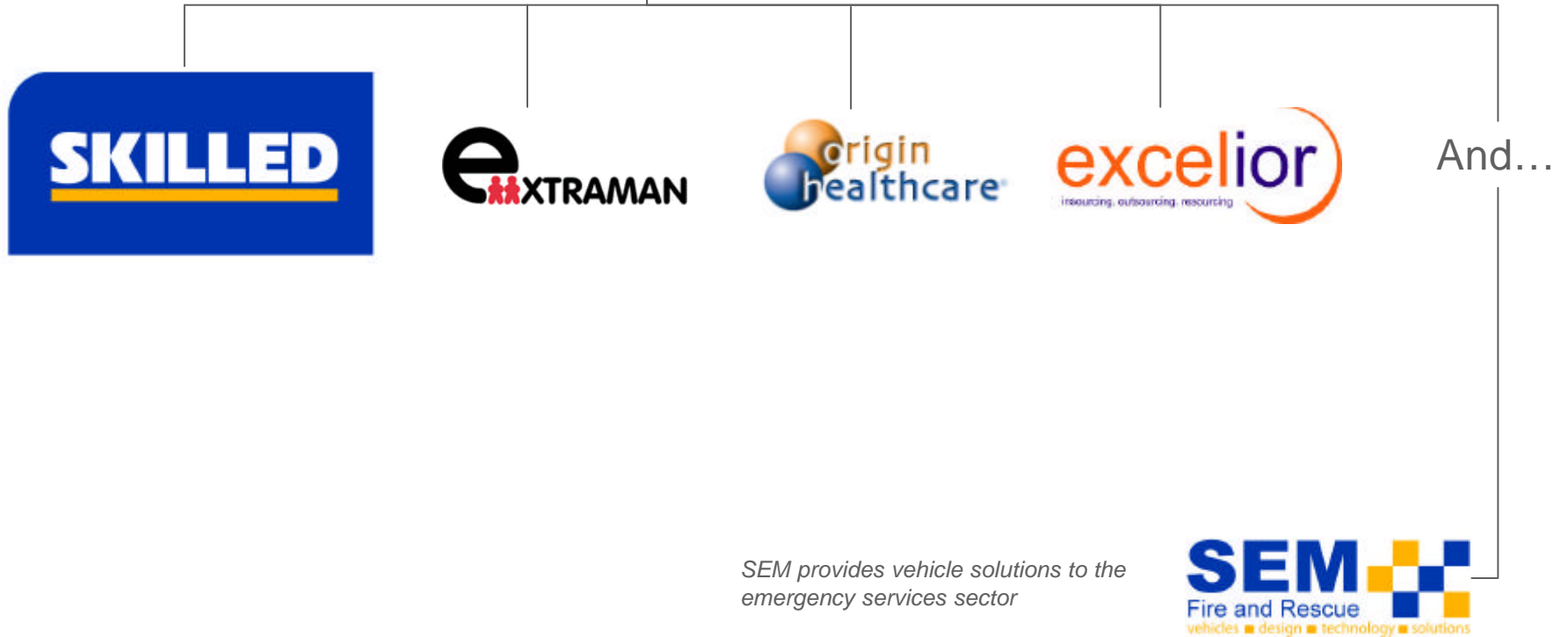
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	2004/05	2003/04	Comments
Managed Labour Services			
Workforce Services (SKILLED brand)	12 months	12 months	
Excelior	12 months	12 months	
Origin Healthcare	12 months	4.5 months	Acquired February 2004
Medistaff (part of Origin Healthcare)	6 months	0 months	Acquired January 2005
Extraman	0 months	0 months	Acquired July 2005
Infrastructure Services			
Communications	4 months	12 months	Divested October 2004
Power	3 months	12 months	Divested September 2004
Yallourn Mechanical Workshops	5 months	12 months	Divested November 2004
SEM Fire and Rescue	12 months	12 months	

