

# Delivering shareholder value



**SKILLED** Group

Notice of Annual General Meeting 2012

**All correspondence to:**  
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Skilled Group Limited  
ACN 005 585 811  
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Dear Shareholder,

I am pleased to invite you to attend Skilled Group Limited's 2012 Annual General Meeting.

Our 2012 Annual General Meeting will be held at 11.00am on **Thursday 25 October 2012**, at the Conference Centre, State Library of Victoria, Entry 3, La Trobe Street, Melbourne.

Accompanying this letter is the Notice of Meeting which outlines the items of business, and the Proxy Form.

If you are unable to attend the meeting, I encourage you to appoint a proxy to vote on your behalf. You can do this either online at [www.investorvote.com.au](http://www.investorvote.com.au), or by completing the enclosed Proxy Form, which should then be posted in the enclosed Business Reply Paid Envelope to our share registry, Computershare Investor Services Pty Limited, or faxed to (+61 3) 9473 2555, so that it is received by 11.00am on Tuesday 23 October 2012. Further information in relation to appointing a proxy is set out on page 2 of the Notice of Meeting.

If you are attending the meeting and have not lodged your Proxy Form, please bring it with you to facilitate your registration and entry.

A person attending the meeting on behalf of a corporate shareholder will need to bring with them a duly executed "Certificate of Appointment of Representative". This form of certificate may be obtained from Computershare (whose contact details are at the top of this letter).

Shareholders have the opportunity to submit written questions in advance of the meeting. These can be addressed to either the Board or the Auditor. Questions can either be emailed to our Company Secretary ([tpaine@skilled.com.au](mailto:tpaine@skilled.com.au)) or faxed to (+61 3) 8646 6447. We ask that all questions be submitted by close of business on Thursday 18 October 2012. Relevant questions will be addressed at the Annual General Meeting and responses made available after the meeting on the Company's website ([www.skilledgroup.com.au](http://www.skilledgroup.com.au)). We believe this initiative will enhance shareholder access to information about the Company and contribute to the efficient conduct of the meeting.

After the meeting light refreshments will be served, at which time you will have an opportunity to meet Directors and Management in a more informal atmosphere.

I look forward to meeting many of our shareholders at the meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Vicki McFadden", written over a light grey rectangular background.

**Vicki McFadden**  
Chairman

13 September 2012

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of the Company will be held at the Conference Centre, State Library of Victoria, Entry 3, La Trobe Street, Melbourne, Victoria, at 11.00am on **Thursday 25 October 2012**.

## Business to be conducted

### 1. Financial Statements and Reports

To consider the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2012.

### 2. Approval of Dividend Reinvestment Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, in accordance with Rule 14 of the existing SKILLED Group Dividend Reinvestment Plan (**Existing DRP**) and for all other purposes, a new SKILLED Group Dividend Reinvestment Plan, in the form tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be hereby approved and adopted in place of the Existing DRP."

### 3. Adoption of Remuneration Report

To adopt the Remuneration Report for the financial year ended 30 June 2012.

*(Note that the vote on this item is advisory only and does not bind the Directors or the Company.)*

### 4. Approval of the 2012 Grant of Performance Rights to Mr MP McMahon

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, approval be given to the grant of 266,160 performance rights to Mr MP McMahon in respect of Mr McMahon's 2012 grant under the SKILLED Group Executive Long Term Incentive Plan, each performance right being to subscribe for one fully paid ordinary share in the Company on the terms set out in the Explanatory Notes."

### 5. Re-election of Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That **Mr MJ Findlay**, having retired in accordance with Article 46 of the Company's Constitution, be re-elected as a Director."

Dated this 13th day of September 2012.

By Order of the Board



Tim Paine  
Company Secretary

# Notice of Annual General Meeting

## Voting Entitlements

The Board has determined that a shareholder's voting entitlement at the meeting will be taken to be the entitlement of those persons recorded on the register of members as at 7.00pm on Tuesday 23 October 2012.

