ASX ANNOUNCEMENT

22 February 2012

Delivering on the strategy

Results for the half year ended 31 December 2011

Financial Summary

- Sales revenue[1,2] up 3.1% to $935.0 million
- Reported NPAT of $25.6 million up from a loss of $2.3 million
- Underlying NPAT[1,4] up 75.4% to $24.9 million
- Underlying EBITDA[1,3] up 7.0% to $45.4 million
- Underlying EBIT[1,3] up 22.3% to $38.8 million
- Operating cash flow of $41.2 million
- Net debt reduced to $71.7 million from $96.6 million in June 2011
    - Gearing at 14% compared to 19% at June 2011
- Interim dividend of 5.0 cps, fully franked, up from a final dividend of 3.0 cps in 2011

SKILLED Group (ASX:SKE) today announced strong growth in profitability for the half year ended 31 December 2011. Net profit after tax was $25.6 million compared to a loss of $2.3 million in the prior corresponding period (pcp). Underlying net profit after tax was $24.9 million compared to $14.2 million in the pcp, up 75%.

SKILLED Group CEO, Mr Mick McMahon, said that despite challenging market conditions, continued growth in the core Workforce Services division was driven primarily by demand from the mining & resources and FMCG[5] sectors. This was partly offset by weakness in employment in the manufacturing and logistics sectors.

Other Staffing Services grew by 12.7% with continued growth in Swan Contract Personnel in line with activity in the mining & resources and oil & gas sectors; and growth in telecommunications training and workforce management services.

Engineering and Marine Services revenue and profitability was impacted by managed exits from unprofitable vessel contracts but was offset by improved activity levels in OMS International, UK and New Zealand and the OMSA JV (servicing Gorgon), as well as projects and major shutdown services in ATIVO.

Mr McMahon said, “About 50% of the Group’s revenue is generated from providing high skill trades and technical professionals in the mining & resources and oil & gas sectors. Workforce Services, Swan Contract Personnel, Offshore Marine Services and the OMSA JV (servicing Gorgon) have continued to benefit from the growth in these sectors”.

“We continue to make good progress in the implementation of our Core Plus strategy and the benefits are being reflected in improved earnings. The cost reduction programme targeting $12 million annualised savings by FY13 is delivering ahead of plan with further potential to improve back office processing and service levels at lower cost.

“Continued strong operating cash flow including improvements in working capital management has resulted in a further reduction in net debt and interest expense for the first half. Net debt as at 31 December 2011 was at $71.7 million (June 2011: $96.6 million) and underlying net interest has

[1] from continuing operations; [2] includes equity accounted income from OMSA JV; [3] as per Segment Reporting in Half Year Report; [4] refer reconciliation of profit on page 3; [5] fast moving consumer goods

reduced by 66% to $4.3 million compared to the first six months of the last financial year. We have also achieved a 3 day reduction in average debtor days," he added.

The Company has completed the divestment of its non-core or under-performing businesses. The sale of Excelior (November 2011) generated a post-tax profit on sale of $3.8 million and the sale of the Tradeforce NZ business (January 2012) is expected to generate a post-tax profit on sale of approximately A$1.9 million in 2H12. The sale proceeds have been used to reduce debt.

A "zero harm" philosophy is central to the Core Plus strategy. The implementation of the Safety Golden Rules is well progressed, focusing on high risk activities and industries and meeting client needs by segment. The Group continued to drive improved performance in safety with reduced injury rates in the half.

Interim Dividend

Given the continued improvement in the underlying performance of the Group, the Board has declared a fully franked interim dividend of 5.0 cents per share, up from a final dividend of 3.0 cents per share in 2011.

The Record Date for determining entitlements to the dividend will be 30 March 2012, with payment to be made on 17 April 2012.

The Dividend Reinvestment Plan will remain suspended until further notice.

SKILLED Group Outlook

Activity levels have strengthened since a low point in September/October 2011 and the positive trend has continued into the first two months of the second half:

- **Workforce Services** exposure to growth sectors should continue to offset decline in other sectors
- **Other Staffing Services** growth is expected to continue given sector exposure and Swan Contract Personnel strength
- **Engineering & Marine Services** expect stronger activity levels in second half but with continued impact of OMS vessel exits on revenue

The continued benefits from the implementation of the strategy including controllable factors of costs, cash and other key enablers will support earnings growth.

"Overall we remain well positioned for growth with exposure to high skill trades and technical professional roles and key growth sectors of mining & resources, oil & gas, telecommunications and infrastructure; supported by continued benefits flowing from the continuing implementation of the Core Plus strategy," Mr McMahon said.

