ASX Announcement

21 August 2015

Explanatory Memorandum in relation to the proposed acquisition of SKILLED Group by Programmed
Independent Expert's conclusion on the Scheme

Explanatory Memorandum

The Australian Securities and Investment Commission (**ASIC**) today registered the Explanatory Memorandum in relation to the proposed acquisition of SKILLED Group Limited (ASX: SKE) by Programmed Maintenance Services Limited (ASX: PRG), by way a scheme of arrangement (**Scheme**).

The Explanatory Memorandum, including the Notice of Scheme Meeting, is attached to this announcement and will be dispatched to SKILLED shareholders, with an accompanying proxy form, by Wednesday, 26 August 2015.

Independent Expert's report and Directors' recommendation

The Explanatory Memorandum includes an independent expert's report from Grant Samuel & Associates Pty Limited, which concludes that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED shareholders, in the absence of a superior proposal.

The SKILLED Directors recommend that shareholders vote in favour of the Scheme, and intend to vote all the SKILLED shares held or controlled by them in favour of the Scheme, in the absence of a superior proposal.[1]

Scheme Meeting

The registration of the Explanatory Memorandum follows orders made by the Supreme Court of Victoria to convene a meeting of SKILLED shareholders to consider and vote on the Scheme.

The meeting will be held at 1.00pm (Melbourne time) on Friday, 25 September 2015 at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne. The SKILLED Directors encourage all shareholders to vote on the Scheme, either by attending the meeting or by lodging a proxy form by no later than 1.00pm (Melbourne time) on Wednesday, 23 September 2015.

If shareholders have any questions regarding the Scheme, they may call the SKILLED Shareholder Information Line on 1300 390 430 (within Australia) or +61 3 9415 4024 (outside Australia) between 9.00am and 5.00pm (Melbourne time) on business days.

For further information please contact:
Andrew Ford, Group General Manager
Finance & Investor Relations
SKILLED Group Limited
Mobile: 0408 377 854

About SKILLED Group

SKILLED Group Limited is Australia's leading provider of labour hire and workforce services. SKILLED Group has 80 offices across Australasia with annualised revenues of around A$1.9billion. SKILLED partners with clients to improve their workforce efficiency, enhance safety performance and increase productivity levels. SKILLED is listed on the Australian Securities Exchange (ASX: SKE) and has approximately 6,700 shareholders, predominantly in Australia.

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[1] SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation on the Scheme due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a superior proposal.

SKILLED Group

EXPLANATORY MEMORANDUM

In relation to a Scheme of Arrangement between SKILLED Group Limited (ACN 005 585 811) and the SKILLED Shareholders, regarding the proposed acquisition of all of the SKILLED Shares on issue by Programmed Maintenance Services Limited.

The SKILLED Directors recommend that you

VOTE IN FAVOUR

of the Scheme Resolution, in the absence of a Superior Proposal.

Each SKILLED Director intends to vote the SKILLED Shares they hold or control in favour of the Scheme Resolution, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal.

This is an important document and requires your immediate attention. You should read this document carefully before deciding how to vote on the Scheme. If you are in any doubt as to how to deal with this document, consult your legal, investment, taxation or other professional adviser immediately. If you have recently sold all of your SKILLED Shares, you may ignore this document.

A Notice of Scheme Meeting is included as Annexure F, and a Proxy Form for the Scheme Meeting accompanies this Explanatory Memorandum.

The Scheme Meeting will be held at 1.00pm (Melbourne time) on Friday, 25 September 2015 at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000.

SKILLED SHAREHOLDER INFORMATION LINE
1300 390 430 TOLLFREE WITHIN AUSTRALIA
+61 3 9415 4024 OUTSIDE AUSTRALIA

Financial adviser

UBS

Legal adviser

CLAYTON UTZ

Important notices

THIS EXPLANATORY MEMORANDUM CONTAINS IMPORTANT INFORMATION

This Explanatory Memorandum is the explanatory statement required to be sent to SKILLED Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

The purpose of this Explanatory Memorandum is to explain the terms of the Scheme and the manner in which the Scheme will be considered and Implemented (if approved by the Requisite Majorities of SKILLED Shareholders and by the Court) and to provide information as is prescribed or otherwise material to the decision of SKILLED Shareholders regarding how to vote on the Scheme.

You should read this Explanatory Memorandum carefully before making a decision as to how to vote.

STATUS OF THE EXPLANATORY MEMORANDUM

This Explanatory Memorandum is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1) of the Corporations Act. Instead, SKILLED Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

RESPONSIBILITY FOR INFORMATION

The SKILLED Information has been prepared by SKILLED and is the responsibility of SKILLED. Neither Programmed Maintenance Services nor any of the Programmed Directors, officers or advisers assume any responsibility for the accuracy or completeness of the SKILLED Information.

The Programmed Information has been provided by Programmed Maintenance Services and is the responsibility of Programmed Maintenance Services. Neither SKILLED nor any of the SKILLED Directors, officers or advisers assume any responsibility for the accuracy or completeness of the Programmed Information.

Grant Samuel has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure A and takes responsibility for that report.

Deloitte Corporate Finance has prepared the Investigating Accountant's Report contained in Annexure B and takes responsibility for that report.

Deloitte Tax has prepared the Taxation Letter in relation to the Scheme contained in Annexure C and takes responsibility for that letter.

ASIC, ASX AND THE COURT

A copy of this Explanatory Memorandum has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and registered by ASIC for the purpose of section 412(6) of the Corporations Act.

ASIC has reviewed a copy of this Explanatory Memorandum. SKILLED has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the time of the hearing on the Second Court Date.

A copy of this Explanatory Memorandum has been lodged with ASX.

Neither ASIC nor ASX nor any of their respective officers take any responsibility for the contents of this Explanatory Memorandum.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT

The Court has ordered the convening of the Scheme Meeting pursuant to section 411(1) of the Corporations Act. The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has directed that the Explanatory Memorandum accompany the Notice of Sheme Meeting does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how SKILLED Shareholders should vote (on this matter SKILLED Shareholders must reach their own decision) or

(b) has prepared, or is responsible for, the content of the Explanatory Memorandum.

NO INVESTMENT ADVICE

The information contained in this Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation, taxation position and particular needs of individual SKILLED Shareholders. The information in this Explanatory Memorandum should not be relied upon as the sole basis for any investment decision in relation to the Scheme or the SKILLED Shares. It is important that you consider the information in this Explanatory Memorandum in light of your particular circumstances. You should seek your own independent financial, taxation or other professional advice before making any decision regarding the Scheme or how to vote in relation to the Scheme.

NOT AN OFFER

This Explanatory Memorandum does not in any way constitute an offer to sell, or a solicitation of an offer to buy, any securities in Programmed Maintenance Services or SKILLED in any place or jurisdiction where an offer or solicitation would be illegal.

OVERSEAS SHAREHOLDERS

Ineligible Overseas Shareholders may not be entitled to receive New Programmed Shares pursuant to the Scheme and should refer to Section 13.3.13 in respect of the consideration that they will receive if the Scheme is Implemented.

The release, publication or distribution of this Explanatory Memorandum in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Explanatory Memorandum should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Explanatory Memorandum has been prepared in accordance with Australian law and the information contained in this Explanatory Memorandum may not be the same as that which would have been disclosed if this Explanatory Memorandum had been prepared in accordance with the laws and regulations of any other country.

NOTICE TO SKILLED SHAREHOLDERS IN NEW ZEALAND

This Explanatory Memorandum does not constitute a New Zealand product disclosure statement, prospectus or investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (NZ) or the Financial Markets Conduct Act 2013 (NZ). The disclosure materials are being distributed in New Zealand only to persons to whom securities may be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013 (or any replacement of that notice).

The offer of New Programmed Shares will comply with the laws of Australia applicable to the offer of New Programmed Shares.

The taxation treatment of Australian securities is not the same as for New Zealand securities. The offer of New Programmed Shares may involve a currency exchange risk as they will be quoted on the ASX in Australian dollars.

FORWARD LOOKING STATEMENTS

Certain statements in this Explanatory Memorandum relate to the future, and all statements other than statements of historical fact are (or may be interpreted to be) forward looking statements. These forward looking statements generally may be identified by the use of forward-looking words such as "believe", "expect", "anticipate", "may", "aim", "intending", "foreseeing", "should", "planned", "estimate", "likely", "potential", or other similar words. Statements describing the objectives, expectations, goals or plans of SKILLED or Programmed Maintenance Services are or may be forward looking statements. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that may be beyond the control of SKILLED or Programmed Maintenance Services (or the Combined Group), and that could cause the actual results, performance or achievements of SKILLED or Programmed Maintenance Services (or the Combined Group) to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, exchange rates, interest rates, the regulatory environment, competitive pressures, selling prices and market demand. As a result, the actual results of operations and earnings of SKILLED or Programmed Maintenance Services (or the Combined Group) following Implementation of the Scheme, as well as the advantages of the Scheme, may differ substantially in timing, amount or nature, or may not ever be achieved, from those which are anticipated or forecast.

None of SKILLED, the SKILLED Directors or officers or advisers, Programmed Maintenance Services, the Programmed Directors or officers or advisers, or any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statement in this Explanatory Memorandum will actually occur. You should not place any undue reliance on any such forward looking statements. Although the forward looking statements included in the SKILLED Information have been made on reasonable grounds and SKILLED believes there is a reasonable basis for those statements, no assurance is made that such views will prove to have been correct. Although the forward looking statements included in the Programmed Information have been made on reasonable grounds and Programmed Maintenance Services believes there is a reasonable basis for those statements, no assurance is made that such views will prove to have been correct. The forward looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum and these views may change. Additionally, statements of the intentions of Programmed Maintenance Services reflect its present intentions as at the date of this Explanatory Memorandum and also may be subject to change.

Subject to any continuing obligations under law or the ASX Listing Rules, SKILLED and the SKILLED Directors, officers and advisers disclaim any obligation or undertaking to disseminate after the date of this Explanatory Memorandum any updates or revisions to any forward looking statement to reflect any change in views or expectations in relation to any statement or change in events, conditions or circumstances on which any such statement is based other than to comply with legal obligations or the ASX Listing Rules. Any subsequent forward looking statements (whether written or oral) which can be attributed to SKILLED or Programmed Maintenance Services or any SKILLED Directors, officers or advisers or Programmed Directors, officers or advisers is taken to be qualified by this disclaimer.

TAX IMPLICATIONS OF THE SCHEME

The Taxation Letter in Annexure C provides a general outline of the Australian tax consequences for SKILLED Shareholders who dispose of their SKILLED Shares to Programmed Maintenance Services in accordance with the Scheme. It does not purport to be a complete analysis or to identify all potential tax consequences of the Scheme, nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Scheme Shareholders. The Taxation Letter also contains general information in relation to tax consequences of the Scheme for SKILLED Shareholders who are not Australian residents.

All SKILLED Shareholders should consult their taxation adviser as to the applicable tax consequences of the Scheme in the relevant jurisdiction.

PRIVACY AND PERSONAL INFORMATION

SKILLED and Programmed Maintenance Services and their agents and representatives may collect personal information in the process of Implementing the Scheme. The personal information may include the names, addresses, other contact details, bank account details and details of the shareholdings of SKILLED Shareholders, and the names of individuals appointed by SKILLED Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of collecting this information is to assist SKILLED and Programmed Maintenance Services to conduct the Scheme Meeting and to Implement the Scheme. Personal information of the type described above may be disclosed to the SKILLED Share Registry and the Programmed Share Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate of SKILLED and Programmed Maintenance Services. If the information outlined above is not collected, SKILLED may be hindered in, or prevented from, conducting the Scheme Meeting and Implementing the Scheme.

SKILLED Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals who wish to exercise these rights should contact the SKILLED Share Registry by email through https://www-au.computershare.com/Investor/Contact/Enquiry/, or in writing to Computershare Investor Services Pty Limited, GPO Box 2975, Melbourne VIC 3001, Australia.

SKILLED Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform such individual of the matters outlined above.

NOTICE OF SCHEME MEETING

The Notice of Scheme Meeting is set out in Annexure F.

INTERPRETATION

Capitalised terms and certain abbreviations used in this Explanatory Memorandum have the defined meanings set out in the Glossary in Section 15.

Some of the documents reproduced in the Annexures have their own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at 5 August 2015, being the last day prior to lodgement of this Explanatory Memorandum for review by ASIC.

Figures, amounts, percentages, estimates, calculations of value and fractions in this Explanatory Memorandum are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Explanatory Memorandum.

All references to times in this Explanatory Memorandum are references to time in Melbourne, Australia, unless otherwise stated. All dates in the timetable are indicative only.

The financial amounts in this Explanatory Memorandum are expressed in Australian currency unless otherwise stated. A reference to $, A$, AUD and cents is to Australian currency, unless otherwise stated.

NO INTERNET SITE IS PART OF THIS EXPLANATORY MEMORANDUM

The contents of SKILLED Group's and Programmed's websites do not form part of this Explanatory Memorandum and SKILLED Shareholders should not rely on information of a general nature contained on those websites (i.e. information which is not specifically related to the Scheme) in relation to making any decision in respect of the Scheme.

DATE OF EXPLANATORY MEMORANDUM

This Explanatory Memorandum is dated 21 August 2015.

ADDITIONAL INFORMATION ABOUT THE SCHEME

SKILLED Shareholders who have any questions or require further information about the Scheme should contact the SKILLED Shareholder Information Line on 1300 390 430 (within Australia) or +61 3 9415 4024 (outside Australia), Monday to Friday, between 9.00am and 5.00pm. SKILLED Shareholders should seek independent legal, investment, taxation or other professional advice before making any decision regarding the Scheme or how to vote.

In accordance with Section 14.13, in certain circumstances, SKILLED may provide supplementary information to SKILLED Shareholders in relation to the Scheme after the date of this Explanatory Memorandum. To the extent applicable, SKILLED Shareholders should have regard to any such additional information in determining how to vote in relation to the Scheme.

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Key dates

First Court Date	**Friday, 21 August 2015**
Explanatory Memorandum and Notice of Scheme Meeting dispatched to SKILLED Shareholders	**On or about Wednesday, 26 August 2015**
Deadline for receipt of Proxy Forms by the SKILLED Share Registry for the Scheme Meeting	**1.00pm (Melbourne time) on Wednesday, 23 September 2015**
Time and date for determining eligibility to vote at the Scheme Meeting	**7.00pm (Melbourne time) on Wednesday, 23 September 2015**
Scheme Meeting to be held at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000	**1.00pm (Melbourne time) on Friday, 25 September 2015**
Record date for determining entitlements to the SKILLED FY15 Final Dividend (SKILLED Dividend Record Date)	**7.00pm (Melbourne time) on Wednesday, 7 October 2015**
Payment date for the SKILLED FY15 Final Dividend	**Thursday, 15 October 2015**

If the Scheme is approved by SKILLED Shareholders

Second Court Date for approval of the Scheme	**Thursday, 1 October 2015**
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in SKILLED Shares on ASX	**Thursday, 1 October 2015**
New Programmed Shares to be issued as part of the Scheme Consideration commence trading on ASX on a deferred settlement basis	**Friday, 2 October 2015**[1]
SKILLED Dividend Record Date Record date for determining entitlements to the SKILLED Special Dividend	**7.00pm (Melbourne time) on Wednesday, 7 October 2015**
Scheme Record Date Scheme Record Date for determining entitlements to Share Consideration	**7.00pm (Melbourne time) on Friday, 9 October 2015**
Payment date for the SKILLED Special Dividend	**Thursday, 15 October 2015**
Implementation Date Issue of New Programmed Shares, as part of Scheme Consideration, to Scheme Shareholders. Last day of trading on ASX on a deferred settlement basis	**Friday, 16 October 2015**
New Programmed Shares commence trading on ASX on a normal settlement basis	**Monday, 19 October 2015**
Expected dispatch of holding statements for New Programmed Shares	**Friday, 23 October 2015**

Note: All dates and times are references to the time in Melbourne, Australia, unless otherwise stated. This timetable is indicative only. SKILLED has the right to vary the timetable set out above subject to the approval of such variation by the Court and the ASX where required. Any variation to the timetable set out above will be announced to ASX and notified on SKILLED's website www.skilled.com.au.

1 The Victorian Government has announced its intention to make 2 October 2015 a public holiday in Victoria and may be gazetted as such. This date assumes that 2 October 2015 is, in any event, a Trading Day.

1 Letter from the Chairman of SKILLED Group

Dear shareholder

On behalf of the SKILLED Directors, I am pleased to provide the details of a transaction between SKILLED Group and Programmed that, if implemented, will create a leading diversified staffing, maintenance and facility management business.

On 24 June 2015, SKILLED announced that it had entered into a Scheme Implementation Agreement with Programmed Maintenance Services under which, subject to certain conditions including the approval of SKILLED Shareholders, 100% of SKILLED Shares will be acquired by Programmed Maintenance Services.

This Explanatory Memorandum sets out details of the proposed acquisition of SKILLED by Programmed Maintenance Services and important matters relevant to your vote in relation to the Scheme.

If the Scheme is implemented, SKILLED Shareholders will receive:

- 0.55 New Programmed Shares and
- the $0.155 SKILLED Special Dividend,

for each of their SKILLED Shares.

In addition, regardless of whether the Scheme is implemented, SKILLED Shareholders will receive the SKILLED FY15 Final Dividend ($0.095 per SKILLED Share) which, combined with the SKILLED Special Dividend provides $0.25 cash per SKILLED Share. Together, these three elements imply $1.79 of value per SKILLED Share,[2] which represents a 45.5%[3] premium to the closing price of SKILLED Shares on 22 May 2015, the last Trading Day before the announcement of discussions between SKILLED and Programmed Maintenance Services.

The combination of SKILLED Group and Programmed creates the opportunity to realise more than $20 million of pre-tax synergies in the first year, excluding one-off integration costs.[4] The SKILLED Directors believe there is potential for the Combined Group to realise significantly more synergies over time. Upon Implementation of the Scheme, SKILLED Shareholders will own approximately 52.4% of the Combined Group[5] and will receive that proportionate share of the value associated with these synergies. Further, the combination will create a larger, more diverse business with the funding flexibility to support a range of growth opportunities.

Grant Samuel has prepared the Independent Expert's Report in relation to the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal.

The SKILLED Directors have considered the advantages and disadvantages of the Scheme and **recommend that you vote in favour of the Scheme**, in the absence of a Superior Proposal.[6] Each SKILLED Director intends to vote in favour of the Scheme in relation to the SKILLED Shares held or controlled by them, in the absence of a Superior Proposal.

The Scheme can only be implemented if approved by SKILLED Shareholders at the Scheme Meeting to be held at 1.00pm (Melbourne time) on Friday, 25 September 2015 at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne.

Your vote is important and I strongly encourage you to read this Explanatory Memorandum carefully and cast an informed vote on the Scheme at the Scheme Meeting. If you are unable to attend the Scheme Meeting in person, I encourage you to vote by completing the enclosed personalised Proxy Form and returning it to SKILLED's Share Registry so that it is received no later than 1.00pm (Melbourne time) on Wednesday, 23 September 2015.

If you have any questions regarding the Scheme or this Explanatory Memorandum you should contact the SKILLED Shareholder Information Line on 1300 390 430 (within Australia) or +61 3 9415 4024 (outside Australia) Monday to Friday between 9.00am and 5.00pm (Melbourne time). You should also consult your legal, investment, taxation or other professional adviser.

On behalf of the SKILLED Directors, I thank you for your ongoing support and I look forward to your participation at the Scheme Meeting.

Yours sincerely

Vickki McFadden
Chairman
SKILLED Group Limited

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2 Based on the closing price of Programmed Shares of $2.80 on 19 June 2015, being the last traded price prior to SKILLED and Programmed Maintenance Services entering into the Scheme Implementation Agreement.

3 Refer to Section 4.3 for information regarding the traded price of Programmed Shares and the associated implied value of, and premium resulting from, the Scheme Consideration plus the SKILLED FY15 Final Dividend since 24 June 2015.

4 Approximately $8 million (expense) / $10 million (cash) in the first year after Implementation.

5 Assuming that 1,200,000 SKILLED Shares are issued pursuant to the SKILLED LTI Plan in the circumstances described in Section 13.2.2.

6 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation on the Scheme due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

2 Letter from the Chairman of Programmed

Dear SKILLED Shareholder

Programmed is a leading provider of staffing, maintenance and facility management services in Australia. Its business model is built around an ability to recruit, retain and deploy a large, directly-employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

On behalf of the Programmed Board and management team, it is my pleasure to provide SKILLED Shareholders with the opportunity to become shareholders in the Combined Group, and to benefit from bringing together two highly complementary businesses to create a leading diversified staffing, maintenance and facility management business.

Programmed directly employs more than 10,000 people across a broad range of government and private sector businesses in the resources, infrastructure, education, manufacturing, logistics, commercial, retail, tourism and recreation sectors. Our ability to recruit and deploy staff is supported by an active database of some 60,000 people. We provide services to over 7,000 customers, often under long-term contracts, and deliver these services through over 100 branches throughout Australia and New Zealand.

We firmly believe that combining Programmed and SKILLED Group will benefit both companies' shareholders. The strategic rationale underpinning the combination is strong for a number of reasons, including:

- **Market leadership**: Greater market presence and opportunities to improve customer service, risk management and contract performance
- **Increased scale**: A larger group enables lower unit costs and enhanced organic growth opportunities
- **Improved earnings diversity**: Benefits from improved geographic, sector and customer diversification, providing greater resilience to external challenges
- **Enhanced capability**: Ability to compete for larger contracted outsourcing opportunities that are emerging in the marketplace
- **Complementary customer base**: Limited customer overlap and good opportunities to sell further services across all customers of the Combined Group
- **Significant synergies**: More than $20 million of pre-tax synergies within 12 months of the Transaction, excluding one-off integration costs,[7] with the potential to capture further synergies thereafter
- **Appropriate capital structure**: A balance sheet with flexibility to support organic growth and acquisition opportunities and
- **Greater trading liquidity and equity market benefits**: A pro forma market capitalisation of approximately $700 million[8] and likely inclusion in the S&P/ASX 200 index, thereby attracting a greater level of investor interest and trading liquidity.

As a SKILLED Shareholder, your vote is extremely important to ensure that the companies are combined, thereby unlocking the substantial value for both SKILLED Shareholders and Programmed Shareholders. The combination of SKILLED Group and Programmed is supported by the SKILLED Directors, who recommend that SKILLED Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[9] All SKILLED Directors intend to vote their personal shareholdings in favour of the Scheme, in the absence of a Superior Proposal. The Independent Expert has also concluded that the Scheme is in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal.

Further details of the benefits to SKILLED Shareholders of combining the businesses and reasons why you may consider voting for or against the Scheme are set out in Sections 4 and 5 respectively.

This Explanatory Memorandum provides important information in relation to the Transaction, and on behalf of the Programmed Board I encourage you to read it carefully and vote in favour of the Scheme at the Scheme Meeting to be held on 25 September 2015.

As Chairman of the Programmed Board, I look forward to welcoming you as a Programmed Shareholder following successful Implementation of the Scheme.

Yours sincerely

Bruce Brook
Chairman
Programmed Maintenance Services Limited

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7 Approximately $8 million (expense) / $10 million (cash) in the first year after Implementation.

8 Based on SKILLED's and Programmed Maintenance Services' last traded prices on 19 June 2015, before the companies announced entry into the Scheme Implementation Agreement.

9 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation on the Scheme due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

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WHAT YOU WILL RECEIVE UNDER THE SCHEME

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3 What you will receive under the Scheme

3.1 Background

On 24 June 2015 SKILLED and Programmed Maintenance Services entered into the Scheme Implementation Agreement, which provided for Scheme consideration of:

- 0.55 New Programmed Shares and
- $0.25 cash, less the amount of any SKILLED FY15 Final Dividend and SKILLED Special Dividend,

per SKILLED Share. Also on 24 June 2015, SKILLED stated its intention that the cash component of the Scheme consideration be paid in the form of a fully franked dividend.

On 5 August 2015 the SKILLED Board declared the SKILLED FY15 Final Dividend ($0.095 cash, fully franked, per SKILLED Share). This dividend reduced the cash component of the Scheme consideration by $0.095 per SKILLED Share, to $0.155 per SKILLED Share.

If SKILLED Shareholders approve the Scheme by the Requisite Majorities, the SKILLED Board will declare the SKILLED Special Dividend ($0.155 cash, fully franked, per SKILLED Share) conditional on the Scheme becoming Effective. If this occurs, the SKILLED FY15 Final Dividend and the SKILLED Special Dividend will, together, provide $0.25 cash per SKILLED Share and, consequently, the cash component of the Scheme consideration will reduce to zero.

3.2 SKILLED Shareholders other than Ineligible Overseas Shareholders

If the Scheme is Implemented, SKILLED Shareholders (other than Ineligible Overseas Shareholders) will receive:

- 0.55 New Programmed Shares and
- the SKILLED Special Dividend ($0.155), which will be fully franked,

per SKILLED Share. Further, regardless of whether the Scheme is Implemented, SKILLED Shareholders will receive the SKILLED FY15 Final Dividend ($0.095 per SKILLED Share) which, combined with the SKILLED Special Dividend, provides $0.25 cash per SKILLED Share.

SKILLED Shareholders who are able to capture the full benefit of the franking credits of $0.107 per SKILLED Share associated with the SKILLED FY15 Final Dividend and the SKILLED Special Dividend can also receive additional value. Whether a shareholder is able to capture the full benefit of the franking credits depends on their personal tax circumstances.

3.3 Ineligible Overseas Shareholders

If the Scheme is Implemented, the Sale Nominee will sell the New Programmed Shares that the Ineligible Overseas Shareholders would otherwise have been entitled to as soon as practicable (and within 15 Business Days after the Implementation Date) and pay the proceeds received to the relevant Ineligible Overseas Shareholder promptly after settlement of all the sales of the New Programmed Shares after deducting any applicable fees, brokerage, taxes and charges.

Ineligible Overseas Shareholders will receive the SKILLED Special Dividend if the Scheme becomes Effective, and the SKILLED FY15 Final Dividend regardless of whether the Scheme becomes Effective.

4 WHY YOU SHOULD VOTE IN FAVOUR OF THE SCHEME

4 Why you should vote in favour of the Scheme

This Section sets out the reasons you should vote in favour of the Scheme. This Section should be read in conjunction with Section 5, which describes reasons why you may consider voting against the Scheme, and Section 6, which sets out other relevant considerations in relation to voting on the Scheme.

4.1 The SKILLED Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal[10]

The SKILLED Directors have conducted a detailed assessment of the merits of a combination of SKILLED Group and Programmed, compared to SKILLED Group continuing to operate independently. The SKILLED Directors have considered the advantages and disadvantages of the Scheme and recommend that SKILLED Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[10]

Each SKILLED Director intends to vote in favour of the Scheme in relation to the SKILLED Shares held or controlled by them, in the absence of a Superior Proposal.

4.2 The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal

SKILLED appointed Grant Samuel as the Independent Expert to provide an independent assessment of the Scheme and conclude as to whether the Scheme is in the best interests of SKILLED Shareholders.

The Independent Expert has valued SKILLED in the range $1.53 - $1.87 per SKILLED Share, and attributed a value to the Scheme consideration of $1.57 - $1.68 per SKILLED Share (including the SKILLED FY15 Final Dividend). As the value of the Scheme consideration falls within the estimated range of full underlying value for SKILLED Shares, the Independent Expert has concluded that the Scheme is fair. As the Scheme is fair, it is also reasonable. The Independent Expert has also evaluated the Scheme on the basis of a "merger of equals" and concluded that, on that basis, the Scheme is fair. Accordingly, in the Independent Expert's opinion, the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal.

A copy of the Independent Expert's Report is set out in Annexure A. You should read the report carefully before deciding how to vote on the Scheme.

4.3 The Scheme offers a significant premium to SKILLED Shareholders

On 24 June 2015 SKILLED and Programmed Maintenance Services entered into the Scheme Implementation Agreement, which provided for Scheme consideration of:

- 0.55 New Programmed Shares and
- $0.25 cash, less the amount of any SKILLED FY15 Final Dividend and SKILLED Special Dividend,

per SKILLED Share. Also on 24 June 2015, SKILLED stated its intention that the cash component of the Scheme consideration be paid in the form of a fully franked dividend. On 5 August 2015 the SKILLED Board declared the SKILLED FY15 Final Dividend ($0.095 cash, fully franked, per SKILLED Share). This dividend reduced the cash component of the Scheme consideration by $0.095 per SKILLED Share, to $0.155 per SKILLED Share, but will be received by SKILLED Shareholders regardless of whether the Scheme is Implemented.

If SKILLED Shareholders approve the Scheme by the Requisite Majorities, the SKILLED Board will declare the SKILLED Special Dividend ($0.155 cash, fully franked, per SKILLED Share) conditional on the Scheme becoming Effective. If this occurs, the SKILLED FY15 Final Dividend and the SKILLED Special Dividend will, together, provide $0.25 cash per SKILLED Share and, consequently, the cash component of the Scheme consideration will reduce to zero.

The combination of three elements, being the Scheme Consideration of 0.55 New Programmed Shares plus the SKILLED Special Dividend and the SKILLED FY15 Final Dividend, represents a significant premium to the closing price of SKILLED Shares on 22 May 2015, the last Trading Day prior to the announcements (on 25 May 2015) that SKILLED and Programmed Maintenance Services were entering into discussions in relation to a potential combination of the businesses.

Based on the closing price of Programmed Shares of $2.80 on 19 June 2015,[11] the implied value of the three elements to be received by SKILLED Shareholders if the Scheme proceeds is $1.79 per SKILLED Share.

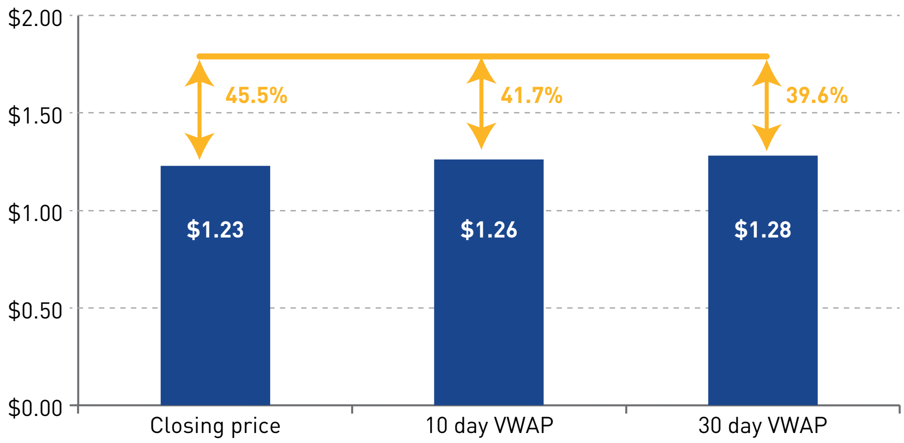
10 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

11 The last day on which SKILLED Shares and Programmed Shares traded prior to SKILLED and Programmed Maintenance Services entering into the Scheme Implementation Agreement.

The $1.79 per SKILLED Share implied value represents a:

- 45.5% premium to SKILLED's closing price on 22 May 2015[12]
- 41.7% premium to SKILLED's 10 day VWAP (to the closing price on 22 May 2015) and
- 39.6% premium to SKILLED's 30 day VWAP (to the closing price on 22 May 2015).

Implied value of Scheme Consideration and SKILLED FY15 Final Dividend: $1.79



Source: IRESS. IRESS has not consented to the use of any trading data in this Explanatory Memorandum.

This implied value does not include franking credits of $0.107 per SKILLED Share associated with the SKILLED FY15 Final Dividend and the SKILLED Special Dividend. Whether a shareholder is able to capture the full benefit of the franking credits depends on their personal tax circumstances.

There has been volatility in the Australian equity market and in the prices of SKILLED Shares and Programmed Shares since SKILLED and Programmed Maintenance Services executed the Scheme Implementation Agreement on 24 June 2015. Utilising the high/low of the S&P/ASX 300[13] and the Programmed Share price since this time, the implied value of the Scheme Consideration plus the SKILLED FY15 Final Dividend and associated premium to the SKILLED Share price on 22 May 2015 are set out in the table below.

From 24 June 2015 to 19 August 2015[14]	High	Low
S&P/ASX 300	5,662	5,246
SKILLED Share price	$1.75	$1.45
Programmed Share price	$2.93	$2.31
Implied value of the Scheme Consideration plus the SKILLED FY15 Final Dividend	$1.86	$1.52
Premium to SKILLED Share price on 22 May 2015	**51.3%**	**23.6%**

Programmed Share price on 19 August 2015[14]	$2.60
Implied value of the Scheme Consideration plus the SKILLED FY15 Final Dividend	$1.68
Premium to SKILLED Share price on 22 May 2015	**36.6%**

The closing price of SKILLED Shares on 19 August 2015[14] was $1.65.

12 The closing price of SKILLED Shares of $1.23 on 22 May 2015, being the last Trading Day prior to the announcement on 25 May 2015 that Programmed and SKILLED were entering discussions.

13 Both SKILLED and Programmed Maintenance Services are included in the S&P/ASX 300 index.

14 The last practicable Trading Day prior to the date of this Explanatory Memorandum.

For the purposes of assessing the Scheme, the Independent Expert has selected a value range for Programmed Shares of $2.40 - $2.60, which is within the range of Programmed Share prices set out in the table above. Utilising the Independent Expert's conclusion, the implied value of the Scheme Consideration plus the SKILLED FY15 Final Dividend and associated premium to the SKILLED Share price on 22 May 2015 are set out in the table below.

On the basis of the Programmed Share price selected by the Independent Expert to assess the Scheme	High	Low
Programmed Share price	$2.60	$2.40
Implied value of the Scheme Consideration plus the SKILLED FY15 Final Dividend	$1.68	$1.57
Premium to SKILLED Share price on 22 May 2015	**36.6%**	**27.6%**

4.4 A combination of SKILLED Group and Programmed is expected to generate significant synergies

SKILLED Group's and Programmed's management teams have worked together to substantiate the synergies that are potentially available to the Combined Group. These synergies are estimated at more than $20 million on a pre-tax basis in the first year after Implementation, excluding one-off integration costs of approximately $8 million (expense) / $10 million (cash) in the first year after Implementation. The SKILLED Directors believe there is potential for the Combined Group to realise significantly more synergies over time.

The synergies estimates are based on expected operating costs for SKILLED Group and Programmed following Implementation, and the initial review undertaken by SKILLED Group management and Programmed management of the functional overlap between SKILLED Group's and Programmed's businesses. These synergies are expected to be derived across a range of areas including corporate and divisional overheads, shared services, workers' compensation, insurance and property rationalisation. If the Scheme is Implemented, Programmed intends to review SKILLED Group's businesses to further develop its integration plans, including in relation to the realisation of synergies, as set out in Section 11.4.

As SKILLED Shareholders will own approximately 52.4% of the Combined Group[15] after Implementation, more than half of the benefits from these synergies are available to SKILLED Shareholders who continue to hold their New Programmed Shares.

4.5 Enhanced financial outcomes for SKILLED Shareholders

The realisation of synergies by the Combined Group, as outlined in Section 4.4, is expected to enhance the financial outcomes for SKILLED Shareholders who continue to hold their New Programmed Shares, relative to the financial outcomes that would occur if the Scheme does not proceed.

4.6 A combination of SKILLED Group and Programmed will create a leading diversified staffing, maintenance and facility management business

The combination of SKILLED Group and Programmed will create a larger, more diversified business than SKILLED Group as a standalone business, with advantages including:

- **Increased scale and enhanced growth opportunities**: A combination with Programmed significantly increases the scale of SKILLED Group's staffing and maintenance activities, which SKILLED expects to facilitate lower unit costs and enhance organic growth opportunities
- **Larger customer base**: The combination provides SKILLED Group with opportunities to sell its products and services across a larger customer base and
- **Improved earnings diversity**: Through the combination, SKILLED Group will benefit from improved geographic, sector and customer diversification, providing lower earnings volatility, greater resilience to external challenges and reduced exposure to certain geographic areas and market segments.

4.7 The Combined Group is expected to have greater flexibility with respect to future funding options than SKILLED Group alone

The Combined Group is expected to have greater flexibility with respect to debt and equity funding options than SKILLED as an independent company:

- upon Implementation of the Scheme, the Combined Group is likely to have lower leverage (measured as net debt / EBITDA) than SKILLED Group on a standalone basis and

15 Assuming that 1,200,000 SKILLED Shares are issued pursuant to the SKILLED LTI Plan in the circumstances described in Section 13.2.2.

- at the date of this Explanatory Memorandum, neither SKILLED nor Programmed Maintenance Services was included in the S&P/ASX 200 index. It is likely that, if the Scheme is Implemented, the Combined Group will gain entry to the S&P/ASX 200 index, attracting a greater level of investor interest and trading liquidity.

These factors may allow the Combined Group to more easily fund organic growth and acquisition opportunities as they arise.

4.8 The SKILLED Special Dividend gives an additional benefit to those Australian tax resident SKILLED Shareholders whose personal taxation circumstances allow them to capture some benefit from the franking credits associated with that dividend

If the Scheme is Implemented, SKILLED Shareholders will receive 0.55 New Programmed Shares and the $0.155 SKILLED Special Dividend for each of their SKILLED Shares.

SKILLED Shareholders who are able to capture the full benefit of the $0.066 franking credits associated with the SKILLED Special Dividend can also receive additional value. Whether a shareholder is able to capture the full benefit of the franking credits depends on their personal tax circumstances.

In addition, regardless of whether the Scheme is Implemented, SKILLED Shareholders will receive the SKILLED FY15 Final Dividend ($0.095 per SKILLED Share which, combined with the SKILLED Special Dividend provides $0.25 cash per SKILLED Share). In aggregate, the SKILLED FY15 Final Dividend and SKILLED Special Dividend have $0.107 of associated franking credits.

4.9 SKILLED Shareholders may be eligible for CGT rollover relief

If the Scheme is Implemented, SKILLED Shareholders may be entitled to scrip-for-scrip CGT rollover relief on the disposal of SKILLED Shares in exchange for New Programmed Shares.

The benefit of applying scrip-for-scrip rollover relief upon receiving New Programmed Shares will depend primarily on the individual circumstances of each SKILLED Shareholder.

Further details regarding the general Australian tax consequences of the Scheme are contained in the Taxation Letter in Annexure C. Taxation laws in Australia are complex and you are encouraged to read the Taxation Letter carefully and seek independent professional advice about your individual circumstances.

4.10 In the Independent Expert's opinion, SKILLED Shares are likely to trade at lower levels in the absence of the Scheme

Since 22 May 2015, the last Trading Day prior to the announcement that SKILLED and Programmed Maintenance Services were entering into discussions in relation to a potential combination of the businesses, SKILLED's share price has increased 34.1% from $1.23 to $1.65 per share on 19 August 2015, being the last practicable Trading Day prior to the date of this Explanatory Memorandum.

In its report, the Independent Expert stated that *"It is not possible to predict with any precision the price at which SKILLED shares might trade in the absence of the Scheme (or speculation as to an alternative or revised offer). However, in Grant Samuel's view, it is likely that SKILLED shares, under current market conditions and SKILLED's current ownership and operating structure, would trade at prices well below $1.57-1.68 per share (being Grant Samuel's assessed value of the Scheme consideration) and, quite possibly, below the prices prevailing prior to the announcement of discussions in relation to the Scheme (circa $1.20-1.30)."*

4.11 Since the announcement of the Scheme, no Superior Proposal has emerged

Since the announcement of the Scheme to ASX by SKILLED and Programmed Maintenance Services on 24 June 2015 and up to the date of this Explanatory Memorandum, no Superior Proposal has emerged and the SKILLED Directors are not aware of any Superior Proposal (or any alternative proposal) that is likely to emerge.

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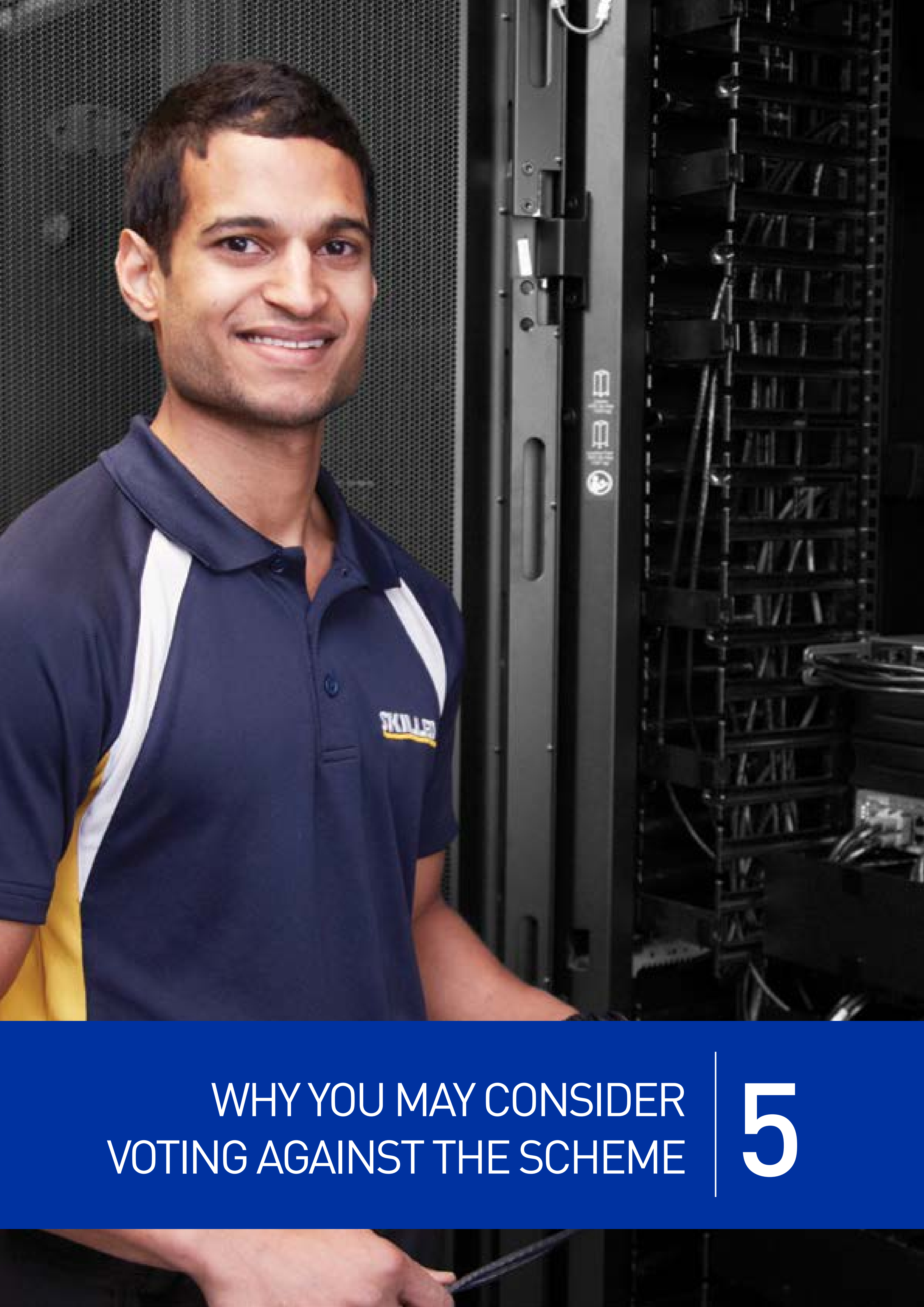

WHY YOU MAY CONSIDER VOTING AGAINST THE SCHEME

5

5 Why you may consider voting against the Scheme

This Section describes the reasons identified by the SKILLED Directors as to why you may consider voting against the Scheme.

The SKILLED Directors consider that the potential disadvantages of, and other reasons to vote against, the Scheme set out in this Section are outweighed by the potential advantages of, and other reasons to vote in favour of, the Scheme (set out in Section 4) and recommend that SKILLED Shareholders vote in favour of the Scheme,[16] in the absence of a Superior Proposal. However, the SKILLED Directors believe that SKILLED Shareholders should take the potential disadvantages of, and other reasons to vote against, the Scheme set out in this Section into consideration when deciding how to vote on the Scheme.

5.1 You may hold a different view to the SKILLED Directors and the Independent Expert in relation to the Scheme

Notwithstanding the recommendation of the SKILLED Directors[16] and the conclusion of the Independent Expert, you may believe that the Scheme is not in your best interests.

You are not obliged to follow the recommendation of the SKILLED Directors or to agree with Independent Expert's conclusion.

5.2 You may believe there is potential for a Superior Proposal to emerge

You may believe that a Superior Proposal, which is more attractive for SKILLED Shareholders than the Scheme, could emerge in the foreseeable future. Implementation of the Scheme will mean that SKILLED Shareholders will not receive the benefit of any such proposal.

Since the announcement of the Scheme to ASX by SKILLED and Programmed Maintenance Services on 24 June 2015 and up to the date of this Explanatory Memorandum, no Superior Proposal has emerged and the SKILLED Directors are not aware of any Superior Proposal (or any alternative proposal) that is likely to emerge. The Scheme Implementation Agreement prohibits SKILLED from soliciting Competing Proposals, however, SKILLED is permitted to respond to any Competing Proposal should the SKILLED Directors determine that failing to do so would likely constitute a breach of their fiduciary or statutory duties. Further details of the key terms of the Scheme Implementation Agreement are provided in Section 13.2.

5.3 You may wish to maintain your current investment and risk profile

While Programmed is engaged in a number of staffing and project services businesses that are similar to SKILLED, the operational profile, size, capital structure and dividend policy of the Combined Group will be different to that of SKILLED on a standalone basis. You may wish to maintain an interest in SKILLED as an independent company because you are seeking an investment in a publicly listed company with the specific characteristics of SKILLED. You may consider a change in investment profile to be disadvantageous to you.

If the Scheme is Implemented and you continue to hold your New Programmed Shares you will be exposed to risk factors specific to Programmed, and to certain additional risks relating to the Combined Group and the integration of the two companies.

Further details of the risks associated with New Programmed Shares and the Combined Group are set out in Section 12.4.

5.4 You may be concerned about the cost and risks of realising synergies from the combination of SKILLED Group and Programmed

One of the benefits of the Scheme is the potential for the Combined Group to realise synergies of more than $20 million on a pre-tax basis in the first year after Implementation. The costs to realise these synergies are expected to be approximately $8 million (expense) / $10 million (cash) in that year. However, you may believe the integration of SKILLED Group and Programmed may be more difficult or take more time than currently anticipated. The risks associated with the integration and achievement of synergies are outlined in Section 12.4.2. You may be concerned that the cost to realise synergies will be greater than expected, or that the expected synergies will not be realised within the anticipated timeframe, or to their full extent.

5.5 The value of the New Programmed Shares is not certain

If the Scheme is Implemented, SKILLED Shareholders (other than Ineligible Overseas Shareholders) will receive New Programmed Shares. The value of these New Programmed Shares will depend on the price at which Programmed Shares trade on ASX after the Implementation Date.

16 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

The price of Programmed Shares may rise or fall based on market conditions and the Combined Group's financial and operational performance. If the price of Programmed Shares falls, the value of the New Programmed Shares received under the Scheme will decline. If the price of Programmed Shares increases, the value of the New Programmed Shares received under the Scheme will increase. Refer to Section 12.4 for more information regarding the risks associated with New Programmed Shares.

Following Implementation of the Scheme, there is a risk that a significant number of SKILLED Shareholders may seek to sell their New Programmed Shares, which may adversely impact the price of Programmed Shares. Further, there is the risk that, at any time, a significant number of Programmed Shareholders may seek to sell their Programmed Shares, which may adversely impact the price of Programmed Shares.

Accordingly, there is no guarantee as to the future value of the New Programmed Shares.

5.6 The potential tax consequences pursuant to the Scheme may not be suitable to your financial position

If the Scheme is Implemented, there may be tax consequences for you as a SKILLED Shareholder, which potentially include tax payable on any gain in the disposal of your SKILLED Shares.

A general guide to the taxation implications of the Scheme is set out in the Taxation Letter in Annexure C. This guide is expressed in general terms and you should seek independent professional advice regarding the tax consequences applicable to your own circumstances.

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OTHER RELEVANT CONSIDERATIONS IN RELATION TO VOTING ON THE SCHEME

6

6 Other relevant considerations in relation to voting on the Scheme

You should also take into account the following additional considerations in deciding how to vote on the Scheme.

6.1 The Scheme may be Implemented even if you vote against the Scheme or you do not vote at all

Even if you do not vote, or vote against the Scheme, the Scheme will still be Implemented if it is approved by the Requisite Majorities of SKILLED Shareholders and the Court and all other Conditions Precedent are satisfied or, if permitted, waived. If this occurs, your SKILLED Shares will be transferred to Programmed Maintenance Services and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

6.2 Implications for SKILLED if the Scheme is not Implemented

If the Scheme does not proceed, SKILLED Shareholders will not receive the Scheme Consideration. However, the SKILLED FY15 Final Dividend will be paid regardless of whether the Scheme proceeds.

If the Scheme is not approved by SKILLED Shareholders and the Court and all outstanding Conditions are not satisfied or waived, the Scheme will not proceed. In that case, SKILLED Shareholders will not receive the Scheme Consideration, SKILLED will continue to operate as a standalone company and SKILLED Shares will remain listed on ASX.

If the Scheme is not Implemented, the advantages of the Scheme described in Section 4 will not be realised and the potential disadvantages and risks of the Scheme described in Section 5 and Section 12.3 will not arise.

SKILLED has incurred significant costs in respect of the Scheme prior to the date of this Explanatory Memorandum, including in relation to the conduct of negotiations with Programmed Maintenance Services, retention of advisers, provision of information to Programmed Maintenance Services, facilitation of Programmed Maintenance Services' access to due diligence, engagement of the Independent Expert and preparation of this Explanatory Memorandum. If the Scheme is not Implemented, SKILLED expects to incur costs relating to the Scheme of approximately $2.6 million (excluding GST) (if the Scheme is Implemented SKILLED expects to incur costs relating to the Scheme of approximately $5.6 million (excluding GST)).

6.3 Conditionality of the Scheme

Implementation of the Scheme is subject to a number of Conditions Precedent, which are summarised in Section 13.2.1 and set out in Section 3.1 of the Scheme Implementation Agreement. If the Conditions Precedent are not satisfied or waived (as applicable), the Scheme will not proceed and SKILLED Shareholders will not receive the Scheme Consideration. However, the SKILLED FY15 Final Dividend will be paid regardless of whether the Scheme proceeds.

6.4 Warranty by Scheme Shareholders about their SKILLED Shares

If the Scheme is Implemented, each Scheme Shareholder is deemed to have warranted to Programmed that their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the date of their transfer to Programmed Maintenance Services, be transferred fully paid and free from all mortgages, charges, liens, encumbrances, security interests and other interests of third parties of any kind, whether legal or otherwise, including any restrictions on transfer of any kind and that it has full capacity and power to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to those shares.

6.5 Exclusivity

The Scheme Implementation Agreement contains certain exclusivity arrangements SKILLED has made in favour of Programmed Maintenance Services, including customary no-shop, no-talk and no-due diligence obligations, as well as obligations of notification of Competing Proposals and providing a matching right to Programmed Maintenance Services in the event that a Competing Proposal is received by SKILLED. Refer to Section 13.2.3 for further information.

6.6 Break fees

If the Scheme does not become Effective, a break fee of $3.5 million is payable by SKILLED in the circumstances set out in Section 13.2.5 and by Programmed Maintenance Services in the circumstances set out in Section 13.2.6. However, no break fee is payable merely if SKILLED Shareholders do not approve the Scheme by the Requisite Majorities. Refer to Section 13.2.4 for further information.

FREQUENTLY ASKED QUESTIONS 7

7 Frequently asked questions

This Section answers some questions you may have about the Scheme. It is not intended to address all relevant issues for SKILLED Shareholders. This Section should be read together with the other parts of this Explanatory Memorandum.

Question	Answer	More information
OVERVIEW OF THE SCHEME		
Why have I received this Explanatory Memorandum?	You have been sent this Explanatory Memorandum because you are a SKILLED Shareholder and you are being asked to vote on the Scheme. This Explanatory Memorandum is intended to help you consider and decide on how to vote on the Scheme at the Scheme Meeting.	
What is the Scheme I am being asked to consider?	On 24 June 2015, SKILLED and Programmed Maintenance Services announced that the companies had entered into the Scheme Implementation Agreement in relation to the Scheme. If the Scheme is Implemented, Programmed Maintenance Services will acquire 100% of SKILLED Shares and SKILLED Shareholders will receive 0.55 New Programmed Shares and the SKILLED Special Dividend ($0.155 per SKILLED Share). In addition, regardless of whether the Scheme is Implemented, SKILLED Shareholders will receive the SKILLED FY15 Final Dividend (which, combined with the SKILLED Special Dividend, provides $0.25 cash per SKILLED Share).	Annexure D
What should I do?	You should read this Explanatory Memorandum carefully. Based on this information and any advice you may receive, you should determine how you wish to vote on the Scheme and vote by attending the Scheme Meeting, or by appointing a proxy to vote on your behalf. If you are unsure about what to do, you should consult your legal, investment, taxation or other professional adviser.	Section 8
What is a Scheme of Arrangement?	A Scheme of Arrangement is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the scheme by the Requisite Majorities at a meeting of shareholders and Court approval.	
Is this a takeover?	The Scheme is not a takeover offer, it is a Scheme of Arrangement. However, if the Scheme is Implemented, the outcome will be similar to a successful 100% takeover offer, in that all of the SKILLED Shares on issue will be acquired by Programmed Maintenance Services.	
Who is Programmed?	Programmed Maintenance Services is the company that is seeking to acquire your SKILLED Shares in exchange for the Scheme Consideration, so as to form the Combined Group. Programmed is a leading provider of staffing, maintenance and facility management services in Australia. Its business model is built around an ability to recruit, retain and deploy a large, directly-employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities. Programmed Maintenance Services was established in 1951 and its shares are listed on the ASX under the code "PRG". Its market capitalisation as at 5 August 2015, being the last Trading Day prior to lodgement of this Explanatory Memorandum for review by ASIC, was approximately $309.4 million.	Section 10

Question	Answer	More information
Who is entitled to participate in the Scheme?	Persons who hold SKILLED Shares on the Scheme Record Date can participate in the Scheme.	Section 13.3.7
Do I need to make any payments to participate in the Scheme?	No.	
Do I have to pay stamp duty under the Scheme?	No.	
Do I have to pay brokerage costs to participate in the Scheme?	No, however, if you are an Ineligible Overseas Shareholder, the New Programmed Shares that you would otherwise be entitled to will be sold by the Sale Nominee and the proceeds paid to you net of fees, including brokerage costs.	
Do I need to do or sign anything to transfer my Scheme Shares?	No. If the Scheme becomes Effective, SKILLED will automatically have authority to sign a transfer document on behalf of Scheme Shareholders, who will then receive the Scheme Consideration. You should be aware that, if you are a Scheme Shareholder, you will be deemed to have warranted to SKILLED, and authorised SKILLED to warrant to Programmed Maintenance Services on your behalf, that: (a) all of your Scheme Shares are fully paid and free from all security interests and (b) you have full power and capacity to transfer your Scheme Shares to Programmed Maintenance Services.	
SCHEME CONSIDERATION		
What will I receive if the Scheme is Implemented?	If the Scheme is Implemented you will receive 0.55 New Programmed Shares (provided you are not an Ineligible Overseas Shareholder) and the $0.155 SKILLED Special Dividend, per SKILLED Share. In addition, regardless of whether the Scheme is Implemented, you will receive the SKILLED FY15 Final Dividend (which, combined with the SKILLED Special Dividend, provides $0.25 cash per SKILLED Share).	Section 3
How will I receive the New Programmed Shares component of the Scheme Consideration?	Programmed Maintenance Services will issue the New Programmed Shares, and enter your name on the Programmed Register as the holder of 0.55 New Programmed Shares for each SKILLED Share held by you on the Scheme Record Date (unless you are an Ineligible Overseas Shareholder). Holding statements in relation to the New Programmed Shares will be dispatched to you on Friday, 23 October 2015 (unless you are an Ineligible Overseas Shareholder). If you are an Ineligible Overseas Shareholder, you will receive the net proceeds of the sale of the New Programmed Shares to which you would have otherwise been entitled.	Section 13.3.9 Section 13.3.13

7 Frequently asked questions

Question	Answer	More information
How will I receive the cash component of the Scheme consideration?	The SKILLED Board has declared the SKILLED FY15 Final Dividend and, if the Scheme is approved by the Requisite Majorities of SKILLED Shareholders, will declare the SKILLED Special Dividend on 25 September 2015, after the Scheme Meeting, conditional on the Scheme becoming Effective. Assuming both the SKILLED FY15 Final Dividend and SKILLED Special Dividend are paid ($0.25 per SKILLED Share in total) Programmed Maintenance Services will not be required to pay any cash to you as part of the Scheme consideration. In the unlikely event that either the SKILLED FY15 Final Dividend or SKILLED Special Dividend are not paid, Programmed Maintenance Services will pay you the equivalent amount of Cash Consideration (being the cash consideration under the Scheme). All payments will be made by direct deposit into your nominated bank account, as advised to the SKILLED Share Register as at the Scheme Record Date. If you have not nominated a bank account, payment will be by cheque sent to you by post to your registered address as it appears on the SKILLED Share Register.	Section 13.3.9
What if I am an Ineligible Overseas Shareholder?	Although all SKILLED Shareholders can participate in the Scheme, Ineligible Overseas Shareholders will not be issued New Programmed Shares under the Scheme. Instead, the New Programmed Shares which would otherwise have been issued to you under the Scheme will be issued to a Sale Nominee appointed by Programmed Maintenance Services. The Sale Nominee will sell those New Programmed Shares as soon as practicable, (and within 15 Business Days after the Implementation Date) and pay to you the proceeds received promptly after settlement of all the sales of the New Programmed Shares after deducting any applicable fees, brokerage, taxes and charges. Ineligible Overseas Shareholders will receive the SKILLED Special Dividend (and the SKILLED FY15 Final Dividend).	
How do I find out whether I am an Ineligible Overseas Shareholder?	Ineligible Overseas Shareholders are SKILLED Shareholders whose address shown in the SKILLED Share Register on the Scheme Record Date is a place outside Australia and its external territories and New Zealand.	Section 13.3.13
When will I receive the Scheme Consideration?	If the Scheme becomes Effective you will: • be paid the SKILLED Special Dividend, on Thursday, 15 October 2015 and • have your name entered into the Programmed Share register on 16 October 2015. If the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the payment of the Scheme Consideration will also be delayed. Regardless of whether the Scheme becomes Effective, you will be paid the SKILLED FY15 Final Dividend on 15 October 2015.	Key dates

Question	Answer	More information
Can I choose to receive cash instead of New Programmed Shares?	No. There is no option for SKILLED Shareholders to elect to receive cash instead of New Programmed Shares. However, once you have received them, you may sell some or all of your New Programmed Shares on ASX. Alternatively, you may elect to sell your SKILLED Shares before the Effective Date.	
Can I receive or subscribe for additional New Programmed Shares under the Scheme?	No. The Scheme Consideration includes a fixed amount of 0.55 New Programmed Shares per SKILLED Share. However you may choose to buy additional Programmed Shares through normal trading on ASX.	
How can I be sure I will receive the Scheme consideration?	If the Scheme is Implemented, Programmed Maintenance Services is bound to ensure Scheme Shareholders receive the Scheme consideration, in accordance with the Deed Poll. Under the Scheme, Scheme Shareholders appoint SKILLED as their agent and attorney to enforce the Deed Poll on their behalf.	Annexure E
What is the premium offered under the Scheme, compared to the market price of SKILLED Shares?	As set out in the Scheme Implementation Agreement, the Scheme consideration comprised 0.55 New Programmed Shares and $0.25 cash per SKILLED Share. The cash component of the Scheme consideration has been adjusted to reflect the SKILLED FY15 Final Dividend ($0.095 per SKILLED Share) as described in Section 3. Together, the Scheme Consideration of 0.55 New Programmed Shares plus the SKILLED Special Dividend and SKILLED FY15 Final Dividend offer $1.79 of implied value[17] per SKILLED Share, representing a: • 45.5% premium to SKILLED's closing price on 22 May 2015[18] • 41.7% premium to SKILLED's 10 day VWAP (to the closing price on 22 May 2015) and • 39.6% premium to SKILLED's 30 day VWAP (to the closing price on 22 May 2015). The premium offered varies with the Programmed Share price.	Section 4.3
Will I be able to trade the New Programmed Shares on ASX?	Yes, Programmed Shares currently trade on ASX, and the New Programmed Shares will trade on ASX if the Scheme is Implemented. It is expected that you will be able to trade the New Programmed Shares on a deferred settlement basis from Friday, 2 October 2015.[19]	Section 13.3.5
How will fractional shares be treated?	If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a New Programmed Share, the number of New Programmed Shares to which you would be entitled will, after aggregating all of your holdings of SKILLED Shares, be rounded up in the case of an entitlement to half of a New Programmed Share or otherwise rounded up or down to the nearest whole number of New Programmed Shares.	Section 13.3.8
Can I keep my SKILLED Shares?	If the Scheme is Implemented, your SKILLED Shares will be transferred to Programmed Maintenance Services. This will be the case even if you did not vote or you voted against the Scheme.	

17 Based on the closing price of Programmed Shares of $2.80 on 19 June 2015, being the last traded price prior to SKILLED and Programmed Maintenance Services entering into the Scheme Implementation Agreement.

18 The last Trading Day before the announcement of discussions between SKILLED and Programmed Maintenance Services.

19 The Victorian Government has announced its intention to make 2 October 2015 a public holiday in Victoria and may be gazetted as such. This date assumes that 2 October 2015 is a Trading Day.

7 Frequently asked questions

Question	Answer	More information
Can I sell my SKILLED Shares on ASX?	Yes, you can sell your SKILLED Shares on ASX up to and including the Effective Date. Trading in SKILLED Shares will be suspended following close of trading on the Effective Date, so you will not be able to sell your shares on ASX after this time. If you sell your SKILLED Shares on ASX before the Effective Date: • you may pay brokerage on the sale • you will not receive the Scheme Consideration, (including the SKILLED Special Dividend) or the SKILLED FY15 Final Dividend and • there may be different tax consequences for you compared with those that would arise if the Scheme is Implemented.	
What are the tax implications of the Scheme?	A general outline of the tax implications of the Scheme is set out in the Taxation Letter. As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to how to vote on the Scheme.	Annexure C
DIVIDENDS		
Has SKILLED declared a final dividend for FY15?	Yes, the SKILLED Board declared the SKILLED FY15 Final Dividend ($0.095 per SKILLED Share) on 5 August 2015.	
Will the SKILLED FY15 Final Dividend be paid if the Scheme does not proceed?	Yes.	
What is the SKILLED Special Dividend?	If SKILLED Shareholders approve the Scheme by the Requisite Majorities, the SKILLED Board will declare the SKILLED Special Dividend ($0.155 per SKILLED Share), conditional on the Scheme becoming Effective.	
Will the SKILLED Special Dividend be paid if the Scheme does not proceed?	No.	
When will the dividends be paid?	The payment date for both the SKILLED FY15 Final Dividend and the SKILLED Special Dividend is Thursday, 15 October 2015. The SKILLED FY15 Final Dividend will be paid regardless of whether the Scheme proceeds. The SKILLED Special Dividend will only be paid if the Scheme proceeds.	
SCHEME MEETING, VOTING AND APPROVALS		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street Melbourne VIC 3000 on Friday, 25 September 2015 at 1.00pm (Melbourne time).	Section 8
What am I being asked to vote on?	You are being asked to vote on whether to approve the Scheme Resolution. The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure F.	Annexure F

Question	Answer	More information
What vote is required to approve the Scheme?	For the Scheme to be approved, the Scheme Resolution must be passed by the Requisite Majorities, being: • unless the Court orders otherwise - a majority in number (i.e. more than 50%) of SKILLED Shareholders present and voting at the Scheme Meeting (in person or by proxy or representative) and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by SKILLED Shareholders (in person or by proxy or representative). If approved by the Requisite Majorities, the Scheme will only become Effective if it is approved by the Court at the Second Court hearing to be held on Thursday, 1 October 2015 and the other outstanding conditions are satisfied or, if permitted, waived.	
Who is entitled to vote?	SKILLED Shareholders who are registered on the SKILLED Share Register at 7.00pm (Melbourne time) on Wednesday, 23 September 2015 are entitled to vote at the Scheme Meeting.	
Why should I vote at the Scheme Meeting?	Your vote is important in determining whether the Scheme is Implemented.	
How do I vote?	You may vote: • in person or by attorney, by attending the Scheme Meeting • by proxy, by completing and lodging the Proxy Form accompanying this Explanatory Memorandum so that it is received by 1.00pm (Melbourne time) on Wednesday, 23 September 2015 or • by a corporate representative (in the case of a corporate SKILLED Shareholder). Voting is not compulsory. However, your vote is important and the Scheme may be Implemented even if you have not voted for or against the Scheme.	Section 8 Annexure F
What happens if I do not vote, or vote against the Scheme?	If you do not vote or you vote against the Scheme, the Scheme will still be Implemented if the Scheme Resolution is passed by the Requisite Majorities, the Court approves the Scheme and the other Conditions Precedent to the Scheme are satisfied or, if permitted, waived. Accordingly, you may still be bound by the Scheme even though you have not voted or voted against the Scheme.	
When will the result of the Scheme Meeting be available?	The result of the Scheme Meeting will be announced to ASX shortly after its conclusion.	
Can I oppose the Scheme?	Any SKILLED Shareholder may oppose the Scheme by: • attending the Scheme Meeting in person or by proxy and voting against the Scheme Resolution • attending the Court to oppose the Court exercising its discretion to grant orders approving the Scheme or • making a complaint to ASIC about the Scheme. If you intend to oppose the Scheme at the Second Court hearing, scheduled to be held on Thursday, 1 October 2015, you should seek independent legal advice in relation to your position.	