## Proxies

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint no more than two proxies (who need not be shareholders of the Company) to attend and vote in his or her place.
2. A single proxy exercises all voting rights.
3. A shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's proportion (or number) of voting rights, the rights are deemed to be 50 percent each. Fractions of votes will be disregarded.

## The Proxy Form must be received by 11.00am on Tuesday 23 October 2012, and be lodged:

<b>Online:</b>	<a href="http://www.investorvote.com.au">www.investorvote.com.au</a> (Shareholders using this facility will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the Proxy Form. Shareholders will be taken to have signed the Proxy Form if they have completed the instructions on the website by 11.00am on Tuesday 23 October 2012.)	
<b>By Fax:</b>	Australia	1800 783 447
	Overseas	+61 3 9473 2555
<b>In Person:</b>	Registered Office:	2 Luton Lane, Hawthorn, Victoria, 3122
	Share Registry:	Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067
<b>By Mail:</b>	Registered Office:	2 Luton Lane, Hawthorn, Victoria, 3122
	Share Registry:	Computershare Investor Services Pty Limited GPO Box 242, Melbourne, Victoria, 3001
<b>Intermediary Online:</b>	Custodians who are subscribers to intermediary online may appoint their proxy by visiting <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a>	

## Explanatory Notes

### Item 1 – Financial Statements and Reports

During this item there will be an opportunity for consideration of the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2012.

Shareholders will be provided the opportunity to ask questions and comment on these reports or about the Company generally.

Shareholders also have the right to question the auditors in connection with such matters as the Auditor's Report or the conduct of the audit. Written questions must be submitted no later than 5 business days before the Annual General Meeting and the answers will be available at and after the meeting.

There will be no formal resolution with respect to this Item.

### Item 2 – Approval of Dividend Reinvestment Plan

#### BACKGROUND

The Company's existing dividend reinvestment plan (**Existing DRP**) was introduced in 1994, when the Company listed on the Australian Securities Exchange (**ASX**).

The rules of the Existing DRP (**Existing DRP Rules**) have remained materially unchanged since that time, other than for a variation to Rule 5 of the Existing DRP which was approved by shareholders at the Company's 2003 Annual General Meeting.

There have been a number of changes to the law and developments in general market practice for dividend reinvestment plans since the Existing DRP was first introduced. To ensure that the Company's dividend reinvestment plan is consistent and up-to-date with current law and practice, the Board proposes to replace the Existing DRP with a new dividend reinvestment plan (**New DRP**) which reflects these changes and developments.

**Shareholders should note that the operation of the Company's Existing DRP is currently suspended. Irrespective of whether the New DRP is adopted by shareholders at the 2012 Annual General Meeting, the Company's dividend reinvestment plan will remain suspended until further notice.**

#### REQUIREMENT FOR APPROVAL

Rule 14 of the Existing DRP provides that a variation to the Existing DRP must be approved by the Company's shareholders in general meeting, unless the Directors are satisfied that the variation:

- (i) corrects a manifest error or an error of a minor nature;
- (ii) is of a formal or technical nature only; and
- (iii) does not materially prejudice the interests of participants in the Existing DRP.

The rules of the New DRP (**New DRP Rules**) are in a relatively standard form for an ASX listed company. Whilst most of the changes are minor or technical in nature, there are some substantive differences between the Existing DRP Rules and the New DRP Rules, which are summarised below.

Therefore, in accordance with Rule 14 of the Existing DRP, shareholder approval is being sought to approve the New DRP in place of the Existing DRP.

#### ASX LISTING RULES

Shareholder approval of the New DRP is not required under the ASX Listing Rules (**Listing Rules**). However, the following Listing Rules are relevant to any issue of securities under a dividend reinvestment plan:

##### Listing Rule 7.1

Under Listing Rule 7.1, unless an exception applies, a company must not issue (or agree to issue) equity securities exceeding 15% of its issued capital in any rolling 12 month period, without shareholder approval (**15% Placement Capacity**).

