

SKILLED ENGINEERING LIMITED

ABN 66 005 585 811

FINANCIAL REPORT FOR THE HALF YEAR ENDED

31ST DECEMBER 2002

DIRECTORS' REPORT

The Directors of Skilled Engineering Limited (the "Company") submit herewith the financial report for the half year ended 31 December 2002. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:-

Directors

The names of the Directors of the Company during or since the end of the half year are:

Kenneth V Loughnan AO, *Dip.Acc., FCPA, FAICD, FAIM, non-executive Chairman, age 56.*

Mr Loughnan joined the Board of Skilled Engineering as Chairman in May 1994. He is Chairman of the Risk and Compliance Committee and a member of the Remuneration Committee and IT Committee.

Francis J Hargrave AO, *FAIM, FAICD, Managing Director, age 63.*

Mr Hargrave established Skilled Engineering in 1964, and has guided the Company to its present stage of development. He is a member of the Remuneration Committee.

Robert J Gartside, *B.Juris., LL.B., non-executive Director, age 50.*

Mr Gartside is a commercial Lawyer. He joined the Board of Directors in 1994. He is chairman of the Remuneration Committee and a member of the Risk and Compliance Committee and IT Committee.

Kerry W Hughes, *Executive Director and Regional Manager, age 58.*

Mr Hughes is the Regional Manager responsible for Western Australia, Northern Territory and South Australia. Mr Hughes was appointed a member of the Board in 1994.

Terry B Janes, *B Comm, CPA, CTP., Executive Director and Chief Financial Officer, age 49.*

Mr Janes joined the company in June 1998 as Chief Financial Officer and was appointed to the Board in July 1998. He is a member of the Risk and Compliance Committee and IT Committee.

Bryan J Kelly, *BE (Hons), FIE Aust, CP Eng, non-executive Director, age 65.*

Mr Kelly is a Civil Engineer with 32 years construction experience. He was appointed to the Board of Directors in 1994. Mr Kelly is Chairman of the IT Committee and a member of the Remuneration Committee and Risk and Compliance Committee.

The above named Directors held office during and since the end of the half year.

Review of Operations

See attached Report to Shareholders.

Rounding of Amounts

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10th July 1998, and in accordance with that Class Order, amounts in this Directors' Report and the financial report have been rounded to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'K.V. Loughnan', with a long horizontal stroke extending to the right.

K.V. Loughnan AO
Chairman

A handwritten signature in black ink, appearing to read 'T.B. Janes', with a large, stylized initial 'J'.

T.B. Janes
Executive Director and Chief Financial Officer

Melbourne, 18 February 2003

INDEPENDENT REVIEW REPORT TO THE MEMBERS
OF SKILLED ENGINEERING LIMITED

Scope

We have reviewed the attached financial report of Skilled Engineering Limited in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules, including the directors' declaration, for the half-year ended 31 December 2002, but excluding the following sections:

- a) material factors affecting the revenues and expenses of the consolidated entity for the current period (page 15); and
- b) compliance statement (page 17).

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, statutory requirements and ASX Listing Rules as they relate to Appendix 4B, 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 meet its obligations to lodge the financial report with the Australian Securities and Investments Commission and the ASX.

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 Engineering 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 2002 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 and ASX Listing Rules as they relate to Appendix 4B.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

D. A. Watson

D A WATSON

Partner

Chartered Accountants

Melbourne, 18 February 2003

SKILLED ENGINEERING LIMITED

**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31ST DECEMBER 2002**

The directors declare that:

- a) The attached financial statements in the form of Appendix 4B of the Australian Stock Exchange Listing Rules complies with accounting standards;
- b) The attached financial statements gives a true and fair view of the financial position and performance of the consolidated entity;
- c) In the directors' opinion, the attached financial statements is 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



K.V. Loughnan AO
Chairman



T.B. Janes
Executive Director and Chief Financial Officer

MELBOURNE, 18 February 2003