Question	Answer	More information
VOTING CONSIDERATIONS FOR THE SCHEME RESOLUTION		
What do the SKILLED Directors recommend?	The SKILLED Directors recommend that SKILLED Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[20] Each SKILLED Director intends to vote in favour of the Scheme in respect of the SKILLED Shares over which they have voting control, in the absence of a Superior Proposal.	
What is the opinion of the Independent Expert?	Grant Samuel was appointed by SKILLED as the Independent Expert to assess the merits of the Scheme. The Independent Expert has valued SKILLED Shares in the range \$1.53 to \$1.87 and the Scheme consideration (including the SKILLED FY15 Final Dividend) in the range \$1.57 to \$1.68. The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal.	Annexure A
What if the Independent Expert changes its opinion?	If the Independent Expert changes its opinion, this will be announced to ASX and the SKILLED Directors will carefully consider the Independent Expert's revised opinion and advise you of their recommendation.	
Why should I vote in favour of the Scheme?	Reasons why you should vote in favour of the Scheme are set out in Section 4, including: • the SKILLED Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal[20] • the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED Shareholders, in the absence of a Superior Proposal • the Scheme offers a significant premium to the trading price of SKILLED Shares prior to the announcement of discussions between SKILLED and Programmed Maintenance Services • a combination of SKILLED Group and Programmed is expected to generate significant synergies • the Scheme is expected to enhance financial outcomes for SKILLED Shareholders • the combination of SKILLED Group and Programmed is expected to create a leading diversified staffing, maintenance and facility management business • the Combined Group is expected to have greater funding flexibility than SKILLED as a standalone company • SKILLED Shareholders may be able to benefit from the franking credits associated with the SKILLED Special Dividend • SKILLED Shareholders may be eligible for CGT rollover relief • in the Independent Expert's opinion, SKILLED Shares are likely to trade at lower levels in the absence of the Scheme • since the announcement of the Scheme, no Superior Proposal has emerged.	Section 4

20 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

Question	Answer	More information
Why might I consider voting against the Scheme?	Reasons why you might consider voting against the Scheme are set out in Section 5, including: • you may hold a different view to the SKILLED Directors and the Independent Expert in relation to the Scheme • you may believe there is potential for a Superior Proposal to emerge • you may wish to maintain your current investment and risk profile • you may be concerned about the costs and risks associated with the realisation of synergies from the combination of SKILLED Group and Programmed • the value of the New Programmed Shares is not certain and • the potential tax consequences pursuant to the Scheme may not be suitable to your financial position.	Section 5
What are the potential risks associated with the Scheme?	If the Scheme is Implemented (and you are not an Ineligible Overseas Shareholder) you will hold New Programmed Shares. Implementation of the Scheme and investment in New Programmed Shares are subject to a range of risks. These risks may have a negative impact on the future operating or financial performance, prospects, investment returns or value of New Programmed Shares.	Section 12.3 Section 12.4
Is the SKILLED Board aware of a Superior Proposal?	Since the announcement of the Scheme to ASX by SKILLED and Programmed Maintenance Services on 24 June 2015 and up to the date of this Explanatory Memorandum, no Superior Proposal has emerged and the SKILLED Directors are not aware of any Superior Proposal (or any alternative proposal) that is likely to emerge. Until the Scheme is approved by the Court, there is nothing preventing other parties from making unsolicited acquisition proposals for SKILLED.	
What happens if a Competing Proposal emerges?	If a Competing Proposal emerges prior to the Second Court hearing, the SKILLED Directors will carefully consider the proposal and determine whether it is a Superior Proposal. The SKILLED Directors will keep you informed of any material developments.	
CONDITIONS AND IMPLEMENTATION OF THE SCHEME		
What are the conditions to the Scheme?	The Scheme is subject to a number of Conditions Precedent, including: • the Scheme being approved by the Requisite Majorities at the Scheme Meeting and • the Scheme being approved by the Court at the Second Court hearing.	Section 13.2.1
In what circumstances can SKILLED or Programmed Maintenance Services terminate the Scheme?	The Scheme can be terminated by SKILLED or Programmed Maintenance Services (as applicable) in the circumstances set out in the Scheme Implementation Agreement, including: • if the Conditions of the Scheme are not satisfied or waived • if either SKILLED or Programmed Maintenance Services is in material breach of the Scheme Implementation Agreement • if the Scheme is not Implemented by the End Date • if a Superior Proposal is recommended by a majority of SKILLED Directors and • by agreement between SKILLED and Programmed Maintenance Services.	Section 13.2.8

Question	Answer	More information
When is SKILLED obliged to pay a break fee? When is Programmed Maintenance Services obliged to pay a break fee?	Under the Scheme Implementation Agreement: • SKILLED must pay a $3.5 million break fee to Programmed in certain circumstances, including if a Competing Proposal is completed or where Programmed terminates the Scheme Implementation Agreement due to a material breach by SKILLED and • Programmed Maintenance Services must pay a $3.5 million break fee to SKILLED in certain circumstances, including where SKILLED terminates the Scheme Implementation Agreement due to a material breach by Programmed Maintenance Services. However, no break fee is payable merely if SKILLED Shareholders do not approve the Scheme by the Requisite Majorities.	Section 13.2.5 Section 13.2.6
When will the Scheme become Effective?	If the Conditions Precedent are satisfied or, if permitted, waived, SKILLED will apply to the Court to approve the Scheme at the Second Court hearing. The Second Court hearing is scheduled to be held on Thursday, 1 October 2015. The Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC. The Scheme is expected to become Effective on Thursday, 1 October 2015.	
When will SKILLED Shares cease trading on ASX?	If the Scheme becomes Effective, suspension of trading in SKILLED Shares on ASX is expected to occur from close of trading on the Effective Date. This is expected to occur on Thursday, 1 October 2015.	
What happens on the Implementation Date?	On the Implementation Date: • Programmed Maintenance Services will become the holder of all the SKILLED Shares and • New Programmed Shares will be issued to Scheme Shareholders. The Implementation Date is scheduled to be Friday, 16 October 2015. The SKILLED FY15 Final Dividend and SKILLED Special Dividend are scheduled to be paid on Thursday, 15 October 2015.	
What happens if the Scheme is not Implemented?	If the Scheme is not Implemented: • you will not receive the Scheme Consideration • SKILLED will continue to operate as an independent company and remain listed on ASX and • you will retain your SKILLED Shares and continue to participate in the benefits of, and continue to be exposed to the risks associated with, an investment in SKILLED. However, the SKILLED FY15 Final Dividend will be paid regardless of whether the Scheme proceeds.	

Question	Answer	More information
OVERVIEW OF THE COMBINED GROUP		
What will the Combined Group look like if the Scheme is Implemented?	If Implemented, the Scheme will create a leading diversified Australian staffing, maintenance and facility management business, with pro forma annual sales of approximately $3.5 billion.	Section 11
What will the Combined Group's strategy be?	Should the Scheme be Implemented, Programmed's vision is to create a stronger, more efficient and more competitive workforce solutions provider covering staffing, maintenance and facility management operations, diversified across all sectors of the economy and better positioned to take advantage of growth opportunities. If the Scheme is Implemented, Programmed intends to work quickly to integrate the businesses of SKILLED Group. Programmed has formed a joint integration committee with SKILLED Group and is conducting a review of SKILLED Group's operations and assets, covering strategic, financial and operational matters. That review will continue after Implementation and will give Programmed a better understanding of SKILLED Group's businesses and therefore assist in the integration process and enable Programmed to identify areas in which SKILLED Group's businesses may be enhanced. While Programmed does not have any specific intentions in relation to the outcomes of the review, it may identify areas to optimise savings and identify other opportunities to improve the combined business.	Section 11.1 Section 11.4
Who will be on the board of the Combined Group?	If the Scheme is Implemented, Programmed Maintenance Services will be the ultimate holding company for the companies that are part of Programmed and SKILLED Group (which will together form the Combined Group). The Programmed Board will comprise its current members, with the current Programmed Chairman, Bruce Brook, retaining that role. The Programmed Board will consider increasing its size to enable improved capability to govern the larger business within the first year of Implementation of the Scheme.	Section 11.3.3
Who will be the senior management of the Combined Group?	It is intended that Chris Sutherland, the current Managing Director of Programmed, will continue as the Managing Director of the Combined Group, with the management team to consist of executives from both Programmed and SKILLED Group.	Section 11.3.3
What will the dividend policy of the Combined Group be?	As outlined in Section 10.8, Programmed's dividend payout ratio has been approximately 50% of after-tax profit before reconciling items. If the Scheme is Implemented, Programmed does not currently expect any changes to this position. It is Programmed's current intention that the Combined Group will continue to pay a dividend taking into consideration the Combined Group's financial performance and future capital requirements.	Section 11.4.7
FURTHER INFORMATION		
What if I have further questions about the Scheme?	If you have any further questions about the Scheme, please call the SKILLED Shareholder Information Line on 1300 390 430 (within Australia) or +61 3 9415 4024 (outside Australia) between 9.00am and 5.00pm (Melbourne time) Monday to Friday.	

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MEETING DETAILS AND HOW TO VOTE 8

8 Meeting details and how to vote

8.1 Notice of Scheme Meeting

The Scheme will be voted on by SKILLED Shareholders at a meeting to be held at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000 at 1.00pm (Melbourne time) on Friday, 25 September 2015.

The Notice of Scheme Meeting is contained in Annexure F.

8.2 Your choices as a SKILLED Shareholder

In considering how to vote on the Scheme, the SKILLED Directors encourage you to:

- read this Explanatory Memorandum carefully
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances and
- obtain financial advice from your legal, investment, taxation or other professional adviser on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

As a SKILLED Shareholder you have the following choices:

- you can vote at the Scheme Meeting in person, by attorney, by proxy or, in the case of corporate shareholders, by a duly appointed corporate representative. Information on how to vote using each of these methods is contained in the Notice of Scheme Meeting attached as Annexure F
- you can elect not to vote at the Scheme Meeting or
- you can buy or sell SKILLED Shares on ASX before the Effective Date. This is expected to occur on Thursday, 1 October 2015. If you sell your SKILLED Shares on ASX you may incur brokerage costs.

Your vote is important and the SKILLED Directors encourage you to vote on the Scheme.

8.3 Voting entitlement

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Melbourne time) on Wednesday, 23 September 2015. Only those SKILLED Shareholders entered on the SKILLED Share Register at that time will be entitled to attend and vote at the Scheme Meeting.

You may vote in person, by proxy, by attorney or, in the case of a body corporate, by a duly appointed corporate representative.

If you vote by proxy, the Proxy Form must be received by the SKILLED Share Registry by 1.00pm (Melbourne time) on Wednesday, 23 September 2015 to be valid.

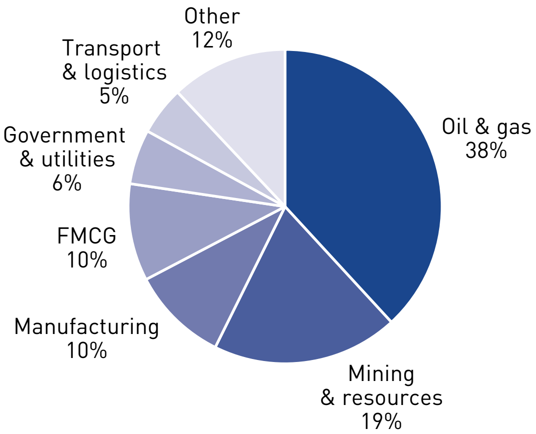
PROFILE OF SKILLED GROUP

9

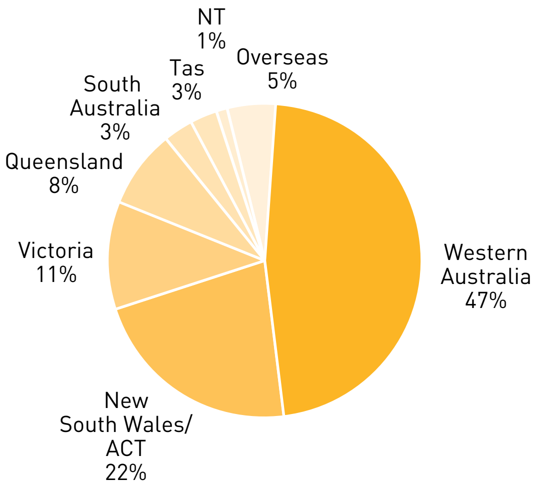
9 Profile of SKILLED Group

SKILLED Group is the largest provider of temporary labour hire and recruitment services in Australia. "SKILLED" is a well-established and trusted brand, with reach across all Australian states and territories, which services a broad range of sectors of the Australian economy including oil & gas, mining, manufacturing, government, transport and logistics. SKILLED Group has a network of over 80 local and regional offices across Australia, New Zealand, United Kingdom, the United States of America, Singapore, Malta and the United Arab Emirates.

SKILLED Group revenue by industry (FY15, $2,047.4 million)



SKILLED Group revenue by geography (FY15, $2,047.4 million)



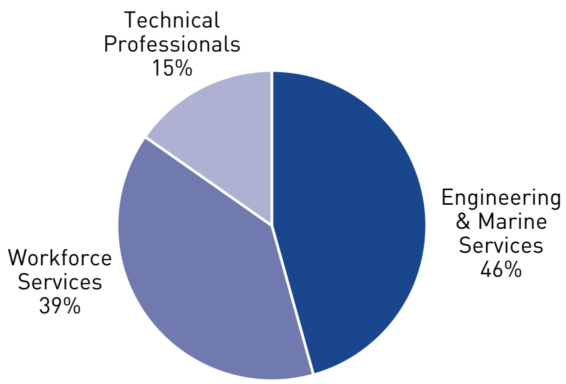
Source: SKILLED FY15 Investor Presentation

SKILLED Group's core strength lies in partnering closely with customers over the long-term to improve workforce utilisation and increase productivity through the provision of temporary labour, workforce management, project-based workforce solutions and permanent recruitment. SKILLED Group is one of the largest employers of apprentices and trainees in Australia, employing approximately 1,000 apprentices and trainees annually. Further, SKILLED Group is committed to improving employment opportunities for Indigenous people and employs approximately 600 Indigenous Australians annually. An integral part of SKILLED Group's offering to customers is its safety leadership and excellent safety record. SKILLED Group's commitment to the health, safety and wellbeing of its employees is the company's primary corporate value. SKILLED Group Limited is certified to the AS/NZS 4801:2001 standard and ISO 9001:2008 Quality Management Systems standard.

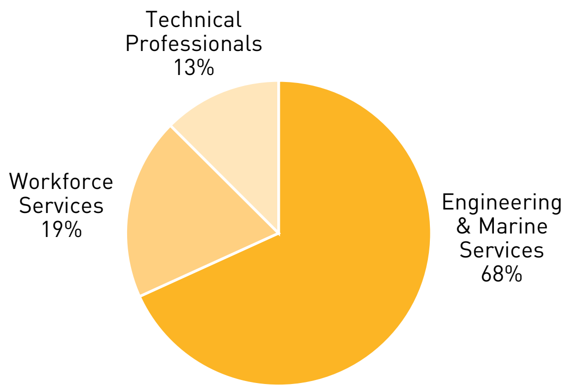
9.1 Business units

SKILLED Group operates through its Engineering & Marine Services, Workforce Services and Technical Professionals business units. The relative financial contributions of these business units to SKILLED Group are set out below.

SKILLED Group revenue by business unit (FY15, $2,047.4 million)



SKILLED Group EBITDA by business unit (FY15, $102.4 million)



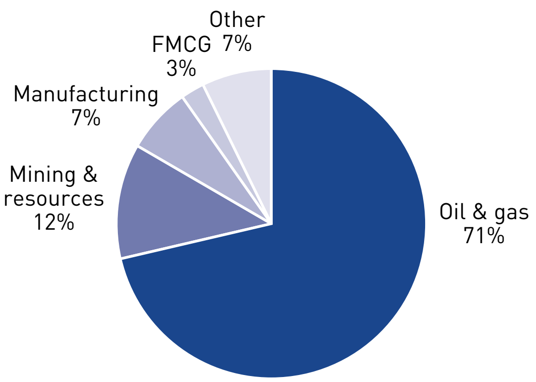
Source: SKILLED FY15 Financial Report (before unallocated items)

9.2 Engineering & Marine Services

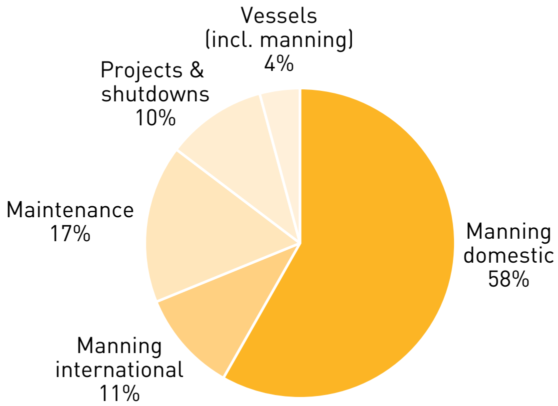
Engineering & Marine Services operates through two largely distinct divisions – Engineering and Offshore.

In FY15, Engineering & Marine Services contributed 46% of SKILLED's revenue and 68% of its EBITDA, across a range of activities, as set out below.

Engineering & Marine Services revenue by industry (FY15, $941.5 million)



Engineering & Marine Services revenue by activity (FY15, $941.5 million)



Source: SKILLED FY15 Investor Presentation

Note: includes notional 50% share of joint venture revenue for the period prior to consolidation of OMSA.

9.2.1 SKILLED Engineering

SKILLED Engineering provides specialist engineering, maintenance and civil construction services to the mining, manufacturing, oil & gas, utilities and infrastructure industries in Australia. SKILLED Engineering also delivers specialist asset management services to both upstream and downstream operations, including industrial maintenance and repair, major and modular shutdowns, capital works project management, mill relines and non-process infrastructure (facility) management. These operations are supported by a network of workshops across Australia.

Engineering comprises the ATIVO, Thomas & Coffey, Pacific Relines and Damstra[21] businesses.

ATIVO

ATIVO is a leading provider of specialist maintenance and project services to the mining, manufacturing, maritime, industrial and energy resource sectors in Australia. ATIVO provides experienced supervisors, trade crews, safety professionals and engineers, plus specialised tooling and logistic support. The ATIVO teams optimise and maintain fixed and mobile plant and equipment for mining customers, and work closely with SKILLED Workforce Services to deliver projects and capital works, whole-of-life maintenance services (installations, commissioning, operations and production), decommissioning and infrastructure maintenance, shutdowns, outages, relines and turnarounds.

Thomas & Coffey

The Thomas & Coffey maintenance operations were acquired by SKILLED Group in February 2014. Thomas & Coffey provides industrial maintenance crews, construction and capital works project management and delivery, as well as workshop services for the manufacturing, utilities and infrastructure industries.

Pacific Relines

Pacific Relines delivers mill relining plant maintenance services, supplying personnel and equipment to reline grinding mills and crushers at hard rock mining sites.

21 In SKILLED's financial reports, Damstra is reported as part of the Technical Professionals segment.

Damstra

Damstra specialises in workforce management, compliance, and safety management with a unique web-based Total Workforce Management System (**TWMS**). TWMS is designed and developed to help businesses manage their site-based workforce, contractors and visitors.

9.2.2 SKILLED Offshore

SKILLED Offshore is a leading provider of offshore drilling and marine personnel and professional personnel (blue collar and white collar roles) to the oil & gas industry, across all stages of the asset life cycle. SKILLED Offshore specialises in offshore vessel and rig manning and associated support services including recruitment, training, visa administration, travel management, catering and logistics, and also has experience with supplying personnel to jack-up rigs, semi-submersible rigs, drill ships and for other ancillary services. With offices in Australia, Malta, New Zealand, Singapore, United Arab Emirates, United Kingdom and the United States of America, SKILLED Offshore provides a global solution to the oil & gas industry's marine vessel and manning requirements.

SKILLED Offshore comprises the SKILLED Offshore Australia, SKILLED International and SKILLED Marine businesses.

SKILLED Offshore Australia

SKILLED Offshore Australia provides a staffing solution for large, complex and technically challenging onshore and offshore oil & gas projects. In addition, SKILLED Offshore Australia provides crewing solutions to SKILLED Marine (OMSA and Broadsword Marine Contractors).

SKILLED International

SKILLED International has its main corporate office in Aberdeen, United Kingdom, with branch offices in New Zealand, Malta, Singapore, Malaysia, United Arab Emirates and the USA.

SKILLED International provides personnel solutions in both white collar and blue collar disciplines to major oil & gas operators worldwide. SKILLED International works closely with its customers, and during 2014 opened offices in Singapore and the USA to service customers' needs in these locations.

SKILLED Marine

SKILLED Marine provides marine staffing, vessel chartering and management services through its Broadsword and OMSA businesses.

Acquired by SKILLED in July 2013, Broadsword is a Darwin-based marine services provider of inshore and offshore shallow water services, with a fleet of small to medium vessels and associated crews available for use in Australia and New Zealand. Broadsword provides support services for dredging, construction, diving, surveys and seismic work for customers in the oil & gas industry, and transhipment and construction support work for customers in the mining industry.

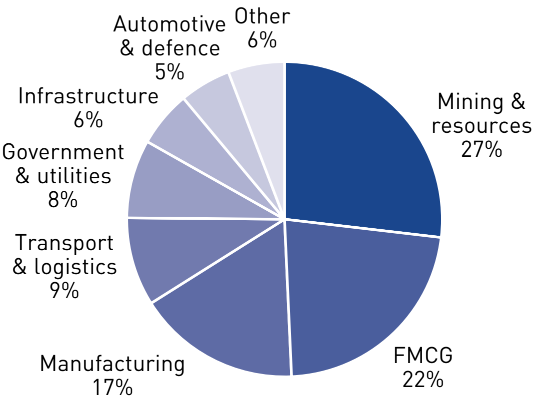
In 2009 SKILLED, PB Sea-Tow Holdings (BVI) Limited (**PB Sea-Tow**) and Ezion Investment Pte Ltd (**Ezion**) established OMSA, a joint venture to provide marine logistics services to the Gorgon natural gas project, on the North West Shelf of Australia. In 2013 Ezion sold its interest to SKILLED and PB Sea-Tow, resulting in each holding 50% of OMSA. SKILLED acquired PB Sea-Tow's interest in November 2014 and OMSA is now 100% owned by SKILLED. OMSA operates vessels including ocean going tugs, barges, shallow draught tugs, harbour tugs, crew boats and landing craft tank vessels. OMSA is principally engaged in the provision of tugs and barges and associated services to the Gorgon project, under a contract that is scheduled to conclude during FY16. OMSA is presently tendering for work in relation to the production phase of the Gorgon project and other major Australian oil & gas projects.

9.3 Workforce Services

With over 50 years of heritage, Workforce Services is the largest supplier of blue collar labour in Australia, specialising in the supply of temporary tradespeople, general staff and labourers across a broad range of industries. Workforce Services also provides employee management and rostering services.

In FY15, Workforce Services contributed 39% of SKILLED's revenue and 19% of its EBITDA, across a range of industries, as set out below.

Workforce Services revenue by industry (FY15, $799.4 million)



Source: SKILLED FY15 Investor Presentation

Workforce Services primarily operates under the SKILLED brand, but also has specific businesses and brands in certain industries and locations:

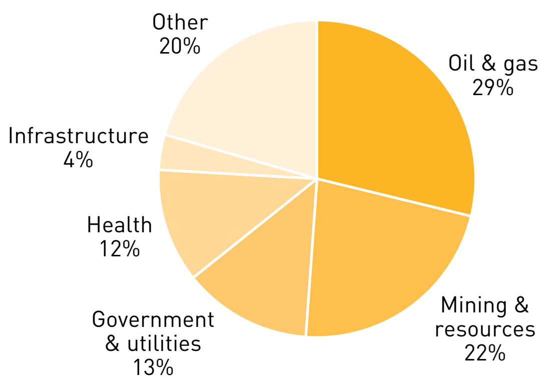
- TESA Mining – the provision of skilled labour and training services to the black coal industry in New South Wales and Queensland
- Longhill Group – flexible workforce solutions for the civil construction industry in Victoria and
- Waycon – supplies trades and labour to the building and construction sectors in New South Wales.

9.4 Technical Professionals

Technical Professionals provides information technology & telecommunications, executive, engineering and technical, professional services, operational and medically-trained casual, contract and permanent staffing solutions.

In FY15, Technical Professionals contributed 15% of SKILLED's revenue and 13% of its EBITDA, across a range of industries, as set out below.

Technical Professionals revenue by industry (FY15, $312.6 million)



Source: SKILLED FY15 Investor Presentation

Technical Professionals comprises the Mosaic, Professional & Technical, PeopleCo, Nursing Australia, Swan Contract Personnel and Training Services businesses.

9.4.1 Mosaic

Mosaic specialises in executive search and selection, temporary, contract and permanent professional roles for the information technology & telecommunications, government and business support sectors.

9.4.2 Professional & Technical

Operating under the SKILLED brand, Professional & Technical provides contract and permanent staff for engineering, project management, health & safety and other technical roles, typically for customers of the broader SKILLED Group.

9.4.3 PeopleCo

PeopleCo provides temporary and permanent staff, focusing primarily on small and medium businesses in the commercial and light industrial sectors. PeopleCo supplies roles including operations, accounting/finance, human resources, administration, procurement and sales management and operates from a nation-wide network of branches.

9.4.4 Nursing Australia

Nursing Australia supplies qualified generalist and specialist nurses, carers, support staff and other healthcare professionals for temporary and permanent roles in acute care, specialist care, aged care, community and home care across Australia.

9.4.5 Swan Contract Personnel

Swan is a specialist supplier in the professional, technical and engineering recruitment industry, focusing on project management, engineering and project support contractors for oil & gas, petrochemicals, mining and infrastructure projects.

9.4.6 Training Services

Training Services recruits, trains and manages apprentices and trainees across a range of industries including telecommunications, manufacturing, logistics, engineering, customer contact, business and administration, civil construction and health services. Training Services works in partnership with customers to provide structured, entry-level vocational training and employment opportunities.

Nationally accredited as a Group Training Organisation (**GTO**), Training Services employs apprentices/trainees under training contracts and places them with SKILLED's customers. Further, as a Registered Training Organisation (**RTO**), SKILLED provides a range of training to nationally recognised qualifications, competencies and regulatory requirements.

Training Services oversees the recruitment, training and management of around 1,000 apprentices and trainees each year.

9.5 Board and senior management

The SKILLED Board consists of the following people:

Vickki McFadden	Independent, non-executive Chairman
Angus McKay	Managing Director and Chief Executive Officer
Tony Cipa	Independent, non-executive director
Max Findlay	Independent, non-executive director
Bob Herbert AM	Independent, non-executive director
Tracey Horton	Independent, non-executive director
Jim Walker	Independent, non-executive director

The key members of SKILLED's senior management team are:

Angus McKay	Managing Director and Chief Executive Officer
Gary Kent	Chief Financial Officer
Johannes Risseeuw	Chief Operating Officer, Engineering & Marine Services
David Timmel	Chief Operating Officer, Workforce Services
Jennifer Boulding	Chief Operating Officer, Technical Professionals
Sharyn Page	Company Secretary and Group General Counsel

9.6 Capital structure

As at the date of this Explanatory Memorandum SKILLED had the following securities on issue:

- 235,898,291 SKILLED Shares
- 2,920,505 SKILLED Performance Rights and
- 1,840,667 SKILLED Options.

In addition, up to 1,112,000 further SKILLED Performance Rights may be issued in relation to grants under the SKILLED LTI Plan in 2014 and 538,000 SKILLED Performance Rights may be issued to Angus McKay, the Managing Director and Chief Executive Officer of SKILLED Group, in accordance with the terms of his service contract.

The vesting of SKILLED Performance Rights and SKILLED Options and the issue of further SKILLED Performance Rights in relation to the 2014 grants are subject to the satisfaction of relative total shareholder return and earnings per share performance measures over specified time periods. There are also a small number of SKILLED Performance Rights issued that are subject to time based performance conditions. Further SKILLED Performance Rights may also be issued in the circumstances described in Section 13.2.2.

Programmed Maintenance Services and SKILLED have agreed under the Scheme Implementation Agreement that the maximum number of SKILLED Shares that may be issued pursuant to the SKILLED LTI Plan is 1,200,000. Further details are set out in Section 13.2.2.

9.7 Share price history

SKILLED Shares are listed on ASX under the code "SKE".

The last traded SKILLED Share price prior to announcement that SKILLED and Programmed Maintenance Services were entering discussions regarding a possible corporate transaction was the closing price of $1.23 on 22 May 2015. In the three months to 22 May 2015:

- the highest traded price of SKILLED Shares was $1.49 (on 3 March 2015) and
- the lowest traded price of SKILLED Shares was $1.12 (on 19 March 2015).

SKILLED's closing share price on 5 August 2015, the last Trading Day prior to lodgement of this Explanatory Memorandum for review by ASIC, was $1.64.

9.8 Historical financial information

The historical financial information in this Section has been derived from SKILLED's financial statements for the financial year ended 30 June 2015, which were audited by Ernst & Young, and on which an unqualified audit report dated 5 August 2015 was issued. The historical financial information in this Section is a summary only and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The full financial statements for SKILLED for the financial year ended 30 June 2015, which includes the notes to the accounts, can be found in SKILLED's Financial Report for that period, which is available on SKILLED's website at www.skilled.com.au or on the ASX announcement platform at www.asx.com.au.

9.8.1 Consolidated statement of profit or loss

SKILLED's consolidated statement of profit or loss for FY14 and FY15 is set out below. SKILLED believes the presentation of the information in this format is useful for investors to assist their understanding of SKILLED Group's financial condition and results of operations, because the specific disclosure of reconciling items provides a clearer disclosure of the underlying operating results of SKILLED Group than the statutory format.

For the financial year ended 30 June	$000s 2015	2014
Sales revenue[22]	2,047,426	1,873,318
EBITDA[23]	102,367	95,356
Depreciation and amortisation[23]	(15,949)	(12,477)
EBIT[23]	86,418	82,879
Interest[23]	(10,834)	(7,781)
Profit before tax and reconciling items[23]	75,584	75,098
Income tax expense before reconciling items[24]	(21,425)	(19,812)
Net profit after tax and before reconciling items[24]	**54,159**	**55,286**
Reconciling items		
Redundancy and branch closure costs[23]	(2,875)	(2,951)
Acquisition and integration costs[23,25]	(1,659)	(4,031)
Strategic review costs[23]	(1,702)	-
SKILLED Chief Executive Officer transition costs[23]	(980)	-
Impairment of goodwill arising due to fair value derived from proposed Scheme (non-cash)[23]	(60,000)	-
Amortisation of acquired intangibles (non-cash)[23,26]	(10,162)	(6,211)
Notional interest on deferred acquisition payments (non-cash)[23]	(845)	(1,338)
Reversal of acquisition tax provision[24]	2,291	-
Income tax benefit on reconciling items[24]	5,088	3,445
Net profit/loss after tax	**(16,685)**	**44,200**
Earnings per share		
Basic earnings per share (cents) before reconciling items[24]	23.0	23.6
Basic earnings per share (cents)	(7.1)	18.9

Commentary on FY15 financial information

In FY15 SKILLED Group's revenue increased 9.3% to $2,047.4 million and EBITDA grew 7.4% to $102.4 million (EBITDA margin of 5.0%). This growth was led by Engineering & Marine Services, in particular the contributions from work relating to the Saipem and Gorgon projects and the full year impact of the acquisition of Thomas & Coffey in February 2014 and the acquisition of the remaining 50% interest in OMSA in November 2014. However, revenue and EBITDA contributions from Workforce Services and Technical Professionals declined overall as a result of weak economic conditions, with margin decline across the mining sector in Workforce Services relative to FY14. SKILLED Group delivered $15 million of cost savings in FY15.

Interest increased to $10.8 million as a result of higher average debt levels through the year. Net profit after tax before reconciling items fell 2.0% to $54.2 million.

As a result of the Scheme, relevant Accounting Standards require goodwill and intangibles with an infinite life to be tested for impairment on a "fair value" basis whereby the net assets of SKILLED must not exceed the fair value of Scheme consideration (less costs of disposal i.e. Transaction costs). As at 30 June 2015, the net assets of SKILLED exceeded the fair value of Scheme consideration less Transaction costs by $60.0 million. Consequently, a non-cash goodwill impairment charge of this amount was recognised in the 30 June 2015 financial statements.

Including the impairment charge and other reconciling items a net loss of $16.7 million was reported in FY15 (FY14: net profit of $44.2 million).

In relation to FY15, the SKILLED Board declared an interim dividend of $0.075 per share and a final dividend of $0.095 per share (the SKILLED FY15 Final Dividend), both fully franked.

22 Includes equity accounted income from joint ventures.
23 As per Segment Reporting in 30 June 2015 financial report.
24 Non-IFRS financial information, refer Appendix 1.
25 Includes interest incurred on early repayment of finance leases acquired (2015: $nil, 2014 $315,000).
26 Includes amortisation of acquired intangibles from wholly-owned entities (2015: $9,742,000, 2014: $4,503,000) and amortisation within equity accounted income from associates (2015: $420,000, 2014: $1,708,000).

9.8.2 Consolidated statement of financial position

SKILLED's consolidated statement of financial position for FY14 and FY15 is set out below.

	$000s	
As at 30 June	2015	2014
Current assets		
Cash and short-term deposits	13,263	7,858
Receivables	305,522	254,907
Inventories	1,451	821
Other financial assets	1,484	-
Current tax assets	774	-
Other assets	3,792	6,264
Total current assets	**326,286**	**269,850**
Non-current assets		
Receivables	1,224	2,627
Property, plant and equipment	84,613	88,131
Equity accounted investments	474	22,882
Intangibles	425,113	472,007
Deferred tax assets	8,282	17,602
Total non-current assets	**519,706**	**603,249**
Total assets	**845,992**	**873,099**
Current liabilities		
Payables	181,908	123,571
Borrowings	3,775	5,006
Current tax liabilities	–	3,577
Provisions	56,528	49,432
Total current liabilities	**242,211**	**181,586**
Non-current liabilities		
Payables	8,507	20,107
Borrowings	155,578	172,924
Provisions	13,458	19,685
Total non-current liabilities	**177,543**	**212,716**
Total liabilities	**419,754**	**394,302**
Net assets	**426,238**	**478,797**
Equity		
Issued capital	353,875	352,986
Reserves	3,434	166
Retained earnings	68,929	125,645
Total equity	**426,238**	**478,797**

Over FY15 SKILLED's net debt reduced from $170.1 million to $146.1 million, resulting from strong operating cash flow during the year.

As at 30 June 2015, SKILLED had financing facilities of $443.8 million available, of which $160.2 million were used (excluding finance lease liabilities and unamortised loan establishment costs), leaving $283.6 million unused. At 30 June 2015, the syndicated bank debt facility was $410 million in total, comprising four tranches, being $90 million (maturing 31 August 2015, which will not be renewed), $130 million (maturing in February 2018), $130 million (maturing in February 2019) and $60 million (maturing in February 2020).

SKILLED Group's key capital structure financial metrics as at 30 June 2015 were:

- Leverage (net debt/EBITDA[27]): 1.4x
- Interest cover (EBITDA[27]/interest[27]): 9.4x
- Gearing: (net debt/(net debt + equity)): 25.5%

9.8.3 Consolidated statement of cash flow

SKILLED's consolidated statement of cash flow for FY14 and FY15 is set out below.

	$000s	
For the financial year ended 30 June	**2015**	**2014**
Cash flows from operating activities		
Profit/loss before taxation	(2,639)	60,567
Depreciation and amortisation	25,691	16,980
Interest revenue	(283)	(212)
Interest expense	11,962	9,646
Earnings before interest, tax, depreciation and amortisation	**34,731**	**86,981**
Non-cash items		
Impairment of goodwill	60,000	-
Share based payments	1,528	1,701
Gain on disposal of property, plant and equipment	1	(195)
Non-cash equity accounted income from associates	(910)	(3,749)
Amortisation of vessel make good asset	240	-
	95,590	**84,738**
Increase/Decrease in assets and liabilities excluding effects of acquisitions and divestments:		
(Increase)/Decrease in receivables	(4,317)	(15,503)
(Increase)/Decrease in inventories	355	455
(Increase)/Decrease in other assets	14,298	15,126
Increase/(Decrease) in payables	26,901	1,913
Increase/(Decrease) in provisions	(6,210)	(5,814)
Cash generated from operations	**126,617**	**80,915**
Income taxes paid	(18,425)	(20,235)
Net cash provided by operating activities	**108,192**	**60,680**
Cash flows from investing activities		
Payments for property, plant and equipment	(9,907)	(46,530)
Payments for intangibles	(6,979)	(4,459)
Payments for purchase of businesses (net of cash acquired)	(17,110)	(77,993)
Proceeds from sale of property, plant and equipment	234	1,309
Net cash used in investing activities	**(33,762)**	**(127,673)**
Cash flows from financing activities		
Proceeds from borrowings	679,847	694,507
Repayment of borrowings	(699,317)	(585,038)
Interest received	283	212
Interest paid	(10,420)	(7,432)
Net (payments)/proceeds from issues of equity	69	(1,484)
Dividends paid	(40,031)	(38,662)
Net cash from/(used in) financing activities	**(69,569)**	**62,103**
Net increase/(decrease) in cash and cash equivalents	**4,861**	**(4,890)**
Cash and cash equivalents at the beginning of the financial year	7,390	12,261
Effects of exchange rate changes on cash held in foreign currencies	375	19
Cash and cash equivalents at the end of the financial year	**12,626**	**7,390**

27 As per segment reporting in 30 June 2015 Financial Report.

In FY15 SKILLED Group generated cash from operations before tax of $126.6 million, 56.5% higher than in FY14. Capital expenditure of $16.9 million was lower than the FY14 figure of $51.0 million.

9.8.4 Material change in SKILLED's financial position since its last published accounts (30 June 2015)

Other than the accumulation of profits in the ordinary course of trading or as otherwise disclosed to ASX by SKILLED, within the knowledge of the SKILLED Board, the financial position of SKILLED Group has not materially changed since 30 June 2015, being the date of the full year 2015 Financial Report.

A copy of SKILLED's financial statements for the financial year ended 30 June 2015 was published on ASX on 5 August 2015 and is available on SKILLED's website (www.skilled.com.au) and the ASX website (www.asx.com.au).

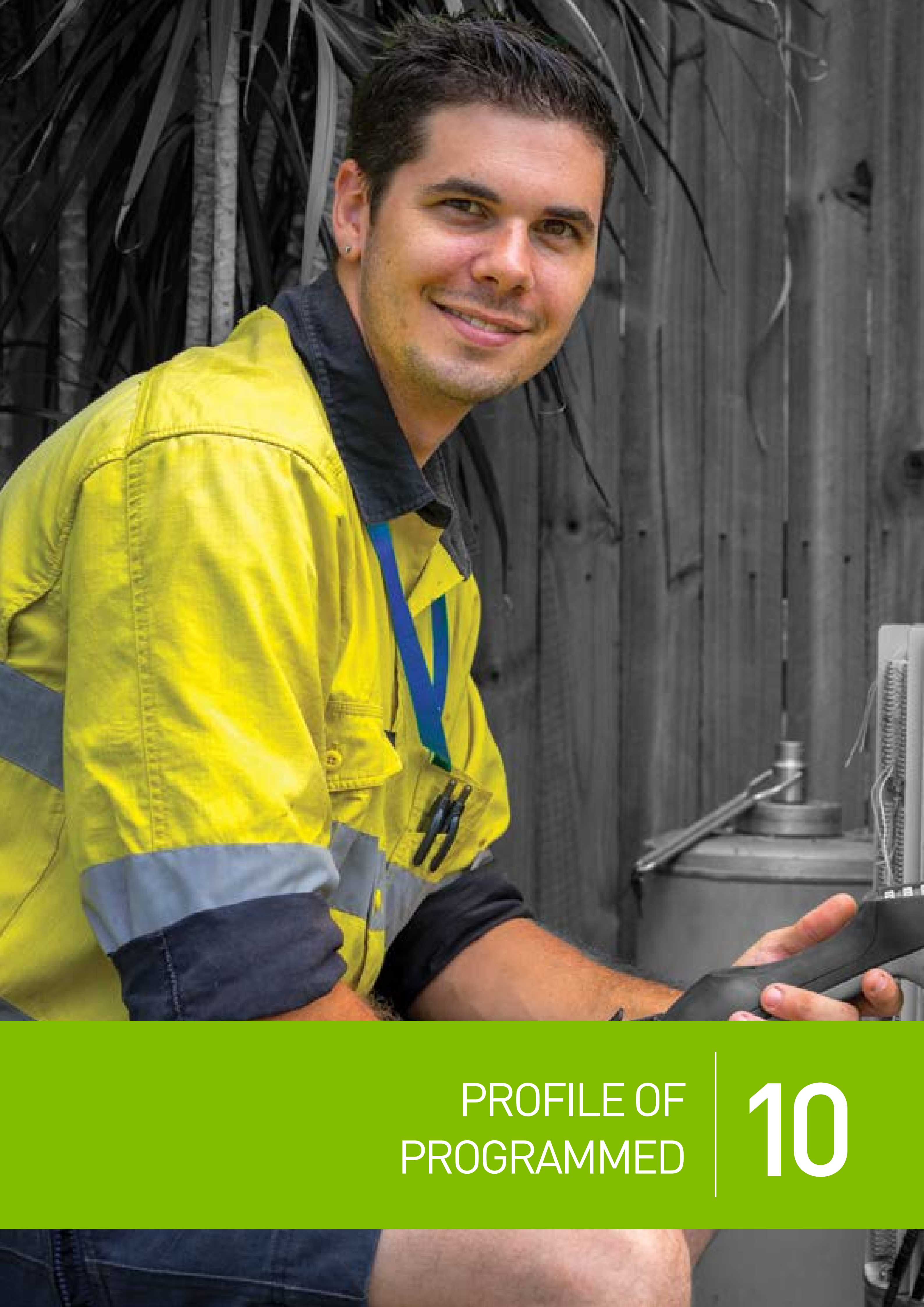
9.9 Outlook

In Marine Services, activity on the construction phases of the Saipem and Gorgon projects is expected to conclude during FY16. Both the Engineering and Marine Services businesses have positioned themselves for the work that will arise as the resources industry continues to shift from construction to production phase.

In Workforce Services, there was an improved revenue trend in the fourth quarter of FY15. Also SKILLED Group will continue to work with its customers to improve productivity outcomes and therefore position itself to benefit from any panel consolidation. The process to shift administrative functions away from branches to centralised offices is expected to continue.

In Technical Professionals there was improved performance in the white collar and training services businesses during FY15. Swan's performance is likely to remain at low levels as a result of the challenges continuing to face the resources sector.

The strategic review announced by SKILLED in January 2015 has been completed. The review identified opportunities for SKILLED Group to better deliver productivity solutions for customers. However, implementation of any initiatives arising from the strategic review is on hold pending the proposed acquisition of SKILLED by Programmed Maintenance Services.



PROFILE OF PROGRAMMED

10

10 Profile of Programmed

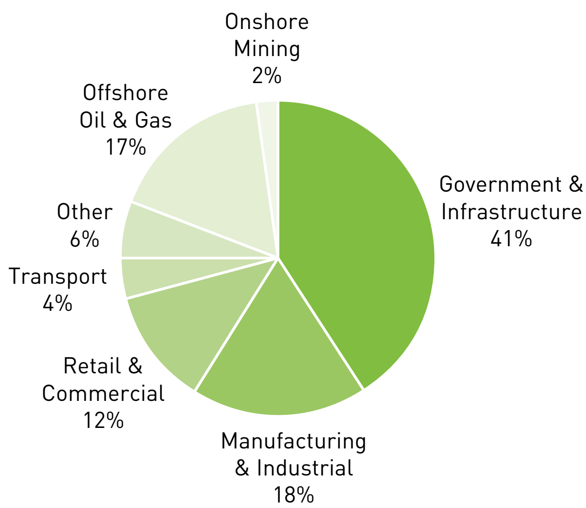
10.1 Background

Programmed is a leading provider of staffing, maintenance and facility management services in Australia. Its business model is built around an ability to recruit, retain and deploy a large directly-employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

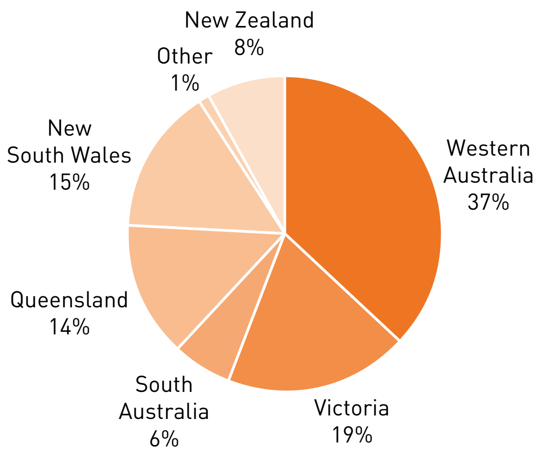
Programmed employs approximately 10,000 people across a broad range of government and private sector businesses in the resources, infrastructure, education, manufacturing, logistics, commercial, retail, tourism and recreation sectors. It provides services to over 7,000 customers, often under long term contracts, and delivers those services through its network of over 100 branches throughout Australia and New Zealand.

The diversity of Programmed's customer base and its strategy to provide a wide range of services to a broad range of industry sectors has enabled the company to withstand recent economic challenges.

Programmed FY15 revenue by sector



Programmed FY15 revenue by geography



Source: Programmed 2015 Annual Report

In the financial year ended 31 March 2015, Programmed reported revenue of $1.434 billion, statutory net profit after tax of $25.7 million and net profit after tax before reconciling items of $30.4 million. As at 31 March 2015, Programmed's consolidated total assets were $732.5 million and it had net assets of $418.4 million and its market capitalisation as at 5 August 2015, the Trading Day prior to lodgement of this Explanatory Memorandum for review by ASIC, was approximately $309.4 million.

Further information about Programmed can be obtained from Programmed's website at www.programmed.com.au or on the ASX announcement platform at www.asx.com.au.

10.2 History

The Programmed business was established in 1951 in Victoria as a commercial painting business. The business evolved into Programmed Maintenance Services, which offered a range of property maintenance services and was listed on the ASX in 1999, under the code "PRG".

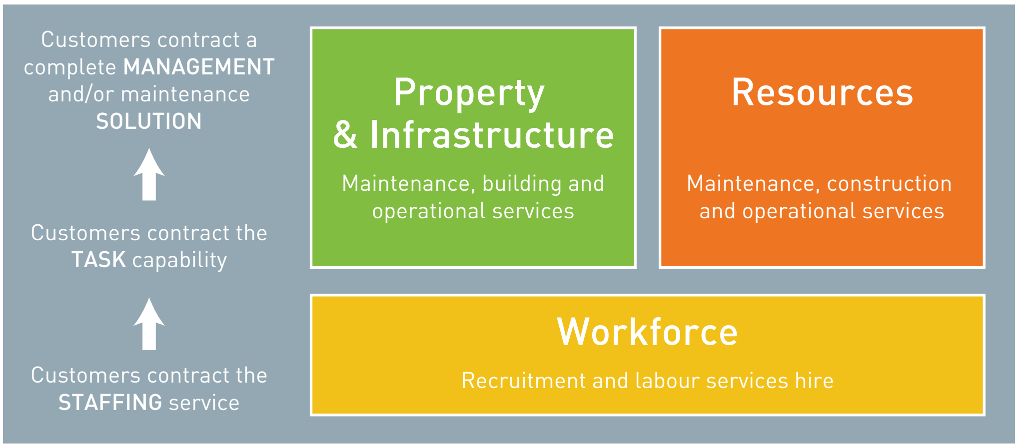
In 2007, Programmed acquired ASX-listed Integrated Group Limited (**Integrated**) through a Scheme of Arrangement. Integrated provided recruitment, labour hire and managed labour services to a wide range of sectors, and the acquisition broadened Programmed's range of services and geographic footprint, significantly increased its net assets and more than doubled its revenue.

Programmed continued to expand its range of services through bolt-on acquisitions and in 2010 its operations were restructured into the current three divisions: Property & Infrastructure, Resources and Workforce.

10.3 Business overview

10.3.1 Organisational structure and principal activities

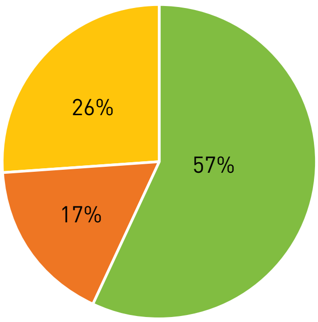
Programmed has a clear strategy of providing a range of value-adding skills to meet end-market requirements. Its business is organised in the following operating and reporting segments:



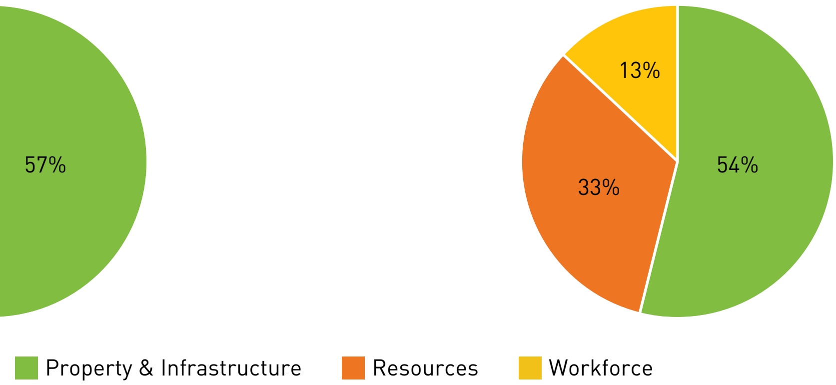
Source: Programmed Maintenance Services ASX release, 27 May 2015

Programmed operates through its Property & Infrastructure, Resources and Workforce divisions. The relative financial contributions of these divisions to Programmed are set out below.

Programmed FY15 revenue by division



Programmed FY15 EBIT by division



Source: Programmed 2015 Annual Report

The operations of the Property & Infrastructure, Resources and Workforce divisions are described below.

Property & Infrastructure

	Revenue	EBIT
Performance for the year ended 31 March 2015	$807.6 million	$32.4 million

The Property & Infrastructure division is the largest component of Programmed's operations and provides a range of maintenance, building and operational services, including painting, electrical, communications, specialist turf, signage, general building repairs and facility management.

Task-based services, including painting and related minor building repairs, corporate imaging, grounds/landscape and electrical services, are performed primarily through the direct employment of over 2,000 staff and tradespeople and are delivered to around 5,000 customers throughout Australia and New Zealand. The customer base for property services extends across a diverse range of industries including retail and commercial, manufacturing, education and aged care.

A milestone for the grounds/landscape business was announced in 2015 with a five-year contract to finance, build and maintain the new, elite-standard training ground for the Fremantle Football Club. Programmed has now begun marketing its new grounds FBM (finance-build-maintain) program to sporting clubs, schools and universities around Australia.

The focus of the electrical business is on fit-out, maintenance and upgrades of electrical, data and communication systems in existing buildings and infrastructure.

The facility management and maintenance business is growing strongly as existing public assets require upgrades and increased maintenance to maintain service. Nine long-term contracts to maintain facilities in Western Australia, Victoria, New South Wales, Queensland and New Zealand have been secured or renewed since March 2014, and Programmed is awaiting a decision on the award of a new Public-Private Partnership (**PPP**) contract.

Resources

	Revenue	EBIT
Performance for the year ended 31 March 2015	$247.5 million	$20.1 million

Programmed's Resources division provides a range of workforce, maintenance, construction support and operational services to the offshore oil and gas and the onshore mining sectors, in both Australia and New Zealand.

As construction activity associated with the Gorgon/Wheatstone developments declines, the division's main construction activities are connected with the Ichthys liquid natural gas project, after which the division seeks to be involved with the Prelude floating liquid natural gas development. The division is also supporting ongoing field extension drilling and production and seeking opportunities with onshore mining companies.

While minimal work was undertaken for onshore mining companies in FY2015, opportunities are being sought.

Workforce

	Revenue	EBIT
Performance for the year ended 31 March 2015	$376.8 million	$7.5 million

The Workforce division provides a range of staffing services across a broad range of industry sectors through a network of 30 branches across Australia and New Zealand.

The division has been reshaped in response to structural changes across the staffing industry. A significant upgrade of the core Workforce business system has been completed to provide new capability that operates simply and efficiently across any mobile device. The system also enables further centralisation of recruitment functions in each state and expansion of the mobile account/sales network, reducing the need for some branches and lowering overall overhead costs.

The business has formed an alliance with APM, a national provider of workforce and rehabilitation services, which has secured contracts to manage unemployed people back to work in nine regions.

Programmed has a 27.5% equity stake in OneShift, an online recruitment business which continues to develop and grow.

10.3.2 Strategy

Programmed's strategy is built on four key components:

Safety

Safety is a core part of Programmed's culture, and its critical risk standards are embedded in the safety systems of each businesses and customers' operations. The HSE reporting and management system is being upgraded to reflect the key attributes of the company's safety program and make it more accessible through any mobile device. Programmed is now being asked by customers to assist them to improve their own safety performance and is selling its safety capabilities as a new service.

People and culture

Following the establishment of common standards and behaviour around safety, Programmed is now pursuing a similar goal around customer service. A reporting system to measure customer satisfaction has been introduced across two divisions and will be shortly rolled out across the third.

Systems and integration

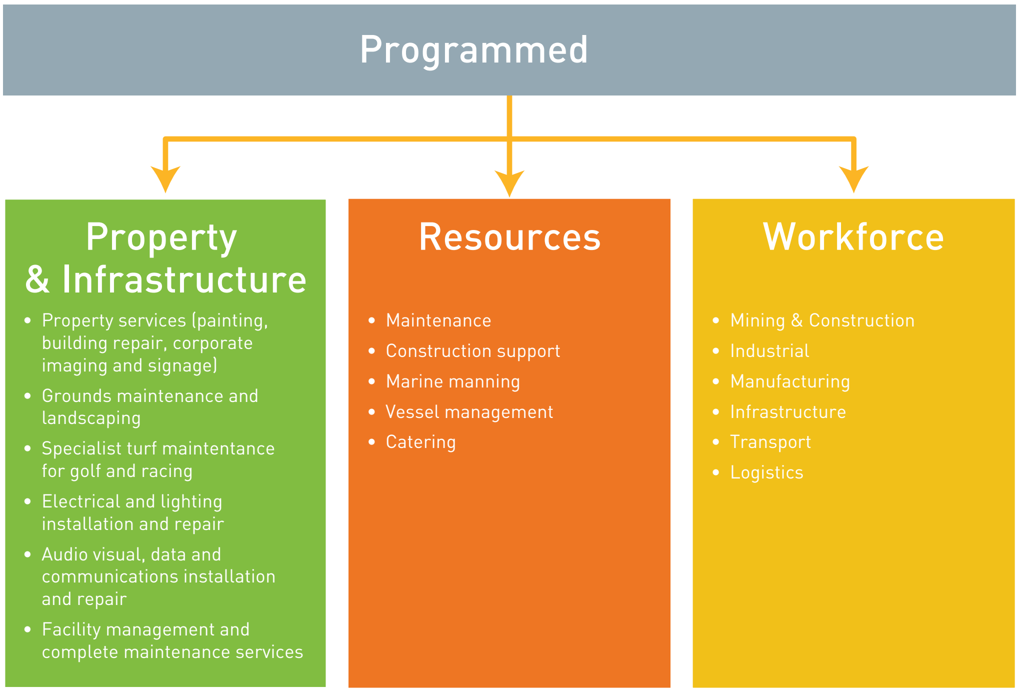
Programmed is making significant investments in technology to take advantage of the opportunities provided by an online digital world. Systems are being upgraded to provide greater online support for job seekers, employees, sub-contractors and customers and to enable further consolidation of back office functions. The Workforce system upgrade has been completed, and the finance and accounting system is currently being upgraded to enable employees, sub-contractors and customers to access information in real-time on any mobile device.

Growth

Programmed continues to invest in its brand, online communications and digital marketing to communicate to existing and potential customers the improvements the company can make to their business performance. Opportunities to provide additional staffing, maintenance and facility management services to major customers are being explored, and strategies are in place to secure a significant share of future operational and maintenance expenditure on the infrastructure of major resource companies, utilities and government. The company continues to develop a pipeline of large infrastructure maintenance opportunities, building on recent successes in winning PPP contracts.

10.4 Corporate structure

Programmed's business currently functions through a number of different entities. The overall corporate structure and principal activities of Programmed are shown in the diagram below.



Source: Programmed Maintenance Services ASX release, 29 July 2015

Further information about Programmed's corporate structure is available in the Programmed 2015 Annual Report which can be obtained from Programmed's website at www.programmed.com.au.

10.5 Programmed Directors and senior management

10.5.1 Directors

Name	Background
Bruce Robert Brook *Independent, Non-Executive Chairman*	Bruce Brook joined the Programmed Board in June 2010 and was appointed Chairman of Programmed in August 2011. He is a chartered accountant with extensive experience in the mining industry, as well as experience in the financial services and manufacturing industries. Mr Brook was the Chief Financial Officer of WMC Resources Limited from 2002 to 2005 and has approximately 30 years' experience in senior finance positions at major public companies including Gold Fields of South Africa Limited, Rio Tinto Limited, Pacific Dunlop and ANZ Banking Group. His current other Non-Executive directorships include CSL Limited (since August 2011), NYSE listed Newmont Mining Corporation (since October 2011), Export Finance and Insurance Corporation and the Deep Exploration Technologies Co-operative Research Centre. Mr Brook joined the ASIC Director Advisory Panel in November 2013 and was appointed a member of the Anaesthesia and Pain Management Foundation Board of Governors in January 2014. He was previously a member of the Financial Reporting Council. Mr Brook is the Chairman of the Programmed Board's Nomination Committee and a member of the Programmed Board's Remuneration & People Committee.
Christopher Glen Sutherland *Managing Director*	Chris Sutherland was appointed Managing Director of Programmed in January 2008. Mr Sutherland had been the Chief Executive of Integrated Group Limited (Integrated) since February 2006 (which merged with Programmed in June 2007) and prior to this appointment was an Executive Director of Asset Services for WorleyParsons. He is an experienced executive who has held senior management positions in various engineering, maintenance and contracting businesses with operations in Australia, Asia, Europe and the USA. He holds a Bachelor of Engineering (UWA) and completed the Advanced Management Program at Harvard Business School in 2001.
Jonathan Gladstone Whittle *Independent, Non-Executive Director*	A non-executive director of Programmed since June 2007, Jonathan Whittle was the Managing Director of Integrated from the time of Integrated's formation in November 1992. In February 2006 he retired from his executive role and became a Non-Executive Director of Integrated. He has extensive experience in the recruitment industry, having worked for and then managed the West Australian operations of a multinational recruitment agency prior to establishing Integrated. Mr Whittle is a member of the Programmed Board's Nomination Committee, Audit & Risk Committee, Remuneration & People Committee and the HSE Committee.
Emma Rachel Stein *Independent, Non-Executive Director*	A non-executive director of Programmed since June 2010, Emma Stein has considerable experience in international energy and utilities markets, investments in long life assets and projects, and the upstream oil and gas sector. Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. She is also a Non-Executive Director of Alumina Limited (since February 2011), Transpacific Industries Limited (since August 2011) and DUET Group (since June 2004). Her community activities include being a NSW Ambassador for the Guides. Ms Stein was previously a member of the University of Western Sydney's Board of Trustees and a director of Clough Limited (July 2008 to December 2013). Ms Stein is the Chair of the Programmed Board's HSE Committee and a member of the Programmed Board's Audit & Risk Committee and Nomination Committee.

Name	Background
Robert John McKinnon *Independent, Non-Executive Director*	A non-executive director of Programmed since November 2011, Bob McKinnon has 40 years' experience in finance and general management positions in the light manufacturing and industrial sectors in Australia, New Zealand and Canada. He is the former Managing Director of Austal Ships and Fleetwood Corporation Limited, and spent 28 years with Capral Aluminium (formerly Alcan Australia) in various financial and senior executive positions. Mr McKinnon was also a Non-Executive Director of Bankwest until November 2012 and the Chairman of the Esperance Port Authority until September 2014. His current directorships include Chairman of Tox Free Solutions Limited (since July 2010) and Non-Executive Director of Peet Limited (since May 2014). Mr McKinnon is the Chairman of the Programmed Board's Audit & Risk Committee and a member of the Nomination Committee.
Andrea Elizabeth Grant *Independent, Non-Executive Director*	A non-executive director of Programmed since September 2012, Andrea Grant is a senior human resources professional with over 20 years' experience with both global and Australian companies across the finance, pharmaceutical, automotive and telecommunication industries. She is the former Group Managing Director of Human Resources for Telstra, Executive Director of HR for GM Holden, Regional HR Director for GM's Asia Pacific Engineering function and Human Resources Director of Merck, Sharp and Dohme (New Zealand) Ltd a subsidiary of Merck & Co. Ms Grant is now the Managing Director of People Ingenuity, a boutique HR business. Ms Grant holds a Bachelor of Education and a Post-Graduate Diploma in teaching. She is also a graduate of the London Business School's Advanced Development Program. Ms Grant is the Chair of the Programmed Board's Remuneration & People Committee, a member of the Programmed Board's Nomination Committee and a member of the Programmed Board's HSE Committee.

10.5.2 Senior management

Name	Role
Christopher Sutherland	Managing Director
Stephen Leach	Chief Financial Officer
Katina Nadebaum	Company Secretary
Nic Fairbank	Chief Executive Officer, Workforce
Michael Waymark	Chief Executive Officer, Facility Management
Glenn Thompson	Chief Executive Officer, Property Services
Steve Taylor	Chief Strategy & Marketing Officer

10.6 Historical financial information

10.6.1 Basis of preparation

The historical financial information in this Section has been derived from Programmed's financial statements for the financial year ended 31 March 2015, which were audited by Deloitte Touche Tohmatsu, and on which an unqualified audit report dated 27 May 2015 was issued. The historical financial information in this Section is a summary only and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The full financial statements for Programmed for the financial year ended 31 March 2015, which includes the notes to the accounts, can be found in Programmed's annual report for that period, which is available on Programmed's website at www.programmed.com.au or on the ASX announcement platform at www.asx.com.au.

10.6.2 Consolidated statement of profit or loss

Programmed's consolidated statement of profit or loss for FY14 and FY15 is set out below. Programmed believes it is presented in a format that is useful for investors to assist their understanding of Programmed's results of operations, because the specific disclosure of reconciling items provides clearer disclosure of the underlying operating results of Programmed than the statutory format.

	$000s	
For the financial year ended 31 March	2015	2014
Revenue	1,434,224	1,434,923
EBITDA	**60,989**	**63,650**
Depreciation and amortisation	(11,250)	(11,229)
EBIT	49,739	52,421
Net interest	(5,065)	(7,047)
Profit before tax and reconciling items	44,674	45,374
Income tax expense before reconciling items[28]	(14,237)	(13,527)
Net profit after tax and before reconciling items[28]	**30,437**	**31,847**
Reconciling items		
Restructuring and other costs	(3,846)	(1,023)
Acquisition and integration costs	(1,421)	-
Share of net loss of associate (OneShift)	(629)	(679)
Tax on reconciling items[28]	1,154	307
Net profit after tax[28]	**25,695**	**30,452**
Earnings per share[29]		
From continuing operations:		
Basic earnings per share	21.7	25.8
Diluted earnings per share	21.0	25.0

28 Non-IFRS financial information. Refer to Appendix 2 for calculations.

29 Earnings per share calculated using statutory net profit after tax.

10.6.3 Consolidated statement of financial position

Programmed's consolidated statement of financial position for FY14 and FY15 is set out below.

	$000s	
As at 31 March	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	42,768	29,477
Trade and other receivables	236,078	254,501
Other financial assets	-	1,576
Inventories	70,409	61,339
Current tax assets	83	2,573
Other	4,433	7,272
Total current assets	**353,771**	**356,738**
NON-CURRENT ASSETS		
Investments in associates	3,844	4,469
Trade and other receivables	57,560	57,083
Inventories	12,207	11,640
Property, plant and equipment	24,362	26,412
Deferred tax assets	17,833	17,459
Intangible assets	262,960	260,205
Total non-current assets	**378,766**	**377,268**
TOTAL ASSETS	**732,537**	**734,006**
CURRENT LIABILITIES		
Trade and other payables	173,596	162,400
Borrowings	46,618	53,179
Current tax payable	834	1,072
Provisions	36,433	37,825
Total current liabilities	**257,481**	**254,476**
NON-CURRENT LIABILITIES		
Borrowings	3,230	18,529
Deferred tax liabilities	47,103	45,569
Provisions	6,287	5,053
Total non-current liabilities	**56,620**	**69,151**
TOTAL LIABILITIES	**314,101**	**323,627**
NET ASSETS	**418,436**	**410,379**
EQUITY		
Issued capital	236,086	236,060
Reserves	10,876	7,820
Retained earnings	171,474	166,499
TOTAL EQUITY	**418,436**	**410,379**

10.6.4 Consolidated statement of cash flows

Programmed's consolidated statement of cash flows for FY14 and FY15 is set out below.

	$000s	
For the financial year ended 31 March	2015	2014
Cash flows from operating activities		
Receipts from customers[30]	1,565,273	1,617,289
Payments to suppliers and employees	(1,484,308)	(1,536,702)
Interest and other cost of finance paid	(5,144)	(7,764)
Income tax paid	(10,093)	(17,010)
Net cash provided by operating activities	**65,728**	**55,813**
Cash flows from investing activities		
Interest received	382	368
Payments for brands	–	(136)
Payments for property, plant and equipment	(6,506)	(6,024)
Proceeds from sale of property, plant and equipment	1,621	2,274
Payments for development software	(2,519)	(346)
Payments for mobilisation of contracts	(1,446)	(613)
Payments for investments	–	(5,148)
Net cash used in investing activities	**(8,468)**	**(9,625)**
Cash flows from financing activities		
Proceeds from issue of shares	26	–
Proceeds from borrowings	75,000	85,000
Repayments of borrowings	(98,484)	(121,713)
Dividends paid	(20,720)	(18,912)
Net cash used in financing activities	**(44,178)**	**(55,625)**
Net increase/(decrease) in cash and cash equivalents	13,082	(9,437)
Cash and cash equivalents at the beginning of the year	29,477	38,334
Effects of exchange rate changes on the balance of cash held in foreign currencies	209	580
Cash and cash equivalents at the end of the year	**42,768**	**29,477**

10.7 Commentary on historical financial results

On 27 May 2015, Programmed announced to ASX its financial results for the year to 31 March 2015. Programmed's ASX release, investor presentation and its 2015 Annual Report are available on the ASX announcements platform at www.asx.com.au.

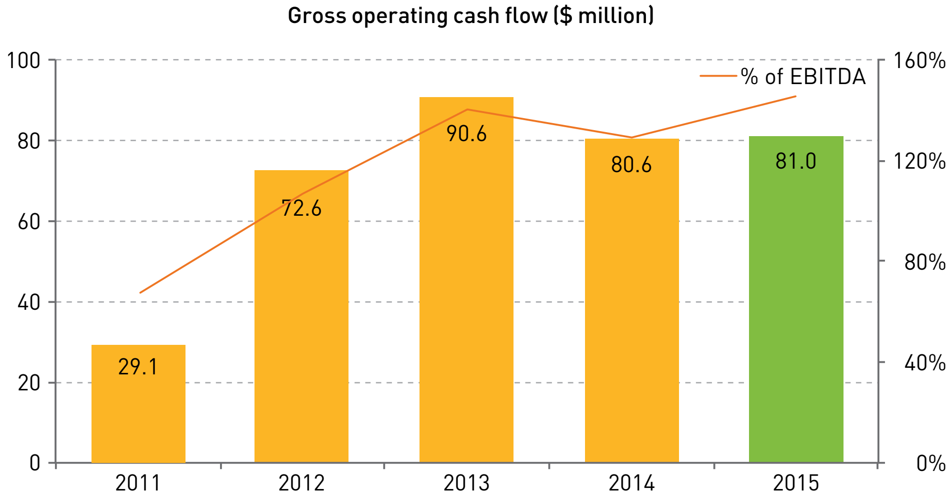
Programmed's profit after tax for the year to 31 March 2015 was $30.4 million before reconciling items, a decrease of 4.7% from FY2014 ($31.9 million). After reconciling items ($4.7 million), net profit after tax was $25.7 million (FY14: $30.5 million).

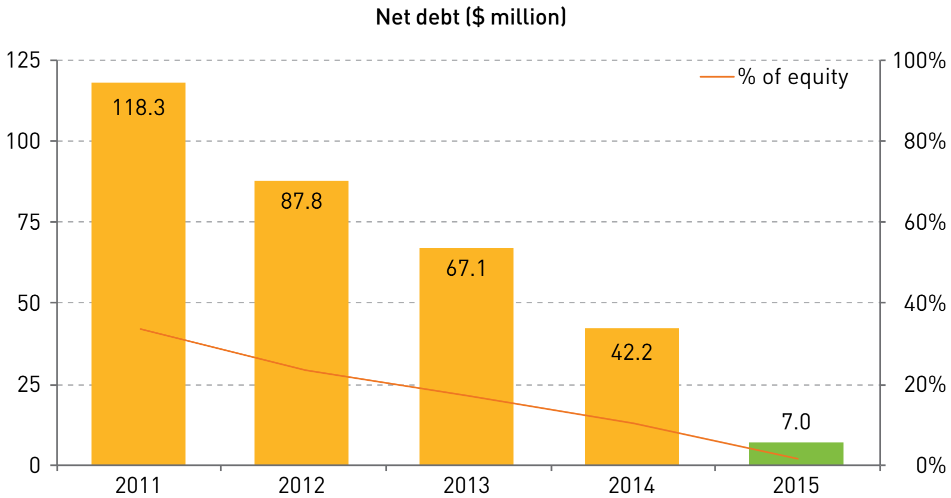
EBIT (earnings before interest and tax) before reconciling items was $50.1 million, compared to $52.8 million in FY2014, with lower earnings from the Resources and Workforce divisions offset partially by higher earnings from the Property & Infrastructure division.

Revenue was $1.434 billion, similar to FY2014 ($1.435 billion), with an increase in revenue from the Property & Infrastructure division offset by lower revenue from the Resources division.

30 Receipts from customers include interest revenue on long term maintenance contracts of $6.498 million (2014: $6.752 million).

Continued focus on capital management and strong operational cash flow reduced net debt to $7.0 million at 31 March 2015 from $42.2 million at 31 March 2014. As a result, interest expense was down 27% to $5.4 million.





Source: Programmed 2015 Annual Report

The Programmed board increased the final dividend by 4.5% to 11.5 cents per share fully franked, bringing dividends for the full year to 18 cents per share fully franked (FY14: 17 cents). Refer to Section 10.8 for further details regarding Programmed's dividends.

10.7.1 Material changes in the financial position of Programmed

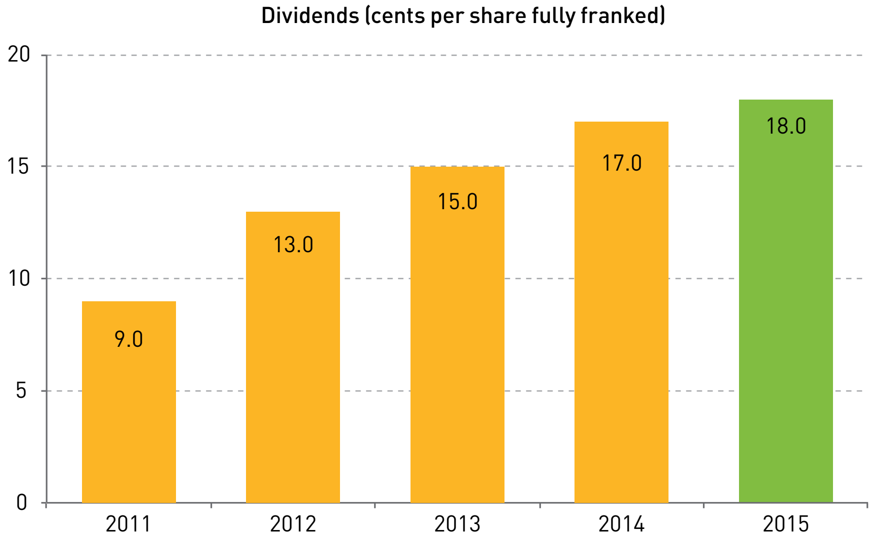
Programmed's latest published financial statements are the audited financial statements for the financial year ended 31 March 2015.