Pursuant to Exception 7 of Listing Rule 7.2, an issue of shares under a dividend or distribution plan (excluding an issue to the plan's underwriters) is exempt from the requirements of Listing Rule 7.1 and is not counted in determining a company's 15% Placement Capacity.

##### Listing Rule 10.11

Under Listing Rule 10.11, unless an exception applies, a company must not issue (or agree to issue) equity securities to any related party of the company (which includes a director of the company) without shareholder approval.

Pursuant to Exception 3 of Listing Rule 10.12, an issue of shares under a dividend or distribution plan to a related party is exempt from the requirements of Listing Rule 10.11.

# Notice of Annual General Meeting

Exception 7 of Listing Rule 7.2 and Exception 3 of Listing Rule 10.12 are only available where the dividend or distribution plan does not impose a limit on participation. The New DRP Rules do not impose a limit on participation, but reserve the right of the Board to impose such a limit at any time by written notice to shareholders.

## SUMMARY OF NEW DRP RULES

Set out below is a summary of the key terms of the New DRP Rules:

### Participation in the New DRP

- Shareholders with a registered address in Australia may participate in the New DRP. The Board may also determine that shareholders in other jurisdictions are eligible to participate in the New DRP.
- Participation in the New DRP is optional.
- Participation in the New DRP is not transferable.
- The Board may, at its discretion, refuse to accept, or reduce or suspend, any shareholder's participation in the New DRP or decline to issue or transfer any shares to that shareholder under the New DRP.
- The Board may, at any time and by written notice, limit participation in the New DRP by limiting the amount of the dividend which may be reinvested under the New DRP.

### Notice of Participation

- Participation in the New DRP requires the lodgement of a Notice of Participation with the Company. The Notice must specify the extent of participation sought. Participation may be full (i.e. in respect of all of the shareholder's shares, including any issued or transferred under the New DRP) or partial.
- If a Notice of Participation does not clearly indicate the level of participation in the New DRP, the application will be deemed to be for full participation.
- A shareholder's participation in the New DRP will commence from the record date for the Company's next dividend as specified by the Board (**Record Date**) following receipt of a duly completed and executed Notice of Participation.

### Operation of the New DRP

- By participating in the New DRP, dividends payable will be applied by the Company on behalf of shareholders to subscribe for or acquire additional shares in the Company.
- The Board, in its absolute discretion, will determine whether to issue new shares or to cause the transfer of issued shares to a shareholder (or a combination of both) to satisfy its obligations under the New DRP.
- The Company is required to establish a Plan Account for each shareholder participating in the New DRP. Each time a dividend is payable into that account in respect of shares participating in the New DRP (**DRP Shares**), the Company is entitled to debit the cost of the shares to be issued or transferred under the New DRP and any other amount the Company is entitled to retain in respect of the dividend. Any balance then remaining is carried forward as a credit balance (without interest).
- Shares will be transferred or issued under the New DRP at a price which is the arithmetic average of the daily volume weighted average market price (VWAP) of all of the Company's shares sold in the ordinary course of trading on ASX during the five trading day period immediately following the Record Date, or such other period as the Board determines. This price may be discounted by up to 10% if the Board determines. Notice of the actual percentage discount will be given to shareholders prior to the relevant Record Date.
- When a dividend is payable on DRP Shares, the number of shares to be issued or transferred on the shareholder's Plan Account in substitution for the dividend is the maximum whole number of additional shares which may be acquired under the New DRP by dividing the amount standing to the credit of the relevant Plan Account by the price determined in accordance with the above formula and rounding the resulting number down to the nearest whole number.

### Shares issued or transferred under the New DRP

- Shares issued under the New DRP will rank equally in all respects with existing shares.
- Shares issued or transferred under the New DRP will be issued or transferred on, or as soon as practicable after, the relevant dividend payment date.
- The Company will apply for the shares issued under the New DRP to be listed on ASX (or any other official exchange) as soon as practicable after the date of issue.
- A holding statement showing the total number of shares issued or transferred under the New DRP will be despatched to shareholders as soon as practicable after the issue or transfer.
- The Company will send to each shareholder a Plan Statement for the New DRP on or as soon as practicable after each dividend payment date.



