

Annual General Meeting



Melbourne Town Hall
October 28, 2003

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Annual General Meeting



Ken V Loughnan AO
Chairman

2002/03 A Record Year

Summary of Performance

Sales	\$654.5m (+13%)
EBIT	\$24.9 (+49%)
EBIT Margin	3.8% (up from 2.9%)
Net Profit After Tax	16.1m (+57%)
EPS	18.3c (+50%)
Dividend	15.5c fully franked (+55%)

Excluding Abnormals

2002/03	2001/02
\$654.5m	\$580.6m
\$23.6m	\$17.6m
3.6%	3.0%
\$14.8m	\$10.9m
16.8c	12.9c
15.5c	10c

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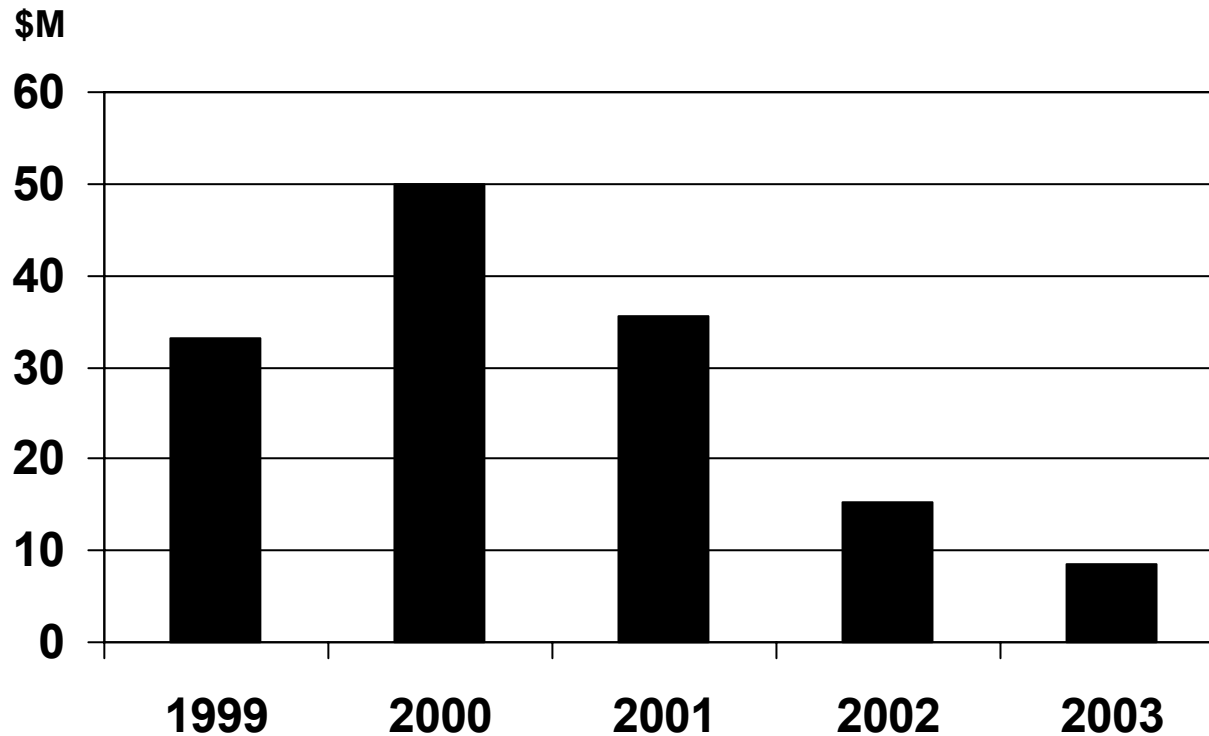
2002/03 Full Year Summary of Financial Position

- Balance Sheet further strengthened
- Net debt of \$8.6 million compared to \$15.2 million at 30 June 2002 and \$22.1 million at 31 December 2002
- Gearing (debt/debt + equity) of 12%
- Interest cover (EBIT/net interest expense) was 24 times
- Strong operating cash flow