Other than the accumulation of profits in the ordinary course of trading or as otherwise disclosed in the Explanatory Memorandum or to ASX by Programmed, within the knowledge of the Programmed Board, the financial position of Programmed has not materially changed since 31 March 2015.

10.8 Dividends

Programmed's dividend payout ratio as determined by the Programmed Board has been approximately 50% of after-tax profit before reconciling items, although a strong balance sheet and cash flow have enabled a higher payout ratio in the past two years. Every six months following the preparation of Programmed's financial statements for the preceding half-year, the Programmed Board considers whether to pay a dividend and the amount of such a dividend taking into consideration the financial performance for the preceding half-year and anticipated future capital requirements.

Over the past five financial years, Programmed has continued to grow its dividends:



Source: Programmed 2015 Annual Report

A summary of Programmed's historical fully franked declared dividends for FY13, FY14 and FY15 is set out below.

Payable date	Record date	Cents per share	Franking	Type
24 July 2015	3 July 2015	11.5	100%	Final
22 January 2015	8 January 2015	6.5	100%	Interim
25 July 2014	4 July 2014	11	100%	Final
23 January 2014	9 January 2014	6	100%	Interim
26 July 2013	5 July 2013	10	100%	Final
25 January 2013	9 January 2013	5	100%	Interim

10.9 Programmed securities

10.9.1 Capital structure

The capital structure of Programmed as at the date of this Explanatory Memorandum is as follows:

Capital structure	Number of securities
Number of Programmed Shares	118,989,126
Number of Programmed Performance Rights	5,238,000

10.9.2 Rights attaching to securities

The New Programmed Shares which will be issued as part of the Scheme Consideration will be issued as fully paid ordinary shares and will rank equally with all issued Programmed Shares from the date of their allotment.

The New Programmed Shares will have the same rights and liabilities attaching to them as existing Programmed Shares by virtue of Programmed's Constitution, the Corporations Act and the common law. A copy of Programmed's Constitution is available from Programmed's website at www.programmed.com.au.

The main rights and liabilities attaching to Programmed Shares are summarised below.

General meetings

Each holder of Programmed Shares is entitled to receive notice of and to attend and vote at all meetings of members of Programmed Maintenance Services. They are entitled to be present and vote at meetings in person, or by proxy, attorney or authorised representative. If a call on a Programmed Share is due and unpaid, the holder of that Programmed Share is not entitled to be present, speak or vote at, or be counted in the quorum for, a meeting of members.

Voting

On a show of hands, each Programmed Shareholder or proxy (except where two proxies have been appointed), attorney or representative of a Programmed Shareholder has one vote. In respect of a poll, every Programmed Shareholder entitled to vote who is present in person, by proxy or representative has one vote for every fully paid share held.

A resolution put to vote at a meeting must be decided on a show of hands unless a poll is demanded.

Dividends

Payment of dividends is subject to section 254T of the Corporations Act. Programmed must not pay a dividend unless:

- assets exceed liabilities immediately before the dividend is declared and the excess is sufficient to pay the dividend
- the payment is fair and reasonable to the members as a whole and
- the payment does not materially prejudice Programmed's ability to pay its creditors.

The Programmed Board may resolve to pay any dividend it thinks appropriate and fix the time for payment.

Transfer of Programmed Shares

A Programmed Shareholder may transfer a Programmed Share held by that member to a third party by any means permitted by law.

The Programmed Board may refuse to register a transfer of Programmed Shares if that refusal would not contravene the Listing Rules or the ASX Settlement Rules. The Programmed Board may refuse to register a transfer of Programmed Shares where the registration of the transfer would create a new holder of an unmarketable parcel. The Programmed Board must refuse to register a transfer if the Corporations Act, the Listing Rules or the ASX Settlement Rules forbid registration.

Winding-up

The surplus assets of Programmed remaining after payment of its debts are divisible among Programmed Shareholders in proportion to the number of fully paid Programmed Shares held by them and, for this purpose, a partly paid share is counted as a fraction of a fully paid share equal to the proportion which the amount paid on it bears to the total issue price of the share.

Variation

If Programmed issues different classes of shares, the rights attached to shares in any class may be varied or cancelled only:

- with the written consent of the holders of 75% of the issued shares of the affected class or
- by special resolution passed at a meeting of the holders of the issued shares of the affected class.

Alterations to share capital

Programmed may reduce its share capital by reduction of capital, buying back shares, or any other way permitted by the Corporations Act.

Unmarketable parcels

As permitted by the ASX Listing Rules, the Programmed Constitution confers the power on the Programmed Board to sell a Programmed Share that is part of an unmarketable parcel. The Programmed Board must not sell an unmarketable parcel unless it has given six weeks' written notice to the Programmed shareholder of its intention to sell the shares.

10.9.3 Long term incentives

The Programmed LTI Plan is a share-based compensation scheme for executives and senior employees of Programmed. The Programmed LTI Plan provides executives and senior employees with performance rights that upon vesting entitle the holder to receive Programmed Shares (Programmed Performance Rights) to encourage them to align their performance with shareholders. The Managing Director is also entitled, subject to shareholder approval, to receive grants on the same terms as under the Programmed LTI Plan except as noted below. Participants in the Programmed LTI Plan cannot dispose or otherwise deal with their Performance Rights. Programmed considers the Programmed LTI Plan to be an important tool to attract and retain executive talent and will continue to be important in the future.

Under the Programmed LTI Plan, eligible employees are offered an allocation of Programmed Performance Rights each year. The number of Programmed Performance Rights offered to each eligible employee is determined with reference to market practice, individual contribution and the influence of the role on business outcomes.

The Programmed LTI Plan was first introduced during the financial year ended 31 March 2008 as a share-based compensation scheme for executives and senior employees of Programmed. The Programmed LTI Plan was revised during the 2013 reporting period. In accordance with the provisions of the revised Programmed LTI Plan, the executives and senior employees have been granted Programmed Performance Rights.

The revised Programmed LTI Plan contains the following components:

- each Programmed Performance Right converts upon exercise into one Programmed Share, with no amount being paid or payable by the recipient on receipt of the Programmed Performance Right
- Programmed Performance Rights have a vesting date of four years from the date of issue
- the Programmed Performance Rights carry neither rights to dividends nor voting rights and

performance criteria for the Performance Rights is as follows:

- the performance hurdle for one-third of the Programmed Performance Rights will be based on the executive and other senior employees continuing to be an employee of Programmed at the vesting date, thus creating a retention component
- the performance hurdle for one-third of the Programmed Performance Rights, will be based on Programmed's performance by reference to the Total Shareholder Return (**TSR**) over the performance period when compared with the TSR for each company in a group of peer companies listed in the S&P/ASX 300 and
- the performance hurdle for one-third of the Programmed Performance Rights will based on Programmed's performance, where a target range for the average annual growth in diluted earnings per share (**EPS**) over the performance period of the EPS Programmed Performance Rights has been established to determine the number of EPS Programmed Performance Rights that may be vested.

The Programmed LTI Plan no longer provides for the grant of performance options. The current intention is to not issue performance options, with no new performance options issued since 2009.

The Managing Director's grant under the Programmed LTI Plan is subject to the same performance criteria described above, except that half of the Programmed Performance Rights are subject to TSR, and half of the Programmed Performance Rights are subject to EPS criteria.

Programmed Performance Rights granted in prior reporting periods

Executives and other senior employees have been granted Programmed Performance Rights in prior financial years under the Programmed LTI Plan that was in operation prior to its revision in 2013.

The Programmed LTI Plan contains the following components:

- Each Programmed Performance Right converts upon exercise into one Programmed Share, with no amounts being paid or payable by the recipient on receipt of the Programmed Performance Right
- Programmed Performance Rights have vesting dates that are three to five years from the date of issue, and may be exercised at any time within twelve months from date of vesting
- Programmed Performance Rights carry neither rights to dividends nor voting rights
- For Programmed Performance Rights issued prior to 1 July 2010 the number of Programmed Performance Rights that will become exercisable on the vesting date is based on the TSR of Programmed during the years prior to the vesting date as compared to the TSR for a peer group of companies listed in the S&P/ASX 300.

For Programmed Performance Rights issued between 1 July 2010 and 30 June 2012:

- one-third of the Programmed Performance Rights issued will become exercisable on the relevant executive or senior manager continuing to be an employee of Programmed at the vesting date and
- for the remaining two-thirds of the Programmed Performance Rights issued, the number that will become exercisable on the vesting date is based on the TSR of Programmed during the years prior to the vesting date as compared to the TSR for a peer group of companies listed in the S&P/ASX 300.

100% of the Programmed Performance Rights granted to the Managing Director in prior reporting periods are subject to the TSR performance criteria described above.

Set out below is the balance of Programmed Performance Rights as at the date of this Explanatory Memorandum.

Performance rights	Grant date	Issue date	Vested number	Exercised number	Unvested number	Vesting date	Expiry date	Exercise price $	Fair value at grant date[31]
Tranche PR-19	02/07/2011	02/07/2011	5,038	5,038	473,000	01/07/2016	01/07/2017	–	1.32
2012 Award (A)	02/07/2012	02/07/2012	6,280	6,280	777,000	01/07/2016	N/A	–	1.31
2012 Award (B)	06/08/2012	06/08/2012	–	–	150,000	01/07/2016	N/A	–	1.17
2013 Award (A)	01/07/2013	01/07/2013	2,314	2,314	905,000	01/07/2017	N/A	–	1.10
2013 Award (B)	09/08/2013	09/08/2013	–	–	160,000	01/07/2017	N/A	–	0.99
2014 Award (A)	01/07/2014	01/07/2014	–	–	1,125,000	01/07/2018	N/A	–	1.32
2014 Award (B)	31/07/2014	31/07/2014	–	–	150,000	01/07/2018	N/A	–	1.23
2015 Award (A)	01/07/2015	01/07/2015	–	–	1,328,000	01/07/2019	N/A	–	1.19
2015 Award (B)	31/07/2015	31/07/2015	-	-	170,000	01/07/2019	N/A	–	1.16
Total Performance Rights					**5,238,000**				

10.9.4 Programmed Employee Share Acquisition Plan

The Programmed Employee Share Acquisition Plan (**PESAP**) was launched in 2010 and allows employees to buy Programmed Shares, with payment being made from their pre-tax pay. Programmed employees can elect to buy Programmed Shares to an annual value of $500, $750 or $1,000. The objective is to provide an opportunity for all Programmed employees to have ownership and participate in Programmed's growth.

A copy of the 2015 PESAP Offer Booklet is available from Programmed's website at www.programmed.com.au.

10.10 Corporate governance

Programmed is committed to ensuring that its obligations and responsibilities to its various stakeholders are fulfilled through appropriate corporate governance practices. These practices are designed to ensure that the Programmed Directors and executive management perform their duties with honesty, integrity, care and diligence, and act in good faith in the best interests of Programmed and in a manner that reflects the appropriate standards of corporate governance having regard to the particular circumstances of Programmed's business and operations.

Programmed has followed and complied with all of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition, 2010) (Second Edition). In March 2014, the ASX Corporate Governance Council issued a third edition of the Corporate Governance Principles and Recommendations (Third Edition). Consistent with Programmed's commitment to corporate governance, Programmed reviewed and updated its charters, policies and practices to ensure compliance with the Third Edition effective 1 April 2015.

Detailed below are the main corporate governance practices of Programmed that are in place at the date of the Explanatory Memorandum. Programmed also makes relevant its Corporate Governance policies and charters available on its website at www.programmed.com.au/index.php/investor-centre/corporate-governance.

10.10.1 Programmed Board

The Programmed Board has adopted a Board Charter that formalises its roles and responsibilities, including defining matters that are reserved for the Programmed Board and setting the powers and responsibilities of the Managing Director.

The Programmed Board is comprised of five non-executive directors (including the Chairman) and one executive director.

31 The fair values at grant date of the performance rights have been priced using a Monte Carlo simulation, which is a valuation method using the results of many individual simulations to determine a fair value.

The Programmed Board is responsible for the overall corporate governance of Programmed including formulating its strategic direction, setting remuneration, appointing, removing and creating succession policies for directors, establishing and monitoring the achievement of management's goals, ensuring the integrity of risk management, internal control and legal compliance. The Programmed Board delegates to senior management responsibility for the implementation of the strategic direction of Programmed.

The Programmed Board has established an Audit & Risk Committee, Nomination Committee, Remuneration and People Committee and a Health, Safety and Environment Committee to assist the Programmed Board in fulfilling its responsibilities. The Committees operate under a charter approved by the Programmed Board and are disclosed on Programmed's website.

The Nomination Committee is comprised of the full Programmed Board, excluding the Managing Director. The Chairman of the Programmed Board is the Chairman of this Committee and is an independent, non-executive director. Details of the number of meetings of the Nomination Committee held during the 2015 reporting period and members' attendance at those meetings is set out in the Directors' Report of the 2015 Annual Report on Programmed's website.

The Nomination Committee is responsible for determining the processes for evaluating the performance of the Programmed Board, its committees and individual directors.

10.10.2 Ethical and responsible decision making

Programmed has established and disclosed on its website its Code of Conduct. The Code of Conduct applies to all Directors, managers and employees of Programmed. The Code of Conduct is reviewed as necessary to ensure it reflects the high ethical standards of conduct necessary to maintain confidence in Programmed's integrity.

The Programmed Board also promotes the maintenance of an open working environment in which all employees and contractors are able to report instances of unethical, improper, unlawful or undesirable conduct without fear of intimidation or reprisal. This is endorsed through the Whistleblowers Protection Policy, which is disclosed on Programmed's website.

The Programmed Board has also adopted a Share Trading Policy that applies to all Directors and employees of Programmed. The purpose of this policy is to define the circumstances in which directors, employees and any of their associates are permitted to deal in Programmed securities.

The Share Trading Policy is subject to the overriding application of insider trading laws. Programmed's Share Trading Policy is available on Programmed's website.

Furthermore, Programmed has established and disclosed on its website its Diversity Policy. Programmed has a strong commitment to diversity and recognises the value of attracting, engaging and retaining employees with different backgrounds, experience and perspectives. The diversity of its people is one of Programmed's great strengths. Having a diverse and inclusive workplace enables Programmed to attract and retain talented people, create more innovative solutions, foster stronger problem solving capability and be more flexible and responsive to customer needs. The Diversity Policy applies to all directors, senior managers and employees of Programmed.

10.10.3 Safeguard integrity in financial reporting

Programmed has established an Audit & Risk Committee. The purpose of the Audit & Risk Committee is to assist the Programmed Board in monitoring and reviewing any matters of significance that affect financial reporting and compliance. The Audit & Risk Committee operates under a charter approved by the Programmed Board and is available on Programmed's website.

The Audit & Risk Committee is comprised of three non-executive directors. Details of the relevant skills and qualifications of the members of the Audit & Risk Committee and the number of meetings of the Audit & Risk Committee held during the 2015 reporting period and members' attendance at those meetings is set out in the Directors' Report of the 2015 Annual Report on Programmed's website.

10.10.4 Market disclosure and shareholder communications

Programmed is subject to continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Subject to limited exceptions, Programmed must immediately (that is, promptly without delay) notify the market, through ASX, upon becoming aware of any information that a reasonable person would expect to have a material effect on the price or value of its securities.

The Programmed Board has adopted a Continuous Disclosure Policy to reinforce Programmed's commitment to compliance with these obligations. Programmed's Continuous Disclosure Policy is available on Programmed's website.

This policy sets out Programmed's procedures to enable accurate, timely, clear and adequate disclosure to the market in accordance with the ASX Listing Rules and the Corporations Act, as well as management's accountabilities and the processes to be followed for ensuring compliance. The Programmed Board reviews its disclosure practices to ensure the market is kept informed of price sensitive or otherwise significant information in accordance with the ASX Listing Rules and the Corporations Act.

The Programmed Board recognises the important rights of shareholders and strives to communicate with shareholders regularly, clearly and effectively, both by electronic means and using more traditional communication methods. Programmed Shareholders are encouraged to attend and participate at general meetings. Programmed's external auditors attend Programmed's Annual General Meeting and are available to answer shareholders' questions.

Consistent with this approach, Programmed has adopted a Shareholder Communications Policy, which includes the following initiatives and practices:

- communicating effectively with shareholders through releases to the market via ASX, the media, Programmed's website, information mailed to shareholders and the general meetings of Programmed
- ensuring all information disclosed to ASX is posted on Programmed's website when it is disclosed to ASX (including presentation material used in public presentations and for the purpose of briefing analysts) and
- arranging for Programmed's external auditor to attend Programmed's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by Programmed and the independence of the auditor in relation to the conduct of the audit.

Programmed's Shareholder Communications Policy is available on Programmed's website.

10.10.5 Risk management

The Programmed Board, together with management, seeks to identify, assess, monitor and mitigate risk. Internal controls are monitored on a continuous basis and wherever possible, improved. Risk management is formalised in Programmed's Risk Policy and in the Audit & Risk Committee Charter which are both regularly reviewed. This review takes place at both a committee level through the Programmed Board's Audit & Risk Committee and at Programmed Board level. The Audit & Risk Committee has established policies and procedures to identify and monitor business risks as well as adopting an internal compliance and control system to manage material business risk.

Further, Programmed has formed a Management Risk Committee (**Programmed Risk Committee**), which comprises the Managing Director and senior management. The Programmed Risk Committee is responsible for the oversight and maintenance of the systems and plans established to manage Programmed's operational risk, and regularly reports to the Audit & Risk Committee about this.

The Audit & Risk Committee Charter and Programmed's Group Risk Policy are available on Programmed's website.

The Programmed Board has established a Health, Safety and Environment Committee, which operates under a charter approved by the Programmed Board. The Health, Safety and Environment Committee Charter is available on Programmed's website. The purpose of the Health, Safety and Environment Committee is to assist the Programmed Board in monitoring, reviewing and managing health, safety and environmental risks involved in Programmed's activities.

The Health, Safety and Environment Committee is comprised of three non-executive directors. Details of the number of meetings of the Health, Safety and Environment Committee held during the 2015 reporting period and members' attendance at those meetings is set out in the Directors' Report of the 2015 Annual Report on Programmed's website.

Management has established and implemented risk management procedures for Programmed, including the preparation of Programmed's Risk Register, which identify, assess, monitor and manage the material business risks of Programmed. Each divisional CEO is responsible and accountable for implementing and managing the material operating risks of the division.

The Programmed Risk Committee identifies significant risks to Programmed and reports to the Audit & Risk Committee on how they are being mitigated and managed by senior management. In turn, the Audit & Risk Committee reports to the Programmed Board regularly on the implementation and management of Programmed's risk management system.

During each reporting period, the Audit & Risk Committee reports to the Programmed Board in accordance with the systems and procedures outlined above, including in relation to the effectiveness of Programmed's management of its material business risks.

Programmed's Managing Director and Chief Financial Officer also provide a declaration for each reporting period in accordance with section 295A of the Corporations Act. The Managing Director and Chief Financial Officer also confirm in writing to the Programmed Board that the declaration provided in accordance with section 295A of the Corporations Act is founded on sound risk management and internal control systems and that the system is operating effectively in all material aspects in relation to financial reporting risks.

10.10.6 Directors' fees and executive remuneration

The Programmed Board has established a Remuneration & People Committee, which operates under a charter approved by the Programmed Board. The Remuneration & People Committee Charter is available on Programmed's website.

The purpose of the Remuneration & People Committee is to assist the Programmed Board fulfil its responsibilities in respect of establishing appropriate remuneration levels and policies for Directors and senior managers.

The Remuneration & People Committee is comprised of three non-executive directors. Details of the number of meetings of the Remuneration & People Committee held during the 2015 reporting period and members' attendance at those meetings is set out in the Directors' Report of the 2015 Annual Report on Programmed's website.

Programmed's non-executive directors receive fees as remuneration for acting as a Programmed Director and, if applicable, acting as a member of a standing Committee of the Programmed Board. Programmed has not established any schemes for the provision of retirement benefits (other than statutory superannuation) for non-executive directors. Non-executive directors' fees do not incorporate any performance-based bonuses or incentive element, and the non-executive directors do not participate in any share-based incentive plans.

The remuneration of Programmed's executive directors and senior management consists of elements of fixed salary (including superannuation and allowances), short-term performance incentives assessed over Programmed's financial year and long-term performance incentives assessed over periods of three to five years.

Consistent with section 206J of the Corporations Act, it is Programmed's policy to prohibit senior management from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

10.11 Substantial shareholders

As at 5 August 2015, being the day prior to lodgement of this Explanatory Memorandum for review by ASIC, so far as is known to Programmed based on publicly available information, there are no substantial holders of Programmed Shares, except as set out as follows:

Substantial shareholder	Voting power
Credit Suisse Holdings (Australia) Limited on behalf of Credit Suisse Group AG and its affiliates	8.72%
Invesco Australia Ltd	8.22%
Commonwealth Bank of Australia and its related bodies corporate	8.19%
Delta Lloyd N.V. and its associates	7.90%
Tribeca Investment Partners Pty Ltd	6.51%
Dimensional Fund Advisors LP	6.01%
Westpac Banking Corporation and associated entities	5.30%

10.12 Recent Programmed Share price performance

Programmed Shares are listed on the ASX under the code "PRG". Set out below is a table summarising recent trading prices of Programmed Shares on ASX.

Programmed Share price information	Price
Last recorded price for Programmed Shares on 19 June 2015, being the last day Programmed Shares and SKILLED Shares traded before the announcement that SKILLED and Programmed Maintenance Services had entered into the Scheme Implementation Agreement on 24 June 2015	$2.80
Last recorded price for Programmed Shares on 5 August 2015, being the last Trading Day prior to lodgement of this Explanatory Memorandum for review by ASIC	$2.60
Highest and lowest recorded sale prices for Programmed Shares during the three months immediately before 5 August 2015, being the last Trading Day prior to lodgement of this Explanatory Memorandum for review by ASIC	
High (12 June 2015)	$3.15
Low (9 July 2015)	$2.31

10.13 Share registry

Address
Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000

Phone number
1300 850 505

Postal Address
GPO Box D182
Perth WA 6840

10.14 Sources of consideration / financing arrangements

10.14.1 Total consideration

As at the date of this Explanatory Memorandum, there were 235,898,291 SKILLED Shares on issue. In addition, pursuant to the arrangements described in clause 8 of the Scheme Implementation Agreement, not more than 1,200,000 additional SKILLED Shares may be issued pursuant to the SKILLED LTI Plan.

The Scheme Implementation Agreement provides that the Scheme consideration will comprise:

- 0.55 New Programmed Shares and
- $0.25 cash, less the amount of any SKILLED FY15 Final Dividend and SKILLED Special Dividend,

per SKILLED Share.

On 24 June 2015, SKILLED stated its intention that the cash component of the Scheme consideration be paid in the form of a fully franked dividend.

On 5 August 2015 the SKILLED Board declared the SKILLED FY15 Final Dividend ($0.095 cash, fully franked, per SKILLED Share). This dividend reduced the cash component of the Scheme consideration by $0.095 per SKILLED Share, to $0.155 per SKILLED Share.

If SKILLED Shareholders approve the Scheme by the Requisite Majorities, the SKILLED Board will declare the SKILLED Special Dividend ($0.155 cash, fully franked, per SKILLED Share) conditional on the Scheme becoming Effective. If this occurs, the SKILLED FY15 Final Dividend and the SKILLED Special Dividend will, together, provide $0.25 cash per SKILLED Share and, consequently, the cash component of the Scheme consideration required to be paid by Programmed will reduce to zero.

In the event that either the SKILLED FY15 Final Dividend or SKILLED Special Dividend is not paid, Programmed is obliged to pay the Cash Consideration (being the equivalent amount of cash consideration under the Scheme).Based on the number of SKILLED Shares on issue as at the date of this Explanatory Memorandum, and the number that may be issued upon the vesting of SKILLED Performance Rights and SKILLED Options (as referred to above):

- The maximum amount of cash that would be payable by Programmed in connection with the acquisition of SKILLED Shares under the Scheme would be $59.3 million and
- The maximum number of New Programmed Shares that would need to be issued in connection with the acquisition of SKILLED Shares under the Scheme would be approximately 130,404,060 New Programmed Shares.

10.14.2 Sources of Share Consideration

Programmed Maintenance Services has entered into the Deed Poll in favour of Scheme Shareholders. Under the Deed Poll, Programmed Maintenance Services covenants, among other things, to issue New Programmed Shares as contemplated by the Scheme. Programmed Maintenance Services has the capacity to issue the maximum number of New Programmed Shares it may be required to issue under the Scheme.

10.14.3 Sources of Cash Consideration

Background

The maximum amount of cash that Programmed will be required to pay as Cash Consideration is $59.3 million.

Programmed and Westpac Banking Corporation (**Westpac**) (as facility agent, security trustee and lender), among others, are parties to a Syndicated Facility Agreement (**Facility Agreement**) amended and restated on 20 December 2013 under which Westpac and certain other lenders have made available to Programmed various debt facilities.

Overview of commitment in respect of facilities

Programmed and Westpac, prior to the date of this Explanatory Memorandum, executed a mandate and commitment letter which attaches a term sheet (**Commitment Letter and Term Sheet**) under which Westpac will arrange and underwrite proposed debt facilities to be made available to Programmed which total $600 million and NZ$10 million (**Facilities**).

The Facilities are to be made available for the purposes of:

- refinancing the existing facilities of Programmed
- refinancing the existing facilities of SKILLED Group
- funding Programmed Maintenance Services' acquisition of SKILLED under the Scheme, and to pay associated transaction costs and
- funding the working capital requirements and general corporate purposes of Programmed.

Based on the Commitment Letter and Term Sheet, the aggregate amount available for draw down under the Facilities for the purpose of Programmed's acquisition of SKILLED under the Scheme is sufficient to fund the Cash Consideration. Westpac has indicated in the Commitment Letter and Term Sheet that they intend to syndicate the Facilities.

Programmed expects that, prior to the date currently scheduled for the Scheme Meeting, it will finalise and execute formal documentation in respect of the Facilities on substantially the terms described in the Commitment Letter and Term Sheet.

Commitment is subject to certain matters

Westpac's commitment to underwrite the Facilities pursuant to the Commitment Letter and Term Sheet is subject to certain conditions precedent being satisfied by Programmed.

As at the date of this Explanatory Memorandum, Programmed is not aware of any reason why the conditions precedent (as described in further detail below) will not be satisfied in time to allow the Facilities to be drawn down to pay the Cash Consideration when it is due under the terms of the Scheme, provided the Scheme has become Effective.

Conditions precedent

The initial conditions precedent are usual for transactions of this nature and will be subject to a certain funds regime. The conditions precedent include the facility agent receiving certain items including:

- certification that no material adverse effect has occurred in relation to Programmed Maintenance Services or its subsidiaries
- copies of certain documentation in relation to the Scheme to the satisfaction of the lenders (and no waiver of conditions in such documentation that would be materially adverse to the rights or interests of the lenders) and
- evidence that the Scheme is or will be effective and complete.

Cancellation of lenders' commitment

Westpac may terminate its commitment to underwrite the Facilities under the Commitment Letter and Term Sheet in circumstances usual for transactions of this nature including if:

- Programmed breaches, in any material respect, any of its obligations under the Commitment Letter
- the preparation, execution and delivery of the finance documents has not occurred within 4 months after the date of the Commitment Letter, being 23 October 2015 or
- Programmed has failed to disclose to Westpac information which could be relevant to its decision to arrange and underwrite the Facilities and the disclosure of such information would have resulted in Westpac deciding not to arrange and underwrite the Facilities.

10.15 Additional information

10.15.1 Interests of Programmed Directors

As at the date of this Explanatory Memorandum, the number of Programmed securities held by or on behalf of each Programmed Director are as follows:

Programmed Director	Programmed Shares	Programmed Performance Rights
B Brook	80,000	-
C Sutherland	776,012	780,000
J Whittle	2,084,656	-
E Stein	29,141	-
R McKinnon	50,000	-
A Grant	10,000	-
Total	**3,029,809**	**780,000**

As at the date of this Explanatory Memorandum, no marketable securities of SKILLED are held or controlled by Programmed Directors.

10.15.2 Interests of Programmed in SKILLED

Programmed does not hold any Relevant Interests in any securities of SKILLED as at:

- the date of this Explanatory Memorandum and
- the date the proposed acquisition of SKILLED was announced to ASX on 24 June 2015.

10.15.3 Litigation

Programmed is from time to time involved in disputes and litigation.

As at the date of this Explanatory Memorandum, Programmed is not aware of any material contractual disputes or litigation in respect of Programmed, including with its customers or other third parties.

10.15.4 Disclosing entity

As an ASX listed company and a "disclosing entity" under the Corporations Act, Programmed Maintenance Services is subject to regular reporting and disclosure obligations. In general terms, these require Programmed to announce price sensitive information to ASX as soon as Programmed becomes aware of the information, subject to some exceptions. Programmed has complied with its continuous disclosure obligations.

Programmed's ASX announcements are available from its website at www.programmed.com.au and on the ASX's website, www.asx.com.au. Any further announcements by Programmed will continue to be made available on both these websites after the date of this Explanatory Memorandum.

Programmed also prepares half yearly and annual reports which include a declaration from the Programmed Directors and an independent auditor's report. These are lodged with ASX and are available at Programmed's website, www.programmed.com.au, the ASX's website, www.asx.com.au and at ASIC. Copies of Programmed's 2015 Annual Report (being the annual financial report most recently lodged), constitution, corporate governance policies and charters, and other relevant information are available on Programmed's website at www.programmed.com.au. Additionally:

- a copy of Programmed's 2015 Annual Report can be obtained free of charge by contacting Programmed at companysecretary@programmed.com.au and
- copies of documents lodged with ASIC in relation to Programmed may be obtained from, or inspected at, ASIC. Note ASIC may charge a fee in respect of such service.

The following table summarises announcements made to ASX by Programmed that may have affected share price movements over the period between 1 January 2015 and 5 August 2015.

Date	Announcement
22 January 2015	Merger of equals proposal
12 February 2015	Programmed appointed preferred bidder for NZ Schools II PPP
11 March 2015	Appendix 3B
1 April 2015	JPMorgan Investor Conference
4 May 2015	Appendix 3B
25 May 2015	Programmed enters into discussions with SKILLED
27 May 2015	Appendix 4E
27 May 2015	Programmed 2015 Annual Report
27 May 2015	Programmed FY2015 Results and Market Update
27 May 2015	Programmed FY2015 Results Presentation
5 June 2015	2015 Notice of Annual General Meeting and Proxy Form
22 June 2015	Trading Halt
24 June 2015	Programmed's Acquisition of SKILLED
24 June 2015	Acquisition of SKILLED Group Presentation
1 July 2015	Appendix 3B
15 July 2015	Change of Venue – 2015 Annual General Meeting
29 July 2015	SKE transaction a 'win-win' for both companies' shareholders
29 July 2015	Chairman's and Managing Director's address to 2015 AGM
29 July 2015	2015 Annual General Meeting Presentation
29 July 2015	Results of 2015 Annual General Meeting
31 July 2015	Appendix 3B
31 July 2015	Change of Director's Interest Notice - Chris Sutherland
3 August 2015	Programmed/SKILLED Transaction Update
3 August 2015	Appendix 3B
3 August 2015	Change of Director's Interest Notice - Chris Sutherland

10.15.5 Other material information

Except as set out in this Explanatory Memorandum, there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Programmed Director at the time of the lodging of this Explanatory Memorandum with ASIC for registration, which has not been previously disclosed to SKILLED Shareholders.

PROFILE OF THE COMBINED GROUP

11

11 Profile of the Combined Group

11.1 Summary of the Combined Group

If the Scheme is Implemented, Programmed Maintenance Services will remain the listed entity on the ASX and will be the ultimate holding company for the companies within Programmed and SKILLED Group (which will together form the Combined Group). SKILLED, together with the other SKILLED Group companies, will become wholly-owned subsidiaries of Programmed Maintenance Services.

The vision is to create a stronger, more efficient and more competitive workforce solutions provider covering staffing, maintenance and facility management operations, diversified across all sectors of the economy and better positioned to take advantage of growth opportunities.

11.2 Key benefits of, and rationale for, the acquisition

11.2.1 Business profile of the Combined Group

Programmed believes that there are considerable potential strategic and financial benefits of combining the Programmed and SKILLED businesses.

Potential benefits of the combination include the following:

- **Market leadership**: Greater market presence and opportunities to improve customer service, risk management and contract performance
- **Increased scale**: A larger group enables lower unit costs and enhanced organic growth opportunities
- **Improved earnings diversity**: Benefits from improved geographic, sector and customer diversification, providing greater resilience to external challenges
- **Enhanced capability**: Ability to compete for larger contracted outsourcing opportunities that are emerging in the market place
- **Complementary customer base**: Limited customer overlap and good opportunities to sell further services across all customers of the Combined Group
- **Significant synergies**: More than $20 million of pre-tax synergies within 12 months of the Transaction, excluding one-off integration costs of approximately $8 million (expense) / $10 million (cash) in the first year after Implementation, with the potential to capture further synergies thereafter
- **Appropriate capital structure**: A balance sheet with flexibility to support organic growth and acquisition opportunities and
- **Greater trading liquidity and equity market benefits**: A pro forma market capitalisation of approximately $700 million[32] and likely inclusion in the S&P/ASX 200 index, thereby attracting a greater level of investor interest and trading liquidity.

32 Based on the closing prices of SKILLED Shares and Programmed Shares on 19 June 2015, the last day on which SKILLED Shares and Programmed Shares traded prior to SKILLED and Programmed Maintenance Services entering into the Scheme Implementation Agreement.

11.3 Activities profile of the Combined Group

11.3.1 Overview

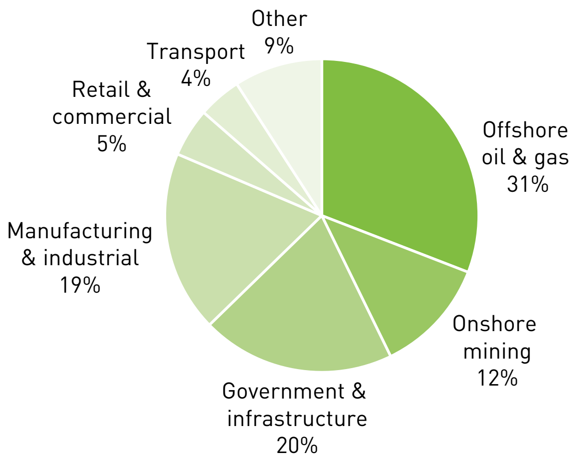
An overview of the Combined Group showing its principal activities, customer segments and consolidated revenue is set out in the table below.

	Maintenance and Facility Management	Marine	Staffing
Segment overview	• Programmed has a large maintenance and facility management business and is well advanced in building a strong presence in the PPP infrastructure market • SKILLED has an engineering maintenance business focused in the manufacturing, industrial and mining markets • Both are highly cash generative businesses with relatively stable long-term revenue streams	• Programmed offers outsourced vessel management, manning and logistics services • SKILLED operates a number of vessels as well as providing outsourced vessel management, manning and logistics services	• Programmed provides recruitment and labour hire services to a broad range of industry sectors through a network of 30 branches across Australia and New Zealand • SKILLED is the largest provider of workforce solutions in Australia. SKILLED provides blue collar and white collar workforce services
Benefits of combining Programmed and SKILLED Group	• Combination will provide improved sector diversity for both Programmed Shareholders and SKILLED Shareholders • Enhanced ability to compete for larger contracted outsourcing opportunities	• The businesses are complementary in key port locations in Northern Australia and New Zealand • Combination better positioned to manage a lower oil price environment	• Significantly enhances scale • Lower unit costs • Can leverage existing technology investments • Improve risk management • Opportunity to sell SKILLED Group white collar services to Programmed customers
Activities	• Long term contracts • Painting, grounds, corporate imaging, electrical and communications • Facility and project management • Industrial / plant / mining and industrial maintenance and shutdown services	• Vessel management and manning • Offshore oil and gas construction support, maintenance and operational services • Catering and hotel services • Logistics and project management	• Blue collar • White collar / professional / semi professional • Managed workforce • OneShift
Sectors	• Education • Social housing • Health • Aged care • Retail • Mining • Manufacturing • Water • Tourism • Transport	• Offshore oil and gas • Ports and harbour • Coastal mining	• Health • Engineering • Mining • Construction • Transport & logistics • Manufacturing • IT

11.3.2 End market diversity

The Combined Group's historical pro forma revenue of $3.5 billion[33] by industry is set out below.

Combined Group FY15 pro forma revenue



Source: Programmed's FY15 reported results and SKILLED Group's FY15 reported results

11.3.3 Board and senior management

The Programmed Board will comprise its current members, with the current Programmed Chairman, Bruce Brook, retaining that role. The Programmed Board will consider increasing the size of the Board to enable improved capability to govern the larger business within the first year of Implementation of the Scheme. Further details regarding the current Programmed Directors are set out at Section 10.5.1.

It is intended that Chris Sutherland will continue as the Managing Director of Programmed, with the management team to consist of executives from both Programmed and SKILLED Group.

11.3.4 Ownership and capital structure of the Combined Group

Share capital

If the Scheme becomes Effective, Programmed Maintenance Services will issue up to a maximum of 130,404,060 New Programmed Shares in return for the acquisition of 100% of the issued share capital in SKILLED. The circumstances in which the maximum number of New Programmed Shares would be issued to Scheme Shareholders are described in Section 10.14.1. As a result of the Scheme, the number of Programmed Shares on issue will increase from approximately 118,989,126 (being the number on issue as at the date of this Explanatory Memorandum) to approximately 249,393,186.

	Programmed Shares to be issued	Cumulative total Programmed Shares on issue
As at the date of this Explanatory Memorandum	n/a	118,989,126
To be issued as Share Consideration	130,404,060	249,393,186

Programmed Performance Rights

As at the date of this Explanatory Memorandum Programmed Maintenance Services has 5,238,000 Programmed Performance Rights on issue. The number of Programmed Performance Rights will not change as a result of the Scheme. Programmed Performance Rights may vest or lapse in accordance with their terms as further set out in Section 10.9.3.

Combined Group ownership structure

Upon Implementation of the Scheme, it is expected that holders of SKILLED Shares will own New Programmed Shares representing approximately 52.4% of the Combined Group with current Programmed shareholders holding the balance of approximately 47.6%.

33 Refer Section 11.5.4.

11.4 Programmed's post combination intentions

11.4.1 Overview

Section 11.4 sets out the present intentions of Programmed in relation to SKILLED's business, assets, operations and employees, in each case if the Scheme is Implemented.

The intentions set out in Section 11.4 have been formed on the basis of facts and information concerning SKILLED, its business, and the general business environment, which are known to Programmed as at the date of this Explanatory Memorandum.

Final decisions regarding the matters set out below will only be made by Programmed, following Implementation of the Scheme after gaining a better understanding of SKILLED Group's businesses and having regard to circumstances at the relevant time. Accordingly, it is important to recognise that the statements set out in Section 11.4 are statements of current intentions only, which may change as new information becomes available or circumstances change.

11.4.2 General review of SKILLED's businesses

If the Scheme is Implemented, Programmed intends to work quickly to integrate the businesses of SKILLED Group and Programmed, whilst continuing to operate SKILLED's businesses. Programmed's ability to do so will be reliant on Programmed first gaining a better understanding of SKILLED's businesses. This is because Programmed has limited knowledge of SKILLED's businesses and operations, given that, prior to announcement of the proposed transaction, Programmed's due diligence on SKILLED was limited in scope and by time.

11.4.3 Business integration

Programmed has formed a joint integration committee with SKILLED Group and is conducting a review of SKILLED's operations and assets covering strategic, financial and operational matters. That review will continue after Implementation and will give Programmed a better understanding of SKILLED Group's businesses and therefore assist in the integration process and enable Programmed to identify areas in which SKILLED Group's businesses may be enhanced.

While Programmed does not have any specific intentions in relation to the outcomes of the review, it may identify areas to optimise savings and identify other opportunities to improve the combined business. As part of this, Programmed will review the utilisation of the assets of the Combined Group. In addition, Programmed notes that the existing businesses of SKILLED Group and Programmed are complementary and share some common requirements in terms of operations. Accordingly, it is expected that the process of integrating the two businesses will result in some changes to both SKILLED's businesses and Programmed's businesses, but the nature and extent of such changes will depend on the outcome of the review described above. Programmed anticipates that the review is likely to be substantially completed within approximately six months of the Scheme being Implemented.

Other than as set out above, Programmed has no current intention to make major change to SKILLED Group's businesses or redeploy any of SKILLED's major fixed assets. However, any final decisions in this regard will be made as part of the review referred to above.

11.4.4 Synergies

Programmed's and SKILLED Group's management teams have identified potential pre-tax synergies estimated at more than $20 million per year, excluding one-off integration costs of approximately $8 million (expense) / $10 million (cash) in the first year after Implementation, which they expect to be achieved within 12 months of Implementation. These synergies include savings in the following areas:

- corporate and divisional overheads
- shared services
- workers' compensation and insurance and
- property rationalisation.

Furthermore, Programmed believes that it can extract further synergies beyond the $20 million per year expected to be achieved within 12 months of Implementation (as referred to above). These synergies include:

- opportunities to increase revenue through selling services to a wider pool of customers
- leveraging a significantly enlarged database of employees and
- competing for larger outsourcing contracts that are emerging in the market.

There is a risk that synergies may not be realised at all or not realised to their full extent, or that they may be realised over a longer period of time than anticipated. Further detail regarding these risks is in Section 12.4.2.

11.4.5 SKILLED Board

If the Scheme is Implemented, Programmed Maintenance Services will become the holder of all SKILLED Shares and, accordingly, SKILLED will become a wholly-owned subsidiary of Programmed Maintenance Services.

In accordance with the Scheme Implementation Agreement, on the Implementation Date, SKILLED has agreed to:

- cause the appointment to the SKILLED Board, and to the boards of each Subsidiary of SKILLED, those persons as nominated by Programmed and
- procure that all SKILLED Directors, and the directors of each Subsidiary of SKILLED, resign from the SKILLED Board and each Subsidiary of SKILLED.

11.4.6 Employees

Programmed will evaluate the future staffing requirements of both Programmed's and SKILLED Group's businesses as part of the integration process and the review described in Sections 11.4.2 and 11.4.3. That evaluation will also be made in light of the operating model which is proposed to be adopted for the SKILLED Group and Programmed businesses. Subject to the outcomes of that evaluation, some staffing requirements in SKILLED Group or Programmed businesses may change, be reduced or be increased, however, Programmed will endeavour to minimise any disruption to SKILLED and its employees.

Overall, many key operational responsibilities for the SKILLED business are expected to be largely unchanged. However, final decisions regarding the operating structure of Programmed and SKILLED (including in respect of potential duplication between existing corporate and administrative functions) will be made as part of the integration process and review described in Sections 11.4.2 and 11.4.3.

Programmed believes that the proposed acquisition of SKILLED should offer benefits for SKILLED employees by bringing together the businesses of SKILLED Group and Programmed with the potential to create exciting growth opportunities across the Combined Group.

11.4.7 Dividend policy of the Combined Group

As outlined in Section 10.8, Programmed's dividend payout ratio has been approximately 50% of after-tax profit before reconciling items. If the Scheme is Implemented, Programmed does not currently expect any changes to this position. It is Programmed's current intention that the Combined Group will continue to pay a dividend taking into consideration the Combined Group's financial performance and future capital requirements.

Under the Scheme Implementation Agreement, Programmed Maintenance Services must ensure that the New Programmed Shares issued as Share Consideration will be entitled to participate in and receive the Programmed FY16 Interim Dividend (and, provided that the Effective Date occurs on or before 23 December 2015, Programmed must ensure that the record date for the Programmed FY16 Interim Dividend is a date which is after the date on which the holders of New Programmed Shares are registered as holders of such), and any other dividends, any distribution of capital and any other entitlements accruing in respect of Programmed Shares after the Effective Date.

11.4.8 Removal of SKILLED from ASX

Programmed currently intends to seek to have SKILLED removed from the official list of ASX once the Scheme is Implemented.

Programmed Maintenance Services intends to remain listed on ASX.

11.5 Pro forma historical financial information

The pro forma Historical Financial Information set out in this Section 11.5 has been prepared from the following sources:

- for Programmed, figures derived from the audited consolidated statement of profit or loss for the twelve month period ended 31 March 2015 and
- for SKILLED, figures derived from the audited consolidated statement of profit or loss for the twelve month period ended 30 June 2015,

(together the **Combined Group unaudited pro forma statement of profit or loss**), and

- for Programmed, figures derived from the audited consolidated statement of financial position as at 31 March 2015
- for SKILLED, figures derived from the audited consolidated statement of financial position as at 30 June 2015 and
- other supplementary information as was considered necessary to reflect the pro forma adjustments (discussed below),

(together the **Combined Group unaudited pro forma statement of financial position**), (being collectively, the **Combined Group unaudited pro forma historical financial information**).

The Programmed Directors are responsible for the preparation and presentation of the Combined Group unaudited pro forma historical financial information.

The Combined Group unaudited pro forma historical financial information in this Section should also be read in conjunction with the risks set out in Sections 12.3 and 12.4, including the other information included in this Explanatory Memorandum, and also the accounting policies of Programmed as disclosed in its most recent annual financial report for the year ended 31 March 2015.

Programmed has been subject to certain limitations in preparing the Combined Group unaudited pro forma historical financial information. In particular:

- Programmed management has had only limited access to financial information of SKILLED and no access to the supporting documentation and systems from which that financial information has been derived and
- Programmed management has not had an opportunity to fully assess the fair values of the identifiable assets and liabilities of SKILLED, and therefore has not been able to ensure that the Transaction has been accounted for in accordance with AASB3 "Business Combinations" (**AASB 3**).

Deloitte Corporate Finance has prepared the Investigating Accountant's Report in relation to the Combined Group unaudited pro forma historical financial information which has been included as Annexure B. SKILLED Shareholders should note the comments made in relation to the scope and limitations of that report.

The Combined Group unaudited pro forma historical financial information has been derived to provide SKILLED Shareholders with an illustrative historical statement of profit or loss and historical statement of financial position of the Combined Group if the Scheme is Implemented. The Combined Group unaudited pro forma historical financial information is not intended to reflect the financial performance or the financial position that would have actually resulted had the Scheme been completed on the dates indicated, or the results that may be obtained in the future. If the Transaction had occurred in the past, the Combined Group's financial performance and financial position would likely have been different from that presented in the Combined Group unaudited pro forma historical financial information.

Due to the nature of pro forma information, it may not give a true picture of the Combined Group's financial performance and financial position. The Combined Group unaudited pro forma historical financial information is not represented as being indicative of Programmed's view on its future financial performance or future financial position.

11.5.1 Basis of preparation

The Combined Group unaudited pro forma historical financial information is provided for illustrative purposes and, with the exception of matters noted in Pro forma adjustments below, has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards.

The Combined Group unaudited pro forma historical financial information is presented in an abbreviated form and does not include all of the disclosures, statements and comparative information required by the Australian Accounting Standards as they are applicable to annual financial reports prepared in accordance with the Corporations Act.

As a result of differences in the historical information presentation dates for Programmed and SKILLED within Sections 10.6 and 9.8, respectively, information used in deriving the Combined Group unaudited pro forma historical financial information in relation to Programmed and SKILLED is derived from differing twelve month financial periods. For the purposes of the Combined Group unaudited historical pro forma financial information, it has been assumed that these periods are identical. This period is referred to as the Illustrative Period ended 31 March 2015 and relates to the notional year beginning 1 April 2014 and ended 31 March 2015 for Programmed and the notional year beginning 1 July 2014 and ended 30 June 2015 for SKILLED.

The Combined Group unaudited pro forma statement of profit or loss and the Combined Group unaudited pro forma statement of financial position have been compiled by Programmed to illustrate the impact of the Transaction on Programmed's financial performance and position for the Illustrative year ended 31 March 2015 as if the Transaction had taken place on 1 April 2014.

11.5.2 Pro forma adjustments

The Combined Group unaudited pro forma historical financial information has been prepared for illustrative purposes only, to show the impact of the Transaction as follows:

- acquisition debt financing facility of up to $76 million in aggregate to fund the Cash Consideration, Transaction costs, SKILLED FY15 Final Dividend and SKILLED Special Dividend expected to be paid by SKILLED before the Implementation Date
- the acquisition of SKILLED's remaining shares not subject to the Cash Consideration for New Programmed Shares at the exchange ratio of 0.55 New Programmed Shares for each SKILLED Share and
- acquisition of the remaining 50% ownership interest in OMSA by SKILLED.

11.5.3 Variation in accounting policies

In preparing the Combined Group unaudited pro forma historical financial information, Programmed has undertaken a review to identify accounting policy differences where the impact was potentially material to the Combined Group and could be reliably estimated. No such material differences have been identified by Programmed, however further accounting policy differences may be identified after the Implementation of the Scheme.

11.5.4 Combined Group unaudited pro forma statement of profit or loss

The Combined Group's unaudited pro forma statement of profit or loss is set out below. Programmed believes it is presented in a format that is useful for investors to assist their understanding of the Combined Group's pro forma results, because the specific disclosure of reconciling items provides clearer disclosure of the underlying operating results of the Combined Group than the statutory format.

$000s	Programmed year ended 31 March 2015	SKILLED year ended 30 June 2015	Pro forma adjustments Note (i)	Pro forma adjustments Note (ii)	Combined Group
Revenue	1,434,224	2,047,426	-	53,036	3,534,686
EBITDA	**60,989**	**102,367**	**-**	**3,153**	**166,509**
Depreciation and amortisation	(11,250)	(15,949)	-	(236)	(27,435)
EBIT	49,739	86,418	-	2,917	139,074
Net interest	(5,065)	(10,834)	(2,656)	-	(18,555)
Profit before tax and reconciling items	44,674	75,584	(2,656)	2,917	120,519
Income tax expense before reconciling items[34]	(14,237)	(21,425)	797	(1,255)	(36,120)
Net profit after tax and before reconciling items[34]	**30,437**	**54,159**	**(1,859)**	**1,662**	**84,399**
Reconciling items					
Restructuring and other costs	(3,846)	(2,875)	-	-	(6,721)
Acquisition and integration costs	(1,421)	(1,659)	-	-	(3,080)
Amortisation of acquired intangibles (non-cash)	-	(10,162)	-	(2,535)	(12,697)
Notional interest on deferred consideration	-	(845)	-	-	(845)
Share of net loss of associate (OneShift)	(629)	-	-	-	(629)
SKILLED CEO transition costs	-	(980)	-	-	(980)
Strategic review of costs	-	(1,702)	-	-	(1,702)
Impairment of goodwill	-	(60,000)	-	-	(60,000)
Reversal of acquisition tax provision	-	2,291	-	-	2,291
Tax on reconciling items[34]	1,154	5,088	-	886	7,128
Pro forma profit after tax	**25,695**	**(16,685)**	**(1,859)**	**13**	**7,164**

34 Non-IFRS financial information.

Notes to the Combined Group unaudited pro forma statement of profit or loss

The following pro forma adjustments have been included in the Combined Group unaudited pro forma statement of profit or loss as if the Scheme had occurred on 1 April 2014, the beginning of the Illustrative Period.

(i) Interest on increased debt facilities

Reflects the recognition of the estimated incremental interest costs associated with the acquisition debt financing facility expected to be incurred by Programmed should the Scheme proceed. Total debt is estimated to increase by approximately $76 million. For more information in relation to Programmed's facilities refer to Section 10.14.3.

(ii) Acquisition of OMSA by SKILLED Group

On November 1, 2014, SKILLED Group acquired 50% of the voting shares of OMSA, increasing its ownership interest from 50% to 100%. A pro forma adjustment has been made to the Combined Group unaudited pro forma historical financial Information to reflect:

- the results of this investment had the acquisition occurred on 1 July 2014 and
- presentation of the investment as a consolidated subsidiary from 1 July 2014, rather than equity accounted for the period 1 July 2014 to 1 November 2014.

Transactions not included in the Combined Group unaudited pro forma statement of profit or loss

The Combined Group unaudited pro forma statement of profit or loss does not include the following:

- Transaction costs incurred by Programmed post 31 March 2015 and by SKILLED Group post 30 June 2015 which have been treated as pre-acquisition expenses
- any additional share based payment expenses incurred by SKILLED as a direct result of any accelerated vesting of SKILLED Options or Performance Rights due to the Scheme resulting in a change of control
- amortisation relating to the identified intangibles likely to arise as a result of the transaction and the finalisation of the accounting for the transaction in accordance with AASB 3 and
- reduction in costs as a result of the potential pre-tax synergies generated by the Combined Group

11.5.5 Combined Group unaudited pro forma statement of financial position

The Combined Group's unaudited pro forma statement of financial position is set out below.

$000s	Programmed as at 31 March 2015	SKILLED as at 30 June 2015	Notes	Pro forma adjustments	Combined Group
CURRENT ASSETS					
Cash and cash equivalents	42,768	13,263	i	-	56,031
Trade and other receivables	236,078	305,522		-	541,600
Other financial assets	-	1,484		-	1,484
Inventories	70,409	1,451		-	71,860
Current tax assets	83	774		-	857
Other assets	4,433	3,792		-	8,225
Total current assets	**353,771**	**326,286**		**-**	**680,057**
NON-CURRENT ASSETS					
Investments in associates	3,844	474		-	4,318
Trade and other receivables	57,560	1,224		-	58,784
Inventories	12,207	-		-	12,207
Property, plant and equipment	24,362	84,613		-	108,975
Deferred tax assets	17,833	8,282	v	-	26,115
Intangible assets	262,960	425,113	iii	(27,912)	660,161
Total non-current assets	**378,766**	**519,706**		**(27,912)**	**870,560**
TOTAL ASSETS	**732,537**	**845,992**		**(27,912)**	**1,550,617**
CURRENT LIABILITIES					
Trade and other payables	173,596	181,908		-	355,504
Borrowings	46,618	3,775		-	50,393
Current tax payable	834	-		-	834
Provisions	36,433	56,528		-	92,961
Total current liabilities	**257,481**	**242,211**		**-**	**499,692**
NON-CURRENT LIABILITIES					
Trade and other payables	-	8,507			8,507
Borrowings	3,230	155,578	ii	70,300	229,108
Deferred tax payable	47,103	-	v	-	47,103
Provisions	6,287	13,458		-	19,745
Total non-current liabilities	**56,620**	**177,543**		**70,300**	**304,463**
TOTAL LIABILITIES	**314,101**	**419,754**		**70,300**	**804,155**
NET ASSETS	**418,436**	**426,238**		**(98,212)**	**746,462**
EQUITY					
Issued capital	236,086	353,875	iii, iv	(14,824)	575,137
Reserves	10,876	3,434	iii	(3,434)	10,876
Retained profits	171,474	68,929	i, iii	(79,954)	160,449
TOTAL EQUITY	**418,436**	**426,238**		**(98,212)**	**746,462**

Notes to the Combined Group unaudited pro forma statement of financial position

The following pro forma adjustments have been included in the Combined Group unaudited pro forma statement of financial position as if the Scheme had occurred on 31 March 2015:

(i) Transaction costs

Reflects the payment of $16.7 million of estimated Transaction costs incurred by Programmed and SKILLED in relation to the Transaction funded through a drawdown in the acquisition debt financing facility.

(ii) Borrowings

Increase in borrowings of $76 million to fund the Scheme consideration and estimated Transaction costs net of deferred financing fees which will amortise to profit or loss over the term of the financing facility.

(iii) Acquisition accounting

The Combined Group unaudited pro forma statement of financial position has been presented using acquisition accounting methods as required by AASB 3 except as noted below. AASB 3 requires that all identifiable assets (including intangible assets and deferred tax balances) and liabilities that meet certain recognition criteria should be recognised in the Combined Group unaudited pro forma statement of financial position.

The following pro forma adjustment has been included in the Combined Group unaudited pro forma statement of financial position:

- elimination of SKILLED's net assets of $426.2 million (being the issued capital, reserves, and retained profits from SKILLED's historical statement of financial position as at 30 June 2015 less the estimated Transaction costs incurred by SKILLED in relation to this Proposed Transaction (net of tax)) and
- resulting reduction of existing goodwill of $27.9 million (discussed below).

For the purposes of preparing the Combined Group unaudited pro forma statement of financial position, it has been assumed that the carrying value of identified assets and liabilities are equal to their fair value at the acquisition date.

The amount of total intangible assets, including goodwill and the recognition of any deferred tax assets or liabilities which may arise as a result of the fair value adjustments is subject to Programmed finalising its fair value assessment of all assets and liabilities as at the acquisition date.

As Programmed has not finalised the fair value assessment of all assets and liabilities as at the acquisition date, for the purposes of preparing the Combined Group unaudited pro forma statement of financial position, it has been assumed that there will be no separately identifiable intangible assets other than those already recognised in Programmed's 31 March 2015 and SKILLED's 30 June 2015 statement of financial positions.

On completion, the excess of the cost of the acquisition over and above the net fair value of the identifiable assets and liabilities should be recognised as goodwill. This goodwill amount will only be measured and recognised once the Transaction occurs. Similarly, the identification and valuation of other identifiable intangible assets will not be possible until after the completion of the Transaction. Australian Accounting Standards allow a period of 12 months to finalise the accounting adjustments from the date of acquisition. The reduction of existing goodwill of $27.9 million has been presented in the following table:

	$000s
Total consideration	**398,326**
SKILLED net assets at 30 June 2015	426,238
Reduction in pre-existing goodwill	**(27,912)**

(iv) Purchase consideration

An increase to issued capital for the Share Consideration of $339.1 million. Share Consideration has been calculated based upon a Programmed Share price of $2.60 and an exchange ratio of 0.55 New Programmed Shares per SKILLED Share, such that Programmed Maintenance Services will issue 130,404,060 New Programmed Shares for a Share Consideration value of $339.1 million. The maximum allowable issue of 1,200,000 SKILLED Shares pursuant to the SKILLED LTI Plan due to the change of control arising from the Implementation of the Scheme has been included in the calculation of Scheme Consideration.

Programmed has offered cash consideration of $0.25 per SKILLED Share less the amount of the SKILLED FY15 Final Dividend and the amount of the SKILLED Special Dividend per SKILLED Share (as defined in Section 1.1 of the Scheme Implementation Agreement) and 0.55 New Programmed Shares as consideration for each SKILLED Share.

Scheme consideration	
Number of SKILLED Shares on issue at acquisition date[35]	237,098,291
Exchange ratio of New Programmed Shares to SKILLED Shares	0.55
Programmed Share price at 5 August 2015	$2.60
Cash consideration per SKILLED Share	$0.25
	$000s
Share consideration	339,051
Cash consideration	59,275
Total consideration	**398,326**

(v) Acquisition accounting – deferred tax

For the purposes of preparing the Combined Group unaudited pro forma statement of financial position, it has been assumed that there will be no resetting of Programmed's Combined Group tax cost bases following the acquisition. It is, however, likely that the Allocable Cost Amount calculation will result in a deferred tax position which is different to the position presented in the Combined Group unaudited pro forma historical statement of financial position. Any resulting adjustment will have an equal but opposite impact on the amount of goodwill recognised.

35 Includes the maximum of 1,200,000 SKILLED Shares which may be issued pursuant to the SKILLED LTI Plan.

RISKS 12

12 Risks

12.1 Introduction

The Scheme presents a number of potential risks that SKILLED Shareholders should consider when deciding how to vote on the Scheme. In making your decision, you should read this Explanatory Memorandum carefully. You should also carefully consider the risk factors outlined in Section 12 and your personal circumstances. Section 12 is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs.

If the Scheme is Implemented, you will receive New Programmed Shares as part of the Scheme Consideration (unless you are an Ineligible Overseas Shareholder). Therefore, you will be exposed to the risks associated with an investment in New Programmed Shares.

If the Scheme does not proceed, you will continue to hold your SKILLED Shares and continue to be exposed to risks associated with that investment.

Section 12 outlines some of the:

- risks associated with your current investment in SKILLED Shares (refer to Section 12.2)
- risks specific to the Scheme and the creation of the Combined Group (refer to Section 12.3)
- risks specific to Programmed, New Programmed Shares and the Combined Group (refer to Section 12.4)
- general investment risks (refer to Section 12.5)
- legal and regulatory risks (refer to Section 12.6) and
- other risks (refer to Section 12.7).

You should carefully consider the risks discussed in Section 12, as well as the other information contained in this Explanatory Memorandum before voting on the Scheme. If you are unclear in relation to any matter or uncertain if Programmed Shares are a suitable investment for you, you should consult your legal, investment, taxation or other professional adviser.

12.2 Risks associated with your current investment in SKILLED Shares

There are a range of risks associated with your current investment in SKILLED Shares, as set out in this Section.

12.2.1 Conditions in the industries and geographies in which SKILLED Group operates

SKILLED Group's revenue and growth is susceptible to any downturn in the industries and geographies it services. In addition, the labour-related services SKILLED Group supplies are susceptible to any economic, technological or political changes that lead to a decreased demand for workers.

SKILLED Group's financial performance could be affected by adverse movements in economic or labour market conditions.

12.2.2 Key contracts and business relations

Services which SKILLED Group provides are generally subject to contracts that are terminable on short notice. SKILLED Group has fixed term contracts with the majority of its significant customers. However, these contracts can be terminated on notice prior to the expiry of the fixed term, and often involve panel arrangements that do not have minimum volume obligations in respect of any supplier. The financial performance of SKILLED Group is therefore susceptible to the loss of one or more major contracts or customers.

12.2.3 Competition

SKILLED Group has a large, diversified customer base, but it remains susceptible to competition for the provision of products and services in the markets in which it operates. Additionally, competitive pricing strategies and large customers seeking preferred supplier agreements, may impact SKILLED Group's profit margins and market share.

12.2.4 Safety

SKILLED Group is exposed to workplace health and safety risks. In relation to its temporary labour hire businesses, SKILLED Group places its employees in the workplaces of its customers. While SKILLED Group has developed high safety performance standards across its businesses, the risk of serious injuries or fatalities to its employees cannot be eliminated.

12.2.5 Reliance on key personnel

There can be no assurance that SKILLED Group will be able to retain key personnel and the departure of such personnel may affect the business adversely until suitable replacements are recruited. SKILLED Group endeavours to ensure that it remains competitive in terms of remuneration and other incentives, and reviews employee incentive arrangements from time to time with a view to aligning management's and employees' interests with those of SKILLED and its shareholders.

12.2.6 Industrial relations, employee disputes and labour regulation

Some of SKILLED Group's employees are members of unions. SKILLED Group and the unions representing its employees periodically engage with each other during disputes or periods of enterprise bargaining. SKILLED appoints external industrial relations consultants and has an internal industrial relations team which works with the unions. However, if the parties are unable to reach agreement, it may potentially lead to periods of industrial action. Sustained periods of industrial action may have an adverse impact on the operations and financial performance of SKILLED Group. Further, disputes with employees, whether they are members of a union or not, have the potential to have an adverse impact on the operations and financial performance of SKILLED Group.

Government regulation of employers and employees has a substantial impact on the operation of SKILLED Group's businesses. Future changes to labour regulations have the potential to have an adverse impact on the operational and financial performance of SKILLED Group.

12.2.7 Other risks

Other areas of risk faced by SKILLED Group include:

- operational risk, which arises from inadequate or failed internal processes, people and systems, or from external events
- risks associated with the integration of acquired businesses
- contractual risk, being the nature of the performance, payment terms and indemnity requirements in contracts with customers and
- financial risks arising from fraud, regulatory breaches and bad debts.

Appropriate policies and procedures are continually being developed and updated to help manage these risks.

In addition, as a result of considering the proposed Scheme, SKILLED Group is exposed to risks associated with potential business distraction.

12.3 Risks specific to the Scheme and the creation of the Combined Group

12.3.1 Implications for SKILLED Group and SKILLED Shareholders if the Scheme is not Implemented

If the Scheme is not approved by the Requisite Majorities at the Scheme Meeting, or by the Court, or other Conditions Precedent to the Scheme are not satisfied (or waived, where permitted):

- SKILLED Shareholders will not receive the Scheme Consideration
- SKILLED Shares will not be transferred to Programmed Maintenance Services (and will be retained by SKILLED Shareholders)
- SKILLED will continue to operate as a standalone entity
- SKILLED Shareholders will continue to be exposed to the benefits and risks associated with an investment in SKILLED on a standalone basis (refer to Section 12.2 for further details of these risks) and
- in the absence of a Superior Proposal, or speculation regarding an alternative proposal, in the Independent Expert's opinion, SKILLED Shares are likely to trade at lower levels in the absence of the Scheme.

In addition, some circumstances which cause the Scheme not to proceed may result in the payment of a break fee by SKILLED to Programmed Maintenance Services, or a break fee by Programmed Maintenance Services to SKILLED. For more information in relation to the break fees, refer to Section 13.2.4.

12.3.2 Change in risk profile if the Scheme proceeds

If the Scheme is Implemented, there will be a change in the risk profile to which SKILLED Shareholders are exposed. SKILLED Shareholders are currently exposed to various risks as a result of their investment in SKILLED. If the Scheme is Implemented, SKILLED Group will combine its business with Programmed, and SKILLED Shareholders who hold SKILLED Shares as at the Scheme Record Date (other than Ineligible Overseas Shareholders) will receive New Programmed Shares. As a consequence, SKILLED Shareholders will be exposed to risk factors relating to Programmed, and to certain additional risks relating to the Combined Group and the integration of the two companies.

While SKILLED Group is active in a number of the same sectors and operations as Programmed, the operational profile, capital structure, size and strategy of the Combined Group will be different to that of SKILLED Group on a standalone basis.

12.3.3 The exact value of New Programmed Shares is not certain

If the Scheme is Implemented, SKILLED Shareholders (other than Ineligible Overseas Shareholders) will receive New Programmed Shares as part of the Scheme Consideration. The exact value of these New Programmed Shares will depend on the future trading price of Programmed Shares.

Following Implementation of the Scheme, the price of New Programmed Shares may rise or fall based on market conditions and the Combined Group's financial and operational performance. If the Programmed Share price falls, the value of the New Programmed Shares received by SKILLED Shareholders as part of the Scheme Consideration will decline in value.

Following Implementation of the Scheme, there is a risk that a significant number of SKILLED Shareholders may seek to sell their New Programmed Shares, which may adversely impact the price of Programmed Shares. Further, there is the risk that, at any time, a significant number of Programmed Shareholders may seek to sell their Programmed Shares, which may adversely impact the price of Programmed Shares.

In addition, the Sale Nominee will be issued with New Programmed Shares attributable to Ineligible Overseas Shareholders and will be seeking to sell those shares on ASX as soon as reasonably practicable and Programmed Maintenance Services must procure that the Sale Nominee does so no later than 15 Business Days after Implementation. It is possible that such sales may exert downward pressure on the Programmed Share price in the period following the Implementation Date.

12.3.4 Transaction and other costs

If the Scheme is Implemented, costs of approximately $5.6 million (excluding GST) are expected to be paid by SKILLED. This includes financial advisory, legal, accounting, Independent Expert, tax and administrative fees, Explanatory Memorandum design, printing and distribution, SKILLED Share Registry and other expenses. If the Scheme is not Implemented, costs of approximately $2.6 million (excluding GST) are expected to be paid by SKILLED. Further details of the estimated costs are set out in Section 14.9. The amount does not include Transaction or other similar costs that may be incurred by Programmed Maintenance Services.

12.3.5 Tax consequences for SKILLED Shareholders

If the Scheme proceeds, there may be tax consequences for SKILLED Shareholders which may include tax payable on any gain on the disposal of Scheme Shares. SKILLED Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them. Further information on the tax consequences of the Scheme is set out in the Taxation Letter in Annexure C. The Taxation Letter contains advice from Deloitte Tax regarding their expected outcomes of SKILLED's application to the Australian Taxation Office for a ruling in respect of the tax treatment of the Scheme Consideration and the SKILLED FY15 Final Dividend. Should the final ruling from the Australian Taxation Office materially differ from Deloitte Tax's expectations, there may be an adverse financial impact on SKILLED Shareholders.

12.3.6 Contract risk and third party consents

The Scheme may be deemed under certain material contracts to which SKILLED Group or Programmed companies are parties, to result in a change of control or other relevant event in respect of SKILLED that allows the counterparty to review or terminate the contract upon Implementation of the Scheme. If the counterparty to any such contract validly seeks to renegotiate or terminate a contract on that basis, this may have a material adverse effect on the financial performance of the Combined Group, depending on the nature of relevant contracts.

12.3.7 Financing risks

Implementation of the Scheme will trigger a change of control, review event and other provisions in SKILLED's existing facility agreements and other financing arrangements, which are expected to result in repayment, review and termination rights in favour of financiers. There would be adverse financial consequences if the Combined Group is not able to:

- obtain relevant approvals and consents from the financiers or
- repay or refinance those facilities.

