

SKILLED Group Limited
2011 Annual General Meeting

Address by Vickki McFadden, Chairman

Ladies and gentlemen, good morning.

My name is Vickki McFadden and it is my pleasure to welcome you to the 2011 Annual General Meeting of Skilled Group Limited.

Before we commence with the formal business of the meeting, I would like to take this opportunity to introduce your Board.

- On my left is Mick McMahon. Mick was appointed as Chief Executive Officer and Managing Director of Skilled Group in November last year. Mick's background includes 19 years with Shell both in Australia and overseas. Mick also spent four years as Managing Director of the Coles Express alliance between Coles and Shell, and in various senior executive roles with Coles. Prior to joining Skilled Group, Mick worked as a Senior Advisor with TPG Capital.
- Next to Mick is Max Findlay. Max joined the board as a non-executive director in March last year after retiring as Chief Executive Officer at Programmed Maintenance Services. Max is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee.
- Next to Max is Tony Cipa. Tony joined the board as a non-executive director in April this year after retiring from a long career as Finance Director at CSL. Tony is chairman of the Audit & Risk Committee. Today we will be asking shareholders to approve Tony's appointment to the Board.
- And next to Tony is Bob Herbert. Bob is a former chief executive of Australia Industry Group and has extensive industry experience. He has been a non-executive director of Skilled Group for eight years and is chairman of the Remuneration Committee.
- Now moving to your far left is Tracey Horton. Tracey joined the board as a non-executive director in February this year. Tracey has worked in Australia and in the United States as an economist, business analyst and management consultant, including with Bain & Company in San Francisco. Tracey is a member of the Audit & Risk Committee. We will also today be asking shareholders to approve Tracey's appointment to the Board.
- Next to Tracey is Terry Janes, our Chief Financial Officer and an executive director of Skilled Group. Terry has been in these roles at Skilled Group for 13 years, prior to which he was in senior finance roles at BHP.
- And on my right is Tim Paine, Skilled Group's Company Secretary & Group General Counsel.

I also welcome Mr Tom Imbesi who is a Partner of Deloitte Touche Tohmatsu, Skilled Group's auditor.

As a quorum is present I now formally declare Skilled Group's 2011 Annual General Meeting open.

The Notice of Meeting has previously been sent to all shareholders and extra copies are available in the foyer. If there is no objection, I propose to take the Notice of Meeting as read.

Thank you.

Our 2011 Annual Report was recently sent to shareholders and posted on our website. Copies are available at the desk in the foyer should any shareholder wish to refer to it. Also available in the foyer are copies of the minutes of the 2010 Annual General Meeting.

At today's meeting, following my address, I will ask Mick McMahon to speak to you briefly about Skilled Group's progress during the year.

We will then move to the formal resolutions of the meeting, and shareholders will have an opportunity to ask questions in relation to those resolutions.

After the meeting there will be an opportunity to meet with Directors in a more informal atmosphere over some refreshments, and I encourage you to join us in the function room on Level 1 on the other side of the foyer.

On behalf of your Board, I am delighted to report that in this year, my first as your Chairman, SKILLED Group has achieved the key objectives we established. It has been a busy and rewarding year on many levels.

Your company has performed extremely well, and has delivered an increase in revenue of 10.5% to approximately \$1.88 billion; increased underlying EBITDA of \$82.3 million up 19%; and \$26.1 million in underlying net profit after tax, up 36%. This, of course, has been in the midst of the impact of the floods in Queensland and Victoria and the continuing difficult economic conditions.

In November 2010, we appointed Mick McMahon as CEO and under Mick's stewardship, the Company has developed our "Core Plus" strategy to rebuild the Company's core strengths and to position it for future growth and operational excellence.

The first stages of our strategy have been implemented including the strengthening of our balance sheet following the equity raising in February this year, the refinancing of our banking facilities, the appointment of new key senior management and the implementation of the continuing cost reduction programme. I am pleased to report that the Company's Net Debt has been reduced from \$184.4 million to \$96.6 million during the 2011 financial year, taking our gearing down to 19%.

Since the end of the financial year, we have also successfully divested our contact centre business, Excelior, which was acquired by the international services company Serco Group.

As promised when we flagged our intention to sell Excelior earlier this year, the funds from this sale will be used to pay down group debt. The sale does not include our training services business.

I'd now like to speak about our primary corporate value – Safety.

The Board and management are committed to safety as a corporate value. Safety resonates through all our activities.

In 2011, we refreshed our approach to safety through the launch of the Safety Golden Rules. The Rules highlight, in the simplest language, the five key hazards our employees face and the five key defences they must have in place to protect themselves.