### Notice of Variation

- Shareholders may, at any time, give a Notice of Variation to increase or decrease the number of DRP Shares that participate in the New DRP, or terminate their participation in the New DRP. The variation or termination takes effect from the next Record Date.
- If a shareholder disposes of all of their DRP Shares without giving the Company a Notice of Variation, the shareholder will be deemed to have terminated participation in the New DRP on the last date on which the Company registered a transfer or instrument of disposal in relation to the DRP Shares.

### Variation, suspension or termination of New DRP

- The New DRP may be varied, suspended or terminated by the Board in its absolute discretion at any time. The variation, suspension or termination will take effect on the date specified by the Board.

### General

- Shareholders are at all times bound by the New DRP Rules as modified from time to time.
- No brokerage, commission or other transaction costs are payable by shareholders in respect of shares issued or transferred under the New DRP. Shareholders acknowledge that dividends reinvested under the New DRP may be assessable for income tax and that it is the shareholder's responsibility to obtain tax advice.
- The Board may settle in such manner as it thinks fit any problem or dispute which may arise in connection with, or by reason of, the operation of the New DRP.

This is only a summary of the key terms of the New DRP Rules and does not purport to be a comprehensive or exhaustive description of the New DRP Rules. See below for how to obtain a copy of the New DRP Rules.

### KEY DIFFERENCES BETWEEN EXISTING DRP RULES AND NEW DRP RULES

Set out below is a summary of the key differences between the Existing DRP Rules and the New DRP Rules:

- **Shareholder approval for variation:** Under the Existing DRP Rules, the Directors may vary the Existing DRP Rules to correct a manifest error or an error of a minor nature, if the variation is of a formal or technical nature only and does not materially prejudice the interests of participants in the Existing DRP. The Existing DRP Rules provide that any other variation must be approved by the Company's shareholders in general meeting. The New DRP Rules do not include such a requirement, and allow the Board to vary the New DRP Rules in its absolute discretion. Your Directors consider this to be consistent with modern market practice.
- **New issue / transfer of issued shares:** The Existing DRP Rules only provide for issues of new shares to shareholders to satisfy the Company's obligations under the Existing DRP. Under the New DRP Rules, the Board in its absolute discretion will determine whether to issue new shares or cause the transfer of issued shares to a shareholder (or a combination of both) to satisfy its obligations under the New DRP.
- **Price:** There are differences in how the price of shares issued or transferred (as applicable) under the Existing DRP and New DRP are calculated. Under the New DRP Rules, the Board has discretion to determine the period by which the volume weighted average market price of the Company's shares is determined, whereas in the Existing DRP this is fixed. The New DRP Rules also provide that certain trades which do not fairly reflect natural supply and demand will not be considered when determining the price.
- **Plan Account:** The Existing DRP Rules do not contain provisions requiring the Company to establish and maintain a Plan Account. The New DRP Rules provide for the establishment and maintenance of a Plan Account as an administrative mechanism to credit dividends to, and debit payments from, shareholders participating in the New DRP.
- **Dispute Resolution:** The New DRP Rules contain additional provisions that provide for the Board to settle any problem or dispute which may arise in connection with, or by reason of, the operation of the New DRP in such manner as the Board thinks fit.

This is only a summary of the key differences between the Existing DRP Rules and the New DRP Rules and does not purport to be a comprehensive or exhaustive description of the differences.

A copy of the Existing DRP Rules and the New DRP Rules can be found on the Company's website at [www.skilledgroup.com.au/web/investorCentre/corpGovernance.aspx](http://www.skilledgroup.com.au/web/investorCentre/corpGovernance.aspx) or can be obtained (free of charge) from the Company Secretary's Office by emailing [smansfield@skilledgroup.com.au](mailto:smansfield@skilledgroup.com.au).