Refer to Section 10.14 for additional details.

12.3.8 Accounting risks

In accounting for the acquisition of SKILLED, Programmed Maintenance Services will need to perform a fair value assessment of all of SKILLED's assets, liabilities and contingent liabilities, which will include the identification and valuation of tangible and intangible assets. As a result of this fair value assessment, the Combined Group's charges (for example, depreciation expense and amortisation expense) may be substantially greater than the relevant charges of SKILLED Group and Programmed as separate businesses and to that extent may significantly reduce the future reported earnings of the Combined Group.

12.4 Risks specific to Programmed, New Programmed Shares and the Combined Group

12.4.1 Risks associated with the business operations of SKILLED Group and Programmed

If the Scheme is Implemented SKILLED Group will become part of the Combined Group. Accordingly, the risks associated with an investment in SKILLED Shares described in Section 12.2 will form part of the risk profile associated with New Programmed Shares and the Combined Group. Similarly, risks in relation to:

- conditions in the industries in which Programmed operates
- key contracts and business relations of Programmed
- competition for products and services sold by Programmed

- safety of Programmed's employees
- reliance on key Programmed personnel
- industrial relations, employee disputes and labour regulation that affects the operations of Programmed and
- other risks associated with Programmed's operations,

will be assumed by SKILLED Shareholders if the Scheme is Implemented, through holding their New Programmed Shares. While SKILLED Group and Programmed largely operate in the same or similar market segments, the risks in relation to Programmed's operations are not the same as the risks in relation to SKILLED Group's operations.

12.4.2 Integration risk

The long-term success of the Combined Group will depend, amongst other things, on the success of management in integrating SKILLED Group and Programmed and the strength of management of the Combined Group. There is no guarantee that the businesses of SKILLED Group and Programmed will be able to be integrated successfully, over the expected time period or at the currently anticipated costs. There are risks that any integration of the businesses may take longer than expected, that anticipated benefits of the integration may be less than estimated or the costs to achieve the expected benefits will be higher than originally estimated. These risks may be realised because of factors including the required involvement of third parties in the achievement of synergies, possible differences in the management culture of the two businesses, an inability to achieve cost savings or the potential loss of key personnel. Any failure by the Combined Group to realise the expected synergies and ensure the costs to realise the synergies do not exceed those anticipated may have a material adverse effect on the financial performance and position, and future prospects, of the Combined Group.

12.4.3 Potential customer reaction to the creation of the Combined Group

SKILLED Group and Programmed each have a range of customers that will, upon Implementation, become customers of the Combined Group. Some of these customers overlap or operate within similar industries, and there is a risk that some may diversify their supplier groups, potentially with a consequent adverse financial impact on the Combined Group.

12.4.4 Estimates and assumptions are used in preparing consolidated financial statements

Following Implementation of the Scheme, preparation of consolidated financial statements for the Combined Group will require the Combined Group to use estimates and assumptions. Accounting for estimates will require the Combined Group to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Combined Group could be required to impair the recorded value of its assets. On an ongoing basis, the Combined Group will re-evaluate its estimates and assumptions. However the actual amounts could differ from those based on estimates and assumptions, even after re-evaluation and impairments.

12.5 General investment risks

12.5.1 Stock market fluctuations and economic conditions

The New Programmed Shares that will be issued if the Scheme is Implemented carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Programmed Shares will be determined by the share market and will be subject to a range of factors beyond the control of SKILLED, Programmed Maintenance Services, the Combined Group or any of their directors or management.

Such factors include, but are not limited to, the demand for and availability of Programmed Shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international share markets and general domestic and economic activity. Returns from an investment in the New Programmed Shares may also depend on general share market conditions as well as the performance of the Combined Group.

12.5.2 General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Combined Group. Adverse changes in macroeconomic conditions, including global and country-by-country economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary, and regulatory policies), general consumption and consumer spending and sentiment, employment levels and industrial disruption, amongst others, are outside the control of the Combined Group and may result in material adverse impacts on the Combined Group's business and its operating results.

12.5.3 Currency risk

The Combined Group will derive some revenues and incur some expenditures in currencies other than its functional currency, Australian dollars. As a result of the use of these different currencies, the Combined Group is subject to foreign currency fluctuations which may materially affect its financial position and operating results.

12.5.4 Dividends

Future dividends will be assessed subject to the availability of profits, franking credits, cash flow and the capital requirements of the Combined Group. There can be no guarantee as to the likelihood, timing, franking or quantum of future dividends from the Combined Group, if the Scheme is Implemented.

12.5.5 Failure to make or integrate acquisitions

Any future acquisitions or business combinations will entail a number of risks including the effective integration of acquisitions (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities. All of these may be exacerbated by the diversion of management's attention away from other ongoing business concerns. The Combined Group may also be liable for the past acts, omissions or liabilities of companies and businesses or properties it has acquired or disposed of, which may be unforeseen or greater than anticipated.

12.5.6 Equity dilution

The Combined Group may undertake offerings of equities in the future. Factors including the increase in the number of fully paid shares issued, the ability of an individual shareholder to participate in the equity offer, the issue price and the possibility of sales of such equities may have an adverse effect on the financial position or voting power of any individual shareholder.

12.5.7 Access to capital

The Combined Group will rely on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be materially adversely affected by volatility in the financial markets, globally or affecting a particular geographic region, industry or economic sector or by a downgrade in its credit rating. For these or other reasons, financing may be unavailable or the cost of financing may be significantly increased. Such inability to obtain, or increase to the costs of obtaining, financing could materially and adversely affect the Combined Group's operations and/or financial position and performance.

12.6 Legal and regulatory risks

12.6.1 Litigation

The Combined Group will be subject to litigation risks. All industries are subject to legal claims, which may be with or without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Combined Group may become subject could have a material effect on the Combined Group's financial position and operations, through increased costs, payment of damages and damage to its reputation.

12.6.2 Compensation

The Combined Group may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from the Combined Group's operations. The Combined Group will have to compensate employees for work-related injuries. If the Combined Group does not make adequate provisions or is otherwise not adequately insured for its workers' compensation liabilities and is pursued for such sanctions, costs and liabilities, the Combined Group's business, financial position and operations could be adversely affected.

12.6.3 Government policy and legislation

The Combined Group may be affected by changes to government policies and legislation, including those relating to industrial services industries.

12.6.4 Taxation

A change to the current taxation regime may affect Combined Group Shareholders. Personal tax liabilities will be the responsibility of each individual investor in the Combined Group. The Combined Group will not be responsible for taxation or penalties incurred by investors in the Combined Group.

12.6.5 Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Combined Group's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Combined Group's financial statements.

12.7 Other risks

Additional risks and uncertainties not currently known to SKILLED or Programmed Maintenance Services may also have a material adverse effect on SKILLED Group, Programmed or the Combined Group and the information set out in Section 12 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting SKILLED Group, Programmed or the Combined Group.

IMPLEMENTATION OF THE SCHEME

13

13 Implementation of the Scheme

13.1 Background

On Wednesday, 24 June 2015, SKILLED announced that it had entered into the Scheme Implementation Agreement with Programmed Maintenance Services, under which, subject to the satisfaction or waiver of a number of conditions, it is proposed that Programmed Maintenance Services will acquire 100% of the ordinary shares in SKILLED pursuant to a Scheme of Arrangement. A summary of the key elements of the Scheme Implementation Agreement is set out in Section 13.2. A full copy of the Scheme Implementation Agreement was lodged with ASX on 24 June 2015 and can be obtained from www.asx.com.au or from www.skilled.com.au/investors/.

The SKILLED Directors recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.[36] The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Shareholders, in the absence of a Superior Proposal. A copy of the Independent Expert's Report is set out in Annexure A.

If the Scheme is approved by SKILLED Shareholders and by the Court, and all other Conditions Precedent are satisfied or waived, SKILLED will become a wholly owned Subsidiary of Programmed Maintenance Services and an application will be made to delist SKILLED from ASX. A copy of the Scheme is set out in Annexure D.

13.2 Key terms of the Scheme Implementation Agreement

13.2.1 Conditions Precedent

The Implementation of the Scheme is subject to the satisfaction or waiver of a number of Conditions Precedent, including:

(a) **Approval of SKILLED Shareholders and the Court**: SKILLED Shareholders approve the Scheme by the Requisite Majorities under section 411(4)(a)(ii) of the Corporations Act, and the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act

(b) **No SKILLED Material Adverse Change**: Prior to the Second Court Date, there is no material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of the SKILLED Group, including:

   i. reduction of the consolidated net assets of the SKILLED Group by $25 million or more or

   ii. reduction of the consolidated NPAT of the SKILLED Group by $4 million for any financial year ending on or after 30 June 2015,

   subject to certain exceptions

(c) **No Programmed Material Adverse Change**: Prior to the Second Court Date, there is no material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of Programmed, including:

   i. reduction of the consolidated net assets of Programmed by $20 million or more or

   ii. reduction of the consolidated NPAT of Programmed by $3 million for any financial year ending after 31 March 2015,

   subject to certain exceptions

(d) **No restraint**: No legal restraint prevents any of the transactions contemplated by the Scheme Implementation Agreement

(e) **Regulatory approvals**: General requirement that all regulatory approvals required to Implement the Scheme are obtained. As at the date of this Explanatory Memorandum, the Australian Competition and Consumer Commission has confirmed that it does not propose to conduct a public inquiry in this matter

(f) **No SKILLED Prescribed Occurrence**: No SKILLED Prescribed Occurrence occurs prior to the Second Court Date

(g) **No Programmed Prescribed Occurrence**: No Programmed Prescribed Occurrence occurs prior to the Second Court Date

(h) **Warranties**: At 8.00am on the Second Court Date, the warranties given by SKILLED and Programmed Maintenance Services to each other are true and correct as at the date of the Scheme Implementation Agreement and

(i) **Quotation of New Programmed Shares**: Prior to 8.00am on the Second Court Date, the New Programmed Shares to be issued to Scheme Shareholders pursuant to the Scheme have been approved for official quotation by ASX.

As far as SKILLED is aware, no circumstances have occurred which will cause any other of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until 8.00am on the Second Court Date.

36 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

SKILLED will inform SKILLED Shareholders of the status of the Conditions Precedent prior to the Scheme Meeting through an announcement to ASX.

The Conditions Precedent summarised above are set out in full in clause 3 of the Scheme Implementation Agreement.

13.2.2 SKILLED Performance Rights and SKILLED Options

Under the Scheme Implementation Agreement SKILLED must, prior to 8.00am on the Second Court Date, put in place arrangements so that all SKILLED Performance Rights and SKILLED Options will either vest or lapse on or before the Scheme Record Date. The Scheme Implementation Agreement specifies that the maximum number of SKILLED Shares that may be issued pursuant to the SKILLED LTI Plan is 1,200,000.

The SKILLED Board has determined that the proposed transaction with Programmed constitutes a "Change of Control Event" under the rules of the SKILLED LTI Plan. This means that at a date to be determined by the SKILLED Board (the **Early Test Date**), SKILLED Performance Rights and SKILLED Options (other than SKILLED Options and SKILLED Performance Rights granted to the former Chief Executive Officer of SKILLED Group in 2014 which were pro-rated at the time of issue and SKILLED Performance Rights and SKILLED Options retained by former employees which have already been pro-rated on their departure) will be pro-rated having regard to the length of time elapsed in the performance period and then be tested against the relevant performance hurdles. For most of the SKILLED Performance Rights and SKILLED Options, the performance hurdles will be a relative total shareholder return performance measure, and, where practical, an earnings per share performance measure. For a small number of SKILLED Performance Rights, testing will be against time based conditions.

SKILLED Performance Rights and SKILLED Options that meet these performance criteria will vest and SKILLED Shares will be issued. If performance criteria are not met, the relevant SKILLED Performance Rights and SKILLED Options will lapse.

The SKILLED Board also proposes to offer further SKILLED Performance Rights to selected SKILLED executives and senior managers who are integral to the successful integration of the Combined Group to secure their retention following Implementation. Any such offer will be subject to the agreed 1,200,000 cap on the number of SKILLED Shares that may be issued in accordance with the Scheme Implementation Agreement. SKILLED Performance Rights will be issued to executives and senior managers who accept the offer, conditional on the Scheme becoming Effective. If the Scheme becomes Effective, SKILLED Shares will be issued to a plan trustee on behalf of those executives and senior managers and exchanged for New Programmed Shares pursuant to the Scheme. Retention conditions will continue to apply to these New Programmed Shares. The SKILLED FY15 Final Dividend and SKILLED Special Dividend will be passed by the trustee through to the executives and senior managers.

13.2.3 Exclusivity

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of Programmed Maintenance Services during the Exclusivity Period, as follows:

(a) **No shop**: SKILLED must not, except with the prior written consent of Programmed Maintenance Services, solicit, invite, initiate or encourage any Competing Proposal or any inquiry, expression of interest, offer, proposal, negotiations or discussions by or with any Third Party that may lead to a Competing Proposal

(b) **No talk and no due diligence**: SKILLED must not, except with the prior written consent of Programmed Maintenance Services, enter into discussions with a Third Party that may lead to a Competing Proposal, or make available information to a Third Party in connection with formulating, developing or finalising a Competing Proposal. However, SKILLED is not required to comply with this provision if the SKILLED Board determines, in good faith, that such Competing Proposal could reasonably be considered to become a Superior Proposal, and that failing to do so would be reasonably likely to constitute a breach of its fiduciary or statutory duties

(c) **Notice of approaches**: If approached, SKILLED must notify Programmed Maintenance Services within 3 Business Days of receiving a Competing Proposal or potential Competing Proposal and provide the identity of the party making the proposal, the terms of the proposal and any material updates to the proposal. However, SKILLED is not required to comply with this provision if the SKILLED Board determines, in good faith, that complying with this provision would be reasonably likely to constitute a breach of its fiduciary or statutory duties and

(d) **Matching right**: SKILLED must use best endeavours to procure that none of the SKILLED Directors publicly recommend a Competing Proposal unless the Competing Proposal is a Superior Proposal, SKILLED has provided Programmed with written notification of the terms of the Competing Proposal and SKILLED has provided Programmed Maintenance Services with at least 3 Business Days to provide a matching or superior proposal.

13.2.4 Break fee

The mutual break fee is a fixed $3.5 million payable in the circumstances set out in Sections 13.2.5 and 13.2.6. The details regarding the break fees are set out in full in clause 10 of the Scheme Implementation Agreement.

13.2.5 SKILLED payment

SKILLED agrees to pay Programmed Maintenance Services the break fee if, at any time after Wednesday, 24 June 2015, the Scheme does not become Effective:

(a) as a result of a Competing Proposal

(b) as a result of the majority of SKILLED Directors failing to recommend the Scheme or publicly changing, withdrawing or in any way qualifying their Recommendation or Voting Intention, unless the Independent Expert revises its report and concludes that the Scheme is not in the best interests of SKILLED Shareholders

(c) if Programmed Maintenance Services terminates the Scheme Implementation Agreement for SKILLED's material breach of any clause of the Scheme Implementation Agreement or

(d) if Programmed Maintenance Services terminates the Scheme Implementation Agreement for SKILLED's breach of clauses 7.1(a), 7.2 or 7.3 of the Scheme Implementation Agreement which set out SKILLED's obligations in relation to the SKILLED Directors' recommendations and voting intentions and SKILLED's statements in announcements on ASX and in this Explanatory Memorandum.

13.2.6 Programmed Maintenance Services payment

Programmed Maintenance Services agrees to pay SKILLED the break fee if, at any time after Wednesday, 24 June 2015, the Scheme does not become Effective as a result of SKILLED terminating the Scheme Implementation Agreement for Programmed Maintenance Services' material breach of any clause of the Scheme Implementation Agreement.

13.2.7 Representations and warranties

SKILLED and Programmed Maintenance Services have given representations and warranties as to information contained in the Explanatory Memorandum and compliance with disclosure and other obligations and certain other representations and warranties which are customary for a transaction of this nature.

13.2.8 Termination

Either party may terminate the Scheme Implementation Agreement if:

(a) there is a breach or non-fulfilment of a Condition Precedent (summarised at Section 13.2.1) which is not waived and SKILLED and Programmed Maintenance Services cannot reach agreement as to an alternative way forward after consulting in good faith

(b) the other party is in material breach of the Scheme Implementation Agreement or

(c) agreed in writing by SKILLED and Programmed Maintenance Services.

Programmed Maintenance Services may terminate the Scheme Implementation Agreement if:

(a) SKILLED is in breach of clauses 7.1(a), 7.2 or 7.3 of the Scheme Implementation Agreement, which set out SKILLED's obligations in relation to the SKILLED Directors' recommendations and voting intentions and SKILLED's statements in announcements on ASX and in this Explanatory Memorandum or

(b) a majority of SKILLED Directors publicly change or withdraw their Recommendation or Voting Intention or publicly recommend a Competing Proposal for any reason, whether or not permitted to do so.

SKILLED may terminate the Scheme Implementation Agreement if:

(a) a majority of SKILLED Directors publicly change or withdraw their Recommendation or Voting Intention or publicly recommend a Competing Proposal

    i. as a result of a Superior Proposal (and in which case if a break fee has been paid) or

    ii. the Independent Expert's revised conclusion that the Scheme is not in the best interests of SKILLED Shareholders or

(b) the Independent Expert revises its report and concludes that the Scheme is not in the best interests of SKILLED Shareholders.

The details regarding termination are set out in full in clause 14 of the Scheme Implementation Agreement.

13.3 Key steps to Implement the Scheme

13.3.1 Deed Poll

On 14 August 2015, Programmed Maintenance Services executed the Deed Poll pursuant to which Programmed Maintenance Services agreed, subject to the Scheme becoming Effective, to comply with its obligations under the Scheme.

A copy of the Deed Poll is provided in Annexure E.

13.3.2 Court hearings

On Friday, 21 August 2015, the Court ordered that SKILLED convene the Scheme Meeting to be held at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000 on Friday, 25 September 2015 commencing at 1.00pm (Melbourne time) for the purposes of considering the Scheme. The order of the Court convening the Scheme Meeting is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

If the Scheme is approved by the Requisite Majorities of SKILLED Shareholders at the Scheme Meeting, SKILLED will apply to the Court for an order approving the Scheme. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majorities of SKILLED Shareholders. The Second Court Date is scheduled to be Thursday, 1 October 2015, though an earlier or later date may be sought. Any change to this date will be announced on ASX and notified on SKILLED's website (www.skilled.com.au).

13.3.3 Actions by SKILLED and Programmed Maintenance Services

If the Court order approving the Scheme is obtained, the SKILLED Directors and Programmed Directors will take or procure the taking of the steps required for the Scheme to proceed.

In particular, SKILLED will lodge with ASIC copies of the Court order under section 411 of the Corporations Act, approving the Scheme and the Scheme will become Effective. This is expected to occur on Thursday, 1 October 2015.

13.3.4 Suspension of trading of SKILLED Shares

The Scheme provides that if the Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date.

If the Scheme is approved by SKILLED Shareholders, SKILLED intends to apply to ASX for suspension of trading of the SKILLED Shares on ASX with effect from the close of business on the Effective Date. It is expected that suspension of trading in SKILLED Shares on ASX will occur from the start of the Business Day following the Effective Date.

If the Scheme is approved, SKILLED intends to apply to ASX for termination of official quotation of the SKILLED Shares on ASX and the removal of SKILLED from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

13.3.5 New Programmed Shares to trade on deferred settlement basis

Programmed Maintenance Services will seek confirmation from ASX that, as from the Business Day after the Effective Date (or such later date as ASX requires), expected to be Friday, 2 October 2015,[37] the New Programmed Shares to be issued as part of the Scheme Consideration will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day after the Implementation Date (or such later date as ASX requires), on an ordinary settlement basis.

SKILLED Shareholders who sell New Programmed Shares before they receive their holding statements or confirm their holdings of New Programmed Shares do so at their own risk. Neither SKILLED nor Programmed Maintenance Services takes any responsibility for such trading.

13.3.6 Determination of who is entitled to receive SKILLED FY15 Final Dividend and SKILLED Special Dividend

SKILLED Shareholders who are on the SKILLED Share Register as at 7.00pm (Melbourne time) on Wednesday, 7 October 2015 will be entitled to receive the SKILLED FY15 Final Dividend and the SKILLED Special Dividend.

The SKILLED FY15 Final Dividend will be paid regardless of whether the Scheme becomes Effective. The SKILLED Special Dividend will only be paid if the Scheme becomes Effective.

37 The Victorian Government has announced its intention to make 2 October 2015 a public holiday in Victoria and may be gazetted as such. This date assumes that 2 October 2015 is a Trading Day.

13.3.7 Determination of who are Scheme Shareholders

For the purposes of establishing which SKILLED Shareholders are Scheme Shareholders, dealings in SKILLED Shares will be recognised by SKILLED provided that:

(a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the SKILLED Share Register as the holder of the relevant SKILLED Shares by the Scheme Record Date and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the place where the SKILLED Share Register is kept by 5.00pm (Melbourne time) on the Scheme Record Date (in which case SKILLED must register such transfers before 7.00pm (Melbourne time) on that day),

and SKILLED will not accept for registration, or recognise for the purpose of establishing who are Scheme Shareholders, any transmission application or transfer in respect of SKILLED Shares received after such times on the Scheme Record Date.

SKILLED will, until the Scheme Consideration has been paid and Programmed Maintenance Services has been entered in the SKILLED Share Register as the holder of all of the Scheme Shares, maintain the SKILLED Share Register on this basis and the SKILLED Share Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration.

13.3.8 Fractional entitlements and share splitting or division

If the aggregate entitlement of the Scheme Shareholder at the Scheme Record Date comprises:

(a) New Programmed Shares, such that a fractional entitlement to a New Programmed Share arises, or

(b) cash, such that a fractional entitlement to a cent arises,

then the entitlement of that Scheme Shareholder must be rounded up to the nearest whole number in the case of an entitlement to half or more of a New Programmed Share or cent, as applicable, and rounded down to the nearest whole number in the case of an entitlement to less than half of a New Programmed Share or cent, as applicable.

If Programmed Maintenance Services is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding) have, before the Scheme Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Programmed Maintenance Services may give notice to those Scheme Shareholders:

(a) setting out their names and registered addresses as shown in the SKILLED Share Register

(b) stating that opinion and

(c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares.

Programmed Maintenance Services in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

The details regarding fractional entitlements are set out in full in clause 4.6 of the Scheme attached as Annexure D.

13.3.9 Provision of Scheme Consideration

If the Scheme becomes Effective and no later than the Business Day before the Implementation Date, Programmed Maintenance Services is obliged to deposit the amount equal to the total Cash Consideration payable to all Scheme Shareholders in cleared funds into a trust account operated by SKILLED to be held on trust for the purpose of paying the Cash Consideration. However, once the SKILLED FY15 Final Dividend and SKILLED Special Dividend have been paid, this amount will be zero.

On the Implementation Date, in consideration for the transfer to Programmed Maintenance Services of each Scheme Share:

(a) Programmed Maintenance Services will issue to each Eligible Scheme Shareholder such number of New Programmed Shares as that Eligible Scheme Shareholder is entitled to as Share Consideration

(b) Programmed Maintenance Services will issue to a Sale Nominee appointed by Programmed Maintenance Services in accordance with the Scheme, such number of New Programmed Shares as are attributable to the Ineligible Overseas Shareholders

(c) Programmed Maintenance Services will procure the entry in the Programmed Share Register:

i. of the name and address of each Eligible Scheme Shareholder in respect of the New Programmed Shares issued to them and

ii. of the name and address of the Sale Nominee appointed by Programmed Maintenance Services in respect of those New Programmed Shares that would otherwise be issued to each Scheme Shareholder who is an Ineligible Overseas Shareholder and

(d) if any Cash Consideration is to be paid,[38] each Scheme Shareholder will be paid the Cash Consideration as that Scheme Shareholder is entitled to for each Scheme Share registered in the name of that Scheme Shareholder in Australian currency by:

i. making a deposit into the nominated Australian bank account of the relevant Scheme Shareholder recorded on the SKILLED Share Register as at the Scheme Record Date. If a Scheme Shareholder has not previously notified the SKILLED Share Registry of their nominated bank account, they should visit the self-service site (https://www-au.computershare.com/investor/) and complete their own entry or contact the SKILLED Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) prior to the Scheme Record Date or

ii. if a Scheme Shareholder does not have a nominated Australian bank account on the SKILLED Share Register as at the Scheme Record Date, Australian dollar cheque for the Cash Consideration sent by prepaid ordinary post (or, if the address of the Scheme Shareholder in the SKILLED Share Register is outside Australia, by pre-paid airmail post) to his or her address recorded in the SKILLED Share Register as at the Scheme Record Date.

If any Scheme Shareholder's whereabouts is unknown as at the Scheme Record Date, the Cash Consideration will be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed moneys.

Within five Business Days after the Implementation Date, Programmed Maintenance Services will send or procure the despatch to each Scheme Shareholder whose New Programmed Shares are held on the issuer sponsored subregister of Programmed Maintenance Services or the Sale Nominee appointed by Programmed Maintenance Services (as the case may be) by prepaid post to their address (as recorded in the SKILLED Share Register as at the Scheme Record Date, except in the case of the Sale Nominee appointed by Programmed Maintenance Services) of uncertificated holding statements for New Programmed Shares issued to the Scheme Shareholder or the Sale Nominee appointed by Programmed Maintenance Services (as the case may be) in accordance with the Scheme.

13.3.10 Scheme Shareholders with an existing holding of Programmed Shares in a CHESS holding

If a Scheme Shareholder is an existing holder of both SKILLED Shares and Programmed Shares under the same CHESS Holder Identification Number (HIN), the standing instructions recorded on that HIN in the share register for their existing Programmed Shares will, to the maximum extent permitted by law, apply to their New Programmed Shares (except to the extent that Programmed Maintenance Services determines otherwise).

13.3.11 Scheme Shareholders who do not own Programmed Shares or have an existing holding of Programmed Shares in an issuer sponsored holding

For Scheme Shareholders:

(a) who are not already a holder of Programmed Shares or

(b) who are existing holders of Programmed Shares but hold their Programmed Shares in an issuer sponsored holding,

the compatible standing instructions which currently apply to Scheme Shareholders' SKILLED Shares will, to the maximum extent permitted by law and except for a Scheme Shareholder's tax file number, from the Scheme Record Date be deemed to be new standing instructions to, and accepted by, Programmed Maintenance Services in respect of New Programmed Shares issued to those Scheme Shareholders (except to the extent that Programmed Maintenance Services determines otherwise).

This will include compatible instructions relating to payment of dividends and written communications from SKILLED. Scheme Shareholders can revoke or amend those instructions by notifying the Programmed Share Registry in writing.

13.3.12 Instructions relating to tax file numbers

In all cases, tax file number or tax file number exemption disclosures for SKILLED are not applicable to any holding for New Programmed Shares and will not be transferred to the Programmed Share Registry.

38 The SKILLED Board has declared the SKILLED FY15 Final Dividend and, if the Scheme is approved by the Requisite Majorities of SKILLED Shareholders, will declare the SKILLED Special Dividend on 25 September 2015, after the Scheme Meeting (with payment conditional on the Scheme becoming Effective). Assuming both the SKILLED FY15 Final Dividend and SKILLED Special Dividend are paid ($0.25 per SKILLED Share in total) there will be no Cash Consideration.

Accordingly, instructions from Scheme Shareholders relating to tax file numbers and tax file number exemption disclosures will need to be given to the Programmed Share Registry after New Programmed Shares have been issued. The Programmed Share Registry will contact Scheme Shareholders for these instructions shortly after the New Programmed Shares have been issued.

13.3.13 Ineligible Overseas Shareholders

Programmed Maintenance Services will ensure that New Programmed Shares to which an Ineligible Overseas Shareholder would otherwise have been entitled (if they were an Eligible Scheme Shareholder) will be issued to a Sale Nominee appointed by Programmed Maintenance Services.

Programmed Maintenance Services will procure that, as soon as reasonably practicable (and within 15 Business Days after the Implementation Date), the Sale Nominee:

(a) sells on the financial market conducted by ASX all of the New Programmed Shares issued to the Sale Nominee in such manner, at such price and on such other terms as the Sale Nominee determines in good faith and

(b) pays to Programmed Maintenance Services the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).

Promptly after the last sale of New Programmed Shares by the Sale Nominee, Programmed Maintenance Services will pay to each Ineligible Overseas Shareholder the proportion of the net proceeds of sale received by Programmed Maintenance Services to which that Ineligible Overseas Shareholder is entitled.

Neither Programmed Maintenance Services nor SKILLED gives any assurance as to the price that will be achieved for the sale of New Programmed Shares described above. The sale of the New Programmed Shares will be at the risk of the Ineligible Overseas Shareholder.

Programmed Maintenance Services has appointed Macquarie Securities (Australia) Limited as the Sale Nominee.

13.4 Funding of Cash Consideration

The SKILLED Board has declared the SKILLED FY15 Final Dividend and, if the Scheme is approved by the Requisite Majorities of SKILLED Shareholders, will declare the SKILLED Special Dividend on 25 September 2015, after the Scheme Meeting, conditional on the Scheme becoming Effective.

Assuming both the SKILLED FY15 Final Dividend and SKILLED Special Dividend are paid ($0.25 per SKILLED Share in total) there will be no Cash Consideration that Programmed Maintenance Services is required to fund.

In the unlikely event that either the SKILLED FY15 Final Dividend or SKILLED Special Dividend are not paid, Programmed Maintenance Services is obliged to pay the equivalent amount of Cash Consideration (being the equivalent amount of cash consideration under the Scheme). Refer to Section 10.14.3 for further details.

13.5 Ranking of New Programmed Shares and entitlement to dividends

The New Programmed Shares issued pursuant to the Scheme will rank equally with all other Programmed Shares on issue at the Effective Date, and will be entitled to participate in and receive any dividends, any distribution of capital and any other entitlements accruing in respect of Programmed Shares after the Effective Date. This includes the Programmed FY16 Interim Dividend, provided that the Effective Date is on or before 24 December 2015, in which case Programmed Maintenance Services must ensure that the record date for the Programmed FY16 Interim Dividend is a date which is after the date on which the holders of New Programmed Shares are registered as holders of such.

13.6 Occurrences if the Scheme does not proceed

If the Scheme does not proceed the Scheme Consideration will not be paid and SKILLED will continue to be listed on ASX. SKILLED Shareholders will retain their SKILLED Shares and continue to share in the benefits and risks of SKILLED Group's ongoing business. However, SKILLED Shareholders will receive the SKILLED FY15 Final Dividend regardless of whether the Scheme proceeds.

If the Scheme does not proceed, any payment of dividends will be considered in accordance with SKILLED's future dividend policy.

If the Scheme does not proceed SKILLED intends to implement initiatives to better deliver productivity solutions for customers, consistent with the outcomes of its strategic review.

ADDITIONAL INFORMATION 14

14 Additional information

This Section sets out the additional information required by section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, as well as some additional information that is relevant to SKILLED Shareholders to make a decision on how to vote on the Scheme.

14.1 Marketable securities held by or on behalf of SKILLED Directors

Except as stated in Section 14.1.1 and Section 14.1.2:

(a) there are no marketable securities of SKILLED held by or on behalf of SKILLED Directors as at the date of this Explanatory Memorandum

(b) there are no marketable securities of Programmed Maintenance Services held by or on behalf of SKILLED Directors as at the date of this Explanatory Memorandum and

(c) there has been no dealing by any of the SKILLED Directors in any marketable securities of SKILLED or Programmed Maintenance Services in the four months preceding the date of this Explanatory Memorandum.

14.1.1 Interests of SKILLED Directors in marketable securities of SKILLED

No marketable securities of SKILLED are held or controlled by SKILLED Directors and no such persons are otherwise entitled to such securities as at the date of this Explanatory Memorandum, other than as listed below, all of which are held beneficially.

SKILLED Director	Number of SKILLED Shares
Ms Vickki McFadden	126,885
Mr Angus McKay	-
Mr Tony Cipa	15,544
Mr Max Findlay	35,000
Mr Bob Herbert AM	13,054
Ms Tracey Horton	6,000
Mr Jim Walker	7,000

Under the Scheme Implementation Agreement, Angus McKay, the Managing Director and Chief Executive Officer of SKILLED Group may be issued up to 179,333 SKILLED Performance Rights (being a pro-rating of the performance rights he would have been entitled to receive under his service contract). If the Scheme is Implemented, these may convert to SKILLED Shares if performance criteria are met under early testing. Further details are set out in Sections 9.6 and 13.2.2.

The SKILLED Directors intend to vote all of the SKILLED Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal. This includes SKILLED Director Max Findlay who has absented himself from discussions and abstained from making a recommendation due to his significant shareholding in Programmed Maintenance Services.

14.1.2 Interests of SKILLED Directors in marketable securities of Programmed Maintenance Services

No marketable securities of Programmed Maintenance Services are held or controlled by SKILLED Directors and no such persons are otherwise entitled to such securities as at the date of this Explanatory Memorandum, other than as listed below, all of which are held beneficially.

SKILLED Director	Number of Programmed Shares
Mr Max Findlay	740,384

14.2 Payments or other benefits to SKILLED Directors or secretaries or executive officers of SKILLED

Following Implementation of the Scheme, SKILLED Group's Managing Director and Chief Executive Officer, Angus McKay, will leave the company and SKILLED will provide him with payment of 12 months' total fixed package under the terms of his service contract, in lieu of notice, subject to any cap on the amount of such payment specified in the Corporations Act.

Except as set out above or otherwise disclosed in this Explanatory Memorandum:

(a) there is no payment or other benefit that is proposed to be made or given to any SKILLED Director or secretary or executive officer of SKILLED (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in SKILLED or any of its Related Bodies Corporate

(b) the SKILLED Directors do not have any interests in a contract entered into by Programmed Maintenance Services

(c) there are no contracts or arrangements between any SKILLED Director and any person in connection with or conditional upon the outcome of the Scheme and

(d) the SKILLED Directors do not have a material interest in relation to the Scheme.

14.3 Intentions of SKILLED Directors concerning the business of SKILLED Group

If the Scheme is Implemented, the existing SKILLED Board will be reconstituted on the Implementation Date in accordance with the terms of the Scheme Implementation Agreement.

Accordingly, the existing SKILLED Directors are not able to make any statements of intentions regarding:

(a) the continuation of the business of SKILLED Group or how the business will be conducted after the Implementation of the Scheme

(b) any major changes to the business of SKILLED Group, including any redeployment of the fixed assets of SKILLED Group or

(c) the future employment of present employees of SKILLED Group.

14.4 Payments or other benefits to certain persons by Programmed Maintenance Services

Except as set out below or otherwise disclosed in this Explanatory Memorandum, there is no payment or other benefit that is proposed to be made or given:

(a) to any SKILLED Director or proposed director of Programmed Maintenance Services to induce them to become, or to qualify as, a director of the Combined Group and

(b) for services provided by any director or person named in Section 14.8 in connection with the formation or promotion of the Combined Group or the offer of New Programmed Shares under the Scheme.

14.5 Creditors of SKILLED Group

Except as set out in Section 12.3.7, the Scheme will not affect the interests of creditors of SKILLED Group. No new liability in respect of the Scheme will be incurred by SKILLED Group other than the costs of Implementation of the Scheme.

SKILLED Group has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

14.6 ASIC relief

Regulation 5.1.01 of the Corporations Regulations requires that, unless ASIC allows otherwise, the Explanatory Memorandum must contain all of the matters set out in Part 3 of Schedule 8 to the Corporations Regulations. As some of these requirements are not applicable or appropriate in respect of the Scheme, ASIC has allowed the following variation in this Explanatory Memorandum.

Clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires an explanatory statement to set out whether, within the knowledge of the SKILLED Directors, the financial position of SKILLED Group has materially changed since the date of the last balance sheet laid before or sent to SKILLED Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 30 June 2014. ASIC has granted SKILLED relief from this requirement so that this Explanatory Memorandum only need set out whether, within the knowledge of SKILLED Directors, the financial position of SKILLED Group has materially changed since 30 June 2015, being the date of its audited financial statements for the full year ended 30 June 2015. A copy of those audited financial statements, as released to the ASX on 5 August 2015, is available on SKILLED's website at www.skilled.com.au.

14.7 ASX waivers

ASX has granted SKILLED a waiver of ASX Listing Rule 10.14 to the extent necessary to allow SKILLED to issue and vest SKILLED Performance Rights and therefore issue 179,333 SKILLED Shares to Angus McKay, SKILLED Group's Managing Director and Chief Executive Officer, as described in Section 13.2.2 without the need for any shareholder approval.

14.8 Consents

14.8.1 Consent to be named

The following parties have given and have not, before the time of registration of this Explanatory Memorandum by ASIC, withdrawn their written consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- UBS as financial adviser to SKILLED
- Clayton Utz as legal adviser to SKILLED
- Grant Samuel as the Independent Expert
- Deloitte Corporate Finance as the Investigating Accountant
- Deloitte Tax as the provider of the Taxation Letter
- Ernst & Young as SKILLED's auditor
- Macquarie Securities (Australia) Limited as the Sale Nominee
- Computershare Investor Services Pty Limited as the SKILLED Share Registry and
- Computershare Investor Services Pty Limited as the Programmed Share Registry.

14.8.2 Consent to be named and to the inclusion of information

Grant Samuel has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to be named as the Independent Expert in this Explanatory Memorandum and to the inclusion of the Independent Expert's Report set out in Annexure A, and other statements in this Explanatory Memorandum said to be based on statements made by Grant Samuel, in each case in the form and context in which they appear in this Explanatory Memorandum.

Deloitte Corporate Finance has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to be named as the Investigating Accountant in this Explanatory Memorandum and to the inclusion of the Investigating Accountant's Report set out in Annexure B, and other statements in this Explanatory Memorandum said to be based on statements made by Deloitte Corporate Finance in each case in the form and context in which they appear in this Explanatory Memorandum.

Deloitte Tax has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to be named as the provider of the Taxation Letter in this Explanatory Memorandum and to the inclusion of the Taxation Letter set out in Annexure C, and other statements in this Explanatory Memorandum said to be based on statements made by Deloitte Tax in each case in the form and context in which they appear in this Explanatory Memorandum.

Ernst & Young has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to be named as SKILLED's auditor in this Explanatory Memorandum and to the incorporation by reference of its audit report with respect to SKILLED's 2015 Financial Report in the form and context in which it is referred to in this Explanatory Memorandum. Ernst & Young takes no responsibility for any part of this Explanatory Memorandum other than this reference to its name.

Programmed Maintenance Services has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to the inclusion of Programmed Information and other statements in this Explanatory Memorandum said to be based on Programmed Information or statements made by Programmed Maintenance Services, in each case in the form and context in which they appear in this Explanatory Memorandum.

14.9 Fees

The fees set out in this Section only relate to fees payable by SKILLED Group in connection with the Scheme. Such fees include payments to:

- UBS for acting as financial adviser
- Clayton Utz for acting as legal adviser
- Grant Samuel for acting as the Independent Expert and for providing the Independent Expert's Report
- Deloitte Tax for providing the Taxation Letter and
- Computershare Investor Services Pty Limited for acting as the SKILLED Share Registry and providing various other services.

In aggregate, if the Scheme is Implemented SKILLED expects to pay approximately $5.6 million (excluding GST) in Transaction costs. In aggregate, if the Scheme is not Implemented SKILLED expects to pay approximately $2.6 million (excluding GST) in Transaction costs.

14.10 Disclosure of interests of certain persons

Except as disclosed elsewhere in this Explanatory Memorandum, no SKILLED Director or person named in Section 14.1 holds as at the date of this Explanatory Memorandum or held at any time during the preceding two years, any interest in:

(a) the formation or promotion of Programmed Maintenance Services

(b) the property acquired or proposed to be acquired by Programmed Maintenance Services in connection with its formation or promotion or the offer of the New Programmed Shares under the Scheme or

(c) the offer of New Programmed Shares under the Scheme.

14.11 Disclaimers

Each person referred to in Section 14.8:

(a) does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in Section 14.8.1 and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in Section 14.8.2 with that person's consent.

14.12 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Explanatory Memorandum, there is no other information material to the making of a decision in relation to how to vote on the Scheme, being information that is within the knowledge of any SKILLED Director, or any director of any Related Body Corporate of SKILLED, which has not previously been disclosed to SKILLED Shareholders.

14.13 Supplementary information

SKILLED will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of lodgement of this Explanatory Memorandum for registration by ASIC and the Effective Date:

(a) a material statement in this Explanatory Memorandum is false or misleading

(b) a material omission from this Explanatory Memorandum

(c) a significant change affecting a matter included in this Explanatory Memorandum or

(d) a significant new matter has arisen that would have been required to be included in this Explanatory Memorandum if it had arisen before the date of lodgement of this Explanatory Memorandum for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, SKILLED may circulate and publish any supplementary document by:

(a) approaching the Court for a direction as to what is appropriate in the circumstances

(b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia

(c) posting the supplementary document on the SKILLED website www.skilled.com.au or

(d) making an announcement to ASX.

14.14 Date of Explanatory Memorandum

This Explanatory Memorandum is dated 21 August 2015.

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GLOSSARY 15

15 Glossary

In this Explanatory Memorandum:

Annexure	means an annexure of this Explanatory Memorandum.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning given in section 12 of the Corporations Act.
ASX	means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.
ASX Listing Rules	means the listing rules of ASX from time to time as modified by any express written waiver or exemption given by ASX.
Business Day	means a day which is a "Business Day" within the meaning given in the ASX Listing Rules.
Cash Consideration	means a cash amount of $0.25 less the amount of the SKILLED FY15 Final Dividend and the SKILLED Special Dividend, per SKILLED Share.
CGT	means capital gains tax.
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of SKILLED Shares and other financial products operated by ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.
Combined Group	means Programmed following the successful Implementation of the Scheme.
Competing Proposal	means a proposed transaction or arrangement (whether by way of takeover, share acquisition, scheme of arrangement, reverse takeover, synthetic merger, capital reconstruction, acquisition of assets, dual listed structure, or otherwise), whether existing before, on or after the date of this agreement, which, if implemented substantially in accordance with its terms, could result in a Third Party (either directly or indirectly): (a) acquiring or having a right to acquire, or obtaining an economic interest in all or a substantial part of the business, assets or undertakings of the SKILLED Group (b) acquiring Control of the SKILLED Group (c) acquiring a Relevant Interest in any SKILLED Shares, as a result of which the Third Party, together with any Associates, will have Relevant Interests in 20% or more of the SKILLED Shares in aggregate (d) otherwise acquiring SKILLED or (e) entering into an agreement or understanding with one or more members of the SKILLED Group requiring the abandonment, or otherwise the failure to proceed with, the Transaction.
Conditions Precedent	means the Conditions Precedent to the Scheme set out in clause 3.1 of the Scheme Implementation Agreement.
Control	has the meaning given in the Corporations Act.
Corporations Act	means the Corporations Act 2001 (Cth).
Corporations Regulations	means the Corporations Regulations 2001 (Cth).
Court	means the Supreme Court of Victoria or such other court of competent jurisdiction as SKILLED and Programmed Maintenance Services agree in writing.
Deed Poll	means the deed poll executed by Programmed Maintenance Services in favour of SKILLED Shareholders set out in Annexure E.
Deloitte Corporate Finance	means Deloitte Corporate Finance Pty Limited ACN 003 833 127.
Deloitte Tax	means Deloitte Tax Services Pty Ltd ACN 092 223 240.
EBIT	means earnings before interest and tax.
EBITDA	means earnings before interest, tax, depreciation and amortisation.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Overseas Scheme Shareholder.

End Date means 24 December 2015 or such other date agreed in writing between SKILLED and Programmed Maintenance Services.

Exclusivity Period means the period commencing on the date of the Scheme Implementation Agreement and ending on the earliest of:

(a) the End Date

(b) the date the Scheme Implementation Agreement is terminated in accordance with its terms and

(c) the Implementation Date.

Explanatory Memorandum means this explanatory statement, including the Annexures.

Ernst & Young means Ernst & Young ABN 75 288 172 749.

First Court Date means the first day of the hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

FY means:

(a) in respect of SKILLED, a 12 month period ending 30 June and

(b) in respect of Programmed Maintenance Services, a 12 month period ending 31 March.

Grant Samuel means Grant Samuel & Associates Pty Limited ACN 050 036 372.

GST means goods and services tax.

IFRS means international financial reporting standards.

Implementation means the transfer of the Scheme Shares to Programmed Maintenance Services pursuant to the Scheme. A reference to Implement or Implemented has a corresponding meaning.

Implementation Date means Friday, 16 October 2015 or such other date as SKILLED and Programmed Maintenance Services agree in writing.

Independent Expert means Grant Samuel.

Independent Expert's Report means the report from the Independent Expert in respect of the Scheme, a copy of which is set out in Annexure A.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address shown in the SKILLED Share Register on the Scheme Record Date is a place outside Australia and its external territories and New Zealand, unless Programmed Maintenance Services determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Programmed Shares when the Scheme becomes Effective.

Investigating Accountant means Deloitte Corporate Finance .

Investigating Accountant's Report means the report from the Investigating Accountant, a copy of which is set out in Annexure B.

New Programmed Share means a fully paid ordinary share in Programmed Maintenance Services to be issued to Scheme Shareholders under the Scheme.

Notice of Scheme Meeting means the notice of meeting relating to the Scheme Meeting, which is contained in Annexure F.

NPAT means net profit after tax.

OMSA	means Offshore Marine Services Alliance Pty Limited ACN 125 145 486.
Programmed	means Programmed Maintenance Services and its Related Bodies Corporate.
Programmed Board	means the board of directors of Programmed Maintenance Services.
Programmed Director	means a director of Programmed Maintenance Services.
Programmed FY16 Interim Dividend	means any dividend declared and paid by Programmed Maintenance Services in respect of the half year ending 30 September 2015.
Programmed Information	means the information regarding Programmed and/or the Combined Group (as the case may be) which is required under the Corporations Act, the Corporations Regulations or under RG 60 to enable the Explanatory Memorandum to be prepared and completed as set out in the letter from the Chairman of Programmed Maintenance Services in Section 2, the parts of Section 7 that relate to Programmed or the Combined Group, the profile of Programmed in Section 10 and the profile of the Combined Group in Section 11 (except to the extent that information in Section 11 comprises information provided by SKILLED Group to Programmed for the purposes of the preparation of Section 11).
Programmed LTI Plan	means the long term incentive plan operated by Programmed.
Programmed Maintenance Services	means Programmed Maintenance Services Limited ACN 054 742 264 of 47 Burswood Road, Burswood WA.
Programmed Material Adverse Change	has the meaning given in the Scheme Implementation Agreement.
Programmed Performance Rights	means performance rights in respect of Programmed Shares issued or agreed to be issued pursuant to the Programmed LTI Plan.
Programmed Prescribed Occurrence	has the meaning given in the Scheme Implementation Agreement.
Programmed Shares	means fully paid ordinary shares in the capital of Programmed Maintenance Services.
Programmed Shareholder	means a holder of Programmed Shares from time to time.
Programmed Share Registry	means Computershare Investor Services Pty Limited ACN 078 279 277.
Proxy Form	means the proxy form for the Scheme Meeting accompanying this Explanatory Memorandum, or the electronic version of that proxy form, utilised for electronic proxy lodgement at www.investorvote.com.au.
Recommendation	has the meaning given in clause 7.1(a)(i) of the Scheme Implementation Agreement.
Related Body Corporate	of a corporation means a related body corporate of that corporation within the meaning of section 50 of the Corporations Act.
Relevant Interest	has the meaning given in the Corporations Act.
Representative	means, in relation to a party, all directors, officers, employees, professional advisers (including financiers, financial advisers, corporate advisers, legal advisers or technical or other expert advisers or consultants) and agents of the party or of its Related Bodies Corporate.
Requisite Majorities	means in relation to the Scheme Resolution, the Scheme Resolution being passed by: (a) unless the Court orders otherwise - a majority in number of SKILLED Shareholders present and voting at the Scheme Meeting (in person, by proxy or by corporate representative or attorney) and (b) at least 75% of the total number of votes cast on the Scheme Resolution (in person, by proxy or by corporate representative or attorney), at the Scheme Meeting.
RG 60	means Regulatory Guide 60 issued by ASIC on 22 September 2011 as updated from time to time.

Sale Nominee	means Macquarie Securities (Australia) Limited ACN 002 832 126.
Scheme	means the Scheme of Arrangement proposed between SKILLED and the SKILLED Shareholders, the form of which is contained in Annexure D, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by SKILLED.
Scheme Consideration	means, for each Scheme Share held by a Scheme Shareholder the Share Consideration and SKILLED Special Dividend.
Scheme Implementation Agreement	means the Scheme Implementation Agreement entered into between SKILLED and Programmed Maintenance Services on Wednesday, 24 June 2015, and amended on 19 August 2015.
Scheme Meeting	means the meeting of SKILLED Shareholders to be convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act.
Scheme of Arrangement	means a scheme of arrangement under Part 5.1 of the Corporations Act.
Scheme Record Date	means 7.00pm (Melbourne time) on 9 October 2015, or such other time and date agreed in writing between Programmed Maintenance Services and SKILLED.
Scheme Resolution	means the resolution put to SKILLED Shareholders at the Scheme Meeting to approve the Scheme.
Scheme Share	means a SKILLED Share on issue on the Scheme Record Date.
Scheme Shareholder	means each person who holds SKILLED Shares as at the Scheme Record Date.
Second Court Date	means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.
Section	means a section of this Explanatory Memorandum.
Share Consideration	means 0.55 New Programmed Shares.
SKILLED	means SKILLED Group Limited ACN 005 585 811 of 2 Luton Lane, Hawthorn VIC 3122.
SKILLED Board	means the board of directors of SKILLED.
SKILLED Director	means a director of SKILLED.
SKILLED Dividend Record Date	means 7.00pm (Melbourne time) on 7 October 2015.
SKILLED FY15 Final Dividend	means the fully franked final dividend of $0.095 per SKILLED Share declared by the SKILLED Board on 5 August 2015.
SKILLED Group	means SKILLED and its Related Bodies Corporate.
SKILLED Information	means all information included in this Explanatory Memorandum, other than the Programmed Information, the Independent Expert's Report (other than information given to the Independent Expert by SKILLED), the Investigating Accountant's Report and the Taxation Letter.
SKILLED LTI Plan	means the long term incentive plan operated by SKILLED.
SKILLED Material Adverse Change	has the meaning given in the Scheme Implementation Agreement.
SKILLED Options	means options in respect of SKILLED Shares issued pursuant to the SKILLED LTI Plan.
SKILLED Performance Rights	means performance rights in respect of SKILLED Shares issued or which may be issued pursuant to the SKILLED LTI Plan.
SKILLED Prescribed Occurrence	has the meaning given in the Scheme Implementation Agreement.

SKILLED Shares	means fully paid ordinary shares in the capital of SKILLED.
SKILLED Shareholder	means a holder of SKILLED Shares from time to time.
SKILLED Shareholder Information Line	means the telephone information line established by SKILLED for the purposes of informing SKILLED Shareholders about the Scheme.
SKILLED Share Register	means the register of members of SKILLED maintained by or on behalf of SKILLED in accordance with section 168(1) of the Corporations Act.
SKILLED Share Registry	means Computershare Investor Services Pty Limited ACN 078 279 277.
SKILLED Special Dividend	means the fully franked special dividend of $0.155 per SKILLED Share that the Board will declare, subject to the Scheme becoming Effective, following the Scheme Meeting, if the Scheme Resolution is passed by the Requisite Majorities.
Subsidiary	means a subsidiary within the meaning given in the Corporations Act.
Superior Proposal	means a bona fide Competing Proposal (in connection with which there has not been a breach of clause 9 of the Scheme Implementation Agreement) which in the determination of the SKILLED Board, acting in good faith in the interests of SKILLED and its shareholders and in order to satisfy what the SKILLED Board reasonably considers to be its fiduciary or statutory duties, and after receiving advice from its external legal and external financial advisers, would, if it is completed, be more favourable to SKILLED Shareholders (as a whole) than the Transaction, taking into account all aspects of the Competing Proposal, including: (a) the value of the consideration payable to SKILLED Shareholders under the Competing Proposal and the Tax consequences related to payment of that consideration (as compared to the consideration available under the Transaction) (b) the conditions of the Competing Proposal, the likelihood of those conditions being satisfied and the level of certainty in respect of the funding required for the Competing Proposal and (c) the likely timing required to implement or complete the Competing Proposal.
Taxation Letter	means the letter prepared by Deloitte Tax contained in Annexure C.
Third Party	means a person other than Programmed Maintenance Services, SKILLED, or their respective Related Bodies Corporate.
Trading Day	has the meaning given in the ASX Listing Rules.
Transaction	means the acquisition by Programmed Maintenance Services (or a Subsidiary of Programmed Maintenance Services) of the Scheme Shares pursuant to the Scheme.
UBS	means UBS AG, Australia branch ABN 47 088 129 613.
Voting Intention	has the meaning given in clause 7.1(a)(ii) of the Scheme Implementation Agreement.
VWAP	means volume weighted average price.

APPENDIX 1

SKILLED non-IFRS information

Appendix 1: SKILLED non-IFRS information

The SKILLED non-IFRS information is calculated as set out below.

Income tax expense before reconciling items

	$000s	
For the financial year ended 30 June	2015	2014
Income tax expense	(14,046)	(16,367)
Reversal of acquisition tax provision	(2,291)	-
Income tax benefit on reconciling items	(5,088)	(3,445)
Income tax expense before reconciling items	**(21,425)**	**(19,812)**

Income tax benefit on reconciling items

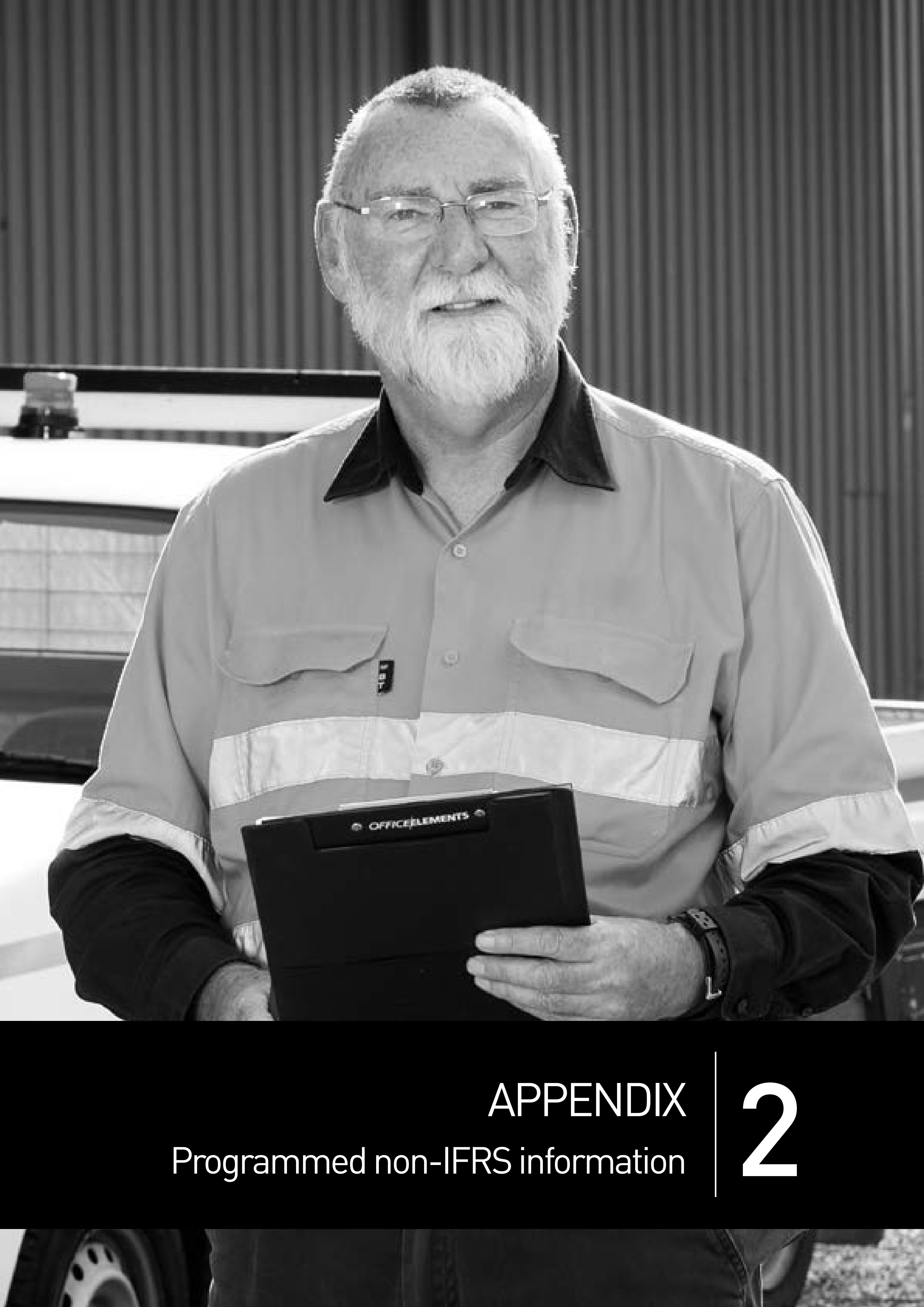
	$000s			
	2015		2014	
For the financial year ended 30 June	Gross	Tax effect	Gross	Tax effect
Redundancy and branch closure costs	(2,875)	863	(2,951)	885
Acquisition and integration costs	(1,659)	498	(4,031)	1,209
Strategic review costs	(1,702)	511	-	-
SKILLED Chief Executive Officer transition costs	(980)	294	-	-
Impairment of goodwill arising due to fair value derived from proposed Scheme (non-cash)[39]	(60,000)	-	-	-
Amortisation of acquired intangibles (non-cash)[40]	(10,162)	2,922	(6,211)	1,351
Notional interest on deferred acquisition payments (non-cash)[39]	(845)	-	(1,338)	-
Total reconciling items – before income tax / income tax benefit	**(78,223)**	**5,088**	**(14,531)**	**3,445**

Net profit after tax and before reconciling items and basic earnings per share (cents) before reconciling items

	$000s	
For the financial year ended 30 June	2015	2014
Profit before tax and reconciling items	75,584	75,098
Income tax expense before reconciling items	(21,425)	(19,812)
Net profit after tax and before reconciling items	**54,159**	**55,286**
Weighted average number of shares	235,696	234,310
Basic earnings per share (cents) before reconciling items	**23.0**	**23.6**

39 Impairment of goodwill and notional interest on deferred acquisition amounts are not tax-effected.

40 Includes amortisation of acquired intangibles within equity accounted income from associates that is already recognised net of income tax (2015: $420,000, 2014: $1,708,000).



APPENDIX 2
Programmed non-IFRS information

Appendix 2: Programmed non-IFRS information

The Programmed non-IFRS information is calculated as set out below.

Income tax expense before reconciling items

	$000s	
	2015	2014
Statutory income tax expense	(13,083)	(13,220)
less income tax benefit on reconciling items	1,154	307
Income tax expense before reconciling items	**(14,237)**	**(13,527)**

Income tax benefit on reconciling items

	$000s			
	2015		2014	
For the financial year ended 31 March	Gross	Tax effect	Gross	Tax effect
Restructuring and other costs	(3,846)	1,154	(1,023)	307
Acquisition and integration costs	(1,421)	-	-	-
Share of net loss of associate (OneShift)	(629)	-	(679)	-
Total reconciling items – before income tax / income tax benefit	**(5,896)**	**1,154**	**(1,702)**	**307**

Net profit after tax and before reconciling items

	$000s	
For the financial year ended 31 March	2015	2014
Net profit after tax	25,695	30,452
Statutory income tax expense	13,083	13,220
Reported statutory net profit before tax	**38,778**	**43,672**

ANNEXURE A

Independent Expert's Report

GRANT SAMUEL

GRANT SAMUEL & ASSOCIATES

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21 August 2015

The Directors
SKILLED Group Limited
2 Luton Lane
Hawthorn VIC 3122

Dear Directors

Offer by Programmed Maintenance Services Limited

1 Introduction

On 24 June 2015, SKILLED Group Limited ("SKILLED") announced that it had entered into a Scheme Implementation Agreement with Programmed Maintenance Services Limited ("Programmed") under which Programmed proposes to acquire all of the issued share capital in SKILLED by way of a scheme of arrangement ("the Scheme"). If the Scheme is implemented, SKILLED shareholders will receive, for each share in SKILLED, consideration of:

- 0.55 Programmed shares; plus
- $0.25 cash (reduced by any SKILLED FY15 final dividend and any SKILLED special dividend[1]).

As a result, Programmed will acquire SKILLED and existing SKILLED shareholders will, in aggregate, hold approximately 52.4% of the enlarged Programmed (referred to in this report as "the Combined Group") while existing Programmed shareholders will hold the remaining 47.6%.

SKILLED is a provider of labour hire and workforce services, outsourced engineering and maintenance and marine manning as well as other services in Australia with revenue in FY15[2] of around $2.0 billion. It is listed on the Australian Securities Exchange ("ASX") and, prior to the announcement of the Scheme, had a market capitalisation of $364 million.

Programmed is a provider of staffing, maintenance and facility management services in Australia and New Zealand with revenue in FY15[2] excess of $1.4 billion. It is listed on the ASX and, prior to the announcement of the Scheme, had a market capitalisation of $332 million.

The Scheme is subject to a number of conditions which are set out in full in the Explanatory Memorandum to be sent by SKILLED to shareholders.

Subject to an independent expert determining that the Scheme is in the best interests of shareholders and in the absence of a superior proposal, each director of SKILLED (excluding Mr Max Findlay[3]) has recommended the Scheme and each director (including Mr Max Findlay) intends to vote shares held or controlled by them in favour of the Scheme.

The directors of SKILLED have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of shareholders. A copy of the report (including this letter) will accompany the Explanatory Memorandum to be sent to shareholders by SKILLED. This letter contains a summary of Grant Samuel's opinion and main conclusions.

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1 On 5 August 2015, SKILLED declared a 9.5 cents per share fully franked final dividend for FY15 to be paid on 15 October 2015. If shareholders approve the Scheme, the SKILLED board will declare a fully franked special dividend of 15.5 cents per share (i.e. total dividends of 25 cents per SKILLED share). Irrespective of whether or not the Scheme is implemented, SKILLED shareholders will receive the FY15 final dividend.

2 FYXX = financial year end. For SKILLED it is 30 June 20XX and for Programmed it is 31 March 20XX.

3 Mr Max Findlay has a 0.62% relevant interest in Programmed and has absented himself from discussions and abstained from making a recommendation. However, he intends to vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of SKILLED shareholders.

2 Opinion

Grant Samuel has valued SKILLED in the range $1.53-1.87 per share, including a premium for control. On the basis of recent Programmed share prices in the range $2.40-2.60, Grant Samuel has attributed a value to the Scheme consideration of $1.57-1.68. As the value of the Scheme consideration falls within the estimated range of full underlying value for SKILLED, the Scheme is fair.

Grant Samuel has also evaluated the Scheme on the basis that it is effectively a "merger of equals". Grant Samuel's assessment of the underlying values of SKILLED and Programmed suggests that SKILLED shareholders are contributing around 45% of the underlying value of the Combined Group. Based on share prices before the announcement in late May 2015 of transaction discussions, SKILLED is contributing around 44% of the sharemarket value of the Combined Group. Given that SKILLED shareholders will collectively hold around 52.4% of the shares in the Combined Group, the terms of the Scheme favour SKILLED shareholders and, accordingly, are fair to SKILLED shareholders.

SKILLED shareholders will share (as to 52.4%) in the significant synergies expected to be realised through the merger of the two companies. SKILLED shareholders will swap their shares in SKILLED for shares in a combined entity that enjoys significant strategic advantages relative to SKILLED on a standalone basis. In the context of a highly competitive market for outsourced labour services and a SKILLED earnings stream that is under pressure as Australia's economy rebalances at the end of the resources boom, Programmed's facility management and property services businesses offer attractive defensive qualities. The significantly increased scale of the Combined Group, its greater diversification and its breadth of capabilities all suggest that the Combined Group's prospects are superior to those of SKILLED on a standalone basis.

Grant Samuel has concluded that the Scheme is fair, whether evaluated as a takeover or a merger of equals. The combination of SKILLED and Programmed should result in the realisation of significant synergies and longer term strategic benefits, further supporting the view that SKILLED shareholders will be better off if the Scheme proceeds.

In Grant Samuel's opinion, the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED shareholders, in the absence of a superior proposal.

3 Key Conclusions

- **The Scheme is a control transaction but it is also appropriate to analyse it as a "merger of equals"**

  The Scheme will result in Programmed's acquisition of 100% of the shares in SKILLED and Programmed will assume board and senior management control of SKILLED. The Scheme qualifies as a control transaction. Grant Samuel's primary approach to assessing whether the Scheme is fair is to compare the estimated underlying value of SKILLED with the market value of the consideration under the Scheme ("takeover analysis").

  However, the market capitalisations of SKILLED and Programmed immediately prior to the announcement of the Scheme were broadly equal (while recognising that the SKILLED and Programmed share prices are likely to have been influenced by previous announcements concerning a potential transaction). SKILLED shareholders will, in aggregate, hold approximately 52.4% of the Combined Group and will share in a little over half of the expected synergies. No shareholder is expected to hold more than 5% of the shares in the Combined Group following implementation of the Scheme and SKILLED shareholders will retain the opportunity to receive a control premium at some time in the future through a change of control transaction for the Combined Group. On this basis, it is also appropriate to view the Scheme as a "merger of equals".

  Accordingly, Grant Samuel has also assessed whether the Scheme is fair by comparing the share of the Combined Group received by SKILLED shareholders (52.4%) with the value contributed by SKILLED shareholders to the Combined Group.

GRANT SAMUEL

- **Grant Samuel has estimated that the full underlying value of SKILLED is in the range $1.53-1.87 per share**

  Grant Samuel has valued SKILLED in the range $362-432 million, which corresponds to a value of $1.53-1.87 per share. The valuation is summarised below:

SKILLED - Valuation Summary ($ millions)

	Detailed Report Section Reference	Value Range Low	Value Range High
Business operations	7.3.2	530.0	600.0
Other assets and liabilities	7.3.3	(21.1)	(21.1)
Enterprise value		**508.9**	**578.9**
Net borrowings	7.3.4	(147.2)	(147.2)
Value of equity		**361.7**	**431.7**
Fully diluted shares on issue (millions)		237.1[4]	
Value per share (before dividend payments)		**$1.53**	**$1.87**

The valuation represents the estimated full underlying value of SKILLED assuming 100% of the company was available to be acquired and includes a premium for control. The valuation exceeds the price at which, based on current market conditions, Grant Samuel would expect shares in SKILLED to trade on the ASX in the absence of a takeover offer.

The value attributed to the business operations of $530-600 million is an overall judgement having regard to a number of valuation methodologies and parameters, including capitalisation of earnings (multiples of EBITDA[5] and EBITA[6]) and indicative discounted cash flow ("DCF") analysis. The valuation takes into account the potential for acquirers of SKILLED to realise head office cost and other synergies.

- **The earnings multiples implied by the valuation of SKILLED reflect the challenges facing the business**

  The earnings multiples implied by the valuation of SKILLED's business operations are summarised below:

SKILLED – Implied Valuation Parameters

	Variable ($ million)	Range of Parameters Low	Range of Parameters High
Value Range ($ million)		**530.0**	**600.0**
Multiple of EBITDA (times)			
FY15 (actual)	101.5	5.1	5.9
FY16 (broker median)[7]	86.2	6.1	7.0
FY17 (broker median)[7]	78.5	6.8	7.6
Multiple of EBITA (times)			
FY15 (actual)	85.6	6.2	7.0
FY16 (broker median)[7]	73.8	7.2	8.1
FY17 (broker median)[7]	65.2	8.1	9.2

4 Representing 235,898,291 shares on issue plus 1,200,000 shares that may be issued prior to implementation of the Scheme. It is assumed that performance rights (and not options) vest and there is no cash inflow for SKILLED.

5 EBITDA is earnings before net interest, tax, share of profits of equity accounted associates, depreciation and software amortisation, amortisation of acquired intangible assets and significant and non-recurring items.

6 EBITA is earnings before net interest, tax, share of profits of equity accounted associates, amortisation of acquired intangible assets and significant and non-recurring assets.

7 The directors of SKILLED have decided not to include the FY16 Budget in the Explanatory Memorandum. To provide an indication of the expected financial performance, Grant Samuel has considered brokers' forecasts for SKILLED (see Appendix 2).