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2002/03 Full Year Summary of Financial Position



■ Net Debt



2002/03 Full Year Summary of Financial Position

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Corporate Governance

- Has become a topical issue
- Principles of Good Corporate Governance & Best Practice Guidelines issued by ASX Corporate Governance Council
- Philosophy of Skilled Board
- Formation of Corporate Governance sub-committee
- Compliance status
- Board structure
- Website (www.skilled.com.au)

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Outlook

- Expect earnings to continue to grow in 2003/04
- Self Insurance of Workers Compensation in SA effective 1 August 2003
- Favorable court decision = +\$2.5m profit effect
- Telstra Access Network Contract

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Frank J Hargrave AO
Managing Director



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Gregory Hargrave
Chief Executive Officer

Corporate Structure Divisional Analysis

Managed Labour Services

Workforce Services

- Supplementary Labour
- Maintenance Services
- Project Services
- Training and Apprenticeships
- Maritime Services

Customer Contact Services

Infrastructure Services

Communications and Power

- Yallourn Mechanical Workshops
- Skilled Equipment Manufacturing



Managed Labour Services

Excludes effect of sale of surplus maritime assets:

		Full Year 2002/03	Full Year 2001/02	% Change
Sales	A\$000s	515,361	449,361	+15%
EBIT	A\$000s	16,088	10,216	+57%
EBIT %		3.1%	2.3%	35%



Managed Labour Services

Increase sales by:

- Developing a differentiated value proposition
- Focus on quality clients
- Development of value added propositions for clients.

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Managed Labour Services Strategy

Improve EBIT margin by:

- Pursuit of higher margin/value-added business opportunities
- Leveraging of existing infrastructure costs
- Continuous improvement to OH&S performance and reduction of workers compensation costs
- Improved productivity from IT initiatives
- Continued close management of cost base.

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Customer Contact Services

- Call centre based business
- Currently small but considered to be a source of strategic growth

Strategy to grow the business:

- Further develop our telemarketing capability
- Leverage our niche capabilities in training and multilingual services
- Increase brand recognition.

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Infrastructure Services

		Full Year 2002/03	Full Year 2001/02	% Change
Sales	A\$000s	140,800	133,116	+6%
EBIT	A\$000s	7,519	6,447	+17%
EBIT %		5.4%	4.8%	

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Infrastructure Services

The Year in Review

- Successfully integrated the Communications and Power businesses to form a diversified network infrastructure service provider
- Developed and implemented new IT capability to leverage current and extended business activities
- Achieved Telstra accreditation to provide core network services
- Grown non-Telstra communications activities by 50%
- Grown Power activities by 12%



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Resolution 1

“That the Financial Statements and the Reports of the Directors and of the Auditors in respect of the year ended 30 June 2003 be received.”

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Resolution 2

“That Mr R.J. Gartside, having retired in accordance with Article 60 of the Company’s Constitution, be re-elected as a Director”.

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Resolution 3

“That Mr T.B. Janes, having retired in accordance with Article 60 of the Company’s Constitution, be re-elected as a Director”.

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Resolution 4

“That Mr G.M. Hargrave, 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”.

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Resolution 5

“That the definition of C included in Rule 5 of the Skilled Engineering Limited Dividend Reinvestment Plan Rules be amended so as to read as follows:

C is an amount determined by the Directors in their discretion in respect of each eligible dividend, being an amount which is between 90% and 100% of the weighted average market price for fully paid ordinary shares in the capital of Skilled sold on the Australian Stock Exchange during the 5 trading days immediately following the books closing date in relation to the eligible dividend to which the allotment under the DRP relates (adjusted in such manner as the Directors consider appropriate to preserve equity between participants and non-participants in the DRP, for the dividend, any bonus issue, rights issue or other distribution in which the shares to be issued will not participate and any other relevant fact, matter or thing) except that the minimum price for shares will be the par value.”

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