Group Structure - Current

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SKILLED Group



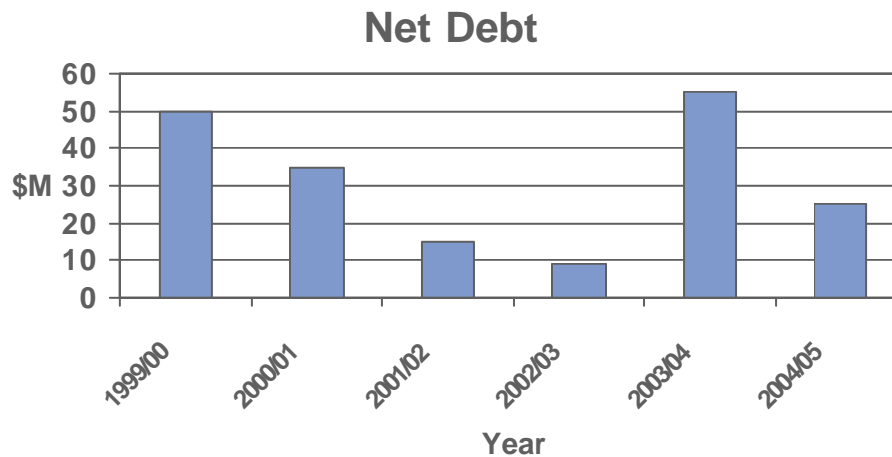
SEM provides vehicle solutions to the emergency services sector



Balance Sheet

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- Strong balance sheet provides capacity for future growth
- Net debt down to \$25m from \$55m

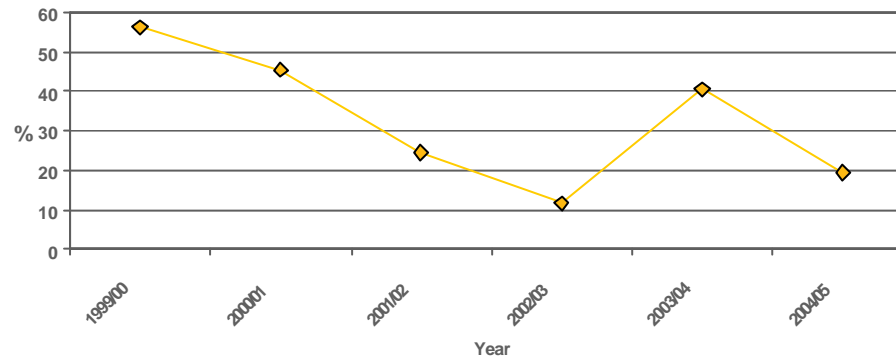


Balance Sheet

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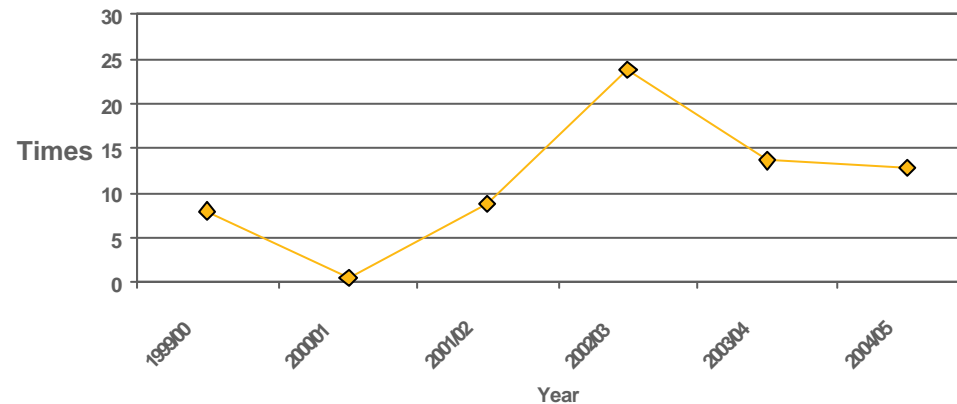
- Gearing (net debt : net debt + equity) of 19.7% compared to 40.6% at 30 June 2004

Gearing



- Interest cover 12.6 times (12 months rolling)

Interest Cover

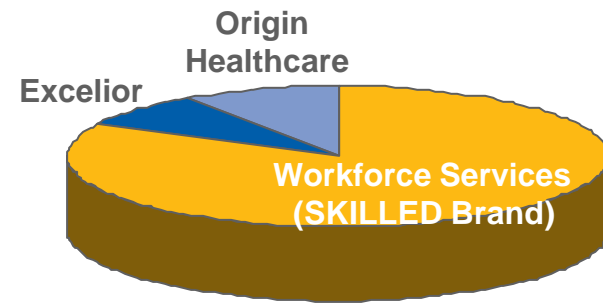


Business Review

Core Business – Managed Labour Services

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	FY 2004/05 A\$m	FY 2003/04 A\$m	Change
SALES			
Workforce Services (SKILLED Brand)	644.9m	541.3m	+19.1%
Excelior	62.4m	46.1m	+35.2%
Origin Healthcare	73.8m	24.7m	n/a
Eliminations	-1.7m	-0.2m	
Total Sales	779.3m	611.9m	+27.4%