In Grant Samuel's view, the multiples implied by its valuation of SKILLED are appropriate. In forming this view, the following factors have been taken into account:

- sharemarket and transaction evidence suggests that prospective multiples in the broad range of 6-7 times FY16 EBITDA and 8-9 times FY16 EBITA would generally apply for control of companies operating in SKILLED's market sectors;
- the *SKILLED* brand is synonymous with outsourced workforce services and SKILLED has a significant position in this market;
- the short to medium term outlook for SKILLED is highly uncertain:
  - difficult trading conditions, the end of the resources boom and the ongoing rebalancing of the Australian economy have resulted in a sharp fall in the earnings of SKILLED's Workforce Services and Technical Professionals businesses in recent years, reflecting declining revenue and a significant reduction in margins; and
  - while the earnings of the Engineering & Marine Services business unit have grown, this has largely been the result of business acquisitions and the profitability of a small number of material contracts. The completion of these contracts is expected to result in a fall in the earnings of the Marine Services business over FY16 and FY17;
- median broker forecasts are for a significant fall in SKILLED's overall earnings for FY16, followed by a further fall in earnings in FY17; and
- SKILLED is undertaking a business transformation program in its Workforce Services business that is expected to yield significant benefits and boost earnings in the medium term. However, the precise timing and quantum of the benefits is difficult to predict. There is a risk that, at least in part, the benefits will be competed away, as a result of the level of competition in the markets in which SKILLED operates. Other initiatives from a recently completed strategic review have been put on hold following the announcement of the Scheme.

Overall, these factors (and particularly the expected fall in earnings over the next two years) suggest that a cautious approach to valuation (in terms of multiples of current and near term earnings) is warranted.

- **The consideration under the Scheme has a value of $1.57-1.68 based on a value range for Programmed shares of $2.40-2.60**

  Grant Samuel has attributed a value to the Scheme consideration of $1.57-1.68 per SKILLED share based on a value range for Programmed shares of $2.40-2.60.

  If the Scheme is implemented, SKILLED shareholders will receive shares in the Combined Group. Accordingly, the relevant metric for assessing the value of the consideration under the Scheme is the likely share price for Programmed following implementation of the Scheme (i.e. the Combined Group), rather than Programmed's share price on a standalone basis. Grant Samuel's judgement is that $2.40-2.60 is a reasonable estimate of the Programmed share price immediately following the implementation of the Scheme, assuming the continuation of current market conditions. This range reflects the performance of Programmed shares subsequent to the announcement of the Scheme on 24 June 2015, particularly since Programmed shares commenced trading ex-dividend on 1 July 2015. The selected value range relative to recent Programmed share prices is shown below:

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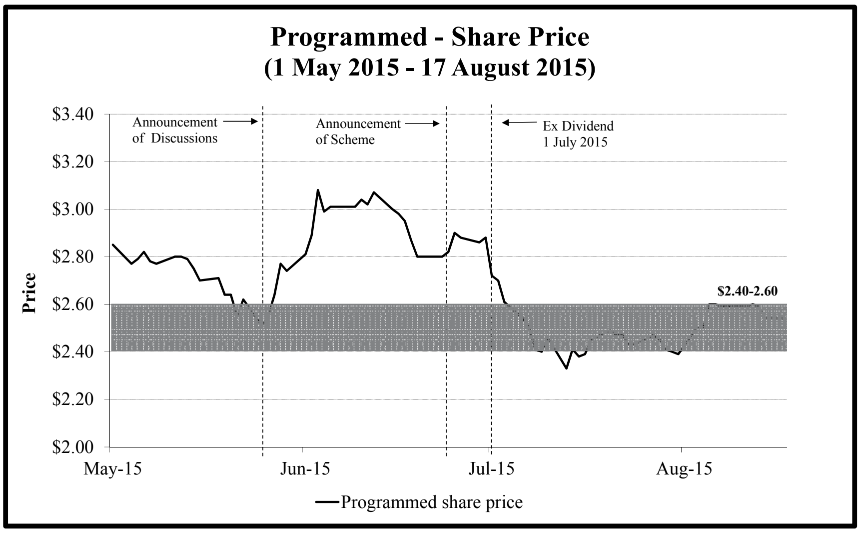
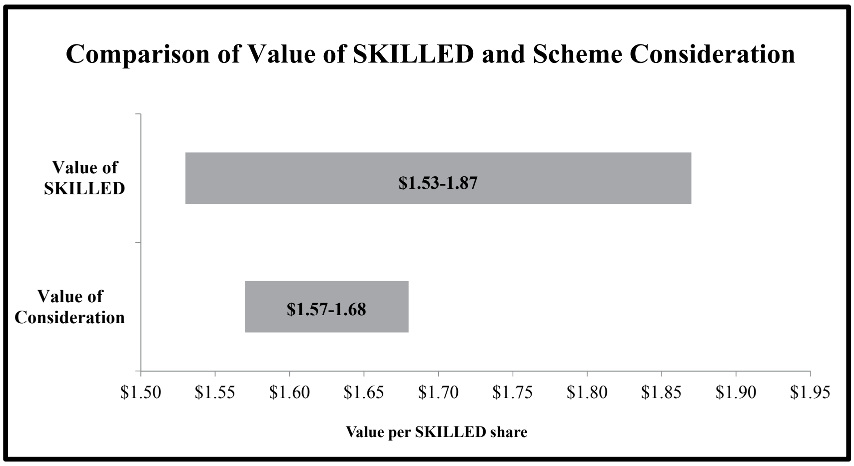


Source: IRESS

While little information regarding the prospective financial performance of the Combined Group has been made available to the market, both Programmed and SKILLED are followed by a number of broker analysts and both companies' operations are reasonably transparent. SKILLED and Programmed have provided summary information in relation to the synergies that are expected to be realised and the associated costs. Over recent weeks, shares in SKILLED and Programmed have traded at relativities that are consistent with the terms of the Scheme, suggesting a market expectation that the Scheme will be implemented. Accordingly, in Grant Samuel's view, it is reasonable to conclude that the recent Programmed share price reflects an informed market expectation of the price at which shares in the Combined Group can be expected to trade.

- **The value attributed to the Scheme consideration of $1.57-1.68 per share falls within the range of full underlying values for SKILLED. Accordingly, the Scheme is fair**

  Grant Samuel has estimated that the full underlying value of SKILLED, including a premium for control, is in the range $1.53-1.87 per share. The value attributed to the Scheme consideration of $1.57-1.68 per share falls within this range. Accordingly, the Scheme is fair.



However, the value of the consideration under the Scheme will vary with movements in the Programmed share price. Accordingly, until the Programmed shares are issued, SKILLED shareholders are exposed to changes in overall equity market conditions and specific events that could impact the Programmed share price. The actual value received could therefore exceed, or be less than, $1.57-1.68 per SKILLED share.

- **Grant Samuel has estimated a full underlying value for Programmed of $387-437 million**

  Grant Samuel has valued Programmed in the range $387-437 million. The valuation is summarised below:

Programmed - Valuation Summary ($ millions)

	Detailed Report Section Reference	Value Range	
		Low	High
Business operations	7.4.2	400.0	450.0
Other assets and liabilities	7.4.3	(9.8)	(9.8)
Enterprise value		**390.2**	**440.2**
Net borrowings	7.4.4	(3.6)	(3.6)
Value of equity		**386.6**	**436.6**

The valuation represents the estimated full underlying value of Programmed assuming 100% of the company was available to be acquired and includes a premium for control.

The value attributed to the business operations of $400-450 million is an overall judgement having regard to a number of valuation methodologies and parameters, including capitalisation of earnings (multiples of EBITDA and EBITA) and indicative DCF analysis. The valuation takes into account potential synergies generally available to acquirers of Programmed, including listed company cost savings and other synergies.

- **The earnings multiples implied by the valuation of Programmed reflect its mix of businesses and its defensive earnings characteristics**

  The earnings multiples implied by the valuation of Programmed's business operations are summarised below:

Programmed – Implied Valuation Parameters

	Variable ($ million)	Range of Parameters	
		Low	High
Value Range ($ million)		**400.0**	**450.0**
Multiple of EBITDA (times)			
FY15 (actual)	61.0	6.6	7.4
FY16 (broker median)[8]	60.8	6.6	7.4
FY17 (broker median)[8]	63.9	6.3	7.0
Multiple of EBITA (times)			
FY15 (actual)	50.5	7.9	8.9
FY16 (broker median)[8]	50.3	8.0	8.9
FY17 (broker median)[8]	52.6	7.6	8.6

In Grant Samuel's view, the multiples implied by its valuation of Programmed are appropriate. In forming this view, the following factors have been taken into account:

- sharemarket and transaction evidence suggests that prospective multiples of 6-7 times FY16 EBITDA and 8-9 times FY16 EBITA would generally apply for control of businesses in the

8 The directors of Programmed have decided not to include the FY16 Budget in the Explanatory Memorandum. To provide an indication of the expected financial performance, Grant Samuel has considered brokers' forecast for Programmed (see Appendix 4).

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outsourced labour sector. However, higher multiples (around 7-8 times FY16 EBITDA and 8-10 times FY16 EBITA) would be applicable in the facilities management and related sectors;

- Programmed's recent trading performance has been mixed. The end of the resources boom and increasingly competitive conditions in labour hire markets have seen a fall in the revenue and earnings of its Workforce and Resources divisions. On the other hand, its Property & Infrastructure division has delivered strong growth in earnings over the past two years. Programmed's FY15 EBITDA was approximately 4.1% lower than for the prior year; and
- the median of broker analysts' forecasts suggests that, overall, Programmed should deliver no more than modest growth in the short to medium term.

The FY15 earnings multiples implied by the valuation of Programmed are materially higher than for SKILLED, reflecting both Programmed's superior earnings growth prospects (i.e. modest growth for Programmed compared to declining earnings for SKILLED) and the attractive characteristics of Programmed's facilities management business.

- **The terms of the Scheme favour SKILLED shareholders under merger analysis**

Grant Samuel has evaluated the Scheme on the basis of merger analysis, by comparing the proportion of value contributed by SKILLED shareholders to the Combined Group with their aggregate shareholding of 52.4% in the Combined Group. The following table shows the contributions of estimated underlying value to be made by shareholders of SKILLED and Programmed to the Combined Group. The estimated underlying value for SKILLED has been adjusted to reflect the final FY15 dividend and the special dividend (total $59.3 million) that are to be paid to SKILLED shareholders:

Relative Contributions – Underlying Value Analysis ($ million)

	Report Section	Grant Samuel Estimates of Value	
		Low	High
Underlying Value – SKILLED (ex dividends)[9]	7.3	**302**	**372**
Underlying Value – Programmed	7.4	**387**	**437**
Relative Value Contributions – SKILLED		43.8%	46.0%
Relative Value Contributions – Programmed		56.2%	54.0%

Based on Grant Samuel's valuations, SKILLED shareholders are contributing approximately 44-46% of the aggregate underlying value of the Combined Group.

The following table shows the contributions of market value to be made by SKILLED and Programmed shareholders:

Relative Value Contributions – Share Market Value

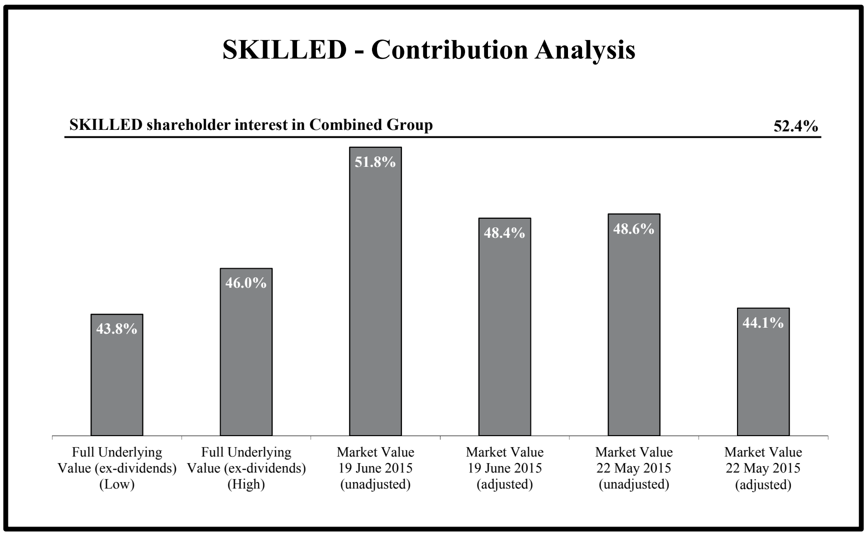
Date	Price Basis	SKILLED	Programmed
19 June 2015	Unadjusted	51.8%	48.2%
(pre announcement of Scheme)	Adjusted for dividends	48.4%	51.6%
22 May 2015	Unadjusted	48.6%	51.4%
(pre announcement of discussions)	Adjusted for dividends	44.1%	55.9%

The SKILLED contribution of sharemarket value based on share prices at 19 June 2015 (i.e. pre-announcement of the Scheme) is in line with SKILLED shareholders' aggregate shareholding in the Combined Group. However, this measure does not take into account the dividends paid by Programmed (11.5 cents per share) and the dividends to be paid by SKILLED (25 cents per share). After adjusting for these dividends, the contribution by SKILLED shareholders is significantly lower (around 48%). Moreover, share prices at 19 June 2015 would have reflected, at least to some extent, expectations of the terms of the Scheme, and accordingly may not be a meaningful measure of contributions of sharemarket value. Share prices as of 22 May 2015 (i.e. pre-announcement of

9 Estimated full underlying value ($361.7-431.7 million) less total dividends ($59.3 million).

transaction discussions) arguably provide a more meaningful measure of relative share market value contributions, given that it appears that those share prices were "undisturbed" (i.e. they had not been affected by expectations of a transaction). On the basis of share prices as of 22 May 2015, the relative contributions of sharemarket value by SKILLED shareholders are significantly lower. After adjusting for the 11.5 cents per share dividend paid by Programmed and the 25 cents per share dividends to be paid by SKILLED, these prices suggest that SKILLED shareholders are contributing around 44% of the market value of the Combined Group.

The relative contributions to be made by SKILLED shareholders to the Combined Group are compared with their aggregate shareholding in the Combined Group in the following chart:



Source: Grant Samuel analysis

Overall, the aggregate interest to be held by SKILLED shareholders in the Combined Group will clearly be greater than their relative contribution of value. On the basis of the merger analysis, the terms of the Scheme favour SKILLED shareholders. This conclusion is consistent with the significant premium represented by the terms of the Scheme. Accordingly, in Grant Samuel's view, on the basis of merger analysis, the Scheme is fair to SKILLED shareholders.

- **The combination of the SKILLED and Programmed businesses is expected to generate significant synergies in the short to medium term and further benefits over the longer term**

  SKILLED has announced that more than $20 million of pre-tax synergies are expected to be realised in the first year after implementation of the Scheme, with potential for a further $15 million of synergies to be realised in the following two years. The short term synergies include savings of corporate and divisional overheads (through the rationalisation of duplicated functions) and other costs and both companies have expressed considerable confidence as to their amount and the timeframe within which they should be achieved. The additional $15 million of synergies are subject to greater uncertainty. The total expected synergies of $35 million are material in the context of SKILLED's standalone FY15 EBIT of $76.3 million. SKILLED shareholders will effectively receive the benefit of just over half the realised synergies, as a result of their aggregate 52.4% shareholding in the Combined Group.

  In the longer term, the combination of SKILLED and Programmed has the potential to deliver a number of strategic and other benefits. In the context of the significant competition and margin pressure in the market for outsourced workforce services, the substantially enhanced scale of the Combined Group should provide a range of advantages. The Combined Group will be the market leader in its staffing (i.e. outsourced workforce) business, which should better equip it to respond to competitive pressure in this sector. Increased scale across the business will allow additional investment in technology and systems which can then be leveraged across a larger customer base, driving down unit costs and offering the opportunity to generate sustainable competitive advantages. The increased financial resources of the Combined Group and the resulting financial and organisational credibility will better position the business to compete for larger and longer term outsourcing opportunities, particularly in the facilities management sector.

From the perspective of SKILLED shareholders, the property services and facilities management businesses contributed by Programmed will bring attractive defensive characteristics and growth prospects. The combined business will be more diversified, in terms of customers, sectors and by geography, reducing its vulnerability to changes in demand or competition in particular segments. The Combined Group's gearing (based on market values)[10] will be lower than the gearing of SKILLED on a standalone basis (approximately 26% vs 32%), providing additional financial flexibility and enhanced capacity to exploit growth opportunities as they arise.

Finally, it is reasonable to expect that the greater market capitalisation and expanded share register will improve trading liquidity in the Combined Group's shares. While it is difficult to predict the impact of this increased liquidity, over time there is at least some basis for expecting that it could support a positive market re-rating of shares in the Combined Group.

- **As the Scheme is fair, it is also reasonable and, therefore, in the best interests of shareholders**

  In terms of takeover analysis, because the Scheme is fair, it is also reasonable. There are a number of other factors that support the conclusion that the Scheme is reasonable. In particular:

  - the Scheme will deliver a significant premium to SKILLED shareholders. Premium analysis requires considerable caution in the circumstances of the Scheme. The most appropriate benchmark against which to measure the premium implied by the Scheme consideration is SKILLED's unaffected share price prior to the announcement of transaction discussions (i.e. in the period preceding 22 May 2015). The implied premium (based on the pre-announcement Programmed share price and the closing SKILLED share price on 22 May 2015) was 45.5%.

    Considerable time has elapsed since the announcement of discussions on 25 May 2015, and Programmed's share price has moved for a number of reasons, including, presumably, the market's ongoing assessment of the impact on Programmed of the terms of the Scheme. The value attributed by Grant Samuel to the Scheme consideration ($1.57-1.68) is based on recent Programmed share prices. Accordingly, premium analysis based on a comparison of the Scheme consideration with to the SKILLED share price prior to 22 May 2015 does not represent a "like for like" comparison and should be viewed accordingly. Nevertheless, the following table sets out premiums calculated on this basis:

SKILLED – Premium Implied by Value of Consideration

Period	Value of Scheme Consideration	SKILLED Price/VWAP [11]	Premium
19 June 2015 – Pre Scheme announcement price	$1.57-1.68	$1.55	1.3-8.4%
22 May 2015 – Pre discussions announcement price	$1.57-1.68	$1.23	27.6-36.6%
1 week prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.26	24.6-33.3%
1 month prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.27	23.6-32.3%
3 months prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.29	21.7-30.2%
6 months prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.37	14.6-22.6%
12 months prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.76	(10.8)-(4.5)%

Source: IRESS and Grant Samuel analysis

[10] Gearing is calculated as net borrowings/(market capitalisation plus net borrowings). For this purpose the market capitalisations are based on share prices as at 19 June 2015, adjusted for the dividend payments of 11.5 cents per share paid by Programmed and the 25 cents per share to be paid to SKILLED shareholders.

[11] VWAP = volume weighted average price

Notwithstanding its shortcomings, the analysis suggests that SKILLED shareholders are receiving a significant premium. The level of premiums observed in takeovers varies depending on the circumstances of the target and other factors (such as the potential for competing offers) but, for industrial companies, tend to fall in the range 20-35%. The premium being paid under the Scheme falls within this range; and

- in the absence of the Scheme, a similar offer or expectations of such an offer and assuming a continuation of current market conditions, would trade at prices well below the value of the Scheme consideration ($1.57-1.68 per share). SKILLED shares closed at $1.23 on 22 May 2015, the last trading day before the announcement of discussions between SKILLED and Programmed. Since then, the ASX All Ordinaries Index has declined marginally and the resources sector in particular has continued to be affected by negative investor sentiment. It is not inconceivable that, absent the Scheme, SKILLED shares could trade at lower levels than in the period before 22 May 2015.

Although SKILLED has agreed to no-shop, no-talk and no-due diligence obligations and Programmed has the right to match any competing proposal, it is theoretically possible for an alternative acquisition proposal to be put by any other party. To date, no alternative proposal has been put to SKILLED and the extent of interest in SKILLED from other parties (if any) is unknown. Other parties will continue to have an opportunity to come forward until the shareholder meeting at the end of September 2015. In the absence of any alternative proposal, SKILLED shareholders can be confident that the Scheme delivers the maximum value available for their shareholding in the current market, reinforcing the conclusion that the Scheme is in their best interests.

- **Merger analysis also supports the conclusion that the Scheme is in the best interests of SKILLED shareholders**

Under a merger analysis, the terms of the Scheme favour SKILLED shareholders and are fair to SKILLED shareholders. The combination of the SKILLED and Programmed businesses should allow the realisation of material benefits including short to medium term synergies as well as a range of longer term strategic benefits, which should collectively significantly improve the competitive position of the Combined Group. SKILLED shareholders will in aggregate hold 52.4% of the shares in the Combined Group and (to the extent that they continue to hold shares in the Combined Group) will share in these synergies and strategic benefits. On this basis, SKILLED shareholders will be better off if the Scheme is implemented and, therefore, the Scheme is in the best interests of SKILLED shareholders.

- **Other advantages, disadvantages and risks are not material**

Under the Scheme, shareholders will exchange their SKILLED shares for shares in Programmed and cash (in the form of fully franked dividends). In this regard, SKILLED shareholders will:

- collectively hold around 52.4% of the Combined Group. The Combined Group's share register is expected to be widely distributed with no controlling shareholder or shareholder bloc. SKILLED shareholders will not be giving up the opportunity to realise a further premium for control at some time in the future;
- realise their investment in SKILLED at a value that incorporates a premium for control. Some shareholders may not want to hold Programmed shares and may have preferred to crystallise their investment in SKILLED in cash. However, they will able to sell into an enlarged market for Programmed shares, although there is no certainty that they will be able to realise the scrip received for an amount equivalent to the value attributed to the consideration (e.g. due to transaction costs and the risks associated with any stockmarket investment);
- if they are ineligible foreign shareholders, receive the net cash proceeds from the sale of the shares they would otherwise have received; and
- be able, if eligible, to defer some of the capital gains consequences of accepting the Scheme to the extent capital gains tax scrip for scrip rollover relief is available.

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The decision to hold Programmed shares is a decision independent of a decision to vote for the Scheme. However, if they retain the Programmed shares that they receive under the Scheme, SKILLED shareholders will:

- retain an economic interest in the SKILLED businesses, albeit on a diluted basis;
- gain exposure to Programmed, which operates a range of complementary businesses but also provides valuable diversification through its facilities management and property services businesses;
- be entitled to Programmed dividends on a pari passu basis with Programmed shareholders from the date of issue of the shares under the Scheme including for the six months ended 30 September 2015 (provided the effective date of the Scheme is on or before 24 December 2015); and
- be exposed to transaction costs and integration risks, although these risks may be mitigated by the due diligence review undertaken by Programmed and the complementary nature of the SKILLED and Programmed operations. Nevertheless, there may be unanticipated issues or costs that arise on integration.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual SKILLED shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by SKILLED in relation to the Scheme.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of SKILLED. In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders, based on their own views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell securities in SKILLED, Programmed or the Combined Group. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for the Scheme. Shareholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

Financial Services Guide
and
Independent Expert's Report
in relation to the Offer by
Programmed Maintenance Services Limited

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

21 August 2015

GRANT SAMUEL

GRANT SAMUEL & ASSOCIATES

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Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for SKILLED in relation to the offer by Programmed Maintenance Services Limited ("the SKILLED Report"), Grant Samuel will receive a fixed fee of $500,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 10.3 of the SKILLED Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the SKILLED Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 10.3 of the SKILLED Report:

> *"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with SKILLED or Programmed or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.*
>
> *Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report.*
>
> *Grant Samuel will receive a fixed fee of $500,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.*
>
> *Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."*

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929. If you have any concerns regarding the SKILLED Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Financial Ombudsman Service at GPO Box 3 Melbourne VIC 3001 or 1300 780 808. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the SKILLED Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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Appendices

1 Details of the Scheme

On 24 June 2015, SKILLED Group Limited ("SKILLED") announced that it had entered into a Scheme Implementation Agreement with Programmed Maintenance Services Limited ("Programmed") under which Programmed proposes to acquire all of the issued share capital in SKILLED by way of a scheme of arrangement ("the Scheme"). If the Scheme is implemented, SKILLED shareholders will receive, for each share in SKILLED, consideration of:

- 0.55 Programmed shares; plus
- $0.25 cash (reduced by any SKILLED FY15 final dividend and any SKILLED special dividend[1]).

As a result, Programmed will acquire SKILLED and existing SKILLED shareholders will, in aggregate, hold approximately 52.4% of the enlarged Programmed (referred to in this report as "the Combined Group") while existing Programmed shareholders will hold the remaining 47.6%.

Programmed provides staffing, maintenance and facility management services in Australia and New Zealand with annual revenue in excess of $1.4 billion. It is listed on the Australian Securities Exchange ("ASX") and, prior to the announcement of the Scheme, had a market capitalisation of $332 million.

The Scheme is subject to a number of conditions which are set out in full in the Explanatory Memorandum to be sent by SKILLED to shareholders, including that SKILLED shareholders approve the Scheme by the requisite majorities under Section 411 of the Corporations Act, 2001 ("Corporations Act"). Other elements of the Scheme include:

- SKILLED has agreed to certain exclusivity arrangements (including no-shop, no-talk and no-due diligence restrictions and a notification obligation) that apply during the exclusivity period[2]. The no-talk, no-due diligence and notification provisions are subject to a carve out in respect of the fiduciary and statutory obligations of SKILLED directors;
- Programmed has been granted the right to match a competing proposal[3];
- break fees of $3.5 million are payable by SKILLED and Programmed in certain (differing) circumstances;
- SKILLED shareholders with registered addresses outside Australia and its external territories and New Zealand will be "ineligible overseas shareholders" (unless Programmed determines otherwise) and will not receive Programmed shares. Such shareholders will receive in cash the net proceeds (i.e. after brokerage and transaction costs) of the sale on the ASX of the Programmed shares to which they would otherwise have been entitled; and
- Programmed shares issued to SKILLED shareholders will rank equally with all other Programmed shares on issue and will be entitled to receive the Programmed dividend for the six months ended 30 September 2015 (provided the effective date for the Scheme is on or before 24 December 2015). Fractional entitlements to Programmed shares will be rounded to the nearest whole number.

Subject to an independent expert determining that the Scheme is in the best interests of shareholders and in the absence of a superior proposal, each director of SKILLED (excluding Mr Max Findlay[4]) has recommended the Scheme and each director (including Mr Max Findlay) intends to vote shares held or controlled by them in favour of the Scheme.

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1 On 5 August 2015, SKILLED declared a 9.5 cents per share fully franked final dividend for FY15 to be paid on 15 October 2015. If the Scheme is approved, the SKILLED board will declare a fully franked special dividend of 15.5 cents per share (i.e. total dividends of 25 cents per SKILLED share). Irrespective of whether or not the Scheme is implemented, SKILLED shareholders will receive the FY15 final dividend.

2 The period from 24 June 2015 to the earlier of the implementation date for the Scheme, the date the Scheme Implementation Agreement is terminated and 24 December 2015 (or such later date as may be agreed in writing by the parties).

3 A competing proposal means a proposed transaction or arrangement which, if implemented substantially in accordance with its terms, could result in a third party (either directly or indirectly):
- acquiring or having a right to acquire, or obtaining an economic interest in all or a substantial part of the business, assets or undertakings of SKILLED;
- acquiring control of SKILLED;
- acquiring a relevant interest in 20% or more of SKILLED shares;
- otherwise acquiring SKILLED; or
- entering into an agreement or understanding with one or more members of SKILLED requiring the abandonment of or otherwise failure to proceed with the Scheme.

4 Mr Max Findlay has a 0.62% relevant interest in Programmed and has absented himself from discussions and abstained from making a recommendation. However, he intends to vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of SKILLED shareholders.

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2 Scope of the Report

2.1 Purpose of the Report

Under Section 411 of the Corporations Act, the Scheme must be approved by a majority in number (i.e. more than 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by SKILLED shareholders, the Scheme will then be subject to approval by the Supreme Court of Victoria.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to such schemes. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

Although there is no requirement in the present circumstances for an independent expert's report pursuant to the Corporations Act or the ASX Listing Rules, the directors of SKILLED have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme in the best interests of SKILLED shareholders and to state reasons for that opinion. A copy of the report will accompany the Explanatory Memorandum to be sent to shareholders by SKILLED.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual SKILLED shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by SKILLED in relation to the Scheme.

Voting for or against the Scheme is a matter for individual shareholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in SKILLED, Programmed or the Combined Group. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

2.2 Basis of Evaluation

There is no legal definition of the expression "in the best interests". However, the Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 ("RG111") which establishes guidelines in respect of independent expert's reports. RG111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders (being the opinion required under Part 3 of Schedule 8).

For most other transactions the expert should consider the overall commercial effect of the proposal, the circumstances that have led to the proposal and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposal and form an overall view as to whether the shareholders are likely to be better off if the proposal is implemented than if it is not. If the advantages outweigh the disadvantages, a proposal would be in the best interests of shareholders.

The Scheme has certain characteristics of a control transaction. In particular, control of SKILLED (both at a Board and Chief Executive Officer ("CEO") level) will pass to Programmed. The Board of Programmed will continue unchanged after the Scheme and Chris Sutherland, the current CEO of Programmed, will continue as CEO (with the senior management team to be drawn from executives of both Programmed and SKILLED).

For the purposes of a control transaction, "fair" and "reasonable" are treated as two separate concepts. Fairness involves questions of value while reasonableness relates to a variety of other issues that might impact on a shareholder's decision as to whether or not to accept an offer or vote in favour of a change of control transaction.

Fairness is a more demanding criteria. A "fair" proposal will always be "reasonable" but a "reasonable" proposal will not necessarily be "fair". A proposal could be considered "reasonable" if there were valid reasons to accept an offer or vote in favour notwithstanding that it was not "fair" (e.g. if the bidder already controlled the target and the offer was well above the prevailing market price).

Under RG111, fairness in a control transaction is to be assessed by comparing the value of the consideration offered with the full underlying value of the target assuming 100% of the target was available to be acquired. Where the consideration comprises scrip in the offeror, the value of the consideration is to be assessed as the expected trading price of those securities (i.e. on a minority or portfolio interest basis) post completion of the transaction.

Grant Samuel's primary approach to assessing whether the Scheme is fair is by comparing the estimated underlying value of SKILLED with the market value of the consideration under the Scheme.

Although the Scheme qualifies as a control transaction, there are also arguments to suggest that it is appropriate to analyse the Scheme as a "merger of equals". The market capitalisations of SKILLED and Programmed immediately prior to the announcement of the Scheme were broadly equal (whist recognising that the SKILLED and Programmed share prices are likely to have been influenced by previous announcements concerning a potential transaction). SKILLED shareholders will collectively hold approximately 52.4% of the Combined Group and, accordingly, will share in a little over half of the synergies. No shareholder is expected to hold in excess of 5% of the shares in the Combined Group on implementation of the Scheme and SKILLED shareholders will retain the opportunity to receive a (further) control premium at some time in the future. On this basis, the Scheme could also be analysed as a merger.

Accordingly, Grant Samuel has also assessed whether the Scheme is fair by comparing the share of the Combined Group received by SKILLED shareholders (52.4%) with the value contributed by SKILLED shareholders to that entity, measured on a number of different bases (including the relative contributions of sharemarket value and full underlying value).

In assessing reasonableness, Grant Samuel has considered:

- the expected quantum and timing of synergies expected as a result of the Scheme;
- the impact of the Scheme on key investment metrics for SKILLED shareholders (e.g. earnings, dividends);
- the investment characteristic of the Combined Group compared to SKILLED on a standalone basis;
- the impact on the composition of the share register and sharemarket liquidity;
- the likelihood of an alternative offer and the opportunity for alternative transactions in future;
- other benefits and advantages of the Scheme for SKILLED shareholders; and
- other costs, disadvantages and risks of the Scheme for SKILLED shareholders.

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2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memorandum (including earlier drafts);
- financial statements of SKILLED for the six years ended 30 June 2015;
- annual reports of Programmed for the six years ended 31 March 2015;
- press releases, public announcements and analyst presentation material and other public filings by SKILLED and Programmed including information available on their websites;
- brokers' reports and recent press articles on SKILLED and Programmed and the contingent work solutions, facility services and infrastructure maintenance service sectors; and
- sharemarket data and related information on Australian listed companies engaged in the contingent work solutions, facility services and infrastructure maintenance services sectors and on acquisitions of companies and businesses in those sectors.

Non Public Information

- the budget for FY16[5] and longer term projections for SKILLED prepared by SKILLED management;
- the budget for FY16[5] and longer term projections for Programmed prepared by Programmed management;
- management results for Programmed for the period 1 April 2015 to 30 June 2015; and
- other confidential documents, board papers, presentations, working papers and third party reports prepared for SKILLED and Programmed (including due diligence reports).

In preparing this report, Grant Samuel held discussions with, and obtained information from, senior management of SKILLED and its advisers and senior management of Programmed and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by SKILLED and its advisers and Programmed and its advisers. Grant Samuel has considered and relied upon this information. SKILLED has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Scheme is in the best interests of SKILLED shareholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant

[5] FYXX = financial year end. For SKILLED it is 30 June 20XX and for Programmed it is 31 March 20XX.

Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report consists of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of SKILLED or Programmed. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included:

- the budget for SKILLED for FY16 ("SKILLED Budget") prepared by management and endorsed by the directors of SKILLED;
- the budget for Programmed for FY16 ("Programmed Budget") prepared by management and adopted by the directors of Programmed and the forecast for Programmed for FY16 ("Programmed Forecast") prepared by management of Programmed;
- the pro forma historical income statement for the Combined Group assuming the Scheme was implemented on 1 April 2014 ("Combined Group Pro forma Income Statement"); and
- the pro forma financial position for the Combined Group as at 31 March 2015 assuming the Scheme was implemented on that date ("Combined Group Pro forma Financial Position").

SKILLED is responsible for the SKILLED Budget and Programmed is responsible for the Programmed Budget and the Programmed Forecast (collectively "the forward looking information"). Programmed is responsible for the Combined Group Pro forma Income Statement and the Combined Group Pro forma Financial Position (collectively "the pro forma information"). Grant Samuel has considered and, to the extent deemed appropriate, relied on the forward looking information and the pro forma information for the purposes of its analysis. Grant Samuel has not investigated this financial information in terms of the reasonableness of the underlying assumptions, accuracy of compilation or application of assumptions. However, Grant Samuel considers that, based on the enquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant's examination), there are reasonable grounds to believe that this financial information has been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors into account:

- the SKILLED Budget has been endorsed by the Directors of SKILLED;
- the Programmed Budget has been adopted by the Directors of Programmed;
- the Programmed Forecast is based on actual operating results for Programmed for the three months ended 30 June 2015;
- both SKILLED and Programmed have sophisticated management and financial reporting processes. The prospective financial information is based on detailed budgeting processes involving preparation of "ground up" forecasts by the respective managements and is subject to ongoing analysis and revision to reflect the impact of actual performance or assessments of likely future performance;
- SKILLED and Programmed undertook due diligence investigations on each other via data rooms containing material documents and by commissioning due diligence reports in relation to accounting, taxation and legal matters. These reports were made available to Grant Samuel on a non-reliance basis; and

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- the Combined Group Pro forma Income Statement and the Combined Group Pro forma Financial Position set out in Section 11.5 of the Explanatory Memorandum has been subject to review by Deloitte Corporate Finance Pty Limited ("Deloitte Corporate Finance") and its Investigating Accountant's Report is attached as Annexure B to the Explanatory Memorandum.

The directors of SKILLED and Programmed have decided not to include the forward looking information in the Explanatory Memorandum and therefore it has not been disclosed in this report. In order to provide an indication of the expected financial performance of SKILLED and Programmed, Grant Samuel has considered brokers' forecasts for SKILLED (see Appendix 2) and Programmed (see Appendix 4). Grant Samuel has used the median of the brokers' forecasts to review the parameters implied by its valuations of SKILLED and Programmed which, based on the information it has reviewed, Grant Samuel considers useful for analytical purposes.

The information provided to Grant Samuel also included longer term management projections for SKILLED incorporating the impact of a recent strategic review ("SKILLED Projections") and longer term management projections for Programmed ("Programmed Projections") (collectively "the projections"). SKILLED is responsible for the SKILLED Projections and Programmed is responsible for the Programmed Projections. Grant Samuel has not relied on the projections for the purposes of its report but has considered this information in its review of the future business strategies and prospects of SKILLED and Programmed.

Grant Samuel has no reason to believe that the forward looking information and the projections reflect any material bias, either positive or negative. However, the achievability of the forward looking information and the projections is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

As part of its analysis, Grant Samuel has reviewed the sensitivity of net present values to changes in key variables. The sensitivity analysis isolates a limited number of assumptions and shows the impact of variations to those assumptions. No opinion is expressed as to the probability or otherwise of those variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the sensitivity analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively affected by a range of factors including, but not limited to:

- changes to the assumptions other than those considered in the sensitivity analysis;
- variations to the assumptions considered in the sensitivity analysis greater or lesser than those modelled; and
- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Explanatory Memorandum sent by SKILLED to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Scheme will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Scheme are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

3 Industry Overview

SKILLED and Programmed provide outsourcing solutions to customers. Outsourcing involves the contracting out of business processes and/or services to a specialist external provider either on a permanent or temporary basis. The trend to outsourcing is driven by a range of factors including:

- economic conditions;
- a desire to reduce costs and instil operational disciplines;
- a lack of in-house capability and a desire to leverage the expertise of specialised firms; and
- a desire to release resources (people, capital and time) to focus on core competencies.

By outsourcing, organisations gain greater budget flexibility and control (by paying for services when required, reducing the need to hire and train specialised staff) and access to the efficiencies and economies of scale available to service providers (e.g. in procurement). The range of business processes/services that can be outsourced is extensive and the extent to which outsourcing is adopted varies considerably across business processes, industries and geographies.

The remainder of this section provides an overview of the contingent workforce solutions, facilities services and infrastructure maintenance services segments of the outsourcing market in Australia.

Contingent Workforce Solutions

Contingent workforce (or labour hire) providers offer customers access to a pool of workers on a non-permanent basis generally on a fee or contract basis. Typically the workers are employed by or contracted to the provider but they work under the control of the client at the client's worksite.

Factors that influence demand for the services of contingent workforce providers include:

- general economic conditions including employment growth and unemployment levels;
- the need for specialist services on a short term basis (including seasonal variations);
- a trend towards outsourcing of certain business processes or services (e.g. maintenance work); and
- a trend in some industries to the outsourcing of labour resources on a permanent basis (e.g. in warehousing and logistics).

Generally, in strong economic times when unemployment is low competition for labour is high and employers can find it difficult to fill staffing needs (i.e. demand for contingent workers is higher). On the other hand, when the economy slows and unemployment rises, demand for contingent workers tends to contract. However, demand can also vary considerably from period to period and between industries and geographies. In order to reduce earnings volatility and/or seek higher margin work, some contingent workforce providers have extended their service offerings into adjacent services (e.g. placement and recruitment services, training services) or have focussed on moving their operations up the value chain by providing integrated workforce solutions in addition to labour hire services.

Current market trends are expected to result in continued growth in demand for contingent workforce solutions but with increased pressure on profitability. These trends include:

- continued demand for externally provided specialised skills for non-core activities;
- customers seeking to reduce the number of service suppliers they deal with (including the trend towards the appointment of managed service providers[6]);
- technological changes allowing potential workers to engage more easily with providers (including the use of digital job boards); and
- increasing automation of low skill jobs.

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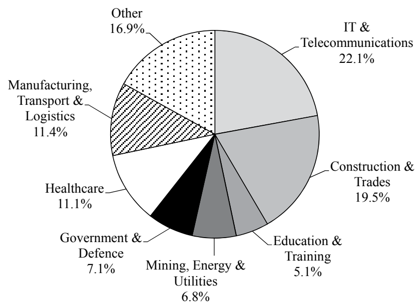
6 A managed service provider is a third party provider that manages and assumes responsibility for providing a defined set of services to a business. A managed service provider may use other downstream providers or agencies to provide the services but typically manages the interface with the business. This intermediary role was developed in the information technology sector but its application is growing for contingent workforces and other outsourced services.

The size of the market for contingent workforce solutions is difficult to estimate due to the range of activities and sectors included. However, it is clear that over the last 25 years there has been an increase in the proportion of the Australian labour force working on a part time basis or in temporary or casual jobs[7]. IBISWorld estimates that the market for temporary staff services in Australia (which it defines to include contract and labour hire services, temporary placement services and other employment and placement services but to exclude employment placement and recruitment services) was $18.3 billion in 2014/15[8]. The major market segments are as follows:

Australia - Temporary Staff Services (2014/15)



Source: IBISWorld Industry Report N7212, *"Temporary Staff Services in Australia"*, March 2015

Prior to the economic downturn that followed the global financial crisis of 2007/08, demand for contingent workers in Australia was strong. Demand contracted with the downturn but remained strong in the mining and oil and gas sectors (particularly in Western Australia and Queensland). Overall the contingent workforce market has experienced low revenue growth in the past five years (although rates of growth in different segments have varied materially) and profit margins have been under pressure. With the recent downturns in the mining and oil and gas sectors and a number of major construction projects nearing completion, market conditions remain challenging for contingent workforce providers despite an upturn in other sectors (e.g. building and construction in the eastern states). Accordingly, IBISWorld expects overall revenue to grow only modestly (at 1.3% per annum) through to 2019/20[8].

The market for contingent workforce providers in Australia (and globally) is supplied by a large number of small firms and a few larger firms. Firms have a range of different focusses, core competencies, geographic concentrations and target markets. Although there are few barriers to entry into the industry, branding, reputation, safety record and deep client relationships are important. However, the market remains fragmented with the major players estimated to account for not more than 30% of the market[8]. SKILLED is estimated to have the largest market share in Australia (at around 8.9%[8]). Other major market players include Chandler Macleod Group Limited (recently acquired by Japanese listed company, Recruit Holdings Co., Ltd ("Recruit")) ("Chandler Macleod"), Manpower Services (a subsidiary of United States based Manpower Inc.), Hays Specialist Recruitment (a subsidiary of United Kingdom based Hays plc), Adecco (a subsidiary of Swiss company Adecco S.A.), Randstad (a subsidiary of Netherlands based Randstad Holdings N.V.), ASX listed companies Programmed and Clarius Group Limited and private companies WorkPac Pty Ltd and PeopleBank Holdings Pty Limited (recently acquired by Recruit).

7 See I. Caddy, *"Part-Time or Contingent Employment: The Australian Experience, 1994-2014"*, International Employment Relations Review, Vol 20 No 2, 2014. Based on statistical data compiled by the Australian Bureau of Statistics (Labour Force, Australia, Cat. 6202.0), it is estimated that contingent workers (persons employed on a part time, temporary or casual basis) account for around 28-30% of the Australian workforce. This is in line with United States research that indicates that around 25% of the workforce is contingent labour (Aberdeen Group, *"Best-in Class Contingent Workforce Management: Trends and Benefits"*, April 2015).

8 IBISWorld Industry Report N7212, *"Temporary Staff Services in Australia"*, March 2015. Separately IBISWorld estimates the employment placement and recruitment services market at $11.1 billion in 2014/15 (IBISWorld Industry Report N7211, *"Employment Placement and Recruitment Services in Australia"*, March 2015).

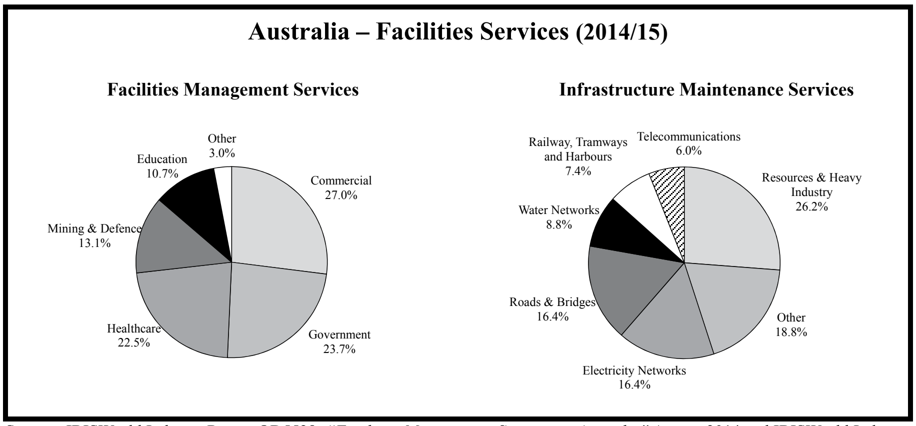
Facilities Services

Facilities services involve the provision by specialist providers of a variety of outsourced services to the owners/operators of various types of facilities. The role of the facility service provider is to manage and maintain facilities in a secure and compliant manner. Facility services are typically provided under contracts and provide specified outcomes to the clients and varying degrees of risk transfer to the facility service providers.

Facilities services providers range from specialist suppliers of a service or a suite of services through to integrated facility services providers, in which one provider delivers a full range of services to a facility or client. Facilities services are typically categorised as "hard" and "soft" services. Hard services refer to technical services such as the maintenance, refurbishment and/or upgrade of mechanical, electrical, plumbing, lifts and fire systems. Soft services are less technically oriented services and include cleaning, catering, security, laundry, landscaping and related services.

Facilities services providers range from individuals and small businesses through to large integrated service suppliers (which may subcontract some services and self-deliver others). Historically, the facilities services market has been characterised by low barriers to entry, many suppliers and strong client bargaining power, and over time has grown broadly in line with gross domestic product. However, as the Australian market has become increasingly aware of the benefits of the outsourcing of these services (particularly for social infrastructure), the market has experienced higher rates of growth. As the market share of integrated service suppliers has grown, barriers to entry have increased although competition at all levels has remained high.

IBISWorld estimates that in 2014/15 the market for facilities management services in Australia was $12.7 billion and for infrastructure maintenance services was $19 billion, having grown by 4.6% and 6.8% per annum respectively over the past five years[9]. The major market segments serviced are as follows:



Source: IBISWorld Industry Report OD5528, *"Facilities Management Services in Australia"* August 2014 and IBISWorld Industry Report OD5528, *"Facilities Management Services in Australia"* August 2014.

IBISWorld expects facilities services revenue to grow at 4.2% per annum to 2019/20[9], reflecting increasing awareness of the benefits of outsourcing and increased penetration into the growing health and education sectors by providers. Furthermore, continuing expenditure on infrastructure (notwithstanding the resources sector slowdown) and an increase in the proportion of the market outsourced (currently around 50% which is low relative to other developed countries), is expected to result in growth in infrastructure maintenance services revenue of 3.6% per annum to 2019/20[9]. The highest growth is projected for integrated facility services providers, which are better able to leverage systems, technologies

[9] IBISWorld Industry Report OD5528, *"Facilities Management Services in Australia"*, August 2014 and IBISWorld Industry Report OD5330, *"Infrastructure Maintenance Services in Australia"*, May 2015.

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and client relationships, achieve regulatory compliance and use best practice across all services. The choice of integrated provider by a customer is dependent on a range of factors including:

- breadth of service offering;
- price competitiveness;
- scale, national presence and financial strength;
- brand and reputation;
- the degree to which services are self delivered; and
- an ability to mobilise large teams seamlessly.

The overall facility services market in Australia is fragmented, however, the major integrated service providers are estimated to account for around 50% of the market. The major players include both domestically based suppliers and the local operations of global providers and operate in a range of market segments, offering a variety of services. Programmed is estimated to have a market share of around 10.9%[9]. Other major integrated market participants include ASX listed companies Spotless Group Holdings Limited ("Spotless") and Transfield Services Limited ("Transfield"), Resolve FM (a subsidiary of ASX listed RCR Tomlinson Limited), Serco (a subsidiary of United Kingdom listed Serco Group plc), ISS Facility Services Australia (a subsidiary of Danish listed ISS A/S), Brookfield Global Integrated Solutions ("Brookfield GIS") (a subsidiary of Brookfield Asset Management Inc.), DTZ Australia (a subsidiary of privately owned DTZ), Compass Group Australia (a subsidiary of United Kingdom listed Compass Group plc), Sodexo Australia (a subsidiary of French listed Sodexo S.A.) and Delaware North (a subsidiary of privately owned Delaware North Companies Inc.). Competition from commercial property managers (such as Jones Lang LaSalle) and vertically integrated construction management firms has been increasing.

The infrastructure maintenance services market is also characterised by a large number of participants (reflecting the diverse range of projects which require specialised services) with the top four providers estimated to account for less than 40% of the market. The major market participants include ASX listed companies CIMIC Group Limited (formerly Leightons Holdings Limited) ("CIMIC"), Downer EDI Limited ("Downer EDI"), Monadelphous Group Limited ("Monadelphous"), WorleyParsons Limited, Transfield and UGL Limited ("UGL") and Fluor Australia (a division of United States listed Fluor Corporation). The key factors to wining roles in this sector include:

- scale, national presence and financial strength;
- access to highly skilled workforce;
- ability to compete on a tender and to price appropriately;
- brand and reputation; and
- ability to meet the regulatory requirements.

To this end, in order to meet the needs of a specific tender, it is not uncommon for service providers to tender for projects in conjunction with other specialist service providers.

The factors influencing the specific segments in which SKILLED and Programmed operate and the competitive landscape in each are included in the description of their respective businesses in Section 4.2 and 5.2 of this report.

4 Profile of SKILLED Group Limited

4.1 Background

SKILLED was established as Hargrave & de Martini in Melbourne in 1964 to provide supplementary trades and labour hire. It changed its name to SKILLED Personnel in 1966, opened offices in each Australian state in the period to 1979 and made its first acquisition in 1993. It was listed on the ASX as SKILLED Engineering Limited in July 1994 with a national network of 25 offices and revenue of around $140 million.

Following listing SKILLED grew both organically and by acquisition, increasing the range of workforce skills offered to clients. By FY06 revenue had grown to $969 million. Over the next two years SKILLED acquired around 15 businesses, primarily for cash consideration (often including a deferred and/or contingent component), and divested one business, and its gearing rose to around 50%[10]. The deterioration in business conditions in late 2008 had significant consequences for SKILLED as demand for casual labour and maintenance services contracted.

SKILLED initiated a range of measures focused on reducing costs and, in August 2009, announced an extension of its debt facilities and an $80 million equity capital raising to strengthen its financial position. During FY10, with business conditions still challenging, SKILLED focussed on business improvement and debt reduction initiatives and by 30 June 2010 gearing had declined to 35%. Following a strategic review, in August 2010 it was decided that SKILLED should further reduce debt and, in February 2011, a $53 million equity capital raising was announced.

Since FY11 SKILLED has focussed on reshaping and rejuvenating its business. It has:

- removed around $65 million in costs from the business including personnel, occupancy and other operating costs;
- divested a number of businesses (Excelior and Tradeforce NZ in FY12);
- commenced a major business transformation project in its Workforce Services business unit; and
- made a number of acquisitions to strengthen its existing engineering and marine activities including the acquisition of Broadsword Marine Contractors Pty Ltd ("Broadsword Marine") and T&C Services Pty Limited ("Thomas & Coffey") in FY14 and the acquisition of the remaining 50% of Offshore Marine Services Alliance Pty Limited ("OMSA") in FY15.

SKILLED is headquartered in Melbourne and had a market capitalisation of around $364 million prior to announcement of the Scheme.

4.2 Business Operations

Historically, SKILLED has been a provider of labour hire and workforce services to enable clients to efficiently manage their workforce requirements. Over time, it has expanded its activities beyond its traditional "blue collar" labour hire activities to white collar and professional labour hire as well as personnel recruitment, training services, engineering services and offshore support services. With a network of over 80 offices, SKILLED is the largest participant in the temporary staff services market in Australia, with an 8.9% market share[8]. SKILLED employs around 1,200 staff in its corporate office and business units.

SKILLED operates three business units, Workforce Services, Technical Professionals and Engineering & Marine Services, each consisting of a number of businesses operating under a variety of brands. In FY15, around 95% of SKILLED's revenue was derived in Australia and the mining and oil and gas sectors contributed over 57% of revenue. Engineering & Marine Services generated 46% of SKILLED's revenue (68% of EBITDA):

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[10] Gearing is net borrowings divided by net assets plus net borrowings.

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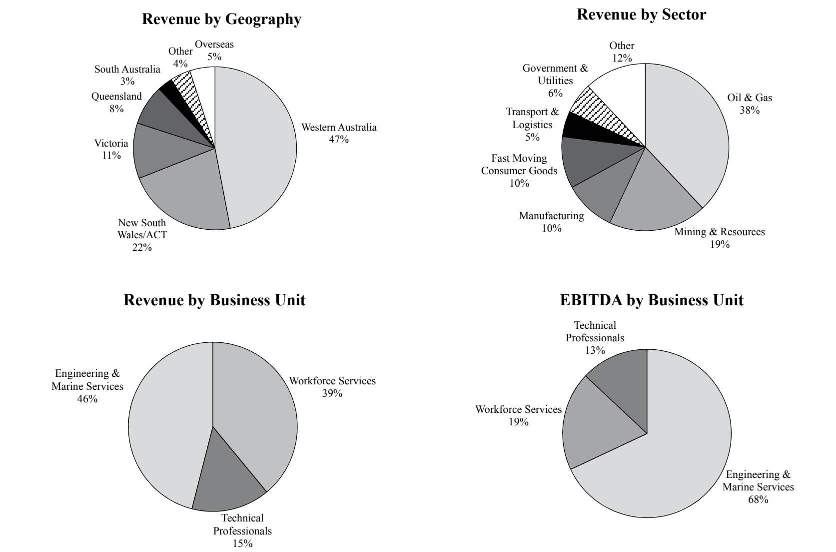
SKILLED – Year ended 30 June 2015



Source: SKILLED

Note: EBITDA is before unallocated corporate costs. Revenue and EBITDA includes SKILLED's proportional share of the revenue and EBITDA of OMSA prior to consolidation from November 2014 and SKILLED's share of profits of its equity accounted 50% interest in GSS JV.

SKILLED's business units are described below and their operating performance is discussed in Section 4.3 of this report.

Workforce Services

Workforce Services provides contingent labour and specialises in blue collar trades across a wide range of sectors including mining and resources, manufacturing, transport and logistics, government and utilities. It operates under a number of brands including *SKILLED* and *TESA*.

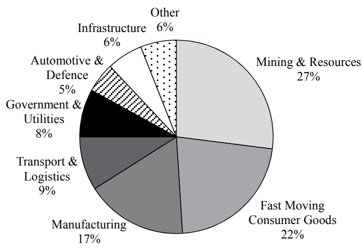
Workforce Services provides clients with access to skilled and unskilled labour on a temporary basis. The person is typically a casual employee of SKILLED and the rates charged to the client take into account relevant industrial awards and enterprise agreements and other employer obligations (e.g. worker's compensation, superannuation, payroll tax, insurance). This enables employers to meet temporary demand for additional labour resources (e.g. surges in demand for services, equipment installation) or a specific short term requirement.

Workforce Services operates through a national branch network supported by centralised fulfilment teams. Depending on their location, branches service a mix of national and local clients. Depending on the nature of the work requested, branches or one of the centralised fulfilment teams source and mobilise the required workforce. Branches then support that workforce as required by the client (i.e. safety training, rostering etc.). Branches are also important for client sales (particularly to local clients and small and medium sized enterprises) and are supported by business development personnel on a geographic basis.

Workforce Services provides services to 1,300 clients monthly but its revenue base is concentrated in a small number of key accounts (generally national in nature). The top 50 clients represent around 70% of revenue with its top five clients accounting for around 30-40%. The key accounts are generally managed under contracts with three year terms. A number of Workforce Services' major clients have had long term business relationships with SKILLED.

Workforce Services accounted for 39% of SKILLED's revenue in FY15 and 19% of EBITDA. The contribution of each sector to this revenue was:

Workforce Services – FY15 Revenue by Sector



Source: SKILLED

Workforce Services' earnings are influenced by overall economic conditions but sector and regional specific conditions can also have a material impact on performance, as evidenced by the effect of the recent downturn in the mining sector. The variety of sectors in which it operates and its national footprint provides an element of downside protection but, in recent years Workforce Services has faced considerable margin pressure due to subdued demand for labour, pricing pressure from clients and intense competitive activity. These factors have been exacerbated by the structural change resulting from the growth in internet-enabled technologies providing alternatives for users of temporary labour.

For many years, the Workforce Services business has been seen as a leader in the blue collar segment of the Australian contingent worker sector. Workforce Services' competitive advantages are considered to be its national footprint, the range of skilled and unskilled people it has access to, its brand reputation, safety track record, deep client relationships and long history of collaborative operations on industrial work sites. It has numerous competitors, including a large number of local and regional players and a smaller number of national players (e.g. Programmed, Chandler Macleod). However, these market participants generally focus on specific segments of Workforce Services' target market.

During FY15 Workforce Services commenced a major business transformation project involving improvements to systems and organisational capabilities (including automation of previously manual processes), centralisation of certain activities to allow the branch network to focus on the delivery of profitable growth and rationalisation of the branch network. Workforce Services' objective is to be the lowest cost provider of labour hire services while at the same time retaining a strong sales and service orientation. SKILLED has also invested significant resources into back office information technology ("IT") systems to improve and simplify processes (including the development of an improved customer relationship management system) to provide a platform for growth. Through this project, Workforce Services is also seeking to improve its responsiveness, strengthen client relationships and engagement and to protect against technology changes by increasing the digital facilitation of its services. The business transformation project is being rolled out over the period to FY17 with benefits to emerge over this time.

Technical Professionals

Technical Professionals provides predominantly white collar workers across Australia through a range of services that complement the blue collar activities of Workforce Services. The sectors in which Technical Professionals operate include IT, telecommunications, business professionals (e.g. accounting, administration, engineering) and nursing, with personnel employed on a casual, contract or permanent basis.

Technical Professionals operates a number of businesses targeting different market segments under the following brands:

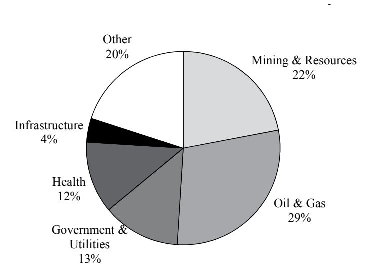
- *Mosaic Recruitment,* which specialises in sourcing and placing permanent, contract and temporary professional, IT, government and business support staff at all levels in a range of industries. It operates in Melbourne, Sydney, Adelaide, Canberra and Brisbane and competes with a wide range of general recruitment businesses (e.g. Chandler Macleod, Hays, Adecco) as well as specialist IT recruitment firms;
- *SKILLED Professional & Technical,* provides contracts and permanent staff for engineering, project management, health and safety and other technical roles, typically for clients of the wider SKILLED group;
- *PeopleCo,* provides white and some blue collar workers primarily to small to medium sized businesses across Australia. Its competitors include major white collar recruiters as well as small local businesses;
- *SWAN Contract Personnel ("SWAN"),* provides services relating to the engagement of contractors in the professional, technical and engineering sectors specialising in resources (including onshore and offshore oil and gas, petrochemicals, mineral and infrastructure projects). Due to its focus on the resources sector (particularly in Western Australia), SWAN has recently experienced a significant fall in the number of contractors for which it is providing engagement services. It generally competes with other white collar recruitment businesses; and
- *SKILLED Health,* provides staffing solutions to the healthcare industry in Australia. It includes Nursing Australia, a national nursing agency.

In addition, this business unit includes:

- Training Services which recruits, trains and manages apprentices and trainees across a range of industries working in partnership with clients to provide structured, entry-level vocational training and employment opportunities. As an accredited Group Training Organisation, it employs apprentices/trainees and places them with SKILLED's clients and as a Registered Training Organisation, it provides a range of training to nationally recognised qualifications and regulatory requirements; and
- Damstra Technology Solutions ("Damstra")[11] which specialises in workforce management, compliance and safety management providing a proprietary web based technology, Damstra Total Workforce Management System. This system allows clients to manage their site-based workforce, contractors and visitors. It captures and reports on employee skills, competencies, induction status, training, appointments, insurances and hours worked.

Technical Professionals accounted for 15% of SKILLED's revenue in FY15 and 13% of EBITDA. The contribution of each sector to this revenue was:

Technical Professionals – FY15 Revenue by Sector



Source: SKILLED

[11] Although Damstra's financial performance is reported in Technical Professionals, it operates as part of the Engineering & Marine business unit.

While the range of sectors in which Technical Professionals operates provides some diversification benefits, its overall earnings have been significantly affected by the impact on SWAN of the slowdown in the mining and oil and gas sectors and the consequent flow on effect on engineering project activity and demand for technical professional roles. In response, the cost base of the business unit has been reduced.

Engineering & Marine Services

The Engineering & Marine Services business unit comprises two main activities:

- **Engineering**: provides contract maintenance and engineering services under the *Thomas & Coffey*, *ATIVO* and *Pacific Relines* brands. It delivers projects and capital works, whole of life maintenance services (installations, commission, operations and production, decommissioning), infrastructure maintenance and shutdowns, outages, relines and turnarounds in the mining, manufacturing, maritime, industrial and energy sectors. In addition, Damstra operates as part of Engineering (although its financial performance is reported in Technical Professionals).

  ATIVO was SKILLED's original engineering business. It operated primarily in Western Australia, South Australia and the Northern Territory, working closely with the Workforce Services business unit in providing contingent workforces of trades personnel to projects. Thomas & Coffey was acquired in February 2014 and added pre-emptive maintenance and fabrication capability as well as an east coast footprint to SKILLED's engineering activities. Pacific Relines delivers mill relining plant maintenance services.

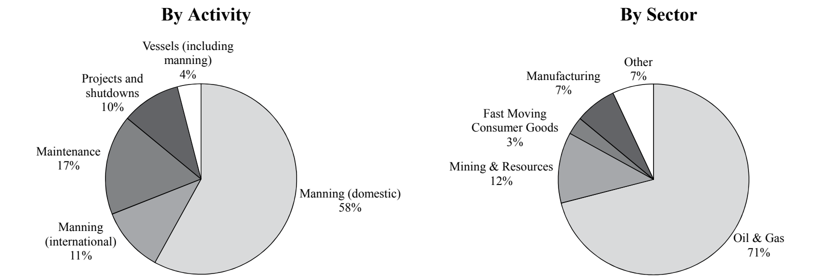
  Engineering now has a national footprint and focuses on operational support rather than construction. It competes against parties such as ASX listed companies Transfield, UGL, Monadelphous and CIMIC. Although Engineering has a stable client base, the sector in which it operates is highly competitive; and

- **Marine Services**: which comprises four businesses:
  - **SKILLED Offshore**: provides drilling and marine manning services to offshore drilling rigs and vessels in Australia and New Zealand, primarily for international clients. In recent times, its activities have included construction support manning for the Saipem contract, which involves the provision of construction and marine crews on the pipe laying vessels for the gas export pipeline of the Ichthys LNG Project, offshore Northern Territory. The contract was awarded in October 2013 and is expected to complete during FY16. Its competitors in Australia and New Zealand include Programmed Total Marine Services, Australian Offshore Solutions ("AOS"), Go Offshore, Morgan Marine Australia and Brunel International. A competitive advantage of this business is its expertise in the management of Australian unionised workforces for international clients;
  - **SKILLED International**: provides specialist personnel to oil and gas projects internationally with offices in Australia, New Zealand, Malta, Singapore, United Arab Emirates, United Kingdom and the United States. Clients typically approach this business to source specialist personnel to meet project requirements. Personnel are employed by SKILLED but assigned to the clients' projects. SKILLED International's competitors include Fircroft, Swift Worldwide Resources and Brunel International;
  - **OMSA**: provides tugs, barges and associated services to the Gorgon LNG Project in north west Australia including the use of bareboat charter. The contract commenced in 2009 and is scheduled to conclude during FY16. Although the Gorgon contract is expected to complete during FY16, OMSA proposes to leverage this experience to tender for other similar work and to extend its activities into operational support roles; and
  - **Broadsword Marine**: Broadsword Marine operates in the Northern Territory, Western Australia and Queensland providing inshore and offshore shallow water services with a fleet of small to medium vessels, primarily to the oil and gas sector. The recent downturn in these sectors has reduced the profitability of Broadsword Marine and this operation and its activities are being refocussed on operational support for production assets. Its main competitors are private companies AOS and Bhagwan Marine and ASX listed company MMA Offshore Limited.

Except for Broadsword Marine and OMSA, Marine Services is primarily a manning operation. It takes limited contract risk and is dependent on ongoing client relationships. In recent years it has increased its involvement in construction project activity but these generally represent an extension of its existing marine manning and servicing expertise.

Engineering & Marine Services accounted for 46% of SKILLED's revenue in FY15 and 68% of EBITDA. Around 90% of revenue is derived in Australia (primarily in Western Australia) and the contribution by activity and sector to this revenue was:

Engineering & Marine Services – FY15 Revenue



Source: SKILLED
Note: Includes proportional share of OMSA's revenue for period prior to consolidation on 1 November 2014 and a 50% share of the profits of GSS JV.

Engineering & Marine Services' earnings are subject to general market conditions but also have significant exposure to individual contracts. It is well positioned to respond to changes in economic conditions given its diversified exposure across a range of sectors. The recent fall in the oil price is expected to have limited impact on the outlook for the business unit due to its focus on the provision of services for operating assets.

4.3 Financial Performance

After a period of expansion in positive economic conditions prior to FY09, SKILLED has faced challenging trading conditions. Nevertheless, since FY11 SKILLED has held overall profit margins relatively stable while improving its financial position. However, analysis of SKILLED's operating performance on a consolidated basis is made difficult by acquisition activity and other factors. In particular:

- revenue and profit growth in FY11 and FY12 primarily reflects activity levels in the oil and gas sector, offset by the slowdown in the mining sector;
- the acquisition of Broadsword Marine (July 2013) and Thomas & Coffey (February 2014) compensated for declining revenue and profits in SKILLED's existing businesses in FY14; and
- revenue and profit growth in FY15 reflect full year contributions from the Saipem contract and the Thomas & Coffey acquisition, the consolidation of OMSA following acquisition of the remaining 50% of that business in November 2014 as well as the impact of business improvement initiatives.

In addition, NPAT[12] for FY15 was impacted by a $60 million goodwill impairment charge as a consequence of the fair values implied by the Scheme.

12 NPAT is net profit after tax.

The financial performance of SKILLED for the five years to 30 June 2015 is summarised below:

SKILLED - Financial Performance ($ millions)

	Year ended 30 June				
	2011 restated[13]	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**1,819.8**	**1,890.0**	**1,868.2**	**1,869.6**	**2,046.5**
EBITDA[14] (per segment reporting)[15]	**82.3**	**93.0**	**95.1**	**95.3**	**102.4**
Depreciation and software amortisation[16]	(22.2)	(12.3)	(10.3)	(12.4)	(15.9)
EBITA[17] (per segment reporting)[15]	**60.1**	**80.7**	**84.8**	**82.9**	**86.5**
Amortisation of acquired intangible assets	(2.5)	(1.0)	(0.1)	(4.5)	(10.2)
EBIT[18, 15]	**57.6**	**79.7**	**84.7**	**78.4**	**76.3**
Net interest expense	(23.2)	(7.6)	(3.8)	(7.8)	(10.8)
Significant and non-recurring items	(22.8)	(7.5)	(3.7)	(10.0)	(68.1)
Operating profit before tax	**11.6**	**64.6**	**77.2**	**60.6**	**(2.6)**
Income tax expense	(4.5)	(19.7)	(21.0)	(16.4)	(14.1)
Discontinued operations[13]	(4.0)	4.4	-	-	-
NPAT attributable to SKILLED shareholders	**3.1**	**49.3**	**56.2**	**44.2**	**(16.7)[19]**
Statistics					
Basic earnings per share	*1.6¢*	*21.1¢*	*24.1¢*	*18.9¢*	*(7.1¢)[19]*
Dividends per share	*3.0¢*	*13.0¢*	*16.0¢*	*17.0¢*	*17.0¢*
Dividend payout ratio	*192%*	*62%*	*67%*	*90%*	*nmf[20]*
Amount of dividend franked	*100%*	*100%*	*100%*	*100%*	*100%*
Revenue growth	*10.9%*	*3.9%*	*(1.2%)*	*0.1%*	*9.5%*
EBITDA growth	*21.2%*	*13.0%*	*2.2%*	*0.3%*	*7.4%*
EBITA growth	*14.7%*	*34.2%*	*5.0%*	*(2.2%)*	*4.3%*
EBITDA margin	*4.5%*	*4.9%*	*5.1%*	*5.1%*	*5.0%*
EBITA margin	*3.3%*	*4.3%*	*4.5%*	*4.4%*	*4.2%*
Interest cover[21]	*3.5x*	*12.2x*	*25.2x*	*12.3x*	*9.4x*

Source: SKILLED and Grant Samuel analysis

Depreciation and software amortisation expense relates to the depreciation of leasehold improvements, plant and equipment, marine vessels and capitalised software development costs. Amortisation of acquired intangible assets primarily relates to the amortisation of amounts paid for trademarks, brand names, customer contracts and other intangibles such as databases, non-compete agreements, contracts and bareboat charters.

Significant and non-recurring items reported by SKILLED are summarised below:

13 Restated to recognise the Excelior and Tradeforce NZ businesses (which were sold in FY12) as discontinued operations.

14 EBITDA is earnings before net interest, tax, share of profits of equity accounted associates, depreciation and software amortisation, amortisation of acquired intangible assets and significant and non-recurring items.

15 For SKILLED in this Section 4.3 only, EBITDA, EBITA and EBIT are inclusive of the share of profits of equity accounted associates.

