

COMPANY POLICY

BUYING AND SELLING OF SKILLED SHARES BY COMPANY DIRECTORS, EXECUTIVES & STAFF

Background

Section 1002 of the Corporations Law provides for severe penalties for insider trading, and as employees and officers of SKILLED, it is we who are most likely to be aware of inside information. It is therefore incumbent upon us to ensure that we do not inadvertently break the rules.

Maximum penalties for an individual are \$200,000 or 5 years imprisonment, or both, or \$1.0 million for a company. Profits made in respect to the share trading activities also have to be paid back.

The Listing Rules of the Australian Stock Exchange (ASX) require that the Company immediately inform the market (by announcement to the ASX) of any information which a reasonable person would believe would have a material effect on the share price. The purpose of this is to ensure that the investment market is fully informed – creates a “level playing field”. The Board has issued a Policy “Disclosures to the Investment Community” to address this requirement.

“Inside Information” can be defined as information that is not generally available but if it was, would be expected by a reasonable person to materially affect the price of the shares.

A “reasonable person” would expect information to have a material effect on the price or value of share if the information would be likely to:

- influence a person who commonly invests
- in deciding whether or not to buy or sell the shares

Examples of inside information are profit projections, knowledge of large contracts won or lost, knowledge of a merger or takeover or sale, and knowledge of a significant change in senior management personnel. The offence is to use inside information to trade or cause others to trade. Causing others to trade means to incite, induce, encourage, or tip off.

The other defacto penalty, which is imposed by the market on the Company (and therefore on all other shareholders), is that the reputation of the Company is adversely affected. Fewer investors are likely to invest because they perceive that any potential gain will be pre-empted by further insider trading. They no longer believe they are investing on a “level playing field”, and are likely to hold the view that the company’s corporate governance procedures and compliance are weak and will therefore invest their money elsewhere. This will be to the long term detriment of SKILLED and all its shareholders.

Policy

In response to the above, the Company has developed the following Policy. For the purpose of this Policy, Officers includes members of the Executive Committee, Business Unit managers and senior National managers.

- The Board recognises that it is the individual responsibility of each Director, Officer and employee to ensure that they comply with the spirit and the letter of the law of the insider trading laws.
- Directors, Officers and employees are prohibited from buying, selling or otherwise trading in the Company’s shares if they possess material price sensitive information which is not yet public.

- Directors & Officers are not to buy & sell Company securities in the six week period before the Company results announcements and on the day of such announcements.

Further safety is provided by being a long term investor in SKILLED shares, rather than a short term trader.

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