Business Review – Managed Labour Services

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	FY 2004/05 A\$m	FY 2003/04 A\$m	Change
EBITDA	33.1m	26.4m	+25.3%
EBITDA %	4.3%	4.3%	
Depreciation & Amortisation	-10.8m	-6.7m	
EBIT	22.3m	19.7m	+13.1%
EBIT %	2.9%	3.2%	

Managed Labour Services

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SKILLED – (Workforce Services)

The logo for SKILLED, featuring the word "SKILLED" in a bold, blue, sans-serif font. A thick yellow horizontal line is positioned directly beneath the letters "I", "L", "L", and "E".

- Sales revenue up 19.1% to \$644.9m
- Strong growth across the board but particularly in mining & resources, automotive and primary manufacturing
- Industrial economy strong
- Continuing business investment

- Focus on
 - Continued improvement of OH&S
 - Improving appeal as an employer of choice
 - Higher margin value added and skills-based business

The logo for SKILLED Group, featuring the word "SKILLED" in a bold, blue, sans-serif font with a thick yellow horizontal line underneath. To the right of "SKILLED", the word "Group" is written in a smaller, grey, sans-serif font. The entire logo is flanked by two solid yellow rectangular bars.

Managed Labour Services

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Excelior (formerly Customer Contact Services)



- Sales revenue up 35.2% to \$62.4m
- Growth within existing customer base strong
- Telstra Traineeship Program
- Temporary Labour and Permanent Recruitment up 40%
- New identity – Excelior branding – re-positioning of business
 - “*Excellence in insourcing outsourcing & resourcing*”

Managed Labour Services

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Origin Healthcare



- Sales Revenue \$73.8m – first full 12 month contribution
- Current performance below pre-acquisition expectations
- Strategically sound – solid long term growth opportunity
- Operational and management re-structure – including new CEO
- Focus on new sectors – Aged Care
- Medistaff Nursing Agency - acquired in Jan 2005 - specialists in provision of clinical nurses with operations in Vic, NSW and QLD

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Extraman



- Acquired July 2005 for an estimated price of \$20m inclusive of debt
- Price based on earn out arrangement of EBIT 2005, 2006, 2007 (? historical, ? future)
- 2005 revenue approximately \$70m, EBIT approximately \$4.5m
- Key exposure to mining and resources sector –significant addition to our existing capability in mining and resources
- Extraman is a successful business – will remain separate brand for now

Business Review

Non-core – Infrastructure Services

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	FY 2004/05 A\$m	FY 2003/04 A\$m	Change
Sales	54.8m	126.1m	-56.5%
EBITDA	1.8m	9.9m	-81.9%
EBITDA %	3.3%	7.9%	
EBIT	1.0m	6.1m	-84.3%
EBIT %	1.8%	4.8%	

- Major divestment program now complete
- Retained SEM Fire and Rescue

Growth Strategies – Staffing Services

Organic Growth

Through *current* brands

- Improving penetration of existing markets / increasing share of customer wallet
- Increasing margins
- Developing deeper value solutions

Through *new* brands

- New business development in new vertical markets / customer segments

Acquisitions & Alliances

Acquisitions

- Aligned to current vertical markets / customer segments
- Aligned to core business in new vertical markets / customer segments

Strategic Alliances

- In related vertical markets to support current customers eg:
 - Managed vendor
 - Training providers
 - Technology partners

IFRS Impact

- FY06 P&L impact
 - cessation of goodwill amortisation - \$2.7m cost in 2004/005
- FY06 Balance sheet impact
 - –Trademarks and Brand Names - write off \$5.1m

Guidance – FY 2005-06

Sales Revenue Up 15% from \$833.6m

Trading EBITDA Up 15%-20% from \$34.9m

Forecast Depreciation and Amortisation \$9m