16 Depreciation and software amortisation decreased in FY12 as databases had been fully amortised by 30 June 2011.

17 EBITA is earnings before net interest, tax, share of profits of equity accounted associates, amortisation of acquired intangible assets and significant and non-recurring assets.

18 EBIT is earnings before net interest, tax share of profits of equity accounted associates and significant and non-recurring items.

19 Before recognition of the goodwill impairment charge, NPAT would be $43.3 million, basic earnings per share would be 18.4¢ and the dividend payout ratio would be 92.4%.

20 nmf = not meaningful.

21 Interest cover is EBITDA divided by net interest.

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SKILLED – Significant and Non-Recurring Items ($ millions)					
	Year ended 30 June				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Redundancy and branch closure costs	(6.0)	(2.6)	(2.5)	(3.0)	(2.9)
Notional interest on deferred acquisition payments	(1.0)	(0.5)	-	(1.3)	(0.8)
Acquisition, divestment and integration costs	(1.0)	-	(0.6)	(4.0)	(1.7)
Goodwill impairment	(10.7)	-	-	-	(60.0)
Strategic initiatives costs	-	-	-	-	(1.7)
CEO transition costs	-	-	-	-	(1.0)
Equity accounted amortisation of intangible assets	-	-	(0.6)	(1.7)	-
Bank establishment fees written off	(4.1)	-	-	-	-
Legal settlement	-	(4.4)	-	-	-
Total	**(22.8)**	**(7.5)**	**(3.7)**	**(10.0)**	**(68.1)**

Source: SKILLED

SKILLED's recent operating performance can be analysed by business unit as follows:

- **Workforce Services**

  The operating performance of Workforce Services for the five years ended 30 June 2015 is summarised below. The FY10 and FY11 results of this business unit have been restated by SKILLED to reflect the sale of Tradeforce NZ in January 2012:

Workforce Services – Operating Performance ($ millions)					
	Year ended 30 June				
	2011 restated	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**928.7**	**933.5**	**918.3**	**884.3**	**799.4**
EBITDA	**42.3**	**46.1**	**40.8**	**35.2**	**22.8**
Depreciation and software amortisation	(6.3)	(5.6)	(5.0)	(5.1)	(5.5)
EBITA	**36.0**	**40.5**	**35.8**	**30.1**	**17.3**
Statistics					
Revenue growth	*12.8%*	*0.5%*	*(1.6%)*	*(3.7%)*	*(9.6%)*
EBITDA growth	*7.0%*	*9.2%*	*(11.6%)*	*(13.8%)*	*(35.2%)*
EBITA growth	*6.5%*	*12.5%*	*(11.6%)*	*(16.1%)*	*(42.4%)*
EBITDA margin	*4.6%*	*4.9%*	*4.4%*	*4.0%*	*2.9%*
EBITA margin	*3.9%*	*4.3%*	*3.9%*	*3.4%*	*2.2%*

Source: SKILLED and Grant Samuel analysis (see Appendix 1)

Revenue and earnings for Workforce Services increased in FY11 and FY12 but fell in FY13. However, FY14 and FY15 have seen a significant fall in revenue, declining margins and a substantial decline in profitability. This reflects a number of factors including the reduced demand for labour as a consequence of the sharp fall in bulk commodity prices and the impact of structural change on the business with the growth in internet-enabled technologies providing alternatives for users of temporary labour. Activity levels have been variable across sectors and geographies and margins have come under pressure as clients have sought to lower rates or obtain more services at the same cost in challenging operating conditions across all sectors. FY15 saw a sharp drop in both revenue and margin as a consequence of margin pressure in the resources sector and client insourcing as well as the accelerating structural change in weak trading conditions. In response to the market conditions Workforce Services accelerated its cost reduction program. The outlook is for conditions to remain challenging.

Substantial costs have been removed from Workforce Services over the last three years primarily by the reduction in personnel and other costs and rationalisation of the branch network. Nevertheless, profit margins have declined. As a consequence, a business transformation project has commenced to create a platform for growth (including increased automation, centralisation of processes, improved customer relationship management systems). The benefits of this project are expected to emerge over the period to FY17.

- **Technical Professionals**

The operating performance of Technical Professionals for the five years ended 30 June 2015 is summarised below. The FY10 and FY11 results of this business unit have been restated to include the Training Services business (previously accounted for in a business unit that no longer exists following the sale of the Excelior business in October 2011) and adjusted by Grant Samuel (see Appendix 1) to exclude non-recurring amortisation of acquired databases:

Technical Professionals – Operating Performance ($ millions)					
	Year ended 30 June				
	2011 restated	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**433.0**	**507.4**	**488.9**	**375.0**	**312.6**
EBITDA	**22.5**	**29.1**	**26.8**	**16.6**	**14.7**
Depreciation and software amortisation	(3.8)[22]	(4.1)	(3.0)	(2.2)	(2.4)
EBITA	**18.7**[22]	**25.0**	**23.8**	**14.4**	**12.3**
Statistics					
Revenue growth	*19.3%*	*17.2%*	*(3.6%)*	*(23.3%)*	*(16.6%)*
EBITDA growth	*17.2%*	*29.2%*	*(7.8%)*	*(38.1%)*	*(11.3%)*
EBITA growth	*23.1%*	*33.3%*	*(4.7%)*	*(39.7%)*	*(13.7%)*
EBITDA margin	*5.2%*	*5.7%*	*5.5%*	*4.4%*	*4.7%*
EBITA margin	*4.3%*	*4.9%*	*4.9%*	*3.8%*	*4.0%*

Source: SKILLED and Grant Samuel analysis (see Appendix 1)

Technical Professionals delivered strong growth in revenue and earnings through FY11 and FY12, primarily reflecting strong levels of activity in the mining and oil and gas sectors. Revenue and earnings for FY13 were marginally down, but the completion of a number of major development projects together with the slide in commodity prices in FY14 and FY15 has had a major impact on the business, with FY15 earnings half of peak earnings in FY12. The outlook is for modest growth with the prospects for SWAN, in particular, remaining challenging.

- **Engineering & Marine Services**

The operating performance of Engineering & Marine Services for the five years ended 30 June 2015 is summarised below. Revenue, EBITDA and EBITA exclude SKILLED's share of OMSA's profits until the remaining 50% of that business was acquired in November 2014:

Engineering & Marine Services – Operating Performance ($ millions)					
	Year ended 30 June				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**461.3**	**452.1**	**463.1**	**614.1**	**940.5**
EBITDA	**30.0**	**32.1**	**35.6**	**54.5**	**79.1**
Depreciation and software amortisation	(2.2)	(1.8)	(1.9)	(4.9)	(8.0)
EBITA	**27.8**	**30.3**	**33.7**	**49.6**	**71.1**
Share of OMSA's NPAT[23]	**3.7**	**4.4**	**5.7**	**4.0**	**0.9**
Statistics					
Revenue growth	*0.9%*	*(2.0%)*	*2.4%*	*32.6%*	*53.2%*
EBITDA growth	*27.4%*	*7.0%*	*11.0%*	*53.1%*	*45.1%*
EBITA growth	*32.6%*	*8.9%*	*11.3%*	*47.2%*	*43.3%*
EBITDA margin	*6.5%*	*7.1%*	*7.7%*	*8.9%*	*8.4%*
EBITA margin	*6.0%*	*6.7%*	*7.3%*	*8.1%*	*7.6%*

Source: SKILLED and Grant Samuel analysis (see Appendix 1)

22 Adjusted for non-recurring database amortisation (see Appendix 1).

23 SKILLED's equity accounted share of the NPAT of OMSA until the remaining 50% of the business was acquired in November 2014. SKILLED's interest in OMSA increased from 33.3% to 50% in February 2013 and to 100% in November 2014. OMSA is now an operating business of the Engineering & Marine Services business unit.

After three years of flat revenue and modest growth in earnings, Engineering & Marine Services recorded strong growth in earnings in FY14, primarily reflecting the acquisitions of Broadsword Marine (July 2013) and Thomas & Coffey (February 2014), both of which are higher margin businesses. FY15 reflects:

- the first full year contribution of Thomas & Coffey and the process to integrate its activities with ATIVO;
- the consolidation of OMSA from 1 November 2014;
- a full year contribution from the Saipem contract; and
- low level of vessel utilisation in Broadsword Marine in the second half of the year.

The near term financial performance of Engineering & Marine Services will be affected by the completion of the Saipem and Gorgon contracts during FY16.

- **Corporate**

In recent years unallocated corporate costs have fluctuated primarily reflecting the restructuring of SKILLED's business:

Corporate – Operating Performance ($ millions)					
	Year ended 30 June				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
EBITDA	**(16.2)**	**(18.7)**	**(13.8)**	**(14.7)**	**(15.1)**
Depreciation and software amortisation	(1.9)	(0.8)	(0.4)	(0.2)	(0.1)
EBITA	**(18.1)**	**(19.5)**	**(14.2)**	**(14.9)**	**(15.2)**

Source: SKILLED and Grant Samuel analysis (see Appendix 1)

On an ongoing basis, SKILLED expects unallocated corporate costs will be around $15.0 million per annum (EBITDA level), including listed company costs (including directors' fees, investor relations, share registry and ASX fees, annual report costs, audit fees, etc.) of approximately $3.3 million.

Business Initiatives

Since 2010 SKILLED has been focussed on transforming its business operations to leverage its existing competitive position as the market leader in the provision of flexible workforce solutions in Australia. The first stage of this process involved strengthening its financial position, instituting financial discipline around cost control, reducing participation in underperforming, non core or high risk businesses, improving operational processes and building capability. It is estimated that cost reductions, project centralisation and efficiency programs have delivered around $65 million in cost savings since FY11.

The appointment of a new Chief Executive Office in January 2015 provided an opportunity for SKILLED to review its business strategy in the context of current and projected business conditions. Accordingly, in conjunction with advisers, SKILLED has undertaken a detailed review of its business operations and identified opportunities for SKILLED to better deliver productivity solutions for customers. The opportunities identified mirror and enhance the major business transformation project currently underway in Workforce Services. Implementation of the initiatives identified in the review has been put on hold following the announcement of the Scheme.

Outlook

SKILLED has not publicly released earnings forecasts for FY16 or beyond. In order to provide an indication of the expected future financial performance of SKILLED, Grant Samuel has considered brokers' forecasts for SKILLED (see Appendix 2) as follows:

SKILLED – Financial Performance ($ millions)			
	Year end 30 June		
	2015 (actual)	Broker Consensus (Median) 2016	2017
Revenue	2,046.5	1,884.5	1,807.2
EBITDA[24]	101.5	86.2	78.5
EBITA[24]	85.6	73.8	65.2
NPAT (before goodwill impairment)	43.3[19]	41.4	36.6

Source: Grant Samuel analysis (see Appendix 2)

All of the brokers reports were published following the release of SKILLED's FY15 results on 5 August 2015. The median broker consensus forecasts indicate a decline in revenue and operating earnings over the period to FY17, reflecting the trends underlying the results for FY15 and the impact of the completion of the Saipem and Gorgon contracts on SKILLED's future earnings.

4.4 Financial Position

The financial position of SKILLED as at 30 June 2015 is summarised below:

SKILLED - Financial Position ($ millions)	As at 30 June 2015 actual
Debtors and prepayments	310.1
Inventories	1.5
Creditors, accruals and provisions	(225.4)
Net working capital	**86.2**
Property, plant and equipment (net)	84.6
Goodwill	361.4
Other intangible assets (net)	63.7
Investment in GSS JV (50%)	0.5
Other assets (non current)	2.7
Deferred tax assets (net)	8.3
Deferred purchase consideration	(21.6)
Provisions (non current)	(13.5)
Total funds employed	**572.3**
Cash and short term deposits	13.3
Bank loans and finance leases	(159.4)
Net borrowings	**(146.1)**
Net assets attributable to SKILLED shareholders	**426.2**
Statistics	
Shares on issue at period end (million)	235.8
Net assets per share	$1.81
NTA[25] per share	$-
Gearing (net borrowings/net assets plus net borrowings)	25.5%

Source: SKILLED and Grant Samuel analysis

Property, plant and equipment (net) comprises leasehold improvements ($9.9 million), plant and equipment ($14.0 million) and marine vessels ($60.7 million). Marine vessels include those owned by Broadsword Marine at acquisition as well as other vessels purchased during FY14 to support that business.

Goodwill relates to the acquisition of businesses and is allocated to business units as follows:

24 Before share of profits of equity accounted associates.
25 NTA is net tangible assets, which is calculated as net assets less goodwill and other intangible assets (net).

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SKILLED – Goodwill	
	$ millions
Engineering & Marine Services	223.8
Workforce Services	97.7
Technical Professionals	39.9
Total	**361.4**

Source: SKILLED

Other intangible assets (net) include acquired trademarks, brand names, customer contracts, bareboat charters and restraints ($29.2 million) and capitalised software and licences ($34.5 million). With the exception of the SKILLED trademark and brand name ($14 million), acquired intangible trademarks, brand names and customer contracts are amortised over periods of 1-5 years, software and licences are amortised over periods of 3-12 years and other intangibles are amortised over the life of the relevant agreement/contract/charter.

SKILLED's investment in GSS JV is accounted for as an equity accounted investment and therefore book value at 30 June 2015 of $0.5 million represents a 50% interest in the net assets of GSS JV. GSS JV is based in Darwin and specialises in marine logistics services for the oil and gas sector. The ownership and operations of GSS JV are governed by a Shareholders' Agreement.

Deferred purchase consideration ($21.6 million) represents the consideration remaining to be paid in relation to the acquisition of Broadsword Marine on 3 July 2013 and the acquisition of the remaining 50% of OMSA on 1 November 2014. The purchase consideration of Broadsword $75.5 million comprised a $48.8 million upfront payment and $26.7 million payable over three years with an additional amount of up to $24.5 million payable if three year EBITDA growth exceeds agreed stretch targets. The purchase consideration of OMSA of $16.1 million includes deferred consideration in relation to a small number of contingent items. The deferred consideration amount at 30 June 2015 represents:

- the present value of the second and third instalments in relation to Broadsword Marine (the second instalment was paid on 3 July 2015) ($17.4 million);
- the fair value of the contingent consideration for Broadsword Marine ($nil); and
- consideration payable in relation to OMSA in respect of contingent items ($4.2 million).

All outstanding payments in respect of Broadsword Marine are expected to be finalised within four months of 30 June 2016.

At 30 June 2015, SKILLED's book gearing was 25.5%. It had net borrowings of $146.1 million comprising cash and short term deposits of $13.3 million and interest bearing liabilities of $159.4 million:

SKILLED – Net Borrowings at 30 June 2015 ($ millions)			
Facility	**Facility Size**	**Amount Drawn**	**Maturity**
Syndicated Loan			
- Tranche 1	130.0	98.9	February 2018
- Tranche 2	130.0	25.6	February 2019
- Tranche 3	60.0	-	February 2020
Working Capital Facility	90.0	32.0	August 2015
Market Rate Advance Facility	22.5	3.0	Annual review
Bank Overdraft	11.3	0.6	Annual review
Asset Finance Leases	0.4	0.4	Various < 3 year
	444.2	**160.5**	
Capitalised borrowing costs	-	(1.1)	
Total interest bearing liabilities	**444.2**	**159.4**	
Cash and short term deposits		(13.3)	
Net borrowings		**146.1**	

Source: SKILLED

SKILLED refinanced its syndicated loan facility in December 2014. The facility is secured by fixed and floating charges over the assets of the consolidated SKILLED group and is subject to various covenants. The $90 million working capital facility (which relates to the Saipem contract) is due to mature in August 2015 and will not be replaced. Finance lease liabilities are secured over the subject assets.

At 30 June 2015, SKILLED disclosed the following contingent liabilities:

- bank guarantees for various contracts totalling $63.9 million;
- a number of legal claims where the outcome is uncertain. Where possible provision has been made but the outcome may be different to that estimated; and
- contractual obligations in relation to permanent field employees in certain circumstances. No provision is recognised until there is an obligation to make a payment.

Under the Australian tax consolidation regime, SKILLED and its wholly owned Australian resident entities have elected to be taxed as a single entity. SKILLED has no carried forward income tax losses and has approximately $0.5 million of carried forward Australian capital losses. At 30 June 2015, SKILLED had $81.2 million of accumulated franking credits ($71.6 million after allowance for the final FY15 dividend).

4.5 Cash Flow

SKILLED's cash flow for the five years ended 30 June 2015 is summarised below:

SKILLED - Cash Flow ($ millions)	Year ended 30 June				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
EBITDA (per segment reporting)	**82.3**	**93.0**	**95.1**	**95.3**	**102.4**
Changes in working capital and other adjustments[26]	(13.1)	(4.2)	12.5	(25.3)	23.8
Capital expenditure	(7.0)	(8.2)	(11.3)	(51.0)	(16.9)
Operating cash flow	**62.2**	**80.6**	**96.3**	**19.0**	**109.3**
Tax paid	(3.3)	(8.1)	(27.8)	(20.2)	(18.4)
Net interest paid	(20.2)	(9.1)	(3.9)	(7.2)	(10.1)
Dividends paid	-	(18.7)	(35.0)	(38.7)	(40.0)
Acquisitions (including deferred consideration payments)	(20.3)	(10.2)	(27.0)	(78.0)	(17.1)
Proceeds from share issues (net)	69.2	0.4	0.2	(1.5)	0.1
Proceeds from sale of business and assets	0.2	11.8	2.2	1.3	0.2
Net cash generated (used)	**87.8**	**46.7**	**5.0**	**(125.3)**	**24.0**
Net cash (borrowings) – opening	*(184.4)*	*(96.5)*	*(49.8)*	*(44.8)*	*(170.1)*
Net cash (borrowings) – closing	*(96.5)*	*(49.8)*	*(44.8)*	*(170.1)*	*(146.1)*

Source: SKILLED and Grant Samuel analysis

SKILLED undertook equity capital raisings in FY10 and FY11 to strengthen its financial position and no dividends were paid in FY11. Payments for acquisitions prior to FY14 primarily relate to the payment of deferred consideration while in FY14 SKILLED acquired Thomas & Coffey and Broadsword Marine for cash (although for Broadsword Marine a portion of the purchase price was deferred over a three year period). In FY14 SKILLED acquired additional vessels (which had previously been leased) for the Broadsword Marine business and in FY15 SKILLED acquired the remaining 50% of OMSA. In addition, across the period SKILLED has incurred significant expenditure on software.

26 Including release of accounting provisions for deferred consideration for business acquisitions when the payments were made.

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4.6 Capital Structure and Ownership

SKILLED has the following securities on issue:

- 235,898,291 ordinary shares;
- 1,840,667 options over ordinary shares; and
- 2,929,505 performance rights over ordinary shares.

In addition, SKILLED may issue up to a further 1,112,000 performance rights if certain performance criteria are met. SKILLED may also issue 538,000 performance rights to its CEO (Angus McKay), in accordance with the terms of his service contract.

At 30 June 2015, there were 8,434 registered shareholders in SKILLED. The top 20 registered shareholders accounted for approximately 68% of shares on issue and, other than interests associated with the Hargrave family, are principally institutional nominee or custodian companies. SKILLED's registered shareholders are predominantly Australian based investors and over 80% hold less than 10,000 shares although this represents less than 10% of shares on issue.

SKILLED has received notices from the following substantial shareholders:

SKILLED– Substantial Shareholders

Shareholder	Date of Notice	Number of Shares	Percentage
Westpac Banking Corporation	15 May 2015	19,605,984 [27]	8.3%
Gregory MacKenzie Hargrave	13 May 2015	17,391,709	7.4%
BT Investment Management Limited	25 June 2015	16,516,135	7.0%
Celeste Funds Management Limited	13 August 2015	15,078,514	6.4%
Commonwealth Bank of Australia	5 August 2015	11,864,144	5.0%

Source: SKILLED

SKILLED operates a long term incentive plan under which senior executives may be granted options or performance rights or a combination thereof. Options and performance rights have no dividend entitlements or voting rights. However, each entitles the participant to receive one SKILLED ordinary share at a future time for (in the case of options) the exercise price and (in the case of performance rights) for nil consideration subject to achievement of performance hurdles, service conditions and vesting periods. In the event of a change of control, the Board has discretion to determine the treatment of unvested options and performance rights[28].

SKILLED also operates:

- a short term incentive plan under which, subject to performance hurdles, eligible participants may be entitled to a cash amount for annual performance; and
- an employee share acquisition plan under which employees can acquire up to 1,000 shares per annum funded by a loan from SKILLED repayable by payroll deduction. These shares are held in trust by a wholly owned subsidiary of SKILLED until the loan is repaid. At 30 June 2015, 55,250 shares are held in trust under this plan.

SKILLED operates a dividend reinvestment plan which enables investors to reinvest some or all of their distributions in new ordinary shares at a discount determined by the SKILLED Board. The plan has been suspended since the final dividend declared in relation to FY11.

27 Westpac Banking Corporation's relevant interest in SKILLED includes the relevant interest of BT Investment Management Limited ("BTIM") in SKILLED by virtue of its holding of more than 20% of the shares in BTIM. On 25 June 2015 BTIM updated the details of its substantial shareholding and, as a consequence, there may be an inconsistency between the two notices.

28 The Scheme Implementation Agreement specifies that the maximum number of performance rights and options that may vest and be issued as SKILLED shares is 1,200,000.

4.7 Share Price Performance

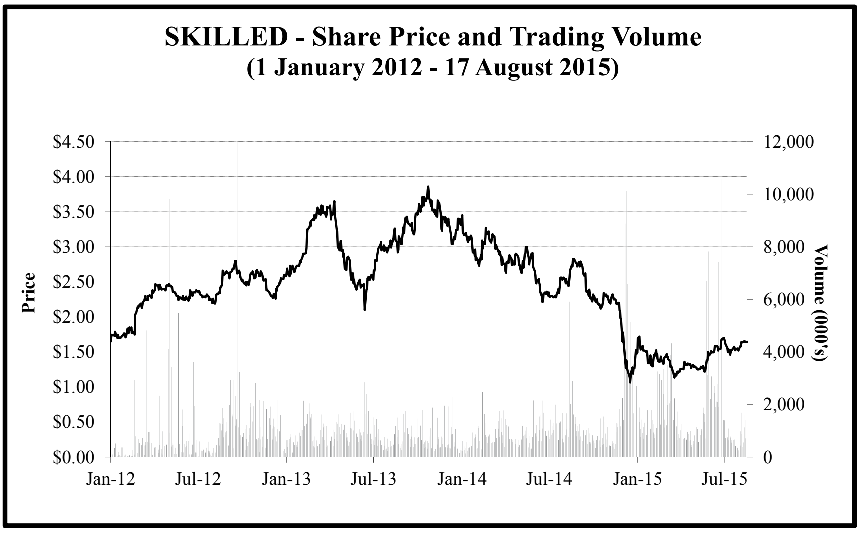
SKILLED's share price reached an all time high of $6.28 in February 2007 while its record low price of $1.01 occurred in February 2009 as the implications of the deterioration in business conditions following the global financial crisis emerged. In this period trading volumes were relatively low, with more than 50% of the shares in SKILLED held by interests associated with the company founder. Following equity raisings in August 2009 and February 2011 and associated dilution of founder interests, trading volumes in SKILLED shares traded increased. A summary of the price and trading history of SKILLED since 1 January 2010 is set out below:

SKILLED - Share Price History

	Share Price ($)			Average Weekly Volume (000's)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2010	2.10	1.03	1.82	1,632	1,220
2011	2.42	1.60	1.65	1,342	1,537
2012	2.80	1.66	2.58	4,238	3,816
2013	3.98	2.04	3.40	4,195	8,591
2014	3.46	1.04	1.49	5,902	9,383
Quarter ended					
30 September 2014	2.89	2.21	2.25	5,991	9,700
31 December 2014	2.37	1.04	1.49	8,996	8,823
31 March 2015	1.75	1.12	1.26	9,211	9,714
30 June 2015	1.75	1.20	1.70	9,104	8,491
Month ended					
31 July 2015	1.70	1.45	1.54	3,604	6,417
31 August 2015 (to 17 August)	1.68	1.53	1.65	4,203	5,254

Source: IRESS
Note: Prices adjusted for 1 for 6 non renounceable entitlements offer announced on 24 February 2011.

The following graph illustrates the movement in the SKILLED share price and trading volumes since January 2012:



Source: IRESS
Note: On 21 September 2012 more than 12 million SKILLED shares traded following admittance to the S&P/ASX 200 Index but this volume is not shown on the graph.

During 2012 SKILLED shares traded in the range of $1.66-2.80 (at a volume weighted average price ("VWAP") of $2.45) and closed at $2.58 on 31 December 2012. SKILLED was removed

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from the S&P/ASX 300 Index in March 2012 and then admitted to the S&P/ASX 200 Index in September 2012. Trading activity during 2012 reflects those index changes. Since 2012 trading in SKILLED shares has been relatively volatile. In February 2013 on the back of positive half yearly results, progress in business improvement initiatives and an increase in dividends, the SKILLED share price rose steeply to around $3.40 in a two week period, peaking at $3.65 on 11 April 2013. Immediately following payment of a 7 cent dividend on 12 April 2013 the SKILLED share price fell steeply to around $3.00 on relatively low volumes. Subsequently, the share price continued to decline, reaching a low of $2.04 on 14 June 2013.

The SKILLED share price recovered to around $3.00 following announcement of the acquisition of Broadsword Marine on 17 June 2013 and the release of FY13 results in August 2013. It rose again following the announcement of the Saipem contract and extension of the Gorgon contract on 25 September 2013 and payment of a 9 cent dividend, reaching a high of $3.98 on 23 October 2013. Thereafter, the SKILLED share price declined gradually to around $2.35 in June 2014. Until mid November 2014 the shares traded in the range of $2.06-2.89 (at a VWAP of $2.48) and closed at $2.32 on 10 November 2014. Following the announcement on 18 November 2014 that it was to acquire the remaining 50% of OMSA, the price dropped steeply on increased volumes to a low of $1.04 on 17 December 2014. The reason for this is not clear but appears to reflect the market's perception of SKILLED's exposure to the oil and gas sector in a period when global oil prices fell from around US$100 to US$60 per barrel.

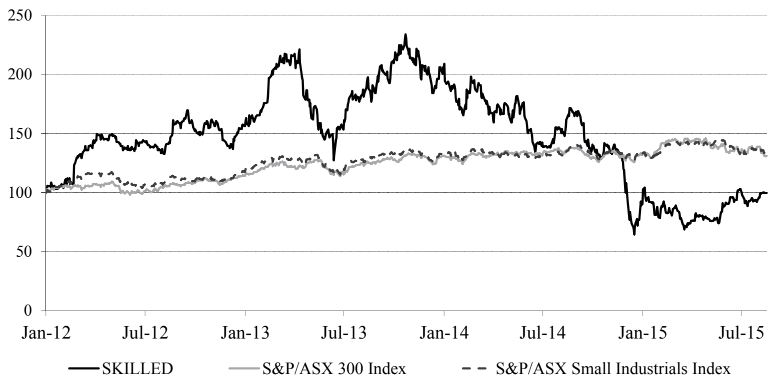
Confirmation on 29 December 2014 that Programmed had approached SKILLED with a proposal for a "merger of equals" saw the SKILLED share price jump over 50% to above $1.50. Following the rejection of the merger on 22 January 2015, the share price settled to around $1.40 although on continued higher trading volumes. In the absence of any transaction update and with SKILLED's results for the six months ended 31 December 2014 revealing that trading conditions remained challenging, SKILLED shares gradually traded down to around $1.20.

SKILLED shares closed at $1.23 on 22 May 2015, immediately prior to the announcement that SKILLED was entering into discussions with Programmed. The share price jumped by 13% on the announcement. It closed at $1.55 on 19 June 2015 (the last trading price prior to the Scheme announcement on 24 June 2015). Since the announcement of the discussions with Programmed on 22 May 2015, SKILLED shares have traded in the range $1.36-1.75 (at a VWAP of $1.55). Since the announcement of the Scheme on 24 June 2015, they have traded in the range $1.45-1.75 (at a VWAP of $1.63). SKILLED shares closed at $1.65 on 17 August 2015.

SKILLED has been a liquid stock. Average weekly volume over the twelve months prior to the announcement of the Scheme on 24 June 2015 represented 3.3% of average shares on issue or annual turnover of around 169% of total average issued capital. Over the longer term (twelve months prior to Programmed's initial merger proposal to SKILLED) average weekly volume represented approximately 2% of average shares on issue or annual turnover of around 104%.

SKILLED is a member of various indices including the S&P/ASX 300 Index and the S&P/ASX Small Industrials Index (it was removed from S&P/ASX 200 Index on 19 June 2015). Its weighting in these indices is approximately 0.03% and 0.28% respectively. The following graph illustrates the performance of SKILLED shares since January 2012 relative to the S&P/ASX 300 Index and the S&P/ASX Small Industries Index. During 2015 the share price has remained volatile with over performance relating to announcements regarding corporate activity with Programmed:

SKILLED vs S&P/ASX 300 Index vs S&P/ASX Small Industrials Index
(1 January 2012 to 17 August 2015)



Source: IRESS

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5 Profile of Programmed Maintenance Services Limited

5.1 Background

Programmed was established as a commercial painting contractor in Victoria in 1951. It expanded into New South Wales, South Australia and Tasmania in 1956, Western Australia in 1971 and New Zealand in 1986. After 1993 it expanded into a range of complementary maintenance services and was listed on the ASX in October 1999 as Programmed Maintenance Services Limited with revenue of $100 million.

Following listing, Programmed grew both organically and by the acquisition of complementary businesses. By 2007 it was a major provider of property maintenance services in Australia, with revenue in excess of $300 million. However, it was the May 2007 merger with ASX listed company Integrated Group Limited ("Integrated"), a provider of temporary and permanent skilled and semi-skilled personnel, managed labour and marine manning services, that transformed Programmed into a national outsourced maintenance and labour hire service provider.

Following the merger with Integrated, Programmed's gearing was 91%. Despite deteriorating business conditions following the global financial crisis, by 31 March 2009 Programmed had reduced its gearing to 62% through a combination of operating cash flows, the operation of its dividend reinvestment plan, the sale of its waste management business Barry Bros. and the issue of new equity to acquire SWG Group, a Western Australian engineering services company. In recognition of reduced demand for services in some sectors (particularly resources), in March 2009 Programmed initiated a range of measures to reduce costs.

In May 2009, Programmed announced the early renewal and extension of its banking facilities and a capital management strategy (including a temporary reduction in its dividend payout ratio from 50% to 30% and the sale of two properties) to strengthen its financial position. By 31 March 2010, these actions, together with a $70 million equity capital raising in November/December 2009 (part of which funded Programmed's $28 million acquisition of ASX listed specialist electrical, data, audio visual and communications provider KLM Group), had reduced gearing to 30%. Subsequently, Programmed reinstated the dividend payout ratio of 50% and its dividend reinvestment plan was suspended.

In recent years, Programmed has focused on controlling costs, securing business in key growth sectors (such as education, social housing and defence) and investing in technology to provide greater operating leverage within its business.

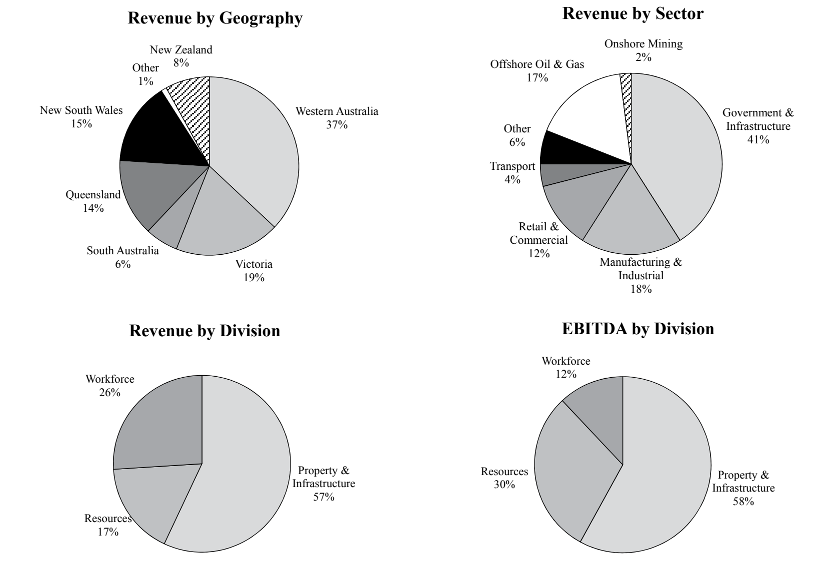
Programmed is headquartered in Perth and had a market capitalisation of around $332 million prior to announcement of the Scheme.

5.2 Business Operations

Programmed is a provider of staffing, maintenance and facility management services in metropolitan and regional areas across Australia and New Zealand. It employs more than 10,000 skilled and semi-skilled staff daily across more than 7,000 customer relationships with its services delivered through a network of over 100 branches. Programmed currently directly employs around 3,900 people in its operating divisions.

Programmed operates three divisions, Workforce, Property & Infrastructure and Resources, which provide services under a range of brands but usually in conjunction with the *Programmed* brand. In FY15 around 91% of Programmed's revenue was derived in Australia (37% in Western Australia) with the government and infrastructure sector contributing 41% of revenue:

Programmed – Year ended 31 March 2015



Source: Programmed
Note: EBITDA is before unallocated corporate costs.

Programmed's divisions are described below and their financial performance discussed in Section 5.3 of this report.

Workforce

Workforce is a provider of managed labour, labour hire and staffing solutions across a wide range of sectors including logistics, manufacturing, construction, mining and manufacturing. These services are delivered under the *Programmed Integrated Workforce* brand.

Workforce provides skilled and semi-skilled personnel, primarily to clients operating an outsourced labour solutions model (i.e. where groups of personnel are required to staff an element of their operations with capacity to flex the number of employees as required)[29]. Workforce enters into contracts with clients (typically 2-3 years in length) under which staff provided by Programmed work (generally) on the site of and under the supervision of the client. Staff remain employees of Programmed (generally on a casual basis). Programmed is responsible for managing staff administrative processes including recruitment, payroll and the maintenance of qualifications and registrations. Workforce also provides recruitment and training services, industry specific candidate training and tailored induction programmes, on-site management and scheduling, on-site safety support and inspections, industrial relations consulting and human resources services.

Workforce's services are delivered through a network of 30 offices (including two major account delivery hubs) across Australia and New Zealand. The delivery hubs support high volume client relationships, managing an on-hire employee count of around 2,000 personnel. The transfer of responsibility for these high volume major accounts to the delivery hubs has allowed regional branches to focus on servicing their local markets. The delivery hubs and branches are supported by centralised industrial relations, payroll and health and safety management systems, with access to an active pool of labour maintained through a database detailing their skills and experiences, location and availability.

[29] This outsourced labour business model contrasts with the contingent labour hire model adopted by SKILLED.

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Workforce's operating performance is directly influenced by the demand for outsourced labour, which in turn reflects both overall economic conditions and sector specific factors. The business has low barriers to entry and Workforce has multiple competitors, although relatively few of material scale. Amongst its competitors in Australia are SKILLED's Workforce Services business unit, Chandler Macleod, Adecco, Randstad and Manpower Services and, in New Zealand, Allied Workforce, while an ongoing risk for the business is the potential for clients to insource their labour requirements. Workforce is also facing structural change with the growth in internet-enabled technologies providing alternatives for users of temporary labour.

Demand for outsourced labour has been generally subdued since FY11 and competition has been intense. These factors have been exacerbated by the structural change which accelerated in FY15. Workforce has responded by investing in technology and systems, re-designing the business to centralise certain functions and improve sales and marketing, rationalising its branch network and reducing personnel and other costs. This process has also included:

- an investment in OneShift Pty Ltd ("OneShift"), an online recruitment business that is developing a system to match employers with appropriately skilled and experienced employees. Workforce intends to utilise this technology in its operations; and
- an alliance with Advanced Personnel Management ("APM"), a national workforce and rehabilitation service provider. Programmed and APM have tendered for contracts under the Australian Government's National Employment Services Provider Scheme and to date has been awarded nine regional contracts which commenced in July 2015.

Property & Infrastructure

The Property & Infrastructure division comprises two business units:

- **Programmed Facility Management**, which provides the following services:
  - Facility Management: including long term facility management contracts and shorter duration integrated facility management contracts. In recent times, it has increased its participation in public-private partnerships ("PPP");
  - Maintenance Services: involving multi-trade facility maintenance in the social housing and retail sectors and utility network maintenance. These services are provided on a sub-contracted basis;
  - Projects: a mid sized architectural and building services practice which complements the activities of the Facilities Management and Maintenance Services businesses; and
  - Advisory: a specialist asset management consulting business that provides asset risk assessment, asset audit and lifecycle modelling to internal and external clients.

  Programmed Facility Management delivers services and advice through an in-house team and engages sub-contractors to deliver the maintenance services. It currently has around 60 key contracts with the spread of earnings across these contracts mitigating concentration risk.

  The Facility Management business benefits from the continuing trend towards the outsourcing of facility management and asset maintenance by corporates and government. Although the lead time for major contracts and PPPs is relatively long (at 6-12 months), the reward is long term stable income streams. Given the duration of Programmed Facility Management's contracts, work in hand at the beginning of a forecast period provides a level of revenue certainty and at 31 March 2015 work in hand for FY16 represented around 75% of budgeted revenue for FY16. Key competitors in this market segment include Transfield, Spotless and Brookfield GIS.

  The outlook for Programmed Facility Management is supported by the strong pipeline of social infrastructure projects, particularly those structured as PPPs. To allow it to compete for large projects, Programmed Facility Management will tender for projects in conjunction with other specialist service providers and may consider taking equity positions, where appropriate. The business will also seek to leverage technology to improve service levels and information flows to customers, move up the value chain towards long term life cycle asset management, introduce new service lines and shift focus to new growth sectors as they emerge; and

- **Programmed Property Services**, which provides the following services:
  - *Painting Services*, this was Programmed's original business. It provides specialist painting services under maintenance programs or as standalone projects including the application of specialised finishes and protective coatings. Major competitors in this sector include Higgins Coatings and other independent operators;
  - *Grounds Maintenance*, which provides building repairs, grounds and horticultural management;
  - *Corporate Imaging*, which provides brand design, corporate identity and signage solutions;
  - *Electrical Technologies,* which provides design and implementation of electrical installations, voice and data communications cabling and audio visual installations, with an increasing focus on fit out, maintenance work and upgrades as well as technical electrical projects (including for data centres and entities such as the National Broadband Network and Telstra) and away from the new commercial construction sector; and
  - *Turnpoint*, which provides landscaping, construction and maintenance services for golf courses, horse race courses and major sports stadiums across Australia.

  Programmed Property Services is managed through a network of 60 branch offices across Australia and New Zealand with 5,000 key customer relationships across 50,000 building structures. It delivers services through an in-house team of permanent and casual staff and tradespeople as well as through labour hire arrangements which may be contracted on an individual or packaged basis. Historically, an important part of the Painting Services business consisted of long term painting contracts in which the majority of the work is completed up front, but payments are made on a payment schedule (typically over seven years) effectively providing a funding solution to the client. However, the contracts are becoming progressively less significant.

  Programmed Property Services has numerous customers in the education (private schools and universities) and retirement sectors and it also does significant amounts of work for strata title body corporates, but does not provide services to individual households. Property Services' revenue base is diversified with around 50% of revenue contracted.

Resources

The principal business of Resources is Programmed Total Marine Services, which is one of the largest specialist providers of project management, manning and logistics for the offshore oil and gas industry in the Australasian and Pacific region. This business is managed from Fremantle, Western Australia, with a branch in New Zealand and an office in Singapore. It provides crews and catering and logistics services for vessels and installations (such as rigs, drill ships, offshore support vessels, specialist construction vessels and dredges), supporting both construction and operational activities in the offshore oil and gas sector.

Programmed Total Marine Services does not own vessels and its workforce comprises a mix of permanent and casual workers. Over time it has developed a range of strategic alliances with international offshore oil and gas service providers, giving it access to a wide range of major projects. In recent years, it has provided services to the construction phase of the Gorgon LNG Project and is well positioned to provide services to the Ichthys LNG Project and the Prelude Floating LNG Development (offshore north east Western Australia). Key competitors include SKILLED Offshore, AOS and Go Offshore.

Programmed's Resources division historically included Programmed Construction & Maintenance, a provider of engineering, construction and maintenance services to the mining sector. As a result of the mining sector downturn, this business has been wound back since FY13.

Business Strategy

Programmed's strategy is focussed on increasing the scale and efficiency of its businesses while retaining flexibility to respond to opportunities as they arise, notwithstanding the highly competitive trading environments in which it operates. In this regard:

- with growth expected in infrastructure expenditure and an increasing demand for outsourced facilities services, Programmed will focus on growing its revenue base in higher margin activities, particularly in markets offering above average growth prospects (such as education, social housing, and food/agriculture); and
- investment in technology across its businesses (including in relation to finance, human resources, customer relationship and asset management systems as well as mobility and client interactivity platforms such as OneShift) will be critical in ensuring a lower cost base and more efficient business, allowing Programmed to leverage its existing market position and client relationships.

5.3 Financial Performance

Programmed's FY15 operating earnings were little different from those for FY11. However, this performance masks significant variability in each of its three divisions:

- the profitability of Workforce has declined, reflecting in part the end of the resources boom, increasing client pressure on margins, competitive market conditions and accelerating structural change;
- Property & Infrastructure experienced falling margins and profits in FY12 and FY13, but with a refocussed business has delivered strong revenue and profit growth in recent years; and
- Resources' performance peaked in FY13, but with the end of the resources boom and the completion of onshore construction activity has seen a decline in revenue and profits.

Nevertheless, overall profit margins have stabilised in the last three years reflecting overhead reduction programs (mainly in Workforce and Property & Infrastructure), the longer term nature of contracts in Property & Infrastructure and improved operational efficiency in Programmed Property Services and Workforce. The financial performance of Programmed for the five years ended 31 March 2015 is summarised below:

Programmed - Financial Performance ($ millions)

	Year ended 31 March				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**1,219.4**	**1,393.3**	**1,516.9**	**1,434.6**	**1,433.8**
EBITDA	**60.9**	**67.3**	**66.5**	**63.6**	**61.0**
Depreciation and software amortisation	(12.5)	(10.8)	(11.7)	(10.6)	(10.5)
EBITA	**48.4**	**56.5**	**54.8**	**53.0**	**50.5**
Amortisation of acquired intangible assets	(0.5)	(0.2)	(0.7)	(0.6)	(0.8)
EBIT	**47.9**	**56.3**	**54.1**	**52.4**	**49.7**
Net interest expense	(13.7)	(12.1)	(9.4)	(7.0)	(5.1)
Share of losses of equity accounted associates	(0.4)	-	-	(0.7)	(0.6)
Significant and non-recurring items	(5.9)	-	(2.6)	(1.0)	(5.2)
Operating profit before tax	**27.9**	**44.2**	**42.1**	**43.7**	**38.8**
Income tax expense	(5.7)	(13.0)	(10.0)	(13.2)	(13.1)
Discontinued operations	(11.8)[30]	-	-	-	
NPAT attributable to Programmed shareholders	**10.4**	**31.2**	**32.1**	**30.5**	**25.7**
Statistics					
Basic earnings per share	*8.8¢*	*26.4¢*	*27.2¢*	*25.8¢*	*21.7¢*
Dividends per share	*9.0¢*	*13.0¢*	*15.0¢*	*17.0¢*	*18.0¢*
Dividend payout ratio	*47.9%*[31]	*49.2%*	*55.1%*	*65.9%*	*82.9%*
Amount of dividend franked	*100%*	*100%*	*100%*	*100%*	*100%*
Revenue growth	*6.9%*	*14.7%*	*8.9%*	*(5.4%)*	*-%*
EBITDA growth	*(14.9%)*	*10.5%*	*(1.1%)*	*(4.3%)*	*(4.2%)*
EBITA growth	*(17.2%)*	*16.9%*	*(3.1%)*	*(3.1%)*	*(4.7%)*
EBITDA margin	*5.0%*	*4.8%*	*4.4%*	*4.4%*	*4.3%*
EBITA margin	*4.0%*	*4.1%*	*3.6%*	*3.7%*	*3.5%*
Interest cover[21]	*4.5x*	*5.5x*	*7.1x*	*9.0x*	*12.0x*

Source: Programmed and Grant Samuel analysis

30 Discontinued operations relate to the divestment of the United Kingdom painting business in February 2011.

31 Calculated by reference to continuing operations only.

Depreciation and software amortisation expense relates to depreciation of plant and equipment, leasehold improvements, capitalised software development costs and equipment held under finance leases. Amortisation of acquired intangible assets primarily relates to the amortisation (over periods of 2-9 years) of the amounts paid for long term contracts.

Share of losses of equity accounted associates in FY14 and FY15 represents a 27.5% share of the net losses of OneShift. This category included a 49% interest in UNW Deepnautic Pte Ltd (which was placed in voluntary liquidation in April 2013) in prior years.

Significant and non-recurring items reported by Programmed are summarised below. In FY15, the payment of deferred consideration in relation to Turnpoint was paid and expensed:

Programmed – Significant and Non-Recurring Items ($ millions)

	Year ended 31 March				
	2011 actual	**2012 actual**	**2013 actual**	**2014 actual**	**2015 actual**
Restructuring costs	(5.9)	-	-	-	-
Redundancy and termination expenses	-	-	(2.6)	(1.0)	(2.8)
Deferred consideration in relation to Turnpoint	-	-	-	-	(1.4)
Legal settlement	-	-	-	-	(1.0)
Total	**(5.9)**	**-**	**(2.6)**	**(1.0)**	**(5.2)**

Source: Programmed

Historically, dividends per share have represented a payout ratio of around 50%. The payout ratio was materially higher in FY14 and FY15, reflecting strong cash flow generation and the financial flexibility resulting from Programmed's ongoing reduction in debt.

Programmed's recent operating performance can be analysed by division as follows:

- **Workforce**

  The operating performance of Workforce for the five years ended 31 March 2015 is summarised below:

Workforce – Operating Performance ($ millions)

	Year ended 31 March				
	2011 actual	**2012 actual**	**2013 actual**	**2014 actual**	**2015 actual**
Revenue	**397.5**	**380.9**	**407.1**	**372.8**	**376.8**
EBITDA	**12.3**	**12.2**	**11.5**	**11.1**	**8.2**
Depreciation and software amortisation	(1.1)	(0.9)	(0.8)	(0.6)	(0.8)
EBITA	**11.2**	**11.3**	**10.7**	**10.5**	**7.4**
Statistics					
Revenue growth	*8.4%*	*(4.2%)*	*6.9%*	*(8.4%)*	*1.1%*
EBITDA growth	*45.6%*	*(0.1%)*	*(6.1%)*	*(3.7%)*	*(25.5%)*
EBITA growth	*38.5%*	*1.9%*	*(5.2%)*	*(2.2%)*	*(28.8%)*
EBITDA margin	*3.1%*	*3.2%*	*2.8%*	*3.0%*	*2.2%*
EBITA margin	2.8%	3.0%	2.6%	2.8%	2.0%

Source: Programmed and Grant Samuel analysis (see Appendix 3)

Revenue and profits increased in FY11 as a result of an increase in the demand for labour (particularly in Queensland) on a lower fixed cost base following restructuring implemented in March 2009. While revenue grew marginally from FY10 to FY14, margins in the period declined gradually reflecting generally subdued demand for labour (particularly in the blue collar economy) and the competitive environment. These factors have been exacerbated by structural change, with the growth in internet-enabled technologies providing alternatives for users of temporary labour.

FY15 saw a sharp drop in margin as the structural change accelerated in weak trading conditions and as the proportion of high volume/low margin revenue increased. Workforce

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responded by investing further in technology and systems and reshaping its business. This process has resulted in a reduction of $3 million in the annual cost base (of which only 50% was reflected in the results for FY15). Notwithstanding the improved business efficiency, absent a material improvement in economic conditions, Workforce is expected to continue to face a challenging trading environment.

- **Property & Infrastructure**

The operating performance of Property & Infrastructure for the five years ended 31 March 2015 is summarised below:

Property & Infrastructure – Operating Performance ($ millions)					
	Year ended 31 March				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**607.5**	**656.2**	**751.6**	**751.9**	**807.6**
EBITDA	**41.4**	**35.1**	**32.0**	**35.8**	**39.7**
Depreciation and software amortisation	(9.9)	(8.3)	(8.9)	(7.9)	(7.3)
EBITA	**31.5**	**26.8**	**23.1**	**27.9**	**32.4**
Statistics					
Revenue growth	*20.6%*	*8.0%*	*14.5%*	*-%*	*7.4%*
EBITDA growth	*(3.6%)*	*(15.4%)*	*(8.8%)*	*12.1%*	*10.7%*
EBITA growth	*(0.7%)*	*(14.9%)*	*(13.7%)*	*21.0%*	*15.8%*
EBITDA margin	*6.8%*	*5.3%*	*4.3%*	*4.8%*	*4.9%*
EBITA margin	*5.2%*	*4.1%*	*3.1%*	*3.7%*	*4.0%*

Source: Programmed and Grant Samuel analysis (see Appendix 3)

While revenue of Property & Infrastructure has increased by 33% since FY11, EBITDA has decreased due to lower margins (albeit overall margins have recovered from 4.3% in FY13). This reflects the performance of each of its two business units over the period as follows:

- Programmed Property Services' performance has been impacted by the continuing weak economic conditions but also by specific factors in its underlying businesses:
  - revenue for Painting, Grounds and Corporate Imaging, in aggregate, has been flat while margins contracted during FY13 but have since recovered and stabilised. This reflects the major restructure undertaken in FY11 and the removal of further costs from these businesses in FY13;
  - Electrical Technologies (which was acquired in FY10) has faced difficult trading conditions in the new commercial construction sector. After sustaining a material operating loss in FY13 the business' involvement in new construction activity has been reduced; and
  - revenue for Turnpoint (which was acquired in April 2012) peaked in FY14 and recent earnings have reduced.

  As a result, while revenue for Property Services in FY15 is similar to that in FY11, margins have declined although stabilised reflecting the lower cost base, improved job management and the move into new higher margin markets. The outlook for this business is for moderate revenue growth with around 50% of revenue on a contracted basis; and

- Programmed Facilities Management has focussed on growing its portfolio of long term asset management contract and on more sophisticated (higher margin) asset management. To this end, it has invested in asset management technology and business development expenditure. The result has have been steady growth in revenue (at a compound average growth rate of around 13% to FY15) and improved profit margins. Since FY12 a range of contracts have been secured or renewed, including nine during FY15.

The overall outlook for Property & Infrastructure is positive, supported by the continuing trend to outsourcing of facilities management and property maintenance services as well as recent contract wins and a lower cost base. The current pipeline of business opportunities is material.

- **Resources**

The operating performance of Resources for the five years ended 31 March 2015 is summarised below:

Resources – Operating Performance ($ millions)					
	Year ended 31 March				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Revenue	**213.5**	**354.0**	**354.3**	**306.9**	**247.5**
EBITDA	**15.4**	**28.8**	**31.4**	**24.9**	**20.6**
Depreciation and software amortisation	(0.7)	(0.5)	(0.5)	(0.4)	(0.4)
EBITA	**14.7**	**28.3**	**30.9**	**24.5**	**20.2**
Statistics					
Revenue growth	*19.8%*	*65.8%*	*0.1%*	*(13.4%)*	*(19.4%)*
EBITDA growth	*(33.6%)*	*86.7%*	*9.3%*	*(20.8%)*	*(17.4%)*
EBITA growth	*(35.9%)*	*91.9%*	*9.6%*	*(21.0%)*	*(17.6%)*
EBITDA margin	*7.2%*	*8.1%*	*8.9%*	*8.1%*	*8.3%*
EBITA margin	*6.9%*	*8.0%*	*8.7%*	*8.0%*	*8.1%*

Source: Programmed and Grant Samuel analysis (see Appendix 3)

The performance of the Resources division over the period reflects activity levels in the offshore oil and gas sector and, to a lesser degree, construction and maintenance activity in the resources sector. Although revenue grew in FY11, profits were impacted by the flow on effects of a major industrial dispute in the last quarter of FY10 and difficult trading conditions for Programmed Construction & Maintenance (which resulted in the sale of its offshore activities and a reduction in its cost base).

Revenue and profits grew strongly in FY12 as a result of the major expansion of the oil and gas development projects offshore northwest Australia. This increased activity continued through FY13 as Programmed Total Marine Services provided services to the Gorgon LNG Project's pipe lay activities. However, the completion of construction activities being serviced by Programmed Construction & Maintenance resulted in a drop in revenue and profits in FY14 while demand for offshore services continued and work was secured for the Ichthys LNG Project. Minimal work was undertaken by Programmed Construction & Maintenance in FY15 and its cost base has been reduced.

Demand for offshore vessel management, manning, catering and logistic services fell in late FY15 and, although work continues on a number of construction projects and in relation to offshore exploration, development and operational activities, activity levels and earnings are expected to be lower than in FY15.

- **Corporate**

In recent years unallocated corporate costs have been around $8 million (EBITDA level) as set out below:

Corporate – Operating Performance ($ millions)					
	Year ended 31 March				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
EBITDA	**(8.2)**	**(8.8)**	**(8.4)**	**(8.2)**	**(7.5)**
Depreciation and software amortisation	(0.8)	(1.1)	(1.5)	(1.7)	(2.0)
EBITA	**(9.0)**	**(9.9)**	**(9.9)**	**(9.9)**	**(9.5)**

Source: Programmed and Grant Samuel analysis (see Appendix 3)

On an ongoing basis, Programmed expects unallocated corporate costs will be around $8 million per annum including listed company costs (including directors' fees, investor relations, share registry and ASX fees, annual report costs, audit fees, etc.) of approximately $2.6 million.

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Outlook

Programmed has not publicly released earnings forecasts for FY16 or beyond. In order to provide an indication of the expected future financial performance of Programmed, Grant Samuel has considered brokers' forecasts for Programmed (see Appendix 4) as follows:

Programmed – Financial Performance ($ millions)

	Year end 31 March		
	2015 actual	Broker Consensus (Median) 2016	Broker Consensus (Median) 2017
Revenue	1,433.8	1,446.5	1,492.0
EBITDA	60.9	60.9	63.1
EBITA	50.5	50.4	52.3
NPAT	25.7	32.0	33.8

Source: Grant Samuel analysis (see Appendix 4)

The median consensus brokers' forecasts suggest that revenue, EBITDA and EBITA will be flat in real terms over the period to FY18, reflecting an expected decline in the Resources division, offset by growth in Property & Infrastructure.

5.4 Financial Position

As a service provider, Programmed does not have a large requirement for capital other than for working capital. In the absence of acquisitions, Programmed has paid down borrowings in recent years. The financial position of Programmed as at 31 March 2015 is summarised below:

Programmed - Financial Position ($ millions)

	As at 31 March 2015
Debtors and prepayments	200.0
Contracts in progress and work in progress (current)	64.2
Inventories	45.9
Creditors, accruals and provisions	(210.0)
Net working capital	**100.1**
Property, plant and equipment (net)	24.4
Goodwill	246.4
Other intangible assets (net)	16.5
Investment in OneShift (27.5%)	3.8
Contracts in progress and work in progress (non current)	69.8
Deferred liabilities assets (net)	(29.2)
Provisions (non-current)	(6.3)
Total funds employed	**425.5**
Cash and cash equivalents	42.7
Bank loans and finance leases	(49.8)
Net borrowings	**(7.1)**
Net assets attributable to Programmed shareholders	**418.4**
Statistics	
Shares on issue at period end (million)	*118.7*
Net assets per share	*$3.53*
NTA per share	*$1.31*
Gearing (net borrowings/net assets plus net borrowings)	*1.7%*

Source: Programmed and Grant Samuel analysis

Property, plant and equipment (net) comprises freehold land and buildings ($0.1 million), leasehold improvements ($3.0 million), plant and equipment ($13.3 million) and equipment under finance lease ($8.0 million).

Goodwill relates to the acquisition of businesses over time, particularly Integrated in May 2007, SWG Group in 2009 and KLM Group in 2010, and is allocated between divisions as follows:

Programmed – Goodwill	
	$ million
Workforce	72.9
Property & Infrastructure	33.0
Resources	140.5
Total	**246.4**

Other intangible assets (net) include acquired long term contracts ($5.1 million), development software ($2.7 million) and brand names ($8.7 million). Long term contracts are amortised over periods of 2-9 years and development software is amortised over periods of 3-5 years. Brand names are considered to have an indefinite useful life and are not amortised.

Programmed's investment in OneShift is accounted for as an equity accounted investment and therefore book value represents a 27.5% interest in the net assets of OneShift and the goodwill paid on acquisition of the investment. The ownership and operations of OneShift are governed by a Shareholders' Agreement which contains restrictions on the transfer of shares as well as change of control provisions. Programmed also has a 49% interest in UNW Deepnautic Pte Ltd, which was placed in voluntary liquidation on 29 April 2013.

Contracts in progress and work in progress recognised at recoverable value relate primarily to long term painting services contracts:

Programmed – Contracts in Progress and Work in Progress at 31 March 2015 ($ millions)			
	Contracts in Progress	Work in Progress	Total
Balance at beginning of year	**110.2**	**28.1**	
Increase/(decrease) in amounts recoverable:			
- revenue from rendering of service	(20.8)	8.4	
- finance revenue	6.5	-	
Effect of foreign currency movements	1.4	0.2	
Balance at end of year	**97.3**	**36.7**	**134.0**
Recognised as:			
Current	*39.7*	*24.5*	*64.2*
Non current	*57.6*	*12.2*	*69.8*

Source: Programmed

Inventories comprise raw material and stores ($2.7 million), work in progress ($43.1 million) and finished goods ($0.1 million), and are recognised at the lower of cost and net realisable value. Work in progress in this context primarily relates to other business of Property & Infrastructure.

During FY15, Programmed's book gearing decreased from 10.3% to 1.7%, well below its target gearing of 30%. At 31 March 2015, net borrowings were $7.1 million, comprising interest bearing liabilities of $49.8 million offset by cash and cash equivalents of $42.7 million:

Programmed – Net Borrowings at 31 March 2015 ($ millions)			
Facility	Amount Committed	Amount Drawn	Maturity
Working capital facility	50.0	45.0	Various
Senior credit facility	40.0	-	Various
Bank overdraft facility	11.0	-	Various
Finance lease liabilities	5.5	5.5	Various
	106.5	**50.5**	
Capitalised borrowing costs	-	(0.7)	
Total interest bearing liabilities	**106.5**	**49.8**	
Cash at bank and cash equivalents		(42.7)	
Net borrowings		**7.1**	

Source: Programmed

Programmed's bank loans are secured by fixed and floating charges over the assets of all main operating companies in Australia and New Zealand. Finance lease liabilities are secured over the subject assets. In addition, Programmed had bank guarantee facilities totalling $100 million of which $70.2 million were utilised at 31 March 2015.

At 31 March 2015, Programmed had a commitment to pay a fully franked final dividend of 11.5 cents per share in relation to FY15 ($13.6 million). The dividend was paid on 24 July 2015.

Under the Australian tax consolidation regime, Programmed and its wholly owned Australian resident entities have elected to be taxed as a single entity. Programmed has no carried forward income tax losses and around $17 million of carried forward Australian capital losses. Following payment of the final FY15 dividend Programmed had $26.6 million in accumulated franking credits.

5.5 Cash Flow

Since FY11 Programmed has generated significant operating cash flows, reflecting consistent EBITDA, the reduction in contracts in progress over time and improved working capital management. Notwithstanding increased dividend payments in recent years, Programmed's net borrowings have decreased substantially over the five years ended 31 March 2015:

Programmed - Cash Flow ($ millions)

	Year ended 31 March				
	2011 actual	**2012 actual**	**2013 actual**	**2014 actual**	**2015 actual**
EBITDA	**60.9**	**67.3**	**66.5**	**63.7**	**61.0**
Changes in working capital and other adjustments	(36.5)[32]	2.1	18.2	14.5	18.5
Capital expenditure	(6.4)	(7.5)	(9.0)	(6.4)	(9.0)
Operating cash flow	**18.0**	**61.9**	**75.7**	**71.8**	**70.5**
Tax paid	(8.9)	(9.5)	(24.2)	(17.0)	(10.1)
Net interest paid	(14.1)	(14.5)	(8.9)	(7.4)	(4.8)
Dividends paid	(10.6)	(13.0)	(15.4)	(18.9)	(20.7)
Payments for businesses, brands and contract mobilisation	(1.0)	0.7	(9.3)	(5.9)	(1.4)
Proceeds from sale of businesses and assets	4.9	4.9	2.8	2.3	1.6
Net cash generated (used)	**(11.7)**	**30.5**	**20.7**	**24.9**	**35.1**
Net cash (borrowings) – opening	*(106.6)*	*(118.3)*	*(87.8)*	*(67.1)*	*(42.2)*
Net cash (borrowings) – closing	*(118.3)*	*(87.8)*	*(67.1)*	*(42.2)*	*(7.1)*

Source: Programmed and Grant Samuel analysis

Payments for businesses, brands and contract mobilisation primarily relate to the acquisition of the Turnpoint business in FY13 ($8.9m) (and a subsequent earn-out incentive payment of $1.4 million in FY15) and the acquisition of a 27.5% interest in OneShift in FY14 ($5.1 million).

5.6 Capital Structure and Ownership

Programmed had the following securities on issue:

- 118,989,126 ordinary shares; and
- 5,328,000 performance rights over ordinary shares.

At 16 July 2015 there were 6,042 registered shareholders in Programmed. The top 20 registered shareholders accounted for approximately 71% of the shares on issue and are principally institutional nominee or custodian companies. Programmed shareholders are predominantly Australian based investors and around 88% of registered shareholders hold less than 10,000 shares although this represents less than 12% of shares on issue.

Programmed has received notices from the following substantial shareholders:

[32] Reflecting a change in an accounting policy which resulted in a one-off, non-cash adjustment to contracts in progress.

Programmed – Substantial Shareholders			
Shareholder	**Date of Notice**	**Number of Shares**	**Percentage[33]**
Credit Suisse Holdings (Australia) Limited	4 August 2015	10,379,648	8.7%
Commonwealth Bank of Australia	22 July 2015	9,729,207	8.2%
Delta Lloyd Asset Management N.V.	3 June 2015	9,425,447	7.9%
Invesco Australia Ltd	6 August 2015	8,506,371	7.2%
Tribeca Investment Partners	1 June 2015	7,722,845	6.5%
Dimensional Fund Advisors LP	12 August 2014	7,110,225	6.0%
Westpac Banking Corporation	29 June 2015	6,293,980	5.3%

Source: Programmed

Programmed operates a long term incentive plan under which executives and senior employees are granted performance rights. Performance rights have no dividend entitlements or voting rights. However, each entitles the participant to receive one Programmed ordinary share at a future time for nil consideration subject to achievement of performance hurdles, service conditions and vesting periods. In the event of a change of control, the treatment of unvested performance rights is subject to the rules applying at issue as follows:

- for performance rights granted before 1 July 2012, the performance rights may vest in accordance with their terms; and
- for performance rights granted after July 2012:
  - to the Managing Director, the number of performance rights that will vest will be the greater of 50% of the performance rights and the number of performance rights as determined in accordance with the relevant performance criteria; and
  - to all other participants, the Board has discretion to determine the treatment of unvested performance rights.

Programmed also operates:

- a short term incentive plan under which senior executives may be entitled to a cash amount for achievement of established annual performance objectives; and
- an employee share acquisition plan under which employees can elect to purchase shares to an annual value of $500, $750 or $1,000 from their pre-tax pay.

Programmed operates a dividend reinvestment plan which enables investors to reinvest some or all of their distributions in new ordinary shares at a discount determined by the Programmed Board. The plan has been suspended since the final dividend for FY10.

5.7 Share Price Performance

Programmed's share price reached a high of $6.34 (adjusted basis) in May 2007, immediately prior to the global financial crisis. Programmed shares traded at a record low of $1.03 in November 2010 following the announcement of a restructure of its property services business to reverse underperformance. A summary of the price and trading history of Programmed since January 2010 is set out below:

[33] Based on 118,989,126 shares on issue.

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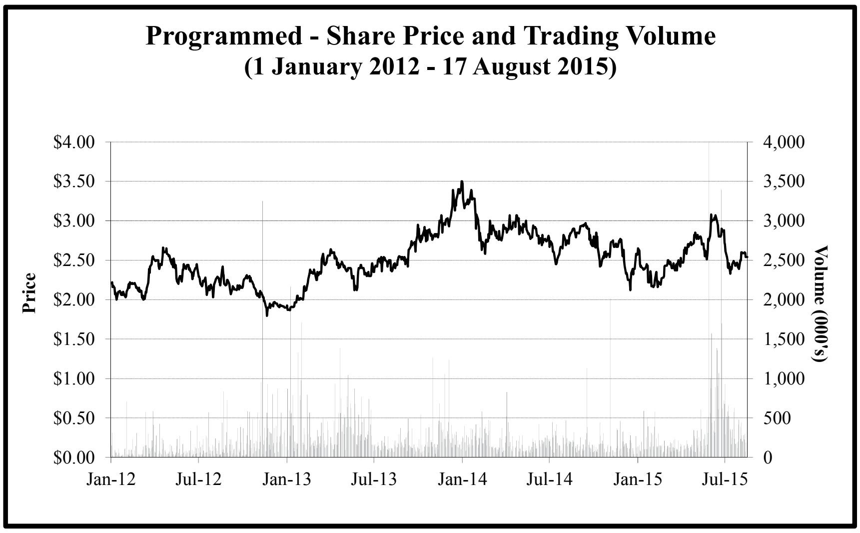
Programmed - Share Price History					
	Share Price ($)			Average Weekly Volume	Average Weekly Transactions
	High	Low	Close	(000's)	
Year ended 31 December					
2010	4.02	1.03	1.73	1,879	1,815
2011	2.40	1.41	2.21	1,219	1,805
2012	2.70	1.74	1.90	841	1,718
2013	3.52	1.86	3.50	1,482	3,033
2014	3.53	2.09	2.57	942	3,274
Quarter ended					
31 March 2015	2.69	2.08	2.42	802	3,041
30 June 2015	3.15	2.40	2.88	2,415	3,007
Month ended					
31 July 2015	2.80	2.31	2.39	2,103	4,901
31 August 2015 (to 17 August)	2.63	2.37	2.54	1,117	3,658

Source: IRESS
Note: Prices adjusted for the 4 for 19 non renounceable entitlements offer announced on 29 October 2009.

The following graph illustrates the movement in the Programmed share price and trading volumes since January 2012:



Source: IRESS
Note: On 29 May 2015 more than 4 million shares traded following the 22 May 2015 announcement of discussions with SKILLED and the 27 May 2015 release of its FY15 results but this volume is not shown on the graph.

During 2012 Programmed shares traded in the range of $1.74-$2.70 (at a VWAP of $2.14) and closed at $1.90 on 31 December 2012. Trading volumes increased during 2013 and the Programmed share price gradually rose from around $2.00 to $3.50 on the back of stable operating performance and growing dividends. The share price fell back to around $2.85 in January 2014 following the payment of the interim FY14 dividend. From February 2014 until the 18 November 2014 release of the results for the six months ended 30 September 2014, Programmed shares traded broadly in the range of $2.31-$2.98 at a VWAP of $2.76. On the back of the half year results which indicated weakening operating conditions and the falling oil price, the Programmed share price fell to around $2.30.

Programmed announced on 29 December 2014 that it had approached SKILLED on 17 December 2014 with a proposal for a "merger of equals". On this news the share price increased by around 8% to $2.58. When SKILLED rejected the proposal on 22 January 2015, the share price settled back to around $2.20, with trading volumes reverting to pre-announcement levels. Following the announcement of contract wins the shares gradually traded up to around $2.70.

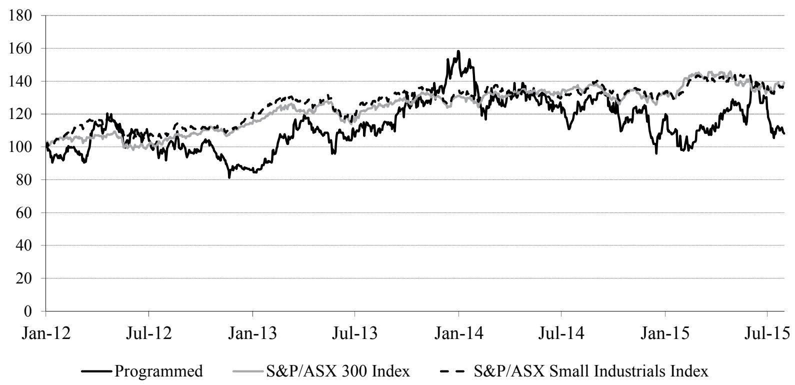
Programmed shares closed at $2.62 on the 22 May 2015, the day immediately prior to the announcement that Programmed and SKILLED were entering into discussions. The share price fell by around 4% following the announcement but after the release of its FY15 results on 27 May 2015 jumped by around 6%, to around $2.70.

