
ASX ANNOUNCEMENT

25 October 2010

SKILLED Group appoints Chief Executive Officer

The Chairman of SKILLED Group, Mr Ken Loughnan AO, announced today the appointment of Mr Michael (Mick) McMahon as Chief Executive Officer of SKILLED Group.

The SKILLED Board appointed Mr McMahon after conducting an extensive search for a candidate with the appropriate skills and experience in successfully growing businesses and improving profitability.

Mr McMahon has had a long and successful career both in Australia and overseas. He was Chief Operating Officer Coles from 2007 to 2009, successfully leading the team of over 100,000 employees through the ownership change to Wesfarmers, stabilising the business and beginning the process of improving performance under Wesfarmers control. Mr McMahon was also Managing Director of Coles Express from 2005 to 2009 where he successfully integrated the acquired Shell businesses, repositioned the convenience store proposition to meet changing customer needs, delivering five consecutive years of strong sales, margin and EBIT growth.

Prior to joining the Coles Group in 2005, Mr McMahon held senior roles with Shell International based in London as: Vice President of Retail Marketing for Shell's global retail business operating across 105 countries; Director of Shell UK Oil Products where he turned around the business delivering strong sales and profitability growth in a very competitive environment; and General Manager of Marketing, Strategy and Portfolio for Shell Europe Oil Products. In his 19 year career with Shell Mick also gained extensive experience in Australia across national retail, marketing, supply chain and strategy roles.

Mr Loughnan said that the Board was pleased to appoint a candidate who had the combination of strong personal attributes and highly relevant experience needed to do the job. "Mick has an outstanding record of successfully growing businesses and driving profitability. He is a well regarded executive known for his business acumen and strategic thinking ability."

"This appointment is an important step in positioning the company for the next phase of its growth. I am very confident that Mick will successfully lead the company in delivering increased returns for shareholders and realising the potential for future growth," Mr Loughnan said.

Mr McMahon said "I am delighted to be joining a business with the potential of SKILLED and I look forward to building on the strengths of the business to provide a great service to our customers and improve value for our shareholders".

Mr McMahon is currently a Senior Advisor with TPG Capital engaging on current and potential investments in the energy, retail, and industrial sectors both in Australia and overseas.

Mr McMahon will take up his role at SKILLED on Monday, 15 November 2010, as soon as he has concluded his obligations with TPG Capital.

A summary of Mr McMahon's experience and terms of employment is attached.

Resignation of Mr Greg Hargrave

As announced in April 2010, Mr Greg Hargrave will resign as Chief Executive Officer and Managing Director of SKILLED following the commencement of the new Chief Executive Officer.

“Greg has been part of the SKILLED business over the past ten years. His leadership, passion and commitment to SKILLED have been inspiring. On behalf of the Board, management and all your colleagues at SKILLED, we thank you,” Mr Loughnan said.

Reflecting on his time at SKILLED, Mr Hargrave said, “I am very proud of my family’s involvement in SKILLED, from my father’s founding of the company 46 years ago to my own contribution to more than three-fold growth in the company over the past ten years. This certainly would not have been possible without the support of the Board, my management team and all SKILLED staff.

“As the outgoing CEO, I believe that we have a solid platform and the right people in place. I am extremely confident that under Mick’s leadership, SKILLED has a strong and positive future. As a shareholder, I know that there is great value in my shareholding going forward.”

It is planned that we will have access to Mr Hargrave’s knowledge and expertise for at least the next twelve months. The terms of this arrangement will be announced as soon as they are finalised.

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About SKILLED Group

SKILLED Group Limited is Australia and New Zealand’s leading provider of labour hire and workforce services. SKILLED Group has over 160 offices across Australasia with annualised revenues around A\$1.9 billion. SKILLED partners with clients to improve their workforce efficiency and increase their productivity levels and provides staffing services to the industrial, healthcare and contact service centre sectors. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,200 shareholders, predominantly in Australia.

Summary of experience:

Mr Michael McMahon, Chief Executive Officer, SKILLED Group

2009 - present **TPG CAPITAL**, Senior Adviser

2005 – 2009

COLES GROUP

2007 - 2009

Chief Operating Officer (Supermarkets, Liquor, Express)

2005 - 2007

Managing Director, Coles Express

1986 - 2005

SHELL GROUP

2003 - 2005

General Manager, Retail Marketing, Strategy and Portfolio, Shell Europe Oil Products, London

2002 - 2003

Retail Director and Senior Oil Products Representative, Shell UK and Ireland, London

1999 - 2001

Vice President Retail Marketing, Shell Retail international London

1997 - 1999

Retail General Manager / Marketing Manager, Shell Australia, Melbourne

1986 - 1997

Various management roles, Shell Australia, Melbourne

Mr McMahon holds a Bachelor of Economics degree from the University of Tasmania and completed the Harvard Business School Advanced Management Program in 2009.