Performance summary – continuing operations

$m	1H12	1H11	Variance	% change
Continuing operations				
Revenue [1]	935.0	907.3	27.7	3.1%
EBITDA	45.4	42.5	3.0	7.0%
EBITDA Margin %	4.9%	4.7%	0.2%	
Depreciation & amortisation	(6.6)	(10.7)	4.1	(38.3%)
EBIT	38.8	31.7	7.1	22.3%
EBIT Margin %	4.2%	3.5%	0.7%	
Interest	(4.3)	(12.7)	8.4	(66.2%)
Profit before tax from continuing operations	34.5	19.0	15.5	81.5%
Restructuring & other items[2]	(2.6)	(15.0)	12.4	
Income tax expense	(9.0)	(3.7)	(5.2)	
Net profit after tax from continuing operations	22.9	0.2	22.7	nm
Discontinued operations	2.7	(2.5)	5.2	
Reported NPAT	25.6	(2.3)	27.9	1,213%
Underlying net profit after tax from continuing operations				
Net profit after tax from continuing operations	22.9	0.2	22.7	
Restructuring & other items[2]	2.6	15.0	(12.4)	
Income tax expense on restructuring & other items	(0.7)	(1.1)	0.4	
Underlying net profit after tax from continuing operations	24.9	14.2	10.7	75.4%
Weighted average number of shares	233.2	190.7		
EPS - Reported NPAT (cps)	11.0	(1.2)		
EPS - Underlying from continuing operations (cps)	10.7	7.4		

[1] includes equity accounted income from OMSA JV [2] as per segment reporting in the Half Year Financial Report

Segment Overview

(all EBIT and EBITDA results are before Corporate Costs)

Workforce Services:

Provision of supplementary labour hire. Revenue from this segment is earned predominantly from the provision of blue-collar labour hire to clients in the industrial, mining and resources sectors under the Skilled brand.

	1H12	2H11	1H11
Revenue ($m)	471.3	469.1	459.5
Underlying EBITDA ($m)	23.4	22.4	19.9
Underlying EBITDA margin (%)	5.0%	4.8%	4.3%
Underlying EBIT ($m)	20.3	19.0	17.0
Underlying EBIT margin (%)	4.3%	4.1%	3.7%

The core Workforce Services division generated 2.6% revenue growth vs. pcp in line with expectations given the uncertainty in the economy for most of the first half. Activity levels improved in the mining and civil construction works in northern Queensland and regional New South Wales, the FMCG sector and in metropolitan Western Australia. There was consistent performance in the mining and rail sectors in the Pilbara region despite continued in-sourcing by clients. The positive trend has continued into January despite the impact of wet weather and floods in northern NSW/ Queensland.

Workforce Services' underlying EBITDA margin increased to 5.0% from 4.3% in the pcp and 4.8% in 2H11 as a result of the continued focus on cost management despite ongoing competitive price pressure on gross margins.

Increased levels of activity are expected in the Western Australian rail sector as well as continued growth in the mining and construction/civil sectors, mainly on the east coast; and FMCG and telecommunications sectors. Manufacturing and Transport & Logistics sectors are expected to continue to be under economic pressure.

Other Staffing Services:
Provision of engineering and technical professional staff, white collar and nursing staff. Brands in this segment include Swan, Mosaic and Origin Healthcare

	1H12	2H11	1H11
Revenue ($m)	244.3	216.3	216.8
Underlying EBITDA ($m)	13.3	11.8	10.7
Underlying EBITDA margin (%)	5.4%	5.4%	5.0%
Underlying EBIT ($m)	11.2	5.9	4.9
Underlying EBIT margin (%)	4.6%	2.7%	2.3%

Other Staffing Services, which includes Swan, Mosaic, and Origin Healthcare delivered a 12.7% growth in revenue vs. pcp. Swan continues to benefit from the increased activity in the Western Australian mining and oil & gas sectors. There was encouraging growth in permanent placements supported by contractor placements in the IT&T sector.

Improved profitability in Origin Healthcare was driven by focusing on high value segments and reduced costs. The results of the recently completed strategic review indicate that there is significant potential for performance improvement through operational excellence and cultural change. As a result of the review, Bill Cotter, ex CEO of Healthcare Australia, has been appointed to manage the continued turnaround of this business.

Engineering and Marine Services:
Provision of contract maintenance and project and shutdown services and offshore marine staffing and vessel chartering and management services. Brands include ATIVO and Offshore Marine Services.

	1H12	2H11	1H11
Revenue[1] ($m)	220.5	232.5	232.5
Underlying EBITDA ($m)	17.6	13.2	20.5
Underlying EBITDA margin (%)	8.0%	5.7%	8.8%
Underlying EBIT ($m)	16.8	12.0	19.4
Underlying EBIT margin (%)	7.6%	5.2%	8.4%

[1] includes equity accounted income from OMSA JV

The decline in Engineering and Marine Services revenue was due to a reduction in vessel revenue resulting from a managed exit from unprofitable vessel contracts and lower than expected activity in OMS Australia. This was offset by a solid contribution from OMS International, OMS New Zealand and OMSA JV.

The exiting of unprofitable vessels will continue with a tactical presence to support client needs if it is low risk and profitable. International and domestic manning activities are expected to grow in line with the major projects.

There was a strong performance from ATIVO, notwithstanding the mix of lower margin activity. The pipeline for major shutdowns and projects remains strong.

For further information please contact:
Delphine Cassidy
Executive General Manager Investor Relations
SKILLED Group Limited
Mobile: 0419 163 467

About SKILLED Group
SKILLED Group Limited is Australia and New Zealand's leading provider of labour hire and workforce services. SKILLED Group has over 120 offices across Australasia with annualised revenues around A$1.9billion. SKILLED partners with clients to improve their workforce efficiency and increase their productivity levels and provides staffing services to the industrial and healthcare sectors. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,200 shareholders, predominantly in Australia.