The Programmed share price closed at $2.80 on 19 June 2015, the last trading day prior to announcement of the Scheme. The shares initially traded up but dropped on 1 July 2015 when they commenced trading ex-dividend (11.5 cents per share paid on 24 July 2015). Subsequently, Programmed shares have traded broadly in the range of $2.40-2.60. Since the announcement of the Scheme on 24 June 2015, Programmed shares have traded in the range $2.31-2.93 at a VWAP of $2.64 but in the range $2.31-2.80 at a VWAP of $2.51 since commencing to trade ex-dividend on 1 July 2015. Programmed shares closed at $2.54 on 17 August 2015.

Notwithstanding an unrestricted free float, Programmed is not a deeply traded stock with average weekly volume over the twelve months prior to the announcement of the Scheme representing approximately 0.8% of average shares on issue or annual turnover of around 42% of total average issued capital. This manifests itself in relatively large daily share price movements and clear price declines when Programmed shares commence trading ex-dividend.

Programmed is a member of various indices including the S&P/ASX 300 Index and the S&P/ASX Small Industrials Index. Its weighting in these indices is approximately 0.02% and 0.25% respectively. The following graph illustrates the performance of Programmed shares since January 2012 relative to these indices. The Programmed share price has mirrored movements in the indices over the period but has generally underperformed during the last twelve months, except around announcements relating to corporate activity with SKILLED:

Programmed vs S&P/ASX 300 Index vs S&P/ASX Small Industrials Index (1 January 2012 - 17 August 2015)



Source: IRESS

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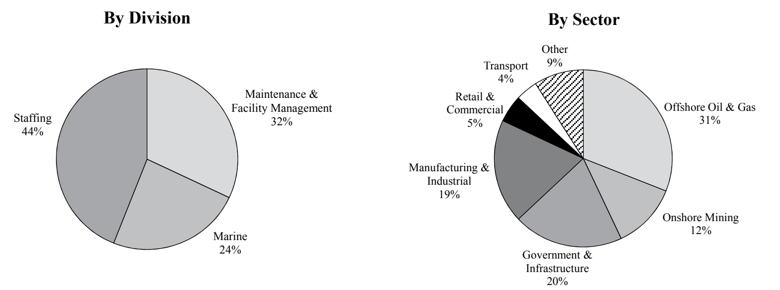
6 Profile of Combined Group

6.1 Operations

The Combined Group will be a leading workforce solutions provider in Australia and New Zealand with operations covering the staffing, maintenance, facilities management and marine market segments. Programmed intends to integrate the existing businesses into three operating divisions: Maintenance & Facility Management, Marine and Staffing. The contribution by division and sector to pro forma FY15 revenue for the Combined Group is as follows:

Combined Group – Pro forma FY15 Revenue



Source: Programmed

Programmed intends to implement a plan to extract the identified potential synergies and to extract further synergies (refer Section 11.4.4 of the Explanatory Memorandum).

A detailed description of the Combined Group is set out in Section 11 of the Explanatory Memorandum.

6.2 Directors and Management

The Combined Group's board will be Programmed's existing board of six directors which has one executive director (being the Managing Director and CEO, Chris Sutherland) and five non-executive directors (including the Chairman, Bruce Brook). Further details of the board are set out in Section 11.4.5 of the Explanatory Memorandum. Chris Sutherland, the Managing Director and CEO of Programmed will continue in that role, with the senior management team to consist of executives of both Programmed and SKILLED.

6.3 Capital Structure and Ownership

Following implementation of the Scheme, the Combined Group will have approximately 249,393,186 shares on issue[34]. It will also have 5,238,000 performance rights on issue. Former SKILLED shareholders will collectively hold approximately 52.4% of the shares on issue and former Programmed shareholders will collectively hold approximately 47.6%. No shareholder is expected to hold more than 5% of shares on issue.

6.4 Earnings and Dividends

The Combined Group Pro forma Income Statement (including a description of the assumptions and adjustments made) is set out in Section 11.5.4 of the Explanatory Memorandum. The Combined Group Pro forma Income Statement has been prepared by Programmed and has been reviewed by Deloitte Corporate Finance. Deloitte Corporate Finance's Investigating Accountant's Report is attached as Annexure B to the Explanatory Memorandum.

[34] Assuming 1,200,000 SKILLED shares are issued prior to implementation of the Scheme.

The Combined Group Pro forma Income Statement is summarised below:

Combined Group – Pro forma Income Statement ($ millions)	
	Pro forma
Revenue	**3,534.6**
EBITDA	**166.8**
Depreciation and software amortisation	(16.5)
EBITA	**150.3**
Amortisation of acquired intangible assets	(10.9)
EBIT	**139.4**
Net interest expense	(18.3)
Share of profit of equity accounted associates (27.5% OneShift and 50% GSS JV)	(0.6)
Operating profit before tax	**120.5**
Income tax expense	(36.1)
NPAT (before reconciling items)	**84.4**
Reconciling items after tax[35]	(77.2)
NPAT	**7.2**
Statistics	
Shares on issue (million)	*249.4*
Earnings per share (NPAT before reconciling items)	*33.8¢*
Earnings per share (NPAT)	*2.9¢*
Interest cover (EBITDA / net interest expense)	*9.1x*

Source: Explanatory Memorandum and Grant Samuel analysis
Note: Adjusted by Grant Samuel to exclude interest income and share of profits/losses of equity accounted associates from revenue, EBIT, EBITA and EBITDA.

The Combined Group Pro forma Income Statement represents the aggregation of SKILLED's FY15 financial performance and Programmed's FY15 financial performance (i.e. it excludes alignment in accounting policies and treatments, which are not expected to be material). It has been prepared on the basis that it:

- reflects the issue of 130,404,060 Programmed shares to SKILLED shareholders[34];
- assumes that the acquisition of the remaining 50% of OMSA occurred on 1 July 2014 and therefore reflects 100% of OMSA's earnings for the full year;
- allows for a $76 million increase in borrowings as a result of implementation of the Scheme reflecting payment of the FY15 final dividend and the special dividend to SKILLED shareholders and the payment of transaction costs; and
- does not reflect:
  - any synergies which are expected to be realised upon integration;
  - transaction costs incurred by SKILLED and Programmed which have been treated as pre-acquisition expenses;
  - any additional share payment expenses incurred by SKILLED as a result of accelerated vesting of SKILLED options or performance rights due to the Scheme; and
  - amortisation of acquired intangible assets likely to arise as a result of the Scheme.

As the Scheme is expected to complete during October 2015, the impact of the Scheme on Programmed's actual FY16 earnings will be material albeit SKILLED will only be owned for five months but Programmed will incur the transaction costs and share payment expenses which are not reflected in the Combined Group Pro forma Income Statement. FY17 will be the first full year of operation of the Combined Group.

Historically, Programmed's dividend ratio has been approximately 50% of NPAT before reconciling items. If the Scheme is implemented, Programmed does not currently expect any changes to this approach. However, the level of future dividend payments is a matter for the Board of Programmed depending on financial and other circumstances at the time. Dividends are

[35] Reconciling items equates to significant and non recurring items.

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anticipated to be paid twice yearly (in respect of the periods ending September and March) and are expected to continue to be franked. Programmed shares issued to SKILLED shareholders will be entitled to receive the Programmed dividend for the six months ended 30 September 2015, provided the effective date for the Scheme is on or before 24 December 2015.

6.5 Financial Position

The Combined Group Pro forma Financial Position is summarised below:

Combined Group – Pro forma Financial Position ($ millions)	
	Pro forma
Debtors and prepayments	549.8
Inventories and work in progress	71.9
Creditors, accruals and provisions	(448.5)
Net working capital	**173.2**
Property, plant and equipment (net)	109.0
Goodwill and other intangible assets	635.4
Investment in OneShift (27.5%)	3.8
Investment in GSS JV (50%)	0.5
Inventories	12.2
Trade and other receivables	58.8
Other financial assets	1.5
Deferred liabilities assets (net)	(21.0)
Provisions (non-current)	(19.7)
Trade and other payables (non-current)	(8.5)
Total funds employed	**945.2**
Cash and cash equivalents	56.0
Bank loans and finance leases	(279.5)[36]
Net borrowings	**(223.5)**
Net assets attributable to Combined Group shareholders	**721.7**
Statistics	
Shares on issue (million)	*249.4*
Net assets per share	*$2.89*
NTA per share	*$0.35*
Gearing (net borrowings/net assets plus net borrowings)	*23.6%*

Source: Explanatory Memorandum and Grant Samuel analysis

The Combined Group Pro forma Financial Position (including a description of the assumptions and adjustments made) is set out in Section 11.5.5 of the Explanatory Memorandum. It has been prepared by Programmed on the basis that the Scheme was implemented on 31 March 2015 and has been reviewed by Deloitte Corporate Finance. Deloitte Corporate Finance's Investigating Accountant's Report is attached as Annexure B to the Explanatory Memorandum.

The Combined Group Pro forma Financial Position represents the aggregation of the SKILLED financial position at 30 June 2015 and the Programmed financial position at 31 March 2015. The Combined Group Pro forma Financial Position recognises all aspects of the Scheme. It reflects:

- the acquisition of SKILLED by the issue of 130,404,060 shares to former SKILLED shareholders[34];
- an increase in borrowings reflecting the payment of the FY15 final dividend and the special dividend and the payment of transaction costs; and
- a $52.7 million reduction in goodwill in accordance with the requirements of acquisition accounting standards but assumes no resetting of the Combined Group's tax cost bases.

The Pro forma Financial Position shows that the Combined Group will have net borrowings of $223.5 million and gearing of 23.6% (on a before capitalised borrowing costs basis: net borrowings of $231.0 million and gearing of 24.4%).

[36] Net of capitalised borrowing costs of $7.5 million.

7 Valuation Analysis

7.1 Methodology

7.1.1 Overview

Grant Samuel's valuations of SKILLED and Programmed have been estimated by aggregating the estimated market value of each company's business operations (on a "control" basis) together with the realisable value of non-trading assets and deducting external borrowings and non-trading liabilities. The values for the business operations have been estimated on the basis of fair market value as a going concern, defined as the maximum price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The valuations represent Grant Samuel's assessment of the full underlying value of SKILLED and Programmed respectively. They are appropriate for the acquisition of each company as a whole and, accordingly, incorporate premiums for control. The values are in excess of the level at which, under current market conditions, shares in SKILLED and Programmed could be expected to trade on the sharemarket. Shares in a listed company normally trade at a discount of 15-25% to the underlying value of the company as a whole (but this discount does not always apply).

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies that are commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

7.1.2 Capitalisation of Earnings or Cash Flows

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual capital expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or NPAT. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer but are also used extensively in sharemarket analysis.

Where an ongoing business with relatively stable and predictable cash flows is being valued, Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point.

Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable to EBITA or EBIT if depreciation or non-cash charges distort earnings or make comparisons between companies difficult. On the other hand, EBIT can better adjust for differences in relative capital expenditure intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers it is necessary to infer the appropriate multiple from other evidence.

The usual approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. However, share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by sharemarket investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- the company's own performance and growth trajectory;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business;

- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these synergies, the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings; and
- while EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
  - EBITA or EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
  - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

7.1.3 Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including resources, and for the valuation of start-up projects where earnings during the first few years can be negative but it is also widely used in the valuation of established industrial businesses. Discounted cash flow ("DCF") valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture depleting resources, development projects and fixed terms contracts (which are typical in the resources sector), the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream.

Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgement. In addition, even where cash flow forecasts are available, the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance need to be made.

7.1.4 Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a cross check in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. In any event, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

7.1.5 Net Assets/Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading.

7.1.6 Approach for SKILLED and Programmed

In valuing the business operations of SKILLED and Programmed, the primary focus was on capitalisation of earnings, with the DCF methodology used as a cross check. Grant Samuel is not aware of any commonly used rules of thumb that would be appropriate to value the businesses of SKILLED and Programmed. A net assets/realisation of assets methodology is not appropriate for either SKILLED or Programmed.

The value ranges selected for SKILLED and Programmed are judgements derived through iterative processes. The objective is to determine a value that is both consistent with the market evidence as to earnings multiples and fits with the output of DCF analysis in terms of the various scenarios and their likelihood. Specific aspects of the methodology adopted by Grant Samuel include the following:

- the business operations of SKILLED and Programmed have been valued as single businesses (i.e. their business units have not been valued separately and then aggregated). Although there are arguments supporting valuation of separate business units, in Grant Samuel's view, it appropriate to analyse value of the business operations for each company on an aggregate basis as:
  - for each of the companies, the economic drivers of their various business units are similar, albeit Programmed's facilities management business has defensive characteristics (in part due to less extensive competition and the long duration of typical contracts) that are not present in the other businesses;

- both SKILLED and Programmed have been taking steps towards integrating their respective business units, particularly in relation to centralisation of administrative and business development activities;
- a number of the businesses included in the market evidence also have a range of activities and these earnings are reflected in their blended multiples; and
- there are no listed companies directly comparable to each of the business units;

- EBITA rather than EBIT has been used in the earnings multiple analysis as it is before the impact of amortisation of identifiable intangible assets acquired in prior acquisitions; and
- Grant Samuel has given consideration to (but not made explicit adjustment for) the synergies potentially achievable. In this regard, it needs to be recognised that:
  - normal valuation practice is to include (either implicitly or explicitly) a value for synergies that are available to multiple acquirers but to exclude those that are unique to a particular acquirer; and
  - where earnings multiples from comparable transactions (or estimated having regard to trading multiples) represent primary valuation evidence, adding synergies to earnings would potentially result in a "double counting" of value as the multiples from the other transactions are usually based on "standalone" earnings (either reported or forecast) and the value of synergies is therefore reflected in the multiple (i.e. the transaction multiple would be lower if based on earnings including synergy benefits).

7.2 Market Valuation Parameters

The market valuation parameters relevant for valuation of SKILLED and Programmed are summarised below.

Transaction Evidence

Appendix 5 contains an analysis of the multiples implied by selected acquisitions of businesses in the workforce solutions, marine services, engineering, facilities management and property services sectors since 2009. With the exception of Programmed's merger with Integrated Group Limited in 2007, transactions prior to 2009 have not been considered due to the substantial change in economic conditions since that time.

The following table sets out the historical and forecast EBITDA and EBITA multiples for these transactions:

Recent Transaction Evidence

Date	Target	Consideration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
			Historical	Forecast	Historical	Forecast
Workforce Solutions						
Jan 15	Chandler Macleod Group	290	9.8	8.1	12.4	10.0
Jan 15	Peoplebank Holdings	69	7.0	na	na	na
May 12	Talent2	140	15.0	7.7	32.3	11.7
Nov 10	Ross Human Directions	64	4.9	na	6.2	na
Nov 10	Healthcare Australia	123	7.1	na	na	na
Aug 09	Peoplebank Australia	100	5.6	na	5.9	na
Feb 07	Integrated Group	191	9.5	9.0	10.9	10.3
Marine Services						
May 14	Go Marine Group	53	6.9	na	9.8	na
Feb 14	Subsidiaries of Jaya Holdings	550	7.9	na	14.2	10.0
Dec 13	Miclyn Express Offshore	622	9.6	7.2	13.6	9.8

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Recent Transaction Evidence						
Date	Target	Consid-eration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
			Historical	Forecast	Historical	Forecast
Jun 13	Broadsword Marine	76	5.4	4.4-4.7	na	na
Nov 12	DMS Maritime	213	9.1	na	10.5	na
Engineering						
Mar 14	Leighton	7,630	4.5	5.0	8.4	9.2
Nov 13	T & C Services	34	4.8	na	na	na
Sep 13	Sinclair Knight Merz	1,300	5.9	6.2	6.6	7.1
Jul 13	Clough	1,135	7.8	7.2	8.3	7.6
Oct 12	G&S Engineering	64-71	na	5.7-6.0	na	na
May 12	Unidel Group	27-41	4.1-6.3	na	5.1-8.0	na
Dec 10	Valemus Australia	960	4.3	3.9	5.2	4.8
Nov 09	Evans & Peck	87	4.6	na	4.8	na
Jun 09	GRD	106	4.2-5.4	6.7-7.9	5.0-6.4	7.3-9.4
Facilities Management and Property Services						
Jan 15	Brookfield Johnson Controls	500	9.0	na	na	na
Oct 14	Tenix	300	7.3	na	8.6	na
Dec 14	Thiess/Leighton Contractor Services	1,075	na	4-5	na	na
Jun 14	DTZ	1,215	8.2	7.3	9.8	7.8
May 14	Spotless Group Holdings Limited	1,760	9.5	7.9	12.4	10.1
Nov 11	Spotless Group Limited	710	6.5	6.3	11.5	11.6

Source: Grant Samuel analysis (see Appendix 5)

In considering this transaction evidence the following factors should be taken into consideration:

- a number of the transactions do not reflect "full" control values including:
  - for ASX listed companies Peoplebank Australia, Miclyn Express and Clough, where the acquirers held interests in excess of 60% of the target company;
  - the acquisition of an additional 10.6% of Leighton (now known as CIMIC) by HOCHTIEF, increasing its interest from 58.6% to 69.2%;
  - the acquisition of the remaining 10% of Go Marine Group by Otto Marine;
  - the acquisition of the remaining 50% interests in the Brookfield Johnson Controls joint venture by Brookfield Asset Management and the DMS Maritime joint venture by Serco Group;
  - the acquisition of a 50% interest in Thiess Services and Leighton Contractor Services by Apollo Global Management LLC to create the Services Partnership with CIMIC;
  - the Spotless Group Holdings Limited ("Spotless") initial public offering in May 2014, where the vendors retained a 49.4% interest in the company and the right to a number of board positions; and
  - the acquisition of Integrated Group by Programmed, which was structured as a "nil premium" merger;
- the multiples paid for Chandler Macleod are relatively high reflecting Japanese company Recruit's entry into the Australian market and, as the acquisition of Peoplebank Holdings was announced at the same time, the potential for synergies;
- the historical multiples implied for Talent2 are high, reflecting the downturn in earnings from difficult trading conditions in the recruitment sector (including delays in decision making in larger managed services contracts) while expectations were for improved conditions (and improved earnings) in the following year;
- the historical multiple paid by SKILLED for T & C Services is low reflecting that the vendor, Thomas & Coffey Limited, was under financial distress;
- the multiples paid for Valemus Australia are relatively low. The vendor, Bilfinger Berger AG, had postponed an initial public offering in July 2010 due to deteriorating market

conditions. The earnings outlook at the time of the transaction in December 2010 may have deteriorated. To the extent that prospective earnings at that time were lower than the prospectus earnings upon which the multiples are calculated, the multiples could be understated;

- the financial data upon which the earnings for the acquisition of a 50% interest in Thiess Services and Leighton Contractor Services is calculated is sourced from broker analysis and, therefore, caution is warranted in referencing these multiples; and
- the acquisition of Spotless Group Limited in November 2011 followed three years of flat earnings performance which was expected to continue in 2012, notwithstanding ongoing restructuring and profit improvement initiatives. Moreover, the transaction followed an eight month non-exclusive due diligence process during which no other potential acquirer emerged.

None of the target companies in the transactions is directly comparable to either SKILLED or Programmed in terms of the mix of activities and, in most cases, scale and geographic reach. However, the evidence is useful in considering appropriate valuation parameters for their underlying business activities. In particular:

- Recruit's acquisitions of Chandler Macleod and Peoplebank Holdings in January 2015 are key benchmarks for the workforce solutions businesses. In this regard, it should be noted that:
  - Chandler Macleod provides a range of recruitment, managed services, human resource process outsourcing and consulting services, predominantly in Australia and New Zealand, and is estimated to hold a 5.1% share of the temporary staffing services market in Australia (second only to SKILLED). Its divisions can be compared to SKILLED and Programmed as follows;
    - Staffing Services (64% of FY14 EBITDA before corporate overheads) provides recruitment and placement of staff across a range of white collar and blue collar industries on a permanent, contract or temporary basis. These activities are similar to SKILLED's Workforce Services business unit and aspects of Programmed's Workforce division;
    - Managed Services (26% of FY14 EBITDA) provides recruitment process outsourcing and provision of staff on an outsourced risk sharing basis, similar to aspects of the activities of Programmed's Workforce division; and
    - Specialist Products (10% of FY14 EBITDA) provides business process outsourcing services (such as payroll services and human resources consulting services), businesses upon which neither SKILLED nor Programmed focus; and
  - Peoplebank Holdings provides white collar workforce solutions with a focus on the IT and telecommunications sectors. Its activities are directly comparable to parts of SKILLED's Technical Professionals business unit.

  Recruit paid multiples of:

  - 9.8 times historical EBITDA and 8.1 times forecast EBITDA for Chandler Macleod; and
  - 7 times historical EBITDA for Peoplebank Holdings.

  As these acquisitions were announced together and represent Recruit's entry into the Australian staffing sector, it is reasonable to assume that:

  - the acquisition of the combined Australian footprint of these businesses was a key strategic step in Recruit's global expansion plan. Following these acquisitions Recruit is the second largest participant in the temporary staffing services market in Australia, with an estimated 7% market share (compared to SKILLED's 8.9% share); and
  - Recruit would have considered the potential for costs savings, albeit limited by its intention for the businesses to continue to operate separately.

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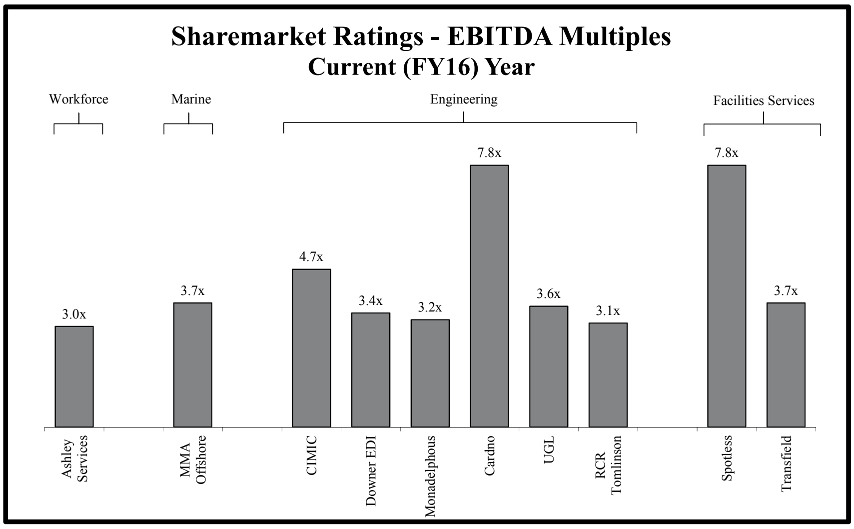
Therefore, on an aggregate basis, Recruit paid an equity price of $359 million for these businesses, implying an historical EBITDA multiple of 9 times (prior to cost savings) and forecast EBITDA multiples of less than the 8.1 times forecast EBITDA paid for Chandler Macleod on a standalone basis (say, around 7 times).

- the June 2014 sale of DTZ by UGL and the October 2014 acquisition of Tenix by Downer EDI are the key benchmarks for Programmed Facilities Management. In this context, it should be noted that:
  - DTZ is a global provider of property services offering an end-to-end service including leasing, property/facilities management, capital markets, assets management, valuation and project management. However, only 22% of revenue was derived in the Asia Pacific region (including Australia) and UGL was considered to be under financial pressure at the time of sale. DTZ was sold at 7.3 times forecast EBITDA and 7.8 times forecast EBITA; and
  - Tenix is a provider of long term operations and maintenance services to asset owners in Australia and New Zealand. Tenix (or parts thereof) had been marketed over a number of years prior to this transaction but there is no reason (such as financial pressure) to conclude that the sale of this business was undertaken at anything other than fair value. Tenix was sold at 7.3 times historical EBITDA and 8.6 times historical EBITA; and
- the acquisition and subsequent relisting of Spotless are important benchmarks for Programmed Property Services although the following points should be noted:
  - Spotless was privatised in November 2011 after a period of flat earnings performance (including poor performance of a business which was subsequently divested) and there was little competitive tension in this transaction; and
  - the relisting of Spotless in May 2014 took place at high implied multiples reflecting the substantial restructuring and turnaround that had occurred (whereby EBITDA margins had nearly doubled from around 6.5% to 10-11%), the outlook for growth (and further economies of scale) and the continued participation in the management of the company by the private equity acquirer (Pacific Equity Partners).

Evidence from Sharemarket Prices

Appendix 5 also contains analysis of the earnings multiples implied by the share prices of broadly comparable companies as at 17 August 2015. The following charts summarise the EBITDA and EBITA multiples for the current (FY16) year for those companies:



Source: Grant Samuel analysis (Appendix 5)

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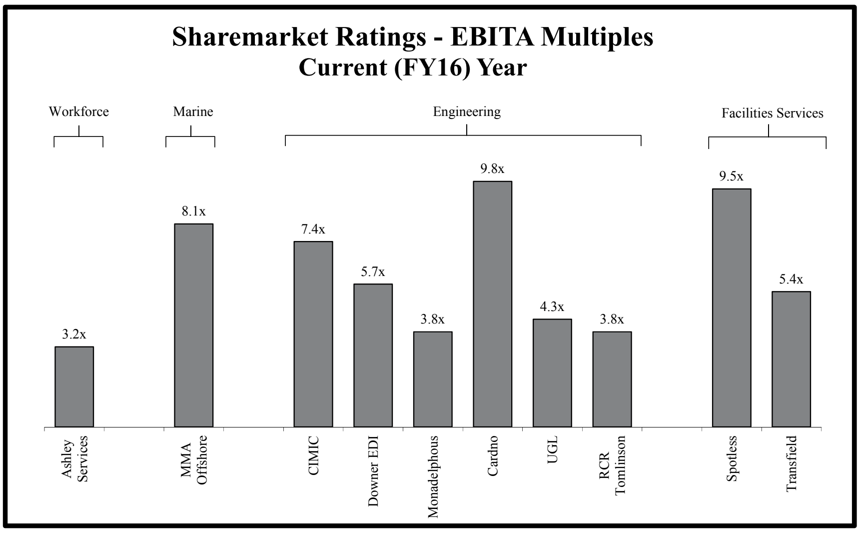

Source: Grant Samuel analysis (Appendix 5)

The following factors are relevant to consideration of the comparable company multiples:

- the multiples for the listed companies are based on share prices and do not include a premium for control;
- the FY16 multiples for all companies (except CIMIC) are based on earnings for the year ending 30 June 2016, while for CIMIC the multiples are based on earnings for the year ending 31 December 2015. No alignment of the financial data has been undertaken. While useful for comparison purposes, such an adjustment would imply a level of certainty in profit forecasting which would be inappropriate given current market conditions and, in any event, Programmed has a 31 March year end while SKILLED has a 30 June year end;
- all of the companies except CIMIC have 30 June year ends and will report FY15 results by 31 August 2015. At 17 August 2015 only Downer EDI has released its FY15 results. Based on these results and company guidance as to continuing difficult trading conditions, brokers downgraded their earnings forecasts for Downer EDI. To the extent that the downgrade reflected trading conditions rather than company specific factors, brokers may also downgrade forecasts for some or all of the remaining 30 June year end companies following the release of FY15 results. Therefore, the multiples presented above for those companies may be understated;
- none of these companies is directly comparable to either SKILLED or Programmed. In fact, although SKILLED does not provide facilities management and property services, SKILLED and Programmed have generally been considered the most directly comparable companies for each other. Nevertheless, the selected companies face many of the same external factors as SKILLED and Programmed, including reduced activity levels in the resources sector, subdued demand for labour and professional services in weak economic conditions, a highly competitive environment and structural change;
- CIMIC, Downer EDI and Cardno have substantial international operations. CIMIC and Downer EDI derive more than 30% of their revenue outside Australia and New Zealand, while in the case of Cardno offshore revenue represents more than 75% of total revenue. In comparison, SKILLED and Programmed are primarily focused on Australia and New Zealand;
- CIMIC is part way through a major transformation of its business model, the results of which are expected to emerge over the next 2-3 years. This creates uncertainties for brokers in forecasting earnings and may also impact CIMIC's sharemarket rating;

- Cardno's multiples are high reflecting corporate activity which followed immediately on the announcement of a substantial profit downgrade. Cardno's share price fell 30% on announcement of the downgrade on 20 May 2015 but within two days a private equity backed entity had acquired an 18.8% interest in the company. As a consequence, it is not possible to present earnings multiples on an unaffected share price basis. Arguably, the multiples reflect control values (or values incorporating at least some premium for control) for Cardno in current market conditions;
- the Spotless multiples are high relative to recent transactions involving facilities management and property services businesses (generally in the range of 6-7 times forecast EBITDA and 8-12 times forecast EBITA). Spotless had been relisted on the ASX in May 2014 on a 7.9 times forecast EBITDA multiple. The high multiples on which Spotless is trading reflect its record of strong growth since its privatisation in November 2011 and expectations of further economies of scale from growth in the business (it has recently invested $380 million in three acquisitions). Spotless earns EBITDA margins of around 10-11% (well above those of Transfield). Its market rating may reflect an increasing tendency for investors to benchmark Spotless against its international peers which trade at higher multiples (see below);
- despite a revenue profile that is increasingly services oriented with long term contracts and lower capital intensity, Transfield trades at a substantial discount to Spotless and generally more in line with the engineering companies, reflecting its lower EBITDA margins of around 6.5% compared to that of Spotless. However, Transfield's sharemarket rating may also have been affected by a recently implemented business strategy refocus and expectations that a major Commonwealth Government contract will be renewed at lower margins. Transfield shares are currently trading around the price offered by Ferrovial Servicios S.A. in December 2014 ($2.00), which was rejected by the board as undervaluing the business;
- Ashley Services listed in August 2014 on a pro forma FY15 EBITA multiple of 8.5 times. It has recently issued earnings downgrades attributable to its telecommunications training business, indicating that pro forma FY15 earnings are expected to be 30% lower than forecast. It is currently trading at 3.3 times FY15 pro forma (revised) EBITA; and
- a number of the companies have restricted free floats, including CIMIC (HOCHTIEF with a 69.2% interest) and Ashley Services (interests associated with the Managing Director with a 60% interest), while others have major strategic shareholders holding 10-20% interests (e.g. Monadelphous, Cardno, Spotless and Transfield). However, with the exception of Ashley Services, there are deep active markets for each of these companies and their share prices are likely to reflect fair value for their underlying businesses.

It should also be noted that:

- prior to the announcement of discussions on 25 May 2015:
  - SKILLED was trading at forecast FY16 EBITDA multiples of 5.5 times and FY16 EBITA multiples of 6.4 times; while
  - Programmed was trading at forecast FY16 EBITDA multiples of 5.0 times and FY16 EBITA multiples of 6.0 times; and
- as a number of SKILLED and Programmed's major competitors are local operations of international listed companies, a review of current sharemarket ratings[37] for those international companies provides further valuation guidance. In this context, it is noted that:
  - the major international listed workforce solutions companies (Adecco, Randstad, Manpower, Robert Half) are trading at multiples in the range 8-11 times forecast EBITDA and 9-12 times forecast EBITA;
  - the major international listed European engineering companies (AMEC Foster Wheeler, John Wood Group, Aker Solutions) are trading at multiples in the range 5-8 times forecast EBITDA and 8-9 times forecast EBITA. In comparison, the major North

[37] Source: S&P Capital IQ as at 31 July 2015.

American listed engineering companies (Jacobs Engineering, Fluor) are trading in the range of 5-7 times forecast EBITDA and 6-8 times forecast EBITA; and

- the major international listed facilities management and property services companies (Serco, ISS, Sodexo, Compass) are trading at multiples in the range 11-12 times forecast EBITDA and 12-14 times forecast EBITA.

It is clear that the major international companies generally trade at higher multiples than the Australian companies, perhaps reflecting the more mature outsourcing markets in which they operate and the higher margins that they typically generate. The facilities management and property services companies trade on particularly high multiples. However, evidence from these companies needs to be treated with caution as differences between Australian and international growth and inflationary expectations, industry and market conditions and differing tax regimes impact share market valuations and, therefore, implied multiples. In any event, in Grant Samuel's view there is sufficient evidence in the Australian market to provide meaningful valuation guidance.

7.3 Valuation of SKILLED

7.3.1 Summary

Grant Samuel has valued SKILLED in the range $362-432 million, which corresponds to a value of $1.53-1.87 per share. The valuation is summarised below:

SKILLED - Valuation Summary ($ millions)			
	Report Section Reference	Value Range	
		Low	High
Business operations	7.3.2	530.0	600.0
Other assets and liabilities	7.3.3	(21.1)	(21.1)
Enterprise value		**508.9**	**578.9**
Net borrowings	7.3.4	(147.2)	(147.2)
Value of equity		**361.7**	**431.7**
Fully diluted shares on issue (millions)		237.1[38]	
Value per share		**$1.53**	**$1.87**

The value exceeds the price at which, based on current market conditions, Grant Samuel would expect SKILLED shares to trade on the ASX in the absence of a takeover offer. The valuation represents the estimated full underlying value of SKILLED and includes a premium for control.

Grant Samuel's valuation range is wide (16-19%) reflecting the impact of financial leverage on the value of equity in SKILLED. The valuation range for SKILLED's business operations is 12-13%.

The valuation of SKILLED includes a premium for control. Takeover premiums are typically in the range 20-35% depending on the individual circumstances. Synergies available to acquirers such as cost savings through merging operations are normally a significant factor in justifying their ability to pay a meaningful premium over market prices. Premium analysis in the context of the Scheme is not straightforward and any conclusions from the premium analysis should be viewed with caution. The premiums implied by Grant Samuel's valuation range over the $1.23 closing share price on 22 May 2015 (the last trading day prior to the announcement of discussions with Programmed) are in the range of 24-52%. In Grant Samuel's opinion, these premiums are appropriate for SKILLED.

[38] Representing 235,898,291 shares on issue plus 1,200,000 shares that may be issued prior to implementation of the Scheme. It is assumed that performance rights (and not options) vest and there is no cash inflow for SKILLED.

7.3.2 Value of Business Operations

Grant Samuel estimates the value of SKILLED's business operations to be in the range $530-600 million.

Grant Samuel's primary approach to valuation was capitalisation of earnings, with DCF analysis used as a cross check. The earnings multiples implied by the valuation of SKILLED's business operations are summarised below:

SKILLED – Implied Valuation Parameters	Variable ($ million)	Range of Parameters	
		Low	High
Value Range ($ million)		**530.0**	**600.0**
Multiple of EBITDA (times)			
FY15 (actual)	101.5	5.1	5.9
FY16 (broker median)[39]	86.2	6.1	7.0
FY17 (broker median)[39]	78.5	6.8	7.6
Multiple of EBITA (times)			
FY15 (actual)	85.6	6.2	7.0
FY16 (broker median)[39]	73.8	7.2	8.1
FY17 (broker median)[39]	65.2	8.1	9.2

In Grant Samuel's view, the multiples implied by its valuation of SKILLED's business operations are appropriate. In forming this view the following factors have been taken into account:

- the multiples reflect the blend of SKILLED's business activities (i.e. blue and white collar workforce solutions, engineering and marine services). Although there is no single company to which SKILLED's business operations can be directly compared, there are meaningful listed comparable companies for a number of its business units. For example:
  - MMA Offshore is an offshore marine support and logistics services business and is trading at prospective EBITDA multiples of 3.7 times and prospective EBITA multiples of 8.1 times. However, as it owns a significant proportion of its vessel fleet (and therefore has higher capital intensity), it is most comparable to SKILLED's Broadsword Marine business rather than the offshore manning businesses of SKILLED Offshore; and
  - the engineering companies with lower capital intensity and an Australia and New Zealand focus (i.e. Monadelphous, UGL, RCR Tomlinson) are trading around 3.2-3.6 times prospective EBITDA and 3.8-4.3 times prospective EBITA. The activities of these companies are most comparable to those of SKILLED's Engineering business unit;
- Programmed is generally considered the most directly comparable to SKILLED. Prior to the announcement of discussions with SKILLED on 25 May 2015, Programmed was trading at multiples of 5 times forecast EBITDA and 6 times forecast EBITA;
- there are no listed Australian companies comparable to SKILLED's Workforce Services and the marine manning businesses of SKILLED Offshore. However, there are a number of recent transactions that provide meaningful valuation evidence for these businesses (as discussed in detail in Section 7.2). In this context, Grant Samuel has had particular regard to:

[39] The directors of SKILLED have decided not to include the FY16 Budget in the Explanatory Memorandum. To provide an indication of the expected financial performance, Grant Samuel has considered brokers' forecasts for SKILLED (see Appendix 2).

   - the combined acquisition of Chandler Macleod and Peoplebank Holdings by Recruit in January 2015, which occurred on aggregate historical multiples of 9 times EBITDA and lower forecast multiples of around 7 times EBITDA; and
   - in recent years engineering businesses have generally been acquired at forecast multiples in the range of 6-7 times EBITDA and 7-9 times EBITA;

- the short to medium term outlook for SKILLED is for a decline in earnings. Difficult trading conditions across all of its business units and sectors (particularly the resources sector), combined with structural change driven by factors including technology change, have resulted in a significant fall in earnings in its Workforce Services and Technical Professionals businesses, notwithstanding the removal of $65 million from SKILLED's cost structure since FY11. Only continued strength in the marine business, largely reflecting a small number of high value contracts, together with the full year effect of business acquisitions, have enabled SKILLED to report earnings growth for FY15.

  In the absence of the Scheme, SKILLED would implement the additional initiatives identified in its recent strategic review. However, these initiatives are directed at refocussing its business model and the financial benefits will only emerge over time.

  The Gorgon and Saipem contracts are expected to conclude during FY16 and, although the Engineering & Marine Services business unit has been positioned to win new work, these major project shifts from construction to production, means the timing and quantum of any additional work for SKILLED are uncertain. In this context, the median broker forecast is that revenue will fall by 12% from FY15 to FY17, with earnings declining by 23% over that period (implying a reduction in margins);

- SKILLED has a number of positive attributes. It:
   - is the largest provider of temporary staff services in Australia with an estimated market share of 8.9%. It operates through a branch network across a wide range of sectors, has deep client relationships and a long history of collaborative operations on industrial worksites;
   - enjoys a well recognised brand name and reputation for safety across the labour hire sector, particularly in the blue collar economy;
   - has invested significant resources in recent years into back office IT systems to improve and simplify processes to provide a platform for growth; and
   - has a growing engineering and marine services capability.

  SKILLED represents an opportunity for an acquirer to develop a substantial Australian footprint. However, it faces significant challenges:
   - it has a substantial exposure to the resources sector in Australia (57% of revenue in FY15). With the sharp downturn in the resources sector, reflecting both the major fall in commodity prices and the completion of a number of major projects, there has been a significant reduction in the demand for outsourced labour services. Revenues and margins on work in the resources sector have fallen;
   - earnings pressure caused by the downturn in the resources sector has been exacerbated by the "re-balancing" of the Australian economy, with growing competition and margin pressure across a range of sectors. SKILLED has also faced structural change resulting in part from internet-enabled technologies providing alternatives for users of temporary labour; and
   - there can be no assurance that external business conditions will improve to any material extent in the short to medium term. On the other hand, SKILLED retains the financial capacity to respond to further deterioration in business performance.

Overall, these factors (and particularly the expected fall in earnings over the next two years) suggest that a cautious approach to valuation (in terms of multiples of current and near term earnings) is warranted.

In assessing the appropriateness of the multiples it is also necessary to take potential synergies into account. SKILLED and Programmed have estimated that synergies of around $20 million could be achieved in the first year following implementation of the Scheme, and SKILLED has estimated that a further $15 million of synergies could be achievable over the following two years[40]. However, it is almost certainly the case that synergies of this magnitude are available only to Programmed, and it is accordingly not appropriate to reflect (even implicitly) synergies of this magnitude in the valuation. At the other extreme, it is likely that effectively any acquirer (including financial sponsors) could achieve savings in listed company and associated head office costs, which Grant Samuel has estimated might be of the order of $4.5 million per annum. Potential trade buyers of SKILLED could potentially realise more extensive synergies, although the quantification of these synergies (and the extent to which those synergies would be shared by the bidder) are highly uncertain.

The valuation range represents a significant premium relative to the SKILLED share price (24-52% relative to the closing share price on 22 May 2015 of $1.23). In Grant Samuel's view, this suggests that the valuation incorporates an appropriate allowance for synergy benefits.

DCF Analysis

SKILLED management has not prepared detailed projections for SKILLED beyond FY16. The SKILLED Projections provided to Grant Samuel reflect the impact of the recent strategic review, the implementation of which has been put on hold following the announcement of the Scheme. Nevertheless, Grant Samuel has used DCF analysis as a cross check of the capitalisation of earnings based valuation. Grant Samuel has developed a DCF model that allows the key drivers of earnings and capital expenditure to be modelled. The DCF model is based on a number of assumptions that Grant Samuel considers reasonable. However, the model does not constitute a forecast or projection by Grant Samuel of the future performance for SKILLED's business operations and no assurance or warranty is given that future performance will be consistent with the assumptions adopted in the model.

The DCF model forecasts nominal after tax cash flows for 20 years from 1 July 2015 with a terminal value calculated by capitalising net after tax cash flows using the perpetuity method and assuming a long term growth rate of 2%. The main operational assumptions are:

- revenue for Workforce Services and Technical Professionals is flat in FY16 and then grows at 3% per annum;
- revenue for Engineering & Marine Services is flat in FY16, declines by 10% in FY17, is flat in FY18 and FY19 and then grows at 3% per annum from FY20;
- EBITDA margins are 3% for Workforce Services, 5% for Technical Professionals and 7% for Engineering & Marine Services;
- corporate costs are reduced by $4.5 million (reflecting savings available to an acquirer) and thereafter grown by inflation;
- depreciation equals capital expenditure which grows by inflation; and
- SKILLED incurs additional stay in business technology capital expenditure of $5 million per annum for four years starting FY16.

[40] SKILLED's estimate of additional synergies available as set out in the ASX announcement of the Scheme dated 24 June 2015.

Other key inputs for the DCF are:

- an inflation rate of 2.5% across the period;
- a corporate tax rate of 30%, with tax paid in the year it is incurred; and
- nominal after tax discount rates in the range of 10-11% derived by reference to an estimated weighted average cost of capital ("WACC")[41] based on the Capital Asset Pricing Model ("CAPM")[42]. These rates are a judgement but reflect the following parameters:
  - cost of equity capital of 8.8-10% calculated using the CAPM and based on:
    - a risk free rate of 2.8% (based on 10 year Commonwealth Government bonds);
    - a market risk premium of 6%; and
    - a beta factor in the range 1-1.2.
  - a cost of debt of 4.8-5.3%; and
  - a debt/equity mix of 25% debt and 75% equity.

  The resultant calculated WACC is 7.4-8.4%. However, strict application of the CAPM at the present time gives results that are arguably unrealistically low primarily due to low effective real interest rates. In this context:

  - anecdotal information suggests that equity investors have repriced risk since the global financial crisis and that acquirers are pricing offers on the basis of hurdle rates above those implied by theoretical models. However, this has yet to be translated into the measures of market risk premium (at least those based on longer term historical data). In this regard, an increase in the market risk premium of 1% (i.e. from 6% to 7%) would increase the calculated WACC range to 8.2-9.3%;
  - global interest rates, including long term bond rates, are at low levels by comparison with historical norms, reflecting the liquidity being pumped into many advanced economies to stimulate economic activity. Effective real interest rates are now low, if not negative in some jurisdictions. Grant Samuel does not believe this position is sustainable and the risk is clearly towards a rise in bond yields. Conceptually, the interest rates used to calculate the discount rate should recognise this expectation (i.e. they should be forecast for each future period) but for practical ease market practice is that a single average rate based on the long term bond rate is generally adopted for valuation purposes. Some academics/valuation practitioners consider it to be inappropriate to add a "normal" market risk premium (e.g. 6%) to a temporarily depressed bond yield and therefore advocate that a "normalised" risk free rate should be used. On this basis, an increase in the risk free rate to (say) 5% would increase the calculated WACC range to 9.5-10.5%; and
  - analysis of research reports on SKILLED indicates that brokers are currently adopting WACCs in the range 10.8-11.5% with a median of 11.1%.

  On the basis of the above, Grant Samuel has adopted discount rates in the range 10-11% for the valuation of SKILLED's business operations.

Forecasts of operational assumptions are uncertain and there is significant scope for differences in opinion on key assumptions. Accordingly, Grant Samuel has analysed the net present value ("NPV") outcomes based on a number of scenarios that represent differing combinations of longer term revenue growth rates and discount rates. The output of the DCF analysis is summarised below:

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41 The formula used to calculate a WACC under a classical tax system is $WACC = (Re \times E/V) + (Rd \times (1\text{-}t) \times D/V)$, where E/V = the proportion of equity to total value (where V = D + E), D/V = the proportion of debt to total value, Re = the cost of equity capital, Rd = the cost of debt capital and t = the corporate tax rate.

42 The formula for deriving the cost of equity using CAPM is $Re = Rf + Beta\ (Rm - Rf)$, where Re = the cost of equity capital, Rf = the risk free rate and $Rm\text{-}Rf$ = the market risk premium.

SKILLED – NPV Analysis ($ millions)				
Revenue Growth	Discount Rates			
	9%	10%	11%	12%
2%	670	591	528	479
3%	762	664	589	529
4%	866	748	658	587

The NPVs fall in a relatively wide range across the different scenarios highlighting the sensitivity of the analysis to relatively small changes in assumptions. Terminal values represent between 15-30% of the NPV outcomes presented above.

In Grant Samuel's opinion, notwithstanding the uncertainties inherent in the DCF analysis, the DCF analysis provides general support for the valuation range for SKILLED's operating business of $530-600 million.

7.3.3 Other Assets and Liabilities

SKILLED's other assets and liabilities have been valued at ($21.1) million and comprise:

- the 50% interest in GSS JV based on book value at 30 June 2015 ($0.5 million); and
- the aggregate deferred purchase consideration in relation to Broadsword Marine and OMSA based on book value at 30 June 2015. Book value represents the net present value of the deferred payments (negative $21.6 million).

No separate value has been attributed to SKILLED's carried forward capital losses ($0.5 million).

7.3.4 Net Borrowings

SKILLED's net borrowings for valuation purposes are $147.2 million. This amount is based on drawn borrowings of $160.5 million (i.e. before capitalised borrowing costs) and cash and short term deposits ($13.3 million) as at 30 June 2015.

7.3.5 Franking Credits

Under Australia's dividend imputation system, domestic equity investors receive a taxation credit (franking credit) for tax paid by a company. The franking credit attaches to any dividends paid by a company and the franking credit offsets personal tax for Australian investors. To the extent that personal tax has been fully offset the individual will receive a refund of the balance of the franking credit. Franking credits therefore have value to the recipient.

However, in Grant Samuel's opinion, while acquirers are attracted by franking credits there is no clear evidence that they will actually pay extra for a company with them (at any rate the sharemarket evidence used by Grant Samuel in valuing the SKILLED business operations will already reflect the value impact of the existence of franking credits). Further, franking credits are not an asset of the company in the sense that they can be readily realised for a cash sum that is capable of being received by all shareholders. The value of franking credits can only be realised by shareholders themselves when they receive distributions. Importantly, the value of franking credits is dependent on the tax position of each individual shareholder. To some shareholders (e.g. overseas shareholders) they may have very little or no value. Similarly, if they are attached to a distribution which would otherwise take the form of a capital gain taxed at concessional rates there may be minimal net benefit (in fact, there may be some categories of shareholders who are worse off in this situation; e.g. shareholders with a capital loss on disposal of the shares).

Accordingly, while franking credits may have value to some shareholders they do not affect the underlying value of the company itself. No value has therefore been attributed to SKILLED's accumulated franking credit position ($71.6 million at 30 June 2015 after allowing for the final FY15 dividend) in the context of the value of SKILLED as a whole.

7.4 Valuation of Programmed

7.4.1 Summary

Grant Samuel has valued Programmed in the range $387-437 million. The valuation is summarised below:

Programmed - Valuation Summary ($ millions)			
	Report Section Reference	Value Range	
		Low	High
Business operations	7.4.2	400.0	450.0
Other assets and liabilities	7.4.3	(9.8)	(9.8)
Enterprise value		**390.2**	**440.2**
Net borrowings	7.4.4	(3.6)	(3.6)
Value of equity		**386.6**	**436.6**

The valuation represents the estimated full underlying value of Programmed and includes a premium for control.

The premiums implied by Grant Samuel's value range over Programmed's market capitalisation on 22 May 2015 (the last trading day prior to the announcement of discussions with Programmed) are in the range 19-34%. In Grant Samuel's opinion, these premiums are reasonable for Programmed.

7.4.2 Value of Business Operations

Grant Samuel estimates that the value of Programmed's business operations to be in the range $400-450 million.

The primary valuation methodology was capitalisation of earnings, with DCF analysis used as a cross check. The earnings multiples implied by the valuation of Programmed's business operations are summarised below:

Programmed – Implied Valuation Parameters			
	Variable ($ million)	Range of Parameters	
		Low	High
Value Range ($ million)		**400.0**	**450.0**
Multiple of EBITDA (times)			
FY15 (actual)	61.0	6.6	7.4
FY16 (broker median)[43]	60.8	6.6	7.4
FY17 (broker median)[43]	63.9	6.3	7.0
Multiple of EBITA (times)			
FY15 (actual)	50.5	7.9	8.9
FY16 (broker median)[43]	50.3	8.0	8.9
FY17 (broker median)[43]	52.6	7.6	8.6

In Grant Samuel's view, the multiples implied by its valuation of Programmed are appropriate. In forming this view the following factors have been taken into account:

- the multiples reflect the blend of Programmed's business activities (i.e. workforce solutions, facilities management, property services and marine services). Although there is no single company to which Programmed's business operations can be directly compared there are meaningful listed comparable companies for its facilities

[43] The directors of Programmed have decided not to include the FY16 Budget in the Explanatory Memorandum. To provide an indication of the expected financial performance, Grant Samuel has considered brokers' forecast for Programmed (see Appendix 4).

management and property services businesses (i.e. Spotless and Transfield). In this regard, the following factors should be noted:

- Spotless provides both "hard" and "soft" facilities services, albeit with a greater weighting to "soft" services such as catering, cleaning and laundry services than Programmed, and earns EBITDA margins of 10-11%; and
- as Transfield has historically focussed on infrastructure maintenance and construction services rather than facilities management and property services its EBITDA margin is lower than Spotless at around 6.5%.

The EBITDA margins of Programmed's facilities management and property services activities of around 5% are more in line with Transfield's margins than those of Spotless;

- there are no listed Australian companies (other than SKILLED directly) comparable to Programmed's Workforce and Resources divisions. Grant Samuel has had regard to:
  - the combined acquisition of Chandler Macleod and Peoplebank Holdings by Recruit in January 2015. The acquisition consideration implied aggregate historical multiples of 9 times EBITDA and lower forecast multiples estimated at around 7 times EBITDA (as discussed in Section 7.2);
  - the forecast multiples implied by acquisitions of engineering businesses (in the range of 6-7 times EBITDA and 7-9 times EBITA); and
  - multiples from the marine services market, although much of this evidence relates to capital intensive marine activities. By comparison, Programmed's marine manning business (Total Marine Services) is a low capital intensity business and more akin to a specialist human resources operation;
- SKILLED is generally considered the company most directly comparable to Programmed. Prior to the announcement of discussions with Programmed on 25 May 2015, SKILLED was trading at multiples of 5.5 times forecast EBITDA and 6.4 times forecast EBITA;
- the short to medium term outlook for Programmed is for limited real growth (see broker median forecasts in Appendix 4). Although, there is an expectation that the facilities management business will continue to grow and will deliver a stable long term revenue base for Programmed, this will be offset by continuing difficult trading conditions for Programmed's other businesses;
- Programmed has a number of positive attributes. It has:
  - an estimated 10.9% share of the facilities services market in Australia. It is a leading painting services provider and has a growing portfolio of long term facilities management contracts. It has a well recognised brand name across the sectors in which it operates;
  - well developed customer relationship management and other "front of office" systems, following a significant investment in system redesign and a restructure of many of its businesses to improve efficiency and to leverage existing client relationships; and
  - a substantial marine services capability and long term relationships in the oil and gas sector.

  However, Programmed faces challenges similar to those faced by SKILLED:

  - it has a significant exposure to the resources sector in Australia (around 20% of revenue in FY15). While this exposure is lower than that of SKILLED, it nevertheless places pressure on overall business earnings;
  - its Marine Services business in particular will be affected by the impending completion of some large individual offshore oil and gas construction projects;
  - the Workforce business will continue to face strong competition and pressure on margins, reflecting the downturn in the resources sector and weak general

economic conditions, as well as ongoing structural change from internet-enabled technologies that provide alternatives for users of temporary labour; and

- there can be no assurance that external business conditions will improve to any material extent in the short to medium term. However, Programmed's very strong financial position (with effectively no net debt) means that it enjoys considerable financial flexibility and has the capacity to respond to any further deterioration in the external environment.

In this context, while the valuation range for Programmed's operating businesses implies higher multiples of FY15 earnings than the valuation of SKILLED, the valuation multiples for Programmed are not high. In Grant Samuel's view this is appropriate, given that earnings growth in the short to medium term is expected to be modest.

The availability of synergies to potential acquirers is also a factor in assessing the appropriateness of the multiples. It is almost certainly the case that synergies of the magnitude expected to be realised through the combination of SKILLED and Programmed exceed those that could be extracted by other potential acquirers of Programmed, and it is accordingly not appropriate to reflect (even implicitly) synergies of this magnitude in the valuation. Conversely, it appears likely that trade buyers could achieve synergies over and above savings in listed company and associated head office costs, which Grant Samuel has estimated might be of the order of $4.5 million per annum. As for SKILLED, the quantification of these synergies (and the extent to which those synergies would be shared by the bidder) are highly uncertain.

The valuation range represents a significant premium relative to Programmed's current share market capitalisation and to its market capitalisation immediately prior to the announcement on 22 May 2015 of transaction discussions with SKILLED. In Grant Samuel's view, this suggests that the valuation incorporates an appropriate allowance for synergy benefits.

DCF Analysis

Programmed management has not prepared detailed projections for Programmed beyond FY16. The Programmed Projections provided to Grant Samuel are high level “top down” management views. Nevertheless, Grant Samuel has used DCF analysis as a cross check of the capitalisation of earnings based valuation for Programmed’s business operations. Grant Samuel has developed a DCF model that allows the key drivers of earnings and capital expenditure to be modelled. The DCF model is based on a number of assumptions that Grant Samuel considers reasonable. However, the model does not constitute a forecast or projection by Grant Samuel of the future performance of Programmed’s business operations and no assurance or warranty is given that future performance will be consistent with the assumptions adopted in the model.

The DCF model forecasts nominal after tax cash flows for 20 years from 1 March 2015 with a terminal value calculated by capitalising net after tax cash flows using the perpetuity method and assuming a long term growth rate of 2%. The main operational assumptions are:

- revenue for Workforce grows at 5% per annum in FY16 and FY17 and by 3% per annum thereafter;
- revenue for Property & Infrastructure grows at 8.5% per annum in FY16 and FY17 and 3% thereafter;
- revenue for Resources is flat for the period FY16-FY19 and then grows at 3% per annum thereafter;
- EBITDA margins are 2.5% for Workforce, 5% for Property & Infrastructure and 7% for Resources;
- corporate costs are reduced by $4.5 million in cost savings and grown by inflation;
- depreciation equals capital expenditure which grows by inflation; and

- Programmed incurs additional stay in business technology capital expenditure of $5 million per annum is incurred for four years, starting FY16.

Other key inputs for the DCF are:

- an inflation rate of 2.5% across the period;
- a corporate tax rate of 30%, with tax paid in the year it is incurred; and
- a nominal after tax discount rates in the range of 10-11% derived by reference to the WACC (as described in Section 7.3.2).

Forecasts of operational assumptions are uncertain and there is significant scope for differences in opinion on key assumptions. Accordingly, Grant Samuel has analysed the NPV results based on a number of scenarios that represent differing combinations of revenue growth rates and discount rates. The output of the DCF analysis is summarised below:

Programmed – NPV Analysis ($ millions)

Revenue Growth	Discount Rates			
	9%	10%	11%	12%
2%	458	403	360	325
3%	531	462	409	366
4%	615	530	464	413

The NPVs fall in a relatively wide range across the different scenarios highlighting the sensitivity of calculated NPV to relatively small changes in assumptions. Terminal values represent between 15-33% of the NPV outcomes presented above.

Notwithstanding the uncertainties in the DCF analysis, in Grant Samuel's opinion the DCF analysis provides general support for the valuation range of $400-450 million for Programmed's business operations.

7.4.3 Other Assets and Liabilities

Programmed's other assets and liabilities have been valued at ($9.8) million and comprise:

- the 27.5% interest in OneShift ($3.8 million). This value was assessed having regard to the book value at 30 June 2015;
- a provision for the 11.5 cents per share fully franked final dividend for FY15 which was paid on 24 July 2015 ($13.6 million).

No separate value has been attributed to Programmed's carried forward Australian capital losses ($17 million).

7.4.4 Net Borrowings

Programmed's net borrowings for valuation purposes are $3.6 million. This amount is based on drawn borrowings of $45 million (i.e. before capitalised borrowing costs) and cash and short term deposits ($41.4 million) as at 30 June 2015. This amount is lower than the equivalent net borrowings at 31 March 2015 of $7.8 million.

7.4.5 Franking Credits

While franking credits may have value to some shareholders they do not affect the underlying value of the company itself. Therefore, no value has been attributed to Programmed's accumulated franking credit position of $26.6 million (following payment of the final FY15 dividend) in the context of the value of Programmed as a whole.

8 Valuation of the Consideration under the Scheme

8.1 Summary

Under the Scheme, SKILLED shareholders will receive consideration for each SKILLED share of:

- 0.55 Programmed shares; plus
- $0.25 cash, to take the form of the final fully franked FY15 dividend and a fully franked special dividend paid by SKILLED[44].

Grant Samuel has attributed a value to the scrip consideration of $1.32-1.43 per SKILLED share based on a value range for Programmed shares of $2.40-2.60. Including the cash component of the consideration, the value of the consideration to SKILLED shareholders is $1.57-1.68 per share as follows:

Value of Consideration Offered under Scheme	
Component	**Consideration**
Value per Programmed share	$2.40-2.60
Exchange ratio	0.55
Value of scrip component	$1.32-1.43
Cash component	$0.25
Total value per SKILLED Share	**$1.57-1.68**

The value of the scrip consideration will vary with movements in the Programmed share price. Accordingly, SKILLED shareholders will be exposed to events or other factors that might affect the Programmed share price. The actual value of the consideration at the time that the Scheme is implemented could therefore ultimately exceed, or be less than, $1.57-1.68 per SKILLED share.

8.2 Approach

The Scheme involves a change of control of SKILLED. For the purposes of takeover analysis, the relevant test for SKILLED shareholders is the market value of the Programmed shares plus the cash received as consideration. This involves an estimation of the trading price for Programmed after the Scheme is implemented (rather than a pre bid price). In other words, the relevant metric is the price at which shares in the Combined Group will trade immediately following implementation of the Scheme. The theoretical market value of shares in a standalone Programmed is not relevant to an assessment of the value of the consideration.

It is normal practice to use the post announcement market price as the starting point for estimating the value of an offer with a scrip component. An alternative method is to estimate the underlying value of the combined entity and then to apply a discount to reflect a portfolio interest. However, while the portfolio discount could generally be expected to fall somewhere in the approximate range 15-25%, the precise amount of the discount to apply is uncertain. Furthermore, the consensus view of a well traded market is likely to be a more reliable estimate than that of a single external observer. Market prices (particularly for entities that are closely followed by a range of market analysts) usually incorporate the influence of all publicly available information on an entity's prospects, future earnings and risks.

Grant Samuel has had regard to the market price of Programmed following the announcement of the Scheme, and has addressed the following questions:

- is there any reason why the market price is not a true reflection of the fair market value of Programmed shares? For example, there could be:

[44] Irrespective of whether or not the Scheme is implemented, SKILLED shareholders will receive the final FY15 dividend of 9.5 cents per share to be paid on 15 October 2015.

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- important information about the entity and its business/assets which would affect the share price but is not in the public domain;
- mispricing by the market; and/or
- abnormal trading activity in Programmed shares; and

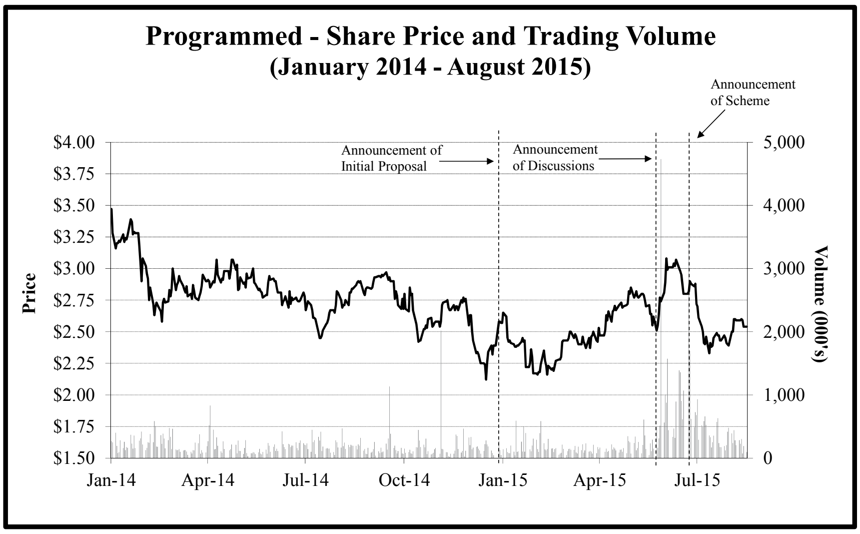
- will the proposed transaction, if implemented, have a material impact on Programmed's financial metrics, growth prospects, risk profile or other factors that would be likely to result in a change in the share price?

In considering these questions, Grant Samuel has:

- analysed the recent trading in Programmed shares;
- reviewed broker analyst research on Programmed; and
- analysed the impact of the Scheme on Programmed's key financial metrics.

8.3 Analysis of the Market for Programmed Shares

Programmed's share price performance since January 2012 is discussed in Section 5.7 of this report. Movements in the Programmed share price and trading volumes since January 2014 are summarised in the chart below:

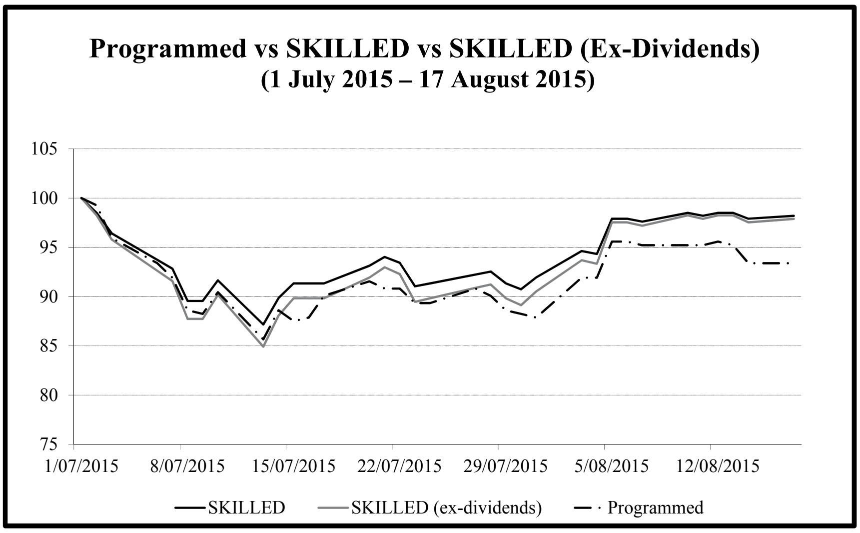


Source: IRESS

Programmed's share price in the period before the announcement of the Scheme is of little relevance in assessing the likely trading price of shares in the Combined Group:

- the gradual decline in Programmed's share price during 2014 reflected the market's reassessment of the company's prospects given the ongoing deterioration in the resources sector and (in late 2014), in particular, the oil and gas sector, as well as growing evidence of the competitive nature of labour hire markets; and
- while Programmed's share price recovery in early 2015 may in part have been based on expectations of a transaction with SKILLED (given the announcement on 29 December 2014 of Programmed's initial proposal to SKILLED), such expectations are unlikely to have reflected the ultimate structure of the Scheme, estimates of potential merger synergies and the likely impact on Programmed shareholders, all relevant to an assessment of the likely trading price of Programmed shares following implementation of the Scheme.

Since 1 July 2015 (i.e. once Programmed shares commenced trading on an ex-dividend basis), Programmed and SKILLED shares have traded on relativities generally consistent with the terms of the Scheme:



Source: IRESS and Grant Samuel analysis
Note: SKILLED (ex-dividends) is the SKILLED share price less $0.25 cash dividends under the Scheme.

This suggests a market expectation that the Scheme will be implemented. On this basis, it appears reasonable to conclude that the recent Programmed share price reflects an expectation of the share price for the Combined Group and that it incorporates:

- information provided to the market through the release of Programmed's FY15 results on 27 May 2015; and
- the impact on Programmed shares of the transaction terms, including:
  - the disproportionate share of the Combined Group (relative to equity market value contributions) to be held by SKILLED shareholders;
  - the extent of the takeover premium to be paid to SKILLED shareholders (and the value transfer from Programmed to SKILLED shareholders implicit in that premium);
  - the quantum of the synergies expected to be realised (including SKILLED's announced expectation that more than $35 million of synergies could be available over a three year period); and
  - Programmed's expectation that the transaction would be materially earnings per share accretive.

Programmed shares closed at $2.80 on 19 June 2015 (the last trading day before the announcement of the Scheme). Following the announcement of the Scheme on 24 June 2015, Programmed shares traded upwards, to a high on 25 June 2015 of $2.93. The Programmed share price fell by $0.16 on 1 July 2015 to close at $2.72 as the shares commenced trading on an ex-dividend basis (the fully franked dividend of 11.5 cents was paid on 24 July 2015).

The Programmed share price has since fallen further, to trade in an approximate range of $2.40-$2.60. The VWAP of Programmed shares since 1 July 2015 has been $2.51.

The reasons for the fall in the Programmed share price since the announcement of the Scheme (other than Programmed shares commencing to trade on an ex-dividend basis) are not obvious, but may reflect factors including the sharemarket's continued assessment of the impact on Programmed of the Scheme, the ongoing weakness in the resources sector and the soft overall equity market (the S&P/ASX 300 Index has declined by 5.4% in this period).

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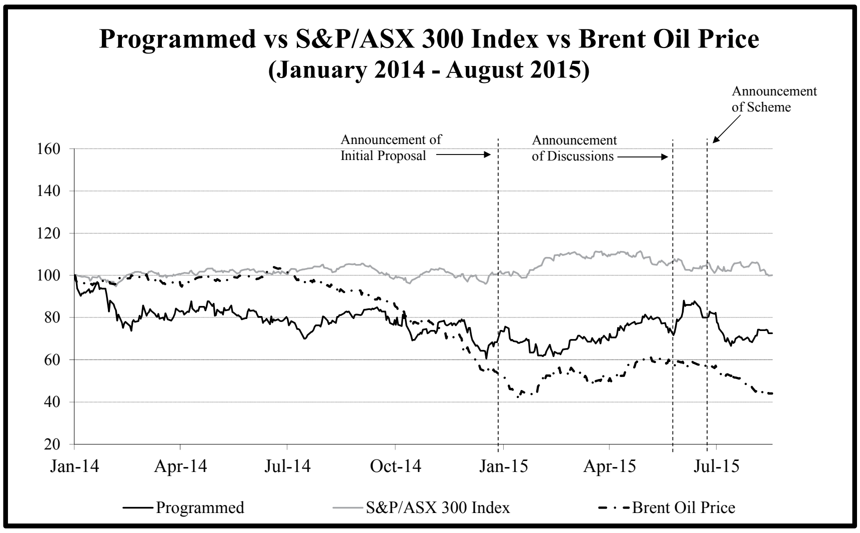
The important question is whether the recent performance and current price reflect the rational view of a well informed market or, alternatively, whether Programmed is out of line with its peers or the market. In addressing this issue the following factors have been considered:

Programmed Compared to its Peers and the Market

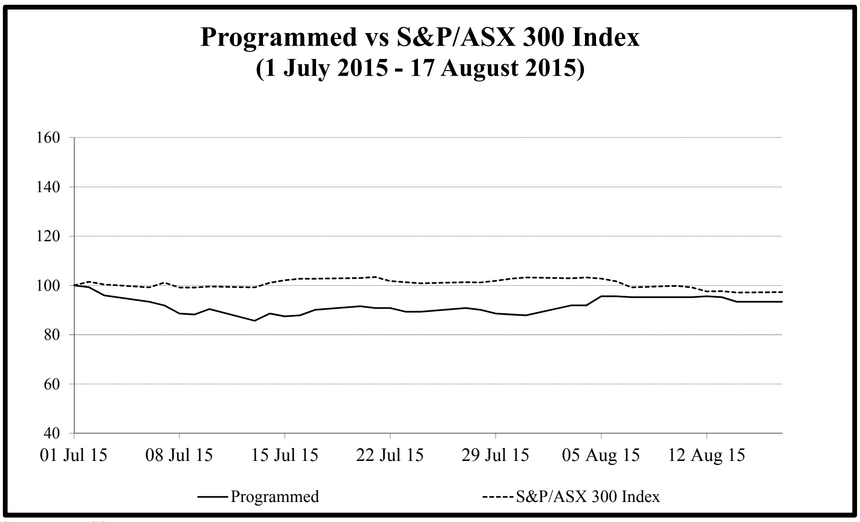
The following graph illustrates the performance of Programmed shares since January 2014 relative to the S&P/ASX 300 Industrials Index and the Brent Oil Price:



Source: IRESS

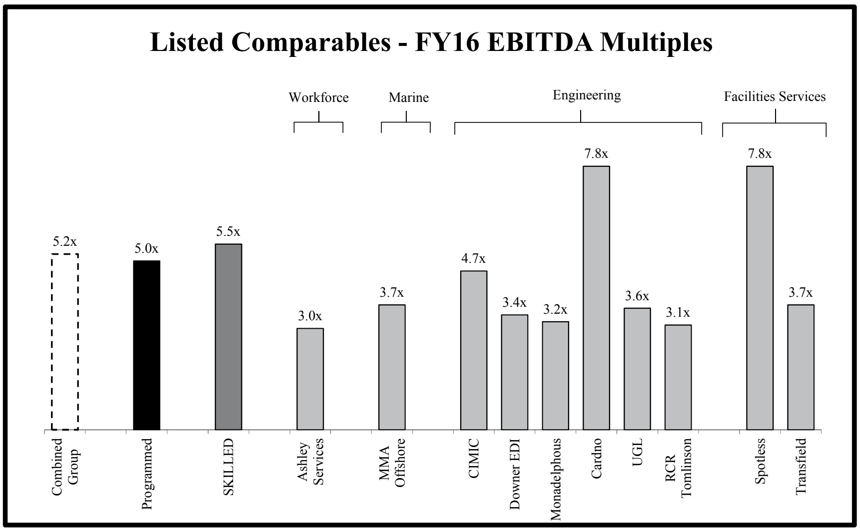
The graph suggests that, until late 2014, Programmed shares broadly mirrored movements in the market. The sharp fall in the Programmed share price in late 2014 may have been a consequence of the steep decline in the oil price (given the exposure of Programmed Total Marine Services to the offshore oil and gas sector). Programmed's share price responded positively to the announcement on 29 December 2014 of the initial proposal to SKILLED and strengthened again following announcement of discussions with SKILLED on 25 May 2015 and the release of Programmed's FY15 results on 27 May 2015. Apart from these movements, the Programmed share price appeared to broadly track the overall market for the first six months of 2015.