We firmly believe that each and every one of our 50,000 plus employees and staff has the right to return home in the same state as they left for work. We will continue to work relentlessly on achieving zero harm throughout SKILLED Group.

Next, I would like to speak about SKILLED Group's commitment to diversity.

We are committed to identifying and removing barriers to diversity within the SKILLED Group, respecting individuals, developing skills and talents, educating members of the Group and holding ourselves accountable.

I am very proud to inform you that within the SKILLED Group, 33% of your Board, 32% of the management team, and 57% of our staff are female – which few listed companies in Australia could match.

We also now employ more than 230 Aboriginal or Torres Strait Islands Australians and have committed to increasing this number.

I turn now to the topic of our board composition and Corporate Governance.

As part of our Board renewal programme, we have welcomed two new independent non-executive directors, who have immediately provided leadership and clarity to the Board based on their previous business experience.

Tracey Horton was appointed as a non-executive director in February 2011, bringing extensive strategy development, performance improvement, business turnaround and leadership experience to the Board. Tracey is based in Perth and brings to us particular knowledge of the Western Australian market, which forms a substantial part of the Group's businesses. Tracey has been Dean of The University of Western Australia Business School and has worked in both the public and private sectors including significant periods at the Reserve Bank of Australia, and at Bain & Company in the United States.

Also, Tony Cipa was appointed as a non-executive director in April 2011 and brings more than 30 years' experience in senior finance, management and leadership roles, most recently as Finance Director of CSL Limited.

For the past 20 years, Tony managed the finance function at CSL as the company grew from a government-owned business to a global market leader in the pharmaceutical sector. He has been appointed Chairman of the Audit & Risk Committee.

Ken Loughnan and Kerry Hughes retired from the Board at the conclusion of the 2010 Annual General Meeting and Peter Gregg resigned in February due to the substantial work and time commitment required for his role as CFO and Director of Leighton Holdings Limited. And, Greg Hargrave, our former CEO, retired as a non-executive director on 31 August 2011.

I would like to thank Ken, Kerry, Peter and Greg for their valuable contribution to the Board over many years.

We are now a Board of seven - five non-executive directors and two executive directors. During the year we conducted a review of board performance which looked at the size, balance of skills and contribution of each of the members of the Board. Based on the conclusions of this review we are happy with the structure and performance of the Board in each of these areas.

Corporate Governance remains a high priority for the Board. Your Board has tasked itself with a wholesale review and enhancement of SKILLED Group's processes, authorities, management and direction.

We have reviewed all the major frameworks, policies and arrangements across the Group and I am satisfied that we have made, and will continue to make, the major changes that the Group requires to achieve performance at the highest level. By way of example, we have undertaken a tender for the Company's audit services, and have adopted and promulgated policies on diversity, a new share trading policy, and have reviewed the Company's constitution.

This leads me to the proposed changes to our constitution.

Your Board has proposed a new constitution for the Company, which will be voted on as part of today's Annual General Meeting.

The Company's existing constitution has not been updated since its adoption at the 2004 Annual General Meeting.

The proposed new constitution is in a relatively standard form for an ASX-listed company and has been approved by the ASX. Most of the proposed amendments are administrative or technical in nature, but there are a few substantive differences between the existing constitution and the proposed constitution, which are summarised in the Notice of Meeting.

The proposed new constitution is compliant with the Corporations Act and the ASX Listing Rules and is consistent with corporate governance principles and the general market practices for ASX-listed companies.

Next, I would like to take the opportunity to mention briefly our 2010/11 dividend.

Given the improvement in the underlying performance of the Group, the Board declared a fully franked final dividend of 3 cents per share.

We believe our strategy is sound, the balance sheet is strong and that our business is well led. We remain optimistic for the continued success of SKILLED Group into the future.

In conclusion, I would like to thank all our staff and in particular our CEO Mick McMahon, for their tireless efforts during this time of change. The result we achieved this year would not have been possible without their focus and dedication on behalf of our shareholders.

In particular I would like to make special mention of Terry Janes, our Chief Financial Officer. Terry has been with SKILLED Group and a member of the Board for more than 13 years. Terry has indicated that he will not stand for re-election at the Annual General Meeting next year given his desire to retire. Given this advanced notice, we will be seeking to appoint a new Chief Financial Officer next year with sufficient time to allow an orderly and seamless transition of the finance role. Although Terry is not leaving us yet, I would like to convey, at this meeting our appreciation of his dedication and contribution to the Company.

I would also like to thank my fellow Board members for their ongoing commitment to the Company and to achieving best practice.

Thank you, ladies and gentlemen.

I now invite our Chief Executive Officer, Mick McMahon, to make some brief comments on Skilled Group's progress during the year.