### BOARD RECOMMENDATION

The Directors unanimously recommend that shareholders vote in favour of this resolution.

# Notice of Annual General Meeting

## Item 3 – Adoption of Remuneration Report

During this item there will be an opportunity for shareholders to ask questions and comment on the Remuneration Report in the 2012 Annual Report.

*The Board considers that the Company's remuneration policies are structured to provide rewards based on its performance and competitive with those in the markets in which it operates. On that basis, and with each director acknowledging their personal interest, the Board recommends that shareholders vote in favour of this resolution.*

The Corporations Act requires that shareholders vote on the adoption of the Remuneration Report. The vote is advisory only and will not bind the Directors or the Company.

### VOTING EXCLUSION STATEMENT

*No votes can be cast on Item 3 by or on behalf of a member of Key Management Personnel (details of whose remuneration are disclosed in the Remuneration Report) and their closely related parties (collectively referred to as a Prohibited Voter). However, a Prohibited Voter may vote directed proxies for someone other than a Prohibited Voter.*

*Further, a member of Key Management Personnel (regardless of whether or not their remuneration details are disclosed in the Remuneration Report) and their closely related parties (Prohibited Voters) may not vote as proxy on Item 3 unless it is a directed proxy and the vote is not cast on behalf of a Prohibited Voter.*

*However, the person chairing the Annual General Meeting can vote undirected proxies, provided the proxy expressly authorises the chairman to do so.*

## Item 4 – Approval of the 2012 Grant of Performance Rights to Mr MP McMahon

By the resolution sought under Item 4, the Company is seeking the approval of shareholders for a proposed grant of equity securities to the Chief Executive Officer, Mr Mick McMahon under the Company's Executive Long Term Incentive Plan (**ELTI Plan**).

### WHAT IS THE ELTI PLAN?

The Executive Long Term Incentive Plan is a long term incentive plan established by the Board as part of the remuneration of the Company's executives to ensure SKILLED Group has the most effective reward mix in place particularly in light of the changing legislative environment and economic conditions. The ELTI Plan is designed to link the reward of selected individuals who have the capacity to influence the long term performance of the Company with the generation of shareholder wealth.

The primary objectives of the ELTI Plan are to:

- align the interests of executives with the interests of the Company and its stakeholders;
- ensure that executive remuneration is competitive and aligned with remuneration in the Australian market; and
- encourage the achievement of performance goals and growth of the Company's business.

Under the ELTI Plan, the Company may grant eligible executives awards in the form of performance rights, options or cash, or a combination of those awards.

As an executive director of the Company, Mr McMahon is entitled to participate in the ELTI Plan.

### WHAT IS A PERFORMANCE RIGHT?

A performance right is a right to acquire an ordinary fully paid share in the Company at nil cost (i.e. nil exercise price), subject to the performance criteria applicable to that performance right being met.

### WHAT IS AN OPTION?

An option is a right to acquire an ordinary fully paid share in the Company upon payment of an exercise price, subject to the performance criteria applicable to that option being met.

### WHAT IS RELATIVE TSR?

Total Shareholder Return (**TSR**) is the growth in a company's share price, plus the value of the dividends and distributions on the relevant shares notionally reinvested. Relative TSR ranks the TSR performance of a company with the TSR performance of a comparative group of companies. The Board has chosen Relative TSR as one of the performance measures for grants under the ELTI Plan in 2012. The TSR comparator group will be all of the companies in the ASX 200 Index, excluding financial institutions but including the Company's key competitors.

### IS THERE ANY PROHIBITION AGAINST HEDGING EQUITY SECURITIES GRANTED UNDER THE COMPANY'S ELTI PLAN?

Executive Directors and other senior executives are prohibited under the rules of the ELTI Plan and under the Company's Share Trading Policy from hedging equity securities granted under the Company's ELTI Plan prior to the vesting of those securities.



Hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding securities.

## WHY IS SHAREHOLDER APPROVAL REQUIRED?

Under ASX Listing Rule 10.14, shareholder approval is required in order for a director of a company to be issued securities under an employee incentive scheme. Accordingly, approval is sought for the grant of performance rights to Mr McMahon.

## WHAT GRANTS OF EQUITY SECURITIES HAVE BEEN MADE TO EXECUTIVE DIRECTORS SINCE THE 2011 ANNUAL GENERAL MEETING?

In accordance with the approvals given by shareholders at the Company's 2011 Annual General Meeting<sup>1</sup> the following securities have been granted to Mr McMahon since that meeting:

- A grant of 675,676 performance rights was made to Mr McMahon pursuant to the terms of Mr McMahon's Employment Agreement. No amount was payable by Mr McMahon on the grant of these performance rights.
- A grant of 1,842,593 options with an exercise price of \$1.47 was made to Mr McMahon as part of his 2010 long term incentive grant. No amount was payable by Mr McMahon on the grant of these options.
- A grant of 569,948 performance rights was made to Mr McMahon as part of his 2011 long term incentive grant. No amount was payable by Mr McMahon on the grant of these performance rights.

## WHAT ARE THE TERMS AND CONDITIONS OF THE PERFORMANCE RIGHTS TO BE GRANTED TO MR MCMAHON?

A brief overview of the terms and conditions of the performance rights to be granted to Mr McMahon is set out below.

### Number of performance rights

Mr McMahon will be invited, subject to shareholder approval, to apply for a grant of 266,160 performance rights.

The number of performance rights is based on Mr McMahon's entitlement to performance rights of a value equal to approximately 64% of his Fixed Annual Remuneration.

For the purpose of determining the number of performance rights, each performance right has been valued at \$2.63, being the volume weighted average share price of SKILLED Group ordinary shares for the five days commencing 23 August 2012 (being one day after the announcement of the 2012 full year results).

### Grant price

No amount is payable by Mr McMahon upon the grant of the performance rights.

### Price payable on vesting

No amount will be payable by Mr McMahon on vesting of the performance rights.

### Date of grant of performance rights

If shareholder approval is obtained, the performance rights will be granted to Mr McMahon following the 2012 Annual General Meeting and within 12 months after the date of the Annual General Meeting.

### Performance hurdles

The performance rights will only vest upon satisfaction of the following performance hurdles:

- (i) 50% of the performance rights granted to Mr McMahon will be subject to a performance hurdle based on the Company's earnings per share performance over the period 1 July 2012 to 30 June 2015. The performance rights will vest as follows:

Performance Level	3 Year Cumulative EPS 1 July 2012 – 30 June 2015	% of Performance Rights assessed under EPS performance measure to vest
Below Threshold	Less than 10% Compound Annual Growth (CAGR)	0%
Threshold	10% CAGR	25%
Between Threshold & Target	Between 10% and 12% CAGR	Pro rata
Target	12% CAGR	50%
Between Target & Stretch	Between 12% and 14% CAGR	Pro rata
Stretch	14% CAGR	100%

<sup>1</sup> In addition, in accordance with the approval given by shareholders at the 2011 Annual General Meeting, a grant of 139,896 performance rights was made since that meeting to Mr Terry Janes, who ceased to be an Executive Director upon his retirement from the Board on 30 June 2012, as part of his 2011 long term incentive grant. No amount was payable by Mr Janes on the grant of these performance rights

# Notice of Annual General Meeting

- (ii) 50% of the performance rights granted to Mr McMahon will be subject to a performance hurdle based on the Company's Relative TSR performance over the period 1 July 2012 to 30 June 2015. The performance rights will vest as follows:

Performance Level	3 Year Relative Total Shareholder Returns (TSR) 1 July 2012 – 30 June 2015	% of Performance Rights assessed under Relative TSR measure to vest
Below Threshold	Below 50th Percentile	0%
Threshold	50th Percentile	50%
Between Threshold & Target	Between 50th and 75th Percentile	Pro-rata
Target	75th Percentile	100%

## Vesting

Shares will be allocated upon the vesting of the performance rights.