Mr McMahon is Chairman of Red Rock Leisure Pty Ltd a private tourism and hospitality business with operations including the iconic Tramcar Restaurant and Eureka Tower Skydeck in Melbourne, Fraser's Restaurant and The Old Swan Brewery in Perth, and the PJ O'Brien's chain of hotels.

**Summary terms of employment:
Mr Michael McMahon, Chief Executive Officer, SKILLED Group**

The material terms of employment are summarised below:

1. Fixed Remuneration

Mr McMahon will be paid fixed annual remuneration of \$995,000, which includes salary, superannuation and other non cash benefits.

2. Short Term Incentive (STI)

This is an “at risk” component of Mr McMahon’s remuneration. This plan provides for a cash bonus up to a maximum of 50% of fixed annual remuneration payable upon the achievement of specific target measures and up to a maximum of 100% upon the achievement of stretch targets. The performance measures will be set by the Board on an annual basis. In relation to the 2011 financial year, Mr McMahon is entitled to participate in the Company’s short-term incentive plan on a pro rata basis.

3. Long Term Incentive (LTI)

This is a further “at risk” component of Mr McMahon’s remuneration. Subject to obtaining shareholder approval at the Company’s 2011 Annual General Meeting, a grant of options over shares under the SKILLED Executive Long Term Incentive Plan will be made, offering options with a value equal to 100% of fixed annual remuneration.

Year 1: 2010 LTI grant

The options will only vest and therefore become exercisable upon achievement of two separate performance conditions:

1. Earnings per Share (EPS)

Based on the company’s EPS growth over the period 1 July 2010 to 30 June 2013 using reported EPS for the year ended 30 June 2010 as the base, the options will vest as follows:

| Annual % EPS growth | % options vested |
|----------------------------|-------------------------|
| <40% | 0% |
| 40% | 25% |
| 50% | 50% |
| 65% | 100% |

Pro-rata allocation for EPS growth between 40%-50% and 50%-65%

2. Gearing ratio

Over the period 1 July 2011 to 30 June 2013, the company’s debt levels must not exceed 2 times EBITDA.

No amount will be payable by Mr McMahon for the grant of the above options. The exercise price for the options will be the 5 day VWAP for SKILLED shares for the period commencing on (and including) the date of announcement of appointment as Chief Executive Officer. Any vested options may be exercised by Mr McMahon until the sixth anniversary of grant.

Year 2: 2011 LTI grant

In respect of the 2011 LTI grant and beyond, it is the Board’s intention that the applicable performance hurdle should include compound annual growth in SKILLED ’s total shareholder return (TSR) over the relevant performance period.

4. Co-investment scheme

In order to align the Chief Executive Officer's interests with those of shareholders soon after appointment, SKILLED Group will establish the CEO co-investment scheme. Pursuant to this scheme Mr McMahon will purchase up to \$1 million worth of SKILLED shares prior to the finalisation of the notice of 2011 AGM. These shares must be held until 30 September 2013 (with half of those shares to be held until 30 September 2014).

In return for this significant investment in SKILLED Group and subject to shareholder approval at the 2011 AGM, SKILLED will grant Mr McMahon performance rights (each being a right to one SKILLED share). The number of performance rights to be granted will be determined by dividing the amount invested in SKILLED Group shares by the CEO by the 5 day VWAP prior to (and not including) the date of announcement of appointment as Chief Executive Officer. The performance rights will vest upon satisfaction of service based and performance based conditions.

Failure to meet the co-investment conditions, employment conditions or the performance conditions will result in the rights lapsing.

5. Annual review of remuneration

SKILLED Group will review Mr McMahon's remuneration arrangements annually. This review will be effective from 1 July each year.

6. Termination

Mr McMahon must provide 52 weeks notice of resignation. SKILLED Group may terminate the employment of Mr McMahon by giving 52 weeks notice or payment in lieu of notice.

SKILLED Group may also immediately terminate Mr McMahon's employment for cause, such as misconduct. In the event of such termination, Mr McMahon will only be paid the pro-rata fixed annual remuneration and accrued entitlements to the date of termination.