Programmed's share price initially responded positively to the announcement of the Scheme, but fell sharply once the shares commenced trading ex-dividend on 1 July 2015. In the week that followed, the share price fell by a further (approximately) 8-10%. Subsequently, during July 2015 trading in Programmed shares was relatively flat (in the range $2.40-2.50) but in August the share price increased above $2.50:



Source: IRESS

Programmed's market rating (in terms of EBITDA multiples and EBITA multiples) relative to its peers are illustrated below:

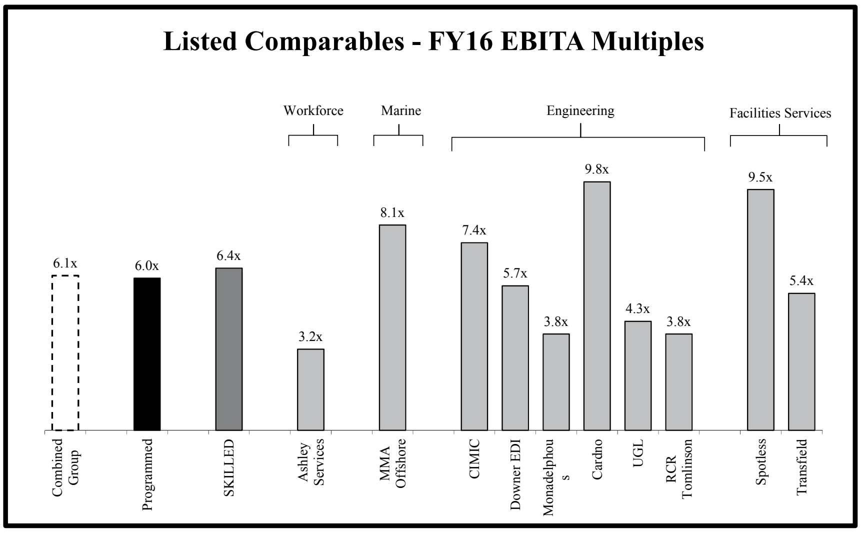


Source: Grant Samuel analysis (see Appendix 5)

Notes: (1) Based on sharemarket prices as at 17 August 2015 except for SKILLED and Programmed (standalone) which are shown as at 22 May 2015 (the day prior to the announcement of discussions).

(2) All of the listed entities have a 30 June year end, except Programmed which has a 31 March year end and CIMIC which has a 31 December year end. Therefore, for Programmed FY16 equates to the year ending 31 March 2016 and for CIMIC equates to the year ending 31 December 2015.

(3) Combined Group (pro forma) calculated based on Programmed share price on 17 August 2015 and broker median forecasts for Programmed and SKILLED plus synergies of $20 million.



Source: Grant Samuel analysis (see Appendix 5)

In considering Programmed's relative market ratings the following should be noted:

- none of the selected listed companies is directly comparable to Programmed, with SKILLED generally considered the most comparable listed peers;
- the multiples for Programmed and SKILLED are calculated by reference to prices on 22 May 2015 (the last trading day before the announcement of the discussions between SKILLED and Programmed). Since then the Australian share market has declined (S&P/ASX 300 Index is 1.8% lower), which in the absence of the Scheme may have been reflected in a fall in the multiples for Programmed and SKILLED;
- Spotless' market rating is relatively high reflecting expectations for growth and its EBITDA margins of 10-11% (almost double those of Transfield and Programmed); and
- Cardno's rating is high as it is subject to market speculation of corporate activity following the acquisition of an 18.8% interest by a private equity backed entity in May 2015. It is not possible to determine Cardno's market rating on an undisturbed basis as the corporate activity occurred immediately after a material profit downgrade announcement.

In addition, Programmed appears to be trading "cum" the Scheme, with its share price presumably reflecting the expected impact of the Scheme on Programmed, including the transfer of value to SKILLED shareholders implicit in the premium being paid, the expected synergies and the estimated improvement in Programmed's earnings per share. Accordingly, comparisons between Programmed and its peers are not straightforward. However, based on the above analysis, there is no evidence to suggest that Programmed is trading relative to its peer group on a basis that is not sustainable.

Broker Target Prices

Based on its recent trading range of $2.40-2.60, Programmed is trading approximately 17-23% below the median broker 12 month target price:

Programmed – Broker Target Prices		
Broker	**Date of Last Report**	**Target Price[45]**
Broker 1	24 June 2015	$3.10
Broker 2	25 June 2015	$2.96
Broker 3	24 June 2015	restricted
Broker 4	24 June 2015	$3.24
Broker 5	27 June 2015	$3.15
Broker 6	24 June 2015	$2.78
Broker 7	27 May 2015	$3.20
Low		*$2.78*
High		*$3.24*
Median		***$3.13***

Source: Brokers' reports and Grant Samuel analysis (see Appendix 4)

The broker 12 month target prices were set out in analysts' reports issued in the days immediately following the announcement of the Scheme (except for the report of Broker 7 which was published on the release of Programmed's FY15 results on 27 May 2015) and reflected the Programmed share price at the time, which was in the approximate range of $2.80-2.90. Accordingly, while Programmed's current share price is lower than the median broker target price, there is nothing in the analysis to suggest that the share price is overvalued.

Liquidity

Programmed is not a deeply traded stock. Average weekly volume over the twelve months prior to announcement of the Scheme represented approximately 0.8% of average shares on issue or annual turnover of around 42% of average issued capital. However, both the volume and value of trading has increased significantly since the announcement of Programmed's FY15 results on 27 May 2015. These higher volumes continued following the announcement of the Scheme on 24 June 2015. Average weekly volumes and transactions for Programmed shares since the announcement of the Scheme and for various other periods are summarised below:

Programmed – Share Trading		
Period	**Average Weekly Volume (000s)**	**Average Weekly Transactions**
1 July 2015 to 17 August 2015 *(since ex-dividend date)*	1,674	4,608
24 June 2015 to 17 August 2015 *(since announcement of Scheme)*	2,316	5,272
25 May 2015 to 17 August 2015 *(since announcement of discussions)*	2,576	5,542
22 April 2015 to 22 May 2015 *(four weeks to announcement of discussions)*	1,101	4,503
1 January 2015 to 22 May 2015 *(2015 to announcement of discussions)*	840	2,798
22 May 2014 to 22 May 2015 *(year to announcement of discussions)*	880	2,844

Source: IRESS and Grant Samuel analysis

In summary, while the volume of trading activity in Programmed shares has generally increased since the announcement of the Scheme, this is to be expected in the context of a transaction that will significantly change the scale and prospects of the company. There is nothing to indicate any specific abnormal trading in Programmed shares.

Non Public Information

Under ASX Listing Rules, Programmed is required to keep the market informed of events and developments in a timely manner as they occur. Once Programmed becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its shares, it must inform the market of that information.

[45] Restricted brokers are acting as advisers to either SKILLED or Programmed.

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Programmed announced its financial results for the year to 31 March 2015 (which incorporated disclosure of subsequent events of note) on 27 May 2015. It has completed a full quarter of trading since then (i.e. the quarter to 30 June 2015) and provided a trading update at its annual general meeting on 29 July 2015. On the basis of year to date trading and its expectations for the remainder of the year, and in the context of the Scheme, Programmed has had an opportunity to consider whether its expectations for the FY16 year are significantly different from broker analysts' forecasts. Consequently, there is no reason to expect that any information relating to Programmed's existing business that would have a material impact on its share price has not been publicly disclosed.

8.4 Impact of Scheme

The pro forma operational and financial implications for Programmed of the acquisition of SKILLED (including underlying assumptions) are set out in the Explanatory Memorandum.

The combined pro forma financial information has been prepared by Programmed. Deloitte Corporate Finance has reviewed this information and its Investigating Accountant's Report is attached as Annexure B to the Explanatory Memorandum. The pro forma financial information is summarised below:

Pro Forma Impact of Scheme on Financial Parameters of Programmed

	Programmed FY15 actual	Combined Group pro forma
Shares on issue (million)	***118.7***	***249.4***
Financial Performance ($ million)		
Revenue	1,433.8	3,534.6
EBITDA	61.0	166.8
EBITA	50.5	150.3
NPAT (before reconciling items)	30.4	84.4
NPAT	25.7	7.2
Earnings per share (before reconciling items)	*25.6¢*	*33.8¢*
Earnings per share	*21.7¢*	*2.9¢*
EBITDA margin	*4.3%*	*4.7%*
EBITA margin	*3.5%*	*4.3%*
Financial Position ($ million)		
Total assets	732.5	1,525.8
Total liabilities	(314.1)	(804.2)
Net assets	**418.4**	**721.7**
NTA	**155.5**	**86.3**
Net assets per share	*$3.53*	*$2.89*
NTA per share	*$1.31*	*$0.35*
Gearing	*1.7%*	*23.6%*

Source: Explanatory Memorandum and Grant Samuel analysis

The acquisition of SKILLED has a material financial impact on Programmed but does not fundamentally change Programmed's operations, although it does increase its weighting to the labour hire and offshore oil and gas sectors, and reduce the relative significance of its facilities management and property services businesses.

The acquisition has strategic benefits for Programmed in that it:

- strengthens Programmed's position as Australia's largest provider of outsourced workforce, maintenance and facilities management services;
- results in enhanced diversification by customer, sector and geography;
- offers short to medium term operational efficiencies and cost savings, as reflected in the announced synergy estimates;

- provides a longer term opportunity through increased scale to leverage technology and systems; and
- delivers the financial strength and overall profile to allow Programmed to compete for larger outsourcing contracts and facilities management contracts than might currently be realistic targets for Programmed.

However, it should be noted that the pro forma financial information presented does not reflect a number of one off items attributable to the Scheme including:

- transaction costs incurred by SKILLED and Programmed which have been treated as pre-acquisition expenses
- any additional share based payment expenses that may be incurred by SKILLED as a result of accelerated vesting of SKILLED options or performance rights due to the Scheme;
- amortisation of identified intangibles that are likely to arise as a result of the Scheme; and
- final acquisition accounting adjustments.

Furthermore, the pro forma financial information makes no allowance for any cost savings, synergy benefits or integration costs that may result from the Scheme.

The pro forma financial analysis indicates that:

- the acquisition is accretive to earnings per share (before reconciling items) with a small improvement in operating margins;
- gearing increases significantly from 1.7% to around 23.6% but below Programmed's target gearing range of 30%; and
- net assets and NTA per share decline.

Other

It could be argued that the market is not yet fully informed about the Scheme and its impacts for Programmed. No detailed financial information on the Combined Group was provided at announcement of the Scheme. Such information will only be made available when the Explanatory Memorandum is released.

However, analysis of the impact of the Scheme on Programmed is reasonably straightforward insofar as it is a conventional 100% acquisition. In any event, while there is a significant shift in the scale of Programmed, there is no real change in the nature of its operations. Moreover, the estimated synergy benefits from the transaction, as well as the transaction costs for both Programmed and SKILLED, have been disclosed to the market. Both Programmed and SKILLED are relatively transparent companies and are followed by a range of brokers (a number of which have undertaken the merger analysis). The market has had time to assess the Scheme and its implications for Programmed and it is reasonable to believe that that the estimated impacts are reflected in current trading in Programmed shares.

8.5 Conclusion

Grant Samuel's judgement is that a Programmed share price of $2.40-2.60 is a reasonable estimate in current market conditions of the price at which Programmed shares will trade if the Scheme is implemented. This range takes into account the recent performance of Programmed shares and the financial impact of the acquisition of SKILLED.

The period since the announcement of the Scheme has been relatively short (approximately 8 weeks but 13 weeks from the announcement of discussions between Programmed and SKILLED). However:

- there is no evidence to suggest that the Programmed share price does not reflect the rational view of a well informed market or that Programmed is trading out of line with its peers or the market;

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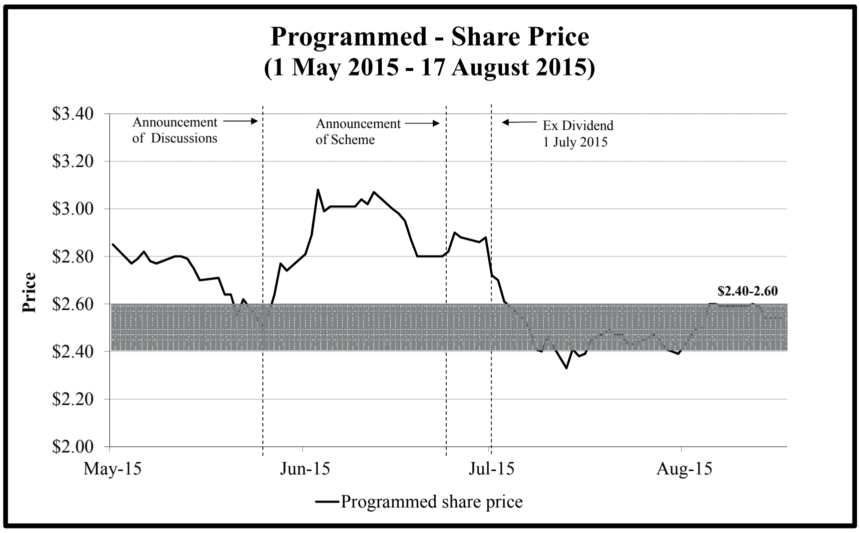
- Programmed and SKILLED are relatively transparent companies and sufficient information has been disclosed to enable analysis of the impact of the acquisition of SKILLED on Programmed; and
- the market has had sufficient opportunity to absorb and analyse the impact of the transaction.

The relativities between SKILLED and Programmed share prices in recent trading appear to be consistent with the terms of the Scheme, suggesting a market expectation that the Scheme will be implemented. Therefore, the impact of the acquisition of SKILLED should be reflected in Programmed's share price.

The selected range of values for Programmed shares relative to recent Programmed share prices is shown below:



Source: IRESS

9 Evaluation of the Scheme

9.1 Conclusion

Grant Samuel has valued SKILLED in the range $1.53-1.87 per share, including a premium for control. On the basis of recent Programmed share prices in the range $2.40-2.60, Grant Samuel has attributed a value to the Scheme consideration of $1.57-1.68. As the value of the Scheme consideration falls within the estimated range of full underlying values for SKILLED, the Scheme is fair.

Grant Samuel has also evaluated the Scheme on the basis that it is effectively a "merger of equals". Grant Samuel's assessment of the underlying values of SKILLED and Programmed suggests that SKILLED shareholders are contributing around 45% of the underlying value of the Combined Group. Based on share prices before the announcement in late May 2015 of transaction discussions, SKILLED is contributing around 44% of the sharemarket value of the Combined Group. Given that SKILLED shareholders will collectively hold around 52.4% of the shares in the Combined Group, the terms of the Scheme favour SKILLED shareholders and, accordingly, are fair to SKILLED shareholders.

SKILLED shareholders will share (as to 52.4%) in the significant synergies expected to be realised through the merger of the two companies. SKILLED shareholders will swap their shares in SKILLED for shares in a combined entity that enjoys significant strategic advantages relative to SKILLED on a standalone basis. In the context of a highly competitive market for outsourced labour services and a SKILLED earnings stream that is under pressure as Australia's economy rebalances at the end of the resources boom, Programmed's facility management and property services businesses offer attractive defensive qualities. The significantly increased scale of the Combined Group, its greater diversification and its breadth of capabilities all suggest that the Combined Group's prospects are superior to those of SKILLED on a standalone basis.

Grant Samuel has concluded that the Scheme is fair, whether evaluated as a takeover or a merger of equals. The combination of SKILLED and Programmed should result in the realisation of significant synergies and longer term strategic benefits, further supporting the view that SKILLED shareholders will be better off if the Scheme proceeds.

In Grant Samuel's opinion, the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED shareholders, in the absence of a superior proposal.

9.2 Fairness

Grant Samuel has estimated a full underlying value for SKILLED, including a premium for control, in the range $362-432 million, which corresponds to $1.53-1.87 per share. The value range exceeds the price at which, based on current market conditions, Grant Samuel would expect shares in SKILLED to trade on the ASX in the absence of a takeover offer (or speculation as to an offer). The valuation is set out in Section 7.3 of this report.

The value attributed to the consideration under the Scheme is $1.57-1.68 per SKILLED share. based on a value range for Programmed shares of $2.40-2.60. The value of the consideration is reviewed in Section 8 of this report.

The value attributed to the Scheme consideration falls within the full underlying value range for SKILLED estimated by Grant Samuel. According, the Scheme is fair. The bottom of the value range represents the relevant threshold for fairness. Any price above the bottom of the range is, by definition, fair and it is irrelevant where in the range an offer falls.

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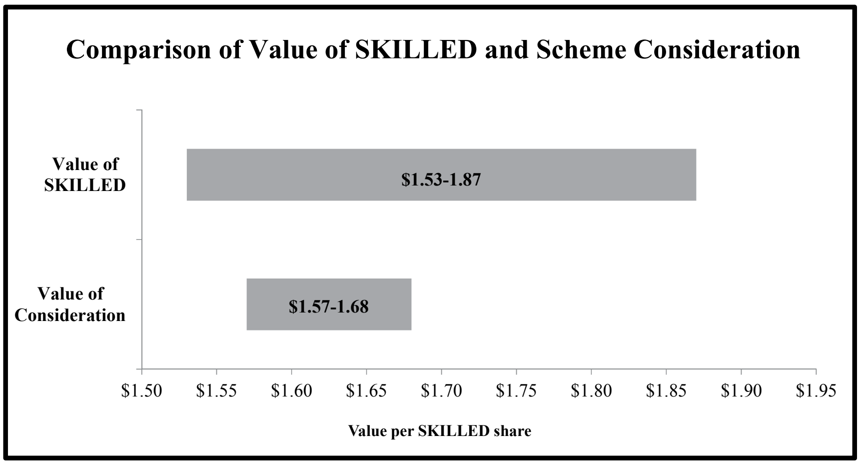


However, the value of the consideration under the Scheme will vary with movements in the Programmed share price. Accordingly, until the Programmed shares are issued, SKILLED shareholders will be exposed to changes in overall equity market conditions and specific events that could affect the Programmed share price. The actual value received could therefore exceed, or be less than, $1.57-1.68 per SKILLED share.

Grant Samuel's fairness analysis has been undertaken on the basis of the consideration under the Scheme as announced (i.e. 0.55 Programmed shares plus $0.25 cash for each SKILLED share, with the cash component to be delivered by way of the FY15 final dividend and a special dividend). This is appropriate as current trading in SKILLED shares is on a "cum dividend basis", with the total dividends of $0.25 still to be paid. However, SKILLED shareholders should note that, irrespective of whether or not the Scheme is implemented, they will receive the 9.5 cents per share fully franked final dividend for FY15, which is to be paid on 15 October 2015.

9.3 Reasonableness

As the Scheme is fair, it is also reasonable. In any event, there are a number of other factors that support the reasonableness of the Scheme and which SKILLED shareholders should consider in determining whether to vote for the Scheme. These factors are set out in the following sections.

9.3.1 Premium for Control

Premium analysis requires considerable caution in the circumstances of the Scheme. Considerable time has passed since the announcement of transaction discussions between SKILLED and Programmed on 25 May 2015, and there have been material movements in the Programmed share price and the overall market since then.

The most appropriate benchmark against which to measure the premium implied by the Scheme consideration is SKILLED's unaffected share price prior to the announcement of transaction discussions between SKILLED and Programmed (i.e. SKILLED's share price in the period preceding 22 May 2015). The implied premium based on the pre-announcement Programmed share price and the closing SKILLED share price on 22 May 2015 was 45.5%.

However, Programmed's share price has moved for a number of reasons since 22 May 2015, including, presumably, the market's assessment of the impact on Programmed of the terms of the Scheme, overall market movements, factors specific to the sectors to which Programmed and SKILLED are exposed and the commencement of trading in Programmed shares on an ex-dividend basis. There is no reasonable basis for isolating the relative impacts of these and other factors on the Programmed share price.

Similarly, there is no reliable basis for estimating what a current undisturbed share price for SKILLED might be.

The value attributed by Grant Samuel to the Scheme consideration ($1.57-1.68) is based on recent Programmed share prices. Premium analysis based on a comparison of the value of the Scheme consideration with the SKILLED share price prior to 22 May 2015 does not represent a "like for like" comparison and should be viewed accordingly. Nevertheless, the following table sets out premiums calculated on this basis:

SKILLED – Premium Implied by Value of Consideration

Period	Value of Scheme Consideration	SKILLED Price/VWAP	Premium
19 June 2015 – Pre Scheme announcement price	$1.57-1.68	$1.55	1.3-8.4%
22 May 2015 – Pre discussions announcement price	$1.57-1.68	$1.23	27.6-36.6%
1 week prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.26	24.6-33.3%
1 month prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.27	23.6-32.3%
3 months prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.29	21.7-30.2%
6 months prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.37	14.6-22.6%
12 months prior to 22 May 2015 (VWAP)	$1.57-1.68	$1.76	(10.8)-(4.5)%

Source: IRESS and Grant Samuel analysis

Notwithstanding its shortcomings, the analysis suggests that SKILLED shareholders are receiving a significant premium. The level of premiums observed in takeovers varies depending on the circumstances of the target and other factors (such as the potential for competing offers) but, for industrial companies, tend to fall in the range 20-35%. The premium being paid under the Scheme falls within this range.

9.3.2 Share Trading in the Absence of the Scheme

The Scheme enables shareholders to realise their investment in SKILLED at a value which includes a premium. In the absence of the Scheme or a similar offer, SKILLED shareholders could only realise their investment by selling on market at a price which does not include a premium and would incur transaction costs (e.g. brokerage).

In this context, the short term earnings outlook for SKILLED is not positive. While SKILLED has not publicly released earnings forecasts for FY15 or beyond:

- the FY15 operating result clearly illustrates the competitive pressures that SKILLED faces. There is little expectation that these pressures will moderate in the short to medium term;
- completion of the Gorgon and Saipem contracts will result in a material fall in the earnings of SKILLED's Marine Services business;
- in the absence of the Scheme, SKILLED would implement a range of initiatives with the aim of strengthening its business. There is significant uncertainty as to the quantum and timing of the benefits from these initiatives;
- investor sentiment in the resources sector and towards companies exposed to the resources sector remains highly cautious; and
- the median of brokers' forecasts suggests that SKILLED's revenue and earnings will fall materially in FY16 and will fall again in FY17.

It is not possible to predict with any precision the price at which SKILLED shares might trade in the absence of the Scheme (or speculation as to an alternative or revised offer). However, in Grant Samuel's view, it is likely that SKILLED shares, under current market conditions and SKILLED's current ownership and operating structure, would trade at prices well below $1.57-1.68 per share (being Grant Samuel's assessed value of the Scheme consideration) and, quite possibly, below the prices prevailing prior to the announcement of discussions in relation to the Scheme (circa $1.20-1.30).

9.3.3 Alternatives

SKILLED has agreed to no-shop, no-talk and no-due diligence provisions and Programmed has the right to match any competing proposal. Nonetheless, it is theoretically possible for an alternative acquisition proposal to be put by any other party. The $3.5 million break fee (approximately 1.5 cents per share) is not of a magnitude to represent a barrier to alternative proposals. While Programmed has no shareholding in SKILLED, it has been granted the right to match any competing proposal. This matching right does not prevent an alternative proposal from being made, but could be expected to limit the extent of any competitive process for SKILLED.

It should be recognised that, effectively, SKILLED has been in play since the announcement of Programmed's initial approach on 29 December 2014. There is no way of knowing whether there may be an alternative that is superior to the Scheme. It is conceivable that a third party could put an alternative proposal to SKILLED (including at a greater premium to the market price than offered by the Scheme). However, despite more than seven months having passed since the announcement of 29 December 2014, to date no alternative proposal has been put to SKILLED. There will continue to be an opportunity for parties to put alternative proposals to SKILLED up to the date of the Scheme meeting. In the absence of any such alternative proposal, it would be reasonable to conclude that the Scheme consideration represents the maximum value available for SKILLED in the current market.

Another alternative for SKILLED shareholders (at least theoretically) is to reject the Scheme in the hope that they could realise more value in the future through a continued investment in a standalone SKILLED. SKILLED shareholders should give consideration to the background to the Scheme in reviewing this alternative. In entering into discussions with Programmed and then deciding to enter into the Scheme Implementation Agreement, the SKILLED board considered the proposal relative to SKILLED's strategic landscape and alternatives (having regard to the recently completed business and strategy review), undertook a due diligence process on Programmed and completed a detailed assessment of the ability to achieve the identified cost savings. Based on this process, the board decided that the Scheme represents an opportunity to unlock significant near term financial benefits for SKILLED shareholders. These benefits would not be available to SKILLED on a standalone basis. Moreover:

- in Grant Samuel's opinion, the terms of Scheme represent fair value and, therefore, the Scheme is in the best interests of SKILLED shareholders. Shareholders are likely to be better off if the Scheme is implemented than if it is not;
- the Scheme does not prevent a subsequent control transaction from taking place in the future. SKILLED shareholders are receiving a control premium under the Scheme and will retain the opportunity to realise a further control premium at some time in the future (although there can be no assurance that this will eventuate);
- the Scheme creates a much larger and financially more robust business, with the scale and diversification to respond more effectively to ongoing competition and to exploit growth opportunities as they become available. These strategic benefits would not be available to shareholders in SKILLED on a standalone basis; and
- at least in the short to medium term, shareholders in a standalone SKILLED could expect SKILLED shares to trade at prices lower that the value attributed to the Scheme consideration ($1.57-1.68 per share).

9.4 Merger Analysis

Approach

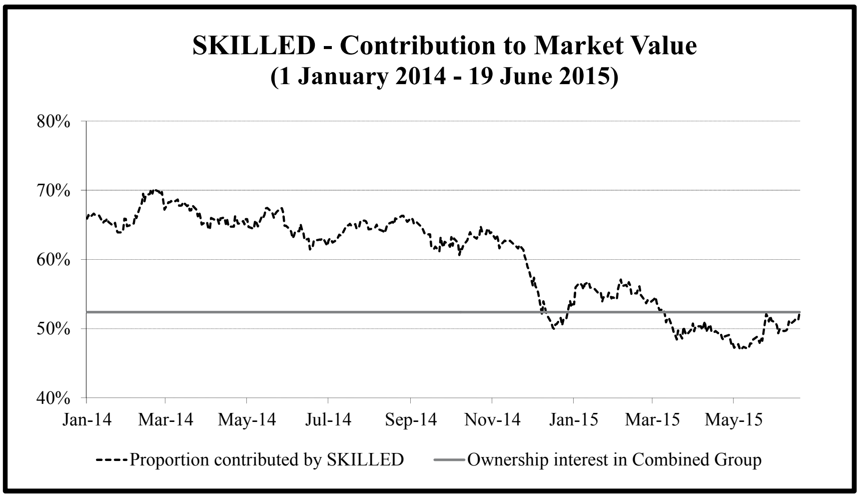
Upon implementation of the Scheme, SKILLED shareholders will, in aggregate, own 52.4% of the Combined Group and Programmed shareholders will own the remaining 47.6%. On this basis, as discussed in Section 2.2 of this report, there are arguments to suggest that it is appropriate to analyse the Scheme as a "merger of equals". Accordingly, Grant Samuel has also assessed whether the Scheme is fair by comparing the share of the Combined Group received by SKILLED shareholders (52.4%) with the value contributed by SKILLED shareholders to that entity, measured on a number of different bases ("merger analysis"). Specifically, the merger analysis compares:

- the relative contributions of value by SKILLED and Programmed shareholders with the interests they will hold in the Combined Group. The value contributions have been assessed on the basis of:
  - market values. This analysis considers the value the sharemarket places on SKILLED and Programmed; and
  - Grant Samuel's estimates of full underlying value; and
- the relative contributions of SKILLED and Programmed shares on the basis of other parameters such as revenue and earnings.

Relative Contribution of Sharemarket Value

There is an active, well-informed market for shares in both SKILLED and Programmed. Accordingly, sharemarket values provide an objective measure of the contributions of value to the Combined Group to be made by each of SKILLED and Programmed shareholders.

SKILLED's contribution to the aggregate sharemarket value (based on daily closing prices) of the two companies since 1 January 2014 to 19 June 2015 (last trading date prior to announcement of Scheme) is shown in the following chart. No adjustment has been made for the final FY15 dividend paid by Programmed and the final FY15 dividend and special dividend to be paid to SKILLED shareholders:



Source: IRESS and Grant Samuel analysis

Notes: Market capitalisation has been calculated by reference to shares on issue at the time. No adjustments made for dividends.

The following table shows for different periods the VWAP for SKILLED and Programmed shares, the notional sharemarket capitalisations of the two companies and the contributions of sharemarket value to the Combined Group, based on various periods prior to the announcement of the Scheme:

Contribution of Sharemarket Value

Period	SKILLED			Programmed		
	VWAP $	Market Capitalisation ($ million)	Contribution %	VWAP $	Market Capitalisation ($ million)	Contribution %
Unadjusted prices						
19 June 2015	1.55	365	51.8%	2.86	340	48.2%
22 May 2015	1.23	291	48.6%	2.58	307	51.4%
1 week to 22 May 2015	1.26	296	48.6%	2.64	313	51.4%
1 month to 22 May 2015	1.27	300	48.0%	2.74	325	52.0%
3 months to 22 May 2015	1.29	304	49.6%	2.61	310	50.4%
6 months to 22 May 2015	1.37	322	51.2%	2.58	307	48.8%
12 months to 22 May 2015	1.76	414	57.3%	2.61	308	42.7%
Prices adjusted for dividends						
19 June 2015	1.30	306	48.4%	2.75	326	51.6%
22 May 2015	0.98	232	44.1%	2.47	293	55.9%

Source: IRESS and Grant Samuel analysis
Note: Market capitalisation based on shares currently on issue.

In theory, the most recent share prices reflect the "best" market estimate of values, because they incorporate the most recent information on economic conditions (including expectations as to interest rates), property markets, operational performance and other matters impacting on market assessments of value. However, share prices following the announcement on 25 May 2015 of discussions between SKILLED and Programming would have been affected by speculation as the terms of a possible transaction. Accordingly, share prices for the period up to 22 May 2015 appear to provide the best indication of the sharemarket's views of the value of SKILLED and Programming on a standalone basis.

Nevertheless, analysis of relative contributions of value on the basis of these share prices needs to be treated with some caution. At the time of the announcement of discussions on 25 May 2015, neither SKILLED nor Programmed had released FY15 results. Programmed released its results for the year ended 31 March 2015 two days later, on 27 May 2015, while SKILLED released its results for the year ended 30 June 2015 on 5 August 2015 (following the announcement of the Scheme). Moreover, share market views on value can shift significantly in short periods of time, particularly for companies like SKILLED and Programmed that have significant exposure to the resources sector, where changes in factors such as commodity prices and exchange rates can materially affect market perceptions of value. On the other hand, while share prices may be volatile, share market values (for companies with liquid share trading) generally reflect unbiased, market consensus views on value, including value relativities.

The SKILLED contribution of sharemarket value based on share prices at 19 June 2015 (i.e. pre-announcement of the Scheme) is only marginally lower than SKILLED shareholders' aggregate shareholding in the Combined Group. However, this measure does not take into account the dividends paid by Programmed (11.5 cents per share) and the dividends to be paid by SKILLED (25 cents per share). After adjusting for these dividends, the contribution by SKILLED shareholders is significantly lower (around 48%). Moreover, share prices at 19 June 2015 would have reflected, at least to some extent, expectations of a transaction, and accordingly are unlikely to provide a meaningful measure of contributions of standalone share market value. Share prices as of 22 May 2015 (i.e. pre-announcement of transaction discussions) arguably provide a more meaningful measure of relative share market value contributions, given that it appears that those share prices were "undisturbed" (i.e. they had not been affected by expectations of a transaction). On the basis of share prices as of 22 May 2015, the relative contributions of sharemarket value by SKILLED shareholders are significantly lower (around 44% after adjusting for dividends).

Overall, the aggregate interest of SKILLED shareholders in the Combined Group (52.4%) exceeds the share of market value contributed by them, measured for almost any period over the last six months.

Relative Contributions of Full Underlying Value

The following table summarises the value contributed by SKILLED and Programmed based on Grant Samuel's estimated full underlying value of each company as set out in Sections 7.3 and 7.4 of this report. The estimated underlying value of SKILLED has been adjusted to reflect the final FY15 dividend and the special dividend (totalling 25 cents per share) that are to be paid to SKILLED shareholders:

Relative Contribution – Underlying Value Analysis ($ million)			
	Report Section	Grant Samuel Estimates of Value	
		Low	High
Full Underlying Value – SKILLED (ex dividend)[46]	7.3	**302**	**372**
Full Underlying Value – Programmed	7.4	**387**	**437**
Relative Value Contributions – SKILLED		43.8%	46.0%
Relative Value Contributions – Programmed		56.2%	53.9%

SKILLED shareholders will collectively hold approximately 52.4% of the shares in the Combined Group. Grant Samuel's assessment of the full underlying value of SKILLED and Programmed suggests that, on a fully diluted basis, SKILLED is contributing around 44-46% of the aggregate underlying value of the Combined Group. Based on this analysis, SKILLED shareholders will have an aggregate interest in the Combined Group that is meaningfully greater than their contribution of underlying value.

Relative Contributions – Other Parameters

Grant Samuel has also considered the contributions of SKILLED and Programmed to the Combined Group based on other financial parameters, although these provide less reliable metrics on which to judge the terms of the Scheme:

Relative Contributions – Other Financial Parameters				
	$ millions		Contribution %	
	SKILLED	Programmed	SKILLED	Programmed
Scheme terms			**52.4%**	**47.6%**
NPAT (before reconciling items)				
FY15	54.2	30.4	64.1%	35.9%
FY16 (broker median)	41.4	32.0	56.4%	43.6%
FY17 (broker median)	36.6	33.8	52.0%	48.0%
Financial Position (FY15)				
Net assets	426.2	418.4	50.5%	49.5%

Source: SKILLED, Programmed and Grant Samuel analysis

Based on FY15 NPAT (before reconciling items), SKILLED is contributing disproportionately to the Combined Group. However, broker expectations are for a significant fall in SKILLED's earnings in FY16 and FY17. The median broker estimate of SKILLED's NPAT contributions for FY16 and FY17 is consistent with the aggregate shareholding of SKILLED shareholders in the Combined Group.

Accounting estimates of net assets provide only general indication of relative value contributions as accounting carrying values do not necessarily reflect economic values. Nevertheless, the relative contributions of net assets are broadly consistent with the terms of the Scheme.

46 Estimated full underlying value ($361.7-431.7 million) less total dividends ($59.3 million).

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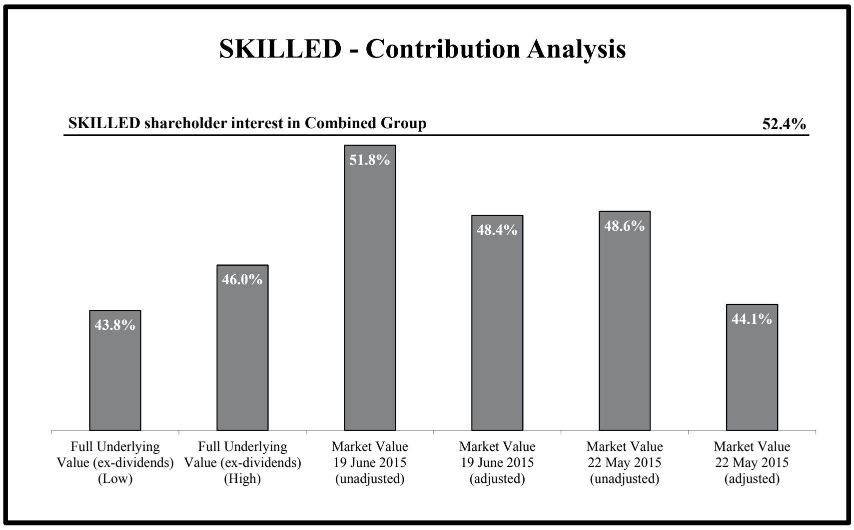
Conclusion

The contribution of value of SKILLED shareholders to the Combined Group relative to their aggregate shareholding in the Combined Group is summarised graphically as follows:



Overall, SKILLED shareholders will have a proportionate interest in the Combined Group that is significantly greater than their value contribution. On the basis of the merger analysis, the terms of the Scheme favour SKILLED shareholders. This conclusion is consistent with the significant premium represented by the terms of the Scheme. Accordingly, in Grant Samuel's view, on the basis of merger analysis the Scheme is fair to SKILLED shareholders.

9.5 Synergies and Other Benefits

SKILLED and Programmed together undertook a detailed review of the potential to realise cost synergies through combining their businesses. The cost savings identified primarily relate to functional rationalisation and savings to be achieved through integrating systems and pursuing operational efficiencies. Savings are expected to be made in the areas of corporate and divisional overheads, shared services, workers compensation and insurance and property rationalisation.

SKILLED has announced that more than $20 million of pre-tax synergies are expected to be realised in the first year after implementation of the Scheme. One-off costs associated with obtaining these savings are estimated to be $8 million (cash cost $10 million). In addition, there is the potential for a further $15 million of synergies to be realised within the following two years[40], at a cash cost of around $17 million. Programmed has not quantified synergies above $20 million but rather has stated that it believes it can extract further synergies from accessing a wider pool of customers and a significantly larger database of employees and by competing for larger outsourcing contracts. The short term synergies of $20 million principally relate to savings of corporate and divisional overheads (through the rationalisation of duplicated functions) and other costs, and there is considerable confidence as to their amount and the timeframe within which they should be achieved. The additional $15 million of synergies are subject to greater uncertainty.

The total expected synergies of $35 million are material in the context of SKILLED's standalone FY15 EBIT of $76.3 million. SKILLED shareholders will effectively receive the benefit of just over half the realised synergies, given their aggregate 52.4% shareholding in the Combined Group.

In the longer term, the combination of SKILLED and Programmed has the potential to deliver a number of strategic and other benefits. In the context of the significant competition and margin pressure in the market for outsourced workforce services, the substantially enhanced scale of the Combined Group should provide a range of advantages. The Combined Group will be the market leader in its staffing (i.e. outsourced workforce) business, which should better equip it to respond to competitive pressure in its sector. Increased scale across the business will allow additional investment in technology and systems, which can then be leveraged across a larger customer base, driving down unit costs and offering the opportunity to generate sustainable competitive advantages. The increased financial resources of the Combined Group and the resulting financial and organisational credibility will better position the business to compete for larger and longer term outsourcing opportunities, particularly in the facilities management sector.

From the perspective of SKILLED shareholders, the property services and facilities management businesses contributed by Programmed will bring attractive defensive characteristics and growth prospects. The combined business will be more diversified, in terms of customers, sectors and by geography, reducing its vulnerability to changes in demand or competition in particular segments. The Combined Group's gearing (based on market values)[47] will be lower than the gearing of SKILLED on a standalone basis (approximately 26% vs 32%), providing additional financial flexibility and enhanced capacity to exploit growth opportunities as they arise.

Finally, it is reasonable to expect that the greater market capitalisation and expanded share register will improve trading liquidity in the Combined Group's shares. While it is difficult to predict the impact of this increased liquidity, over time there is at least some basis for expecting that it could support a positive market re-rating of shares in the Combined Group.

The terms of the Scheme favour SKILLED shareholders. SKILLED shareholders will collectively hold 52.4% of the shares in the Combined Group and (to the extent that they continue to hold shares in the Combined Group) will share in the material synergies and further strategic benefits that should be delivered through the combination of the SKILLED and Programmed businesses. On this basis, SKILLED shareholders will be better off if the Scheme is implemented and, accordingly, the Scheme is in the best interests of SKILLED shareholders.

9.6 Other Advantages, Disadvantages and Risks

Under the Scheme, shareholders will exchange their SKILLED shares for shares in Programmed and cash (in the form of fully franked dividends). In doing so, SKILLED shareholders will:

- collectively hold around 52.4% of the Combined Group. The Combined Group's share register is expected to be widely distributed with no controlling shareholder or shareholder bloc. In this context, it is important to understand that SKILLED's shareholders will not give up the opportunity to realise a further premium for control at some time in the future;
- realise their investment in SKILLED at a value that incorporates a premium for control and receive most of that value in Programmed shares (around 85% based on the value attributed by Grant Samuel to the consideration under the Scheme), although the actual value received will only be determined when the Programmed shares are issued. Some shareholders may not want to hold Programmed shares and may have preferred to crystallise their investment in SKILLED in cash. They will be able to sell their shares into an enlarged market for Programmed shares, although there is no certainty that they will be able to realise the scrip received for an amount equivalent to the value attributed to the consideration (e.g. due to transaction costs and the risks associated with any stockmarket investment). Ineligible foreign shareholders will receive the net cash proceeds from the sale of the shares they would otherwise have received;
- incur no transaction costs (i.e. brokerage) to acquire Programmed shares. Moreover, as the exchange ratio under the Scheme reflects a premium for control, their interest in Programmed will be greater than if they had realised their SKILLED shares on market and used the sale proceeds (net of transaction costs) to acquire Programmed shares on market; and

[47] Gearing is calculated as net borrowings/(market capitalisation plus net borrowings). For this purpose the market capitalisations are based on share prices as at 19 June 2015, adjusted for the dividend payments of 11.5 cents per share paid by Programmed and the 25 cents per share to be paid to SKILLED shareholders.

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- if eligible, may be able to defer some of the capital gains consequences of accepting the Scheme to the extent capital gains tax scrip for scrip rollover relief is available (Section 9.7). The cash component of the consideration may be used to meet some or all of any capital gains tax liability.

The decision to hold Programmed shares is independent of a decision to vote for the Scheme. However, if Programmed shares are retained, SKILLED shareholders will:

- retain an economic interest in the SKILLED businesses, albeit on a diluted basis (52.4%);
- gain exposure to Programmed, which operates a range of complementary businesses but also provides valuable diversification through its facilities management and property services businesses;
- experience a reduction in earnings per share (on an equivalent basis) as shown below, at least in the short term:

Pro Forma Earnings Per Share Impact per Equivalent SKILLED Share

	SKILLED Standalone	Combined Group pro forma	Equivalent SKILLED share	Change	
				Absolute	%
Earnings per share (as reported)	(7.1¢)	2.9¢	1.5¢	8.6¢	nmf
Earnings per share (before reconciling items)	23.0¢	33.8¢	18.0¢	(5.0¢)	-22%
Earnings per share (before reconciling items and after $20 million cost savings at 30% tax)	23.0¢	39.4¢	20.9¢	(2.1¢)	-9%

Source: Explanatory Memorandum and Grant Samuel analysis

This analysis is based on pro forma FY15 earnings. SKILLED's earnings are expected to fall over the period to FY17, while the earnings of Programmed are expected to grow (albeit only slowly). Therefore, the differential in earnings per share on an equivalent SKILLED share basis would be expected to reduce over time. Furthermore, the estimated earnings per share impact per equivalent SKILLED share is based on the assumptions underlying the Combined Group pro forma acquisition analysis. The actual earnings per share impact on SKILLED shareholders may be different to the estimates presented above;

- be entitled to Programmed dividends on a pari passu basis with Programmed shareholders from the date of issue of the shares under the Scheme including for the six months ended 30 September 2015 (provided the effective date of the Scheme is on or before 24 December 2015). In addition, under the Scheme SKILLED shareholders will have also received SKILLED's final FY15 dividend (9.5 cents per share) and the SKILLED special dividend (15.5 cents per share); and
- be exposed to transaction costs and integration risk, although these risks may be mitigated by the due diligence review undertaken by Programmed and the complementary nature of the SKILLED and Programmed operations. Nevertheless, there may be unanticipated issues or costs that arise on integration.

9.7 Other Matters

Taxation Consequences

Details on taxation consequences of the Scheme for Australian tax and non-resident shareholders residents who are individuals, complying superannuation entities and companies that hold their investment on capital account are set out in a letter by Deloitte Tax Services Pty Ltd included as Annexure C of the Explanatory Memorandum. In particular, the letter addresses tax consequences associated with the SKILLED FY15 final dividend and the special dividend, the disposal of SKILLED shares under the Scheme and the holding and disposing of Combined Group shares received under the Scheme.

The Scheme will give rise to a capital gains tax ("CGT") event for SKILLED shareholders. Australian resident shareholders are expected to be eligible to receive CGT scrip rollover relief if a capital gain would otherwise have been made from the exchange of SKILLED shares for Combined Group shares. If shareholders receive rollover relief the capital gain that would otherwise be generated will be deferred until they dispose the Combined Group shares. For a shareholder who chooses not to receive rollover relief, the CGT provisions will apply.

SKILLED has applied to the Australian Taxation Office for a binding class ruling to confirm, amongst other matters, the availability of CGT scrip for scrip rollover relief and whether SKILLED shareholders will be entitled to the imputation benefits associated with any franking credits attached to the FY15 final dividend and the special dividend. In any event, the taxation consequences for shareholders will depend upon their individual circumstances. If in any doubt, shareholders should consult their own professional adviser.

Transaction and Integration Costs

Transaction and integration cash costs related to the Scheme are estimated to total around $26.7 million, of which SKILLED shareholders will effectively fund 52.4% ($14 million). These costs include transaction costs (such as advisory and other implementation costs) and costs associated with achieving the identified operational cost savings. These costs are one off and material in the context of the Combined Group at around 4% of the aggregate market capitalisation of SKILLED and Programmed at announcement date ($670 million).

Of these costs, approximately $2.6 million will be incurred by SKILLED on a standalone basis if the Scheme does not proceed (around 1.1 cent per share). In certain circumstances, SKILLED will also be liable to pay Programmed a $3.5 million break fee (although not if shareholder approval is not forthcoming). On the other hand, in certain circumstances, Programmed will be liable to pay SKILLED a $3.5 million break fee.

Dividends

The Scheme consideration includes a cash component of $0.25 per share, which is to be satisfied by the payment of the FY15 final dividend and the special dividend, both of which are expected to be fully franked.

In Grant Samuel's opinion, it is not appropriate for the assessment of the Scheme to:

- factor into the value of SKILLED the value of accumulated franking credits; or
- include in the value of the consideration the value of the credits attached to the dividends.

The reasons are manifold but not the least of these is that the franking credits do not have value to a company per se but only have value to the shareholders of a company (when attached to dividends) and the value of those credits to each shareholder varies depending on their individual circumstances. Nevertheless, it needs to be recognised that, where part of a takeover offer comprises a franked dividend, some shareholders may realise additional value from the franking credits (i.e. they are better off in after tax terms than they would have been had the same amount been paid as part of the acquisition price and been received as a capital gain). However, it should be noted that, based on the Scheme timetable, only SKILLED shareholders who acquire their shares on or before 24 August 2015 will be entitled to use franking credits associated with the FY15 final dividend and the special dividend.

Ineligible Foreign Shareholders

Ineligible foreign shareholders (i.e. SKILLED shareholders with registered addresses outside Australia and its external territories and New Zealand and any other jurisdiction Programmed deems appropriate) are not entitled to receive shares in the Combined Group. However:

- the Combined Group shares that they would otherwise have received will be sold on market and they will receive the cash proceeds on sale (after payment of any applicable brokerage, taxes and costs) in Australian dollars;
- they can acquire Combined Group shares through the ASX if they wish to retain an exposure to the merged entity; and
- shareholders representing less than 0.2% of SKILLED's issued shares are expected to be affected by these provisions.

In addition, ineligible foreign shareholders will receive the FY15 final dividend and the special dividend.

9.8 Shareholder Decision

Grant Samuel has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is in the best interests of shareholders and to state reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of SKILLED.

In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Scheme, shareholders should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in SKILLED, Programmed or the Combined Group. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

10 Qualifications, Declarations and Consents

10.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally) and provides marketing and distribution services to fund managers. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 515 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Cooper BCom (Hons) ACA(SA) ACMA and Caleena Stilwell BBus FCA F Fin. Each has a significant number of years of experience in relevant corporate advisory matters. Danielle Rodgers BEcon(Hons) BComm and Ben Sweeney BCom MBL assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

10.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Scheme is in the best interests of shareholders. Grant Samuel expressly disclaims any liability to any SKILLED shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by SKILLED and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

10.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with SKILLED or Programmed or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of $500,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

10.4 Declarations

SKILLED has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report (other than as a result of any primary proceeding initiated by SKILLED or any of its related bodies corporate or associates against Grant Samuel which is not in response to any proceeding initiated against SKILLED or any of its related bodies corporate). This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by

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any conduct involving gross negligence or wilful misconduct by Grant Samuel. SKILLED has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person (but excluding any primary proceeding initiated by SKILLED or any of its related bodies corporate and associates against Grant Samuel which is not in response to any proceeding initiated against SKILLED or any of its related bodies corporate). Any claims by SKILLED are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to SKILLED and its advisers. An advance draft of this report was also provided by SKILLED to Programmed. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

A draft of this report was submitted to ASIC with the draft Explanatory Memorandum on 6 August 2015. That draft report was based on sharemarket prices up to 31 July 2015 and included a value range for the consideration under the Scheme of $1.57-1.63 based on a value range for Programmed shares of $2.40-2.50. Since then to 17 August 2015 there has been an increase in the trading range of Programmed shares. Grant Samuel has increased the top end of its value range for Programmed shares to $2.60 and, therefore, the top end of the value range of the consideration under the Scheme has increased to $1.68. The change in these value conclusions did not change Grant Samuel's conclusion that the Scheme is fair and reasonable and, therefore, in the best interests of SKILLED shareholders, in the absence of a superior proposal.

10.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to shareholders of SKILLED. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

10.6 Other

The accompanying letter dated 21 August 2015 and the Appendices form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
21 August 2015

Grant Samuel & Associates

Appendix 1

SKILLED - Financial Performance by Business Unit

The table below reconciles SKILLED's reported segment financial performance to the business unit performance presented in Section 4.3 of this report. Business unit performance presented is before amortisation of acquired intangibles. In addition, Grant Samuel has adjusted SKILLED's EBITDA (per segment reporting) to exclude share of profits of associates (only in Engineering & Marine Services) and Technical Professionals to exclude in FY11 non-recurring amortisation of databases.

SKILLED – Financial Performance by Business Unit ($ millions)	Year ended 30 June				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Revenue					
Workforce Services	928.7	933.4	918.3	884.3	799.4
Technical Professionals	433.0	507.4	488.9	375.0	312.6
Engineering & Marine Services	461.3	452.1	463.1	614.1	940.5
Eliminations	(3.2)	(2.9)	(2.1)	(3.8)	(6.0)
Total Revenue	**1,819.8**	**1,890.0**	**1,868.2**	**1,869.6**	**2,046.5**
EBITDA (per segment reporting)	**82.3**	**93.0**	**95.1**	**95.3**	**102.4**
Less: Share of profits of equity accounted associates[1]	(3.7)	(4.4)	(5.7)	(3.7)	(0.9)
EBITDA	**78.6**	**88.6**	**89.4**	**91.6**	**101.5**
Workforce Services	42.3	46.1	40.8	35.2	22.8
Technical Professionals	22.5	29.1	26.8	16.6	14.7
Engineering & Marine Services	30.0	32.1	35.6	54.5	79.1
Corporate	(16.2)	(18.7)	(13.8)	(14.7)	(15.1)
Total EBITDA	**78.6**	**88.6**	**89.4**	**91.6**	**101.5**
Depreciation and software amortisation					
Workforce Services	(6.3)	(5.6)	(5.0)	(5.1)	(5.5)
Technical Professionals	(11.8)	(4.1)	(3.0)	(2.2)	(2.3)
Engineering & Marine Services	(2.2)	(1.8)	(1.9)	(4.9)	(8.0)
Corporate	(1.9)	(0.8)	(0.4)	(0.2)	(0.1)
Total depreciation and software amortisation	**(22.2)**	**(12.3)**	**(10.3)**	**(12.4)**	**(15.9)**
Adjustments to Technical Professionals:					
Amortisation of databases (non-recurring)	8.0	-	-	-	-
Total depreciation and software amortisation	**14.2**	**(12.3)**	**(10.3)**	**(12.4)**	**(15.9)**
EBITA					
Workforce Services	36.0	40.5	35.8	30.1	17.3
Technical Professionals	18.7	25.0	23.8	14.4	12.4
Engineering & Marine Services	27.8	30.3	33.7	49.6	71.1
Corporate	(18.1)	(19.5)	(14.2)	(14.9)	(15.2)
Total EBITA	**56.4**	**76.3**	**79.1**	**79.2**	**85.6**

[1] Share of profit of equity accounted associates represents a 50% share of the NPAT of GSS Broadsword Marine JV Pty Limited ("GSS JV") and, until 31 October 2014, SKILLED's share of the NPAT of OMSA.

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Appendix 2

SKILLED - Broker Consensus Forecasts

SKILLED has not publicly released earnings forecasts for FY16[1] or beyond. Accordingly, the prospective multiples implied by the valuation of SKILLED in the Grant Samuel report are based on median broker forecasts. Set out below is a summary of forecasts prepared by brokers that follow SKILLED in the Australian stockmarket:

SKILLED – Broker Forecasts ($ millions)

Broker	Report Date	Revenue			EBITDA[2]			EBITA[3]			NPAT[4]		
		FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18
Broker 1	5 August 15	1,869.9	1,779.2	1,814.6	83.8	72.9	73.3	72.8	59.9	61.0	41.0	34.5	35.7
Broker 2	6 August 15	1,940.4	1,906.2	1,931.8	86.6	78.0	81.1	76.1	64.0	66.6	42.5	36.1	38.7
Broker 3	5 August 15	1,923.7	1,904.5	na[5]	90.3	91.1	na	79.4	80.3	na	48.3	49.4	na
Broker 4	5 August 15	1,923.0	1,894.0	1,839.0	85.8	86.8	80.8	71.8	71.8	65.8	40.0	42.0	37.0
Broker 5	5 August 15	1,846.2	1,796.3	1,819.6	82.1	75.4	76.2	63.0	57.5	62.4	34.6	32.1	36.1
Broker 6	5 August 15	1,799.3	1,684.8	1,713.3	86.9	78.9	81.6	77.5	66.3	69.0	43.1	37.0	38.9
Broker 7	5 August 15	1,832.8	1,703.7	1,754.8	79.3	77.2	79.5	61.5	61.2	65.0	33.0	36.0	39.4
Broker 8	5 August 15	1,899.0	1,818.0	na	88.8	82.0	na	74.8	67.0	na	41.7	37.0	na
Minimum		*1,799.3*	*1,684.8*	*1,713.3*	*79.3*	*72.9*	*73.3*	*61.5*	*57.5*	*61.0*	*33.0*	*32.1*	*35.7*
Maximum		*1,940.4*	*1,906.2*	*1,931.8*	*90.3*	*91.1*	*81.6*	*79.4*	*80.3*	*69.0*	*48.3*	*49.4*	*39.4*
Median		***1,884.5***	***1,807.2***	***1,817.1***	***86.2***	***78.5***	***80.2***	***73.8***	***65.2***	***65.4***	***41.4***	***36.6***	***37.9***

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data the following should be noted:

- the brokers presented represent the latest available broker forecasts for SKILLED as at 17 August 2015;
- as far as Grant Samuel is aware, SKILLED is currently followed by eight brokers. Research updates by the brokers are relatively infrequent and usually follow the announcement of financial results. All of the brokers have published research following the release of SKILLED's FY15 financial results on 5 August 2015;
- the broker forecasts are not prepared on a consistent basis, particularly in relation to the treatment of share of profits of equity accounted associates and amortisation of other intangible assets. Grant Samuel has attempted to present the broker forecasts on a common basis by adjusting EBITDA and EBIT to treat these items on a consistent basis; and
- as far as is possible to identify from a review of the brokers' reports, Grant Samuel believes that the earnings forecasts do not incorporate any one-off adjustments or non-recurring items that have not already been adjusted.

The median broker consensus forecasts indicate a decline in revenue and profitability over the period to FY17, reflecting the trends underlying the FY15 results and the impact of the completion of the Saipem and Gorgon contracts on SKILLED's future earnings.

[1] FYXX = financial year ended 30 June 20XX
[2] EBITDA is earnings before net interest, tax, depreciation and software amortisation, amortisation of acquired intangible assets, share of profits of equity accounted associates and significant and non-recurring items.
[3] EBITA is earnings before net interest, tax, amortisation of acquired intangible assets, share of profits of equity accounted associates and significant and non-recurring assets.
[4] NPAT is net profit after tax.
[5] na = not available

Appendix 3

Programmed - Financial Performance by Division

The table below reconciles Programmed's reported financial performance to the divisional performance presented in Section 5.3 of this report. Divisional performance presented is before share of profits of associates (only in Resources) and amortisation of acquired intangibles:

Programmed – Financial Performance by Business Unit ($ millions)					
	Year ended 30 June				
	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual
Revenue					
Workforce	397.5	380.9	407.1	372.8	376.8
Property & Infrastructure	607.5	656.2	751.6	751.9	807.6
Resources	213.5	354.0	354.3	306.9	247.5
Unallocated	0.9	2.2	3.9	3.0	1.9
Total Revenue	**1,219.4**	**1,393.3**	**1,516.9**	**1,434.6**	**1,433.8**
EBITDA					
Workforce	12.3	12.2	11.5	11.1	8.2
Property & Infrastructure	41.4	35.1	32.0	35.8	39.7
Resources	15.4	28.8	31.4	24.9	20.6
Corporate	(8.2)	(8.8)	(8.4)	(8.2)	(7.5)
Total EBITDA	**60.9**	**67.3**	**66.5**	**63.6**	**61.0**
Depreciation and software amortisation					
Workforce	(1.1)	(0.9)	(0.8)	(0.6)	(0.8)
Property & Infrastructure	(9.9)	(8.3)	(8.9)	(7.9)	(7.3)
Resources	(0.7)	(0.5)	(0.5)	(0.4)	(0.4)
Corporate	(0.8)	(1.1)	(1.5)	(1.7)	(2.0)
Total depreciation and software amortisation	**(12.5)**	**(10.8)**	**(11.7)**	**(10.6)**	**(10.5)**
EBITA					
Workforce	11.2	11.3	10.7	10.5	7.4
Property & Infrastructure	31.5	26.8	23.1	27.9	32.4
Resources	14.7	28.3	30.9	24.5	20.2
Corporate	(9.0)	(9.9)	(9.9)	(9.9)	(9.5)
Total EBITA	**48.4**	**56.5**	**54.8**	**53.0**	**50.5**

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Appendix 4

Programmed - Broker Consensus Forecasts

Programmed has not publicly released earnings forecasts for FY16[1] or beyond. Accordingly, the prospective multiples implied by the valuation of Programmed in the Grant Samuel report are based on median broker forecasts. Set out below is a summary of forecasts prepared by brokers that follow Programmed in the Australian stockmarket:

Programmed – Broker Forecasts ($ millions)

Broker	Report Date	Revenue			EBITDA[2]			EBITA[3]			NPAT[4]			Target Price
		FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18	
Broker 1	24 June 15	1,426.8	1,466.7	1,519.5	61.6	63.0	66.7	50.9	52.3	56.1	31.9	33.3	36.6	$3.10
Broker 2	25 June 15	1,446.0	1,492.0	1,479.0	60.0	62.0	59.0	50.8	52.8	50.8	32.0	34.0	33.0	$2.96
Broker 3	24 June 15	1,446.5	1,488.8	1,537.5	61.8	64.7	66.0	49.8	51.5	52.8	32.0	33.6	34.6	Restricted
Broker 4	29 June 15	1,442.5	1,454.6	1,469.7	58.8	60.5	60.1	47.9	47.8	47.1	28.2	30.3	30.9	$3.24
Broker 5	27 June 15	1,457.0	1,527.0	1,563.0	59.0	65.0	66.0	49.8	52.8	53.8	34.0	37.0	38.0	$3.15
Broker 6	24 June 15	1,478.9	1,503.1	1,535.5	62.7	64.7	64.3	52.7	53.8	55.7	33.3	34.4	36.6	$2.78
Broker 7	27 May 15	1,459.8	1,499.8	1,522.6	60.9	63.1	62.4	50.4	51.3	51.3	31.9	33.8	34.9	$3.20
Minimum		1,426.8	1,454.6	1,469.7	58.8	60.5	59.0	47.9	47.8	47.1	28.2	30.3	30.9	$2.78
Maximum		1,478.9	1,527.0	1,563.0	62.7	65.0	66.7	52.7	53.8	56.1	34.0	37.0	38.0	$3.24
Median		**1,446.5**	**1,492.0**	**1,522.6**	**60.9**	**63.1**	**64.3**	**50.4**	**52.3**	**52.8**	**32.0**	**33.8**	**34.9**	**$3.13**

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data the following should be noted:

- the brokers presented represent the latest available broker forecasts for Programmed as at 17 August 2015;
- as far as Grant Samuel is aware, Programmed is currently followed by seven brokers. Another broker has historically followed Programmed but has not published a report since November 2014;
- research updates by the brokers are relatively infrequent and usually after the announcement of financial results. All but one of the brokers presented have published research following the announcement of the Scheme on 24 June 2015;
- the broker forecasts are not prepared on a consistent basis, particularly in relation to the amortisation of other intangible assets and treatment of share of profits of equity accounted associates. Grant Samuel has attempted to present the broker forecasts on a common basis by adjusting EBITDA and EBIT to treat the amortisation of other intangible assets on a consistent basis but no adjustment has been made to the share of profits of equity accounted associates due to immateriality; and
- as far as is possible to identify from a review of the brokers' reports, Grant Samuel believes that the earnings forecasts do not incorporate any one-off adjustments or non-recurring items that have not already been adjusted and neither do they reflect the impact of the Scheme.

1 FYXX = financial year ended 31 March 20XX.

2 EBITDA is earnings before net interest, tax, depreciation and software amortisation, amortisation of acquired intangible assets, share of profits of equity accounted associates and significant and non-recurring items.

3 EBITA is earnings before net interest, tax, amortisation of acquired intangible assets, share of profits of equity accounted associates and significant and non-recurring assets.

4 NPAT is net profit after tax

Appendix 5

Market Evidence

Valuation analysis involves the review of earnings and other multiples that buyers have been willing to pay for similar businesses in the recent past and a review of the multiples at which shares in comparable listed companies trade on stockmarkets. This analysis will not always lead to an obvious conclusion of an appropriate range of multiples as there will often be a wide spread of multiples. It is necessary to consider the particular attributes of the business being valued as well as the prevailing economic conditions.

SKILLED Group Limited ("SKILLED") and Programmed Maintenance Services Limited ("Programmed") operate in a number of sectors in Australasia including workforce solutions, engineering, marine services, facilities management and property services. Grant Samuel's review of evidence of valuation parameters has encompassed transactions and listed companies involved in each of these sectors in Australia.

1 Valuation Evidence from Transactions

The sectors in which SKILLED and Programmed operate are fragmented and there are a significant number of small transactions. Grant Samuel's review of transactions has focused on transactions involving activities similar to SKILLED and Programmed's operations. Set out below is a summary of transactions that Grant Samuel considers are relevant to the valuation of SKILLED and Programmed. Only transactions since the commencement of the economic downturn in 2009 for which there is sufficient information to calculate meaningful valuation parameters have been presented (the exception being Programmed's merger with Integrated Group Limited in 2007). The transactions are categorised by activity:

Recent Transaction Evidence

Date	Target	Transaction	Consideration[1] ($ millions)	EBITDA Multiple[2] (times)		EBITA Multiple[3] (times)		EBIT Multiple[4] (times)	
				Historical	Forecast	Historical	Forecast	Historical	Forecast
Workforce Solutions									
Jan 15	Chandler Macleod Group Limited	Acquisition by Recruit Holdings Co., Ltd	290	9.8	8.1	12.4	10.0	14.1	12.6
Jan 15	Peoplebank Holdings Pty Limited	Acquisition by Recruit Holdings Co., Ltd	69	7.0	na[5]	na	na	na	na
May 12	Talent2 International Limited	Acquisition of remaining 78.22% by MBI-Allegis Consortium	140	15.0[6]	7.7	32.3[6]	11.7	nmf[7]	16.6
Nov 10	Ross Human Directions Limited	Acquisition by Chandler Macleod Group Limited	64	4.9	na	6.2	na	6.2	na
Nov 10	Healthcare Australia Holdings Pty Limited	Acquisition by Healthcare Locums plc	123	7.1	na	na	na	na	na
Aug 09	Peoplebank Australia Limited	Acquisition of remaining 22.96% interest by P.B. Recruitment	100	5.6	na	5.9	na	5.9	na
Feb 07	Integrated Group Limited	Merger with Programmed	191	9.5	9.0[8]	10.9	10.3[8]	11.0	10.4[8]

1 Implied equity value if 100% of the company or business had been acquired.

2 Represents gross consideration divided by EBITDA. Gross consideration is the sum of the equity and/or cash consideration plus borrowings net of cash. EBITDA is earnings before net interest, tax, depreciation, amortisation, investment income and significant and non-recurring items.

3 Represents gross consideration divided by EBITA. EBITA is earnings before net interest, tax, amortisation of acquired intangibles, investment income and significant and non-recurring items.

4 Represents gross consideration divided by EBIT. EBIT is earnings before net interest, tax, investment income and significant and non-recurring items.

5 na = not available.

6 The historical multiples are not meaningful as they reflect a significant downturn in earnings as difficult trading conditions impacted recruiting activities and resulted in delays in decision making in large managed services contracts. The outlook was for improved conditions and therefore the forecast multiples are more meaningful.

7 nmf = not meaningful.

8 Forecast earnings for Integrated Group Limited represents proforma forecast for the year to 31 March 2007 as set out in the Scheme Booklet dated 2 April 2007.

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Recent Transaction Evidence										
Date	Target	Transaction	Consid-eration[1] ($ millions)	EBITDA Multiple[2] (times)		EBITA Multiple[3] (times)		EBIT Multiple[4] (times)	
				Historical	Forecast	Historical	Forecast	Historical	Forecast
Marine Services									
May 14	Go Marine Group Pty Ltd	Acquisition of remaining 10% by Otto Marine Limited	53	6.9	na	9.8	na	9.8	na
Feb 14	Subsidiaries of Jaya Holdings Limited	Acquisition by Mermaid Marine Australia Limited	550	7.9[9]	na[9]	14.2	10.0	14.2	10.0
Dec 13	Miclyn Express Offshore Limited	Acquisition of remaining 24.8% by Manta Holdings Limited	622	9.6	7.2	13.6	9.8	13.6	9.8
Jun 13	Broadsword Marine Contractors Pty Ltd	Acquisition by SKILLED	76	5.4	4.4-4.7	na	na	na	na
Nov 12	DMS Maritime Pty