There is to be no retesting of the performance hurdles. Any performance rights which do not vest at the end of the performance period will lapse.

## Change of control

The Board has discretion to determine that the vesting conditions applicable to unvested performance rights be waived in the event of a change of control.

## Trading restrictions

The ELTI Plan rules allow the Board to impose, at the time of the invitation, further restrictions on the trading of any shares allocated upon vesting of the performance rights.

## Cessation of employment

If Mr McMahon cease to be an employee of the Company during the performance period:

- for any reason other than resignation or termination for cause or related to poor performance – the performance rights will be tested at the end of the performance period, and vest to the extent that the conditions have been satisfied; or
- by way of resignation, or termination for cause or related to poor performance – all performance rights will be forfeited.

## Transfer

Performance rights granted under the ELTI Plan are only transferable with the consent of the Board.

## BOARD RECOMMENDATION

Noting the interests of Mr McMahon, the non-executive directors unanimously recommend that shareholders vote in favour of this resolution 4 to approve the proposed grant of performance rights to Mr McMahon.

## VOTING EXCLUSION STATEMENT

*Pursuant to Listing Rules 10.14 and 14.11.1, the Company will disregard any votes cast on the resolution under Item 4 by Mr McMahon or an associate of Mr McMahon.*

*However, the Company may not disregard a vote if:*

- (a) *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (b) *it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*Further, a member of Key Management Personnel and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the person chairing the Annual General Meeting can vote undirected proxies, provided the proxy expressly authorises the chairman to do so.*

## Item 5 – Election of Director

### **MAX FINDLAY**

Age 65

#### **Independent Non-Executive Director**

Appointed to the Board in March 2010, Max has been a director for two and a half years.

Max is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee.

#### **Skills and experience**

Max Findlay has had a long and distinguished career in services and manufacturing. He worked with Programmed Maintenance Services (PMS) for over 20 years and held the positions of Business Development Manager, General Manager and Managing Director, a role he held for 18 years. Prior to joining PMS, Max's experience included 11 years with Australian Consolidated Industries, three years with Vinyl Clad (a division of Smith & Nephew) and five years with James Sephton Plastics.

#### **Current directorships and offices**

Chairman, EVZ Limited (since April 2008).

Director, The Royal Children's Hospital (since March 2009).

Chairman, Redflex Limited (since November 2009).

Director, SMEC Holdings Limited (trading as Snowy Mountain Engineering Corporation) (since April 2010).

Chairman, Rhodes Contracting Pty Ltd (since August 2008).

#### **Board recommendation**

The Board, other than Mr Findlay, recommends that shareholders vote in favour of Mr Findlay's re-election to the Board.

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### Lodge your vote:



#### Online:

[www.investorvote.com.au](http://www.investorvote.com.au)



#### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

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## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**



**Cast your proxy vote**



**Access the annual report**



**Review and update your securityholding**

#### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: 1999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 11.00am on Tuesday, 23 October 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Skilled Group Limited hereby appoint

☐

the Chairman  
of the Meeting OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Skilled Group Limited to be held at the Conference Centre, State Library of Victoria, Entry 3, La Trobe Street, Melbourne on Thursday 25 October 2012 at 11.00am and at any adjournment of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default) and I/we have not marked any box in step 2 below for Items 3 and 4 (to indicate a voting intention), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3 and 4 in accordance with the Chairman's voting intentions as set out below, even though Items 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3 and 4 by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

#### ORDINARY BUSINESS

	For	Against	Abstain
Item 2 Approval of Dividend Reinvestment Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of the 2012 Grant of Performance Rights to Mr MP McMahon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Re-election of Mr MJ Findlay as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /

SKE

999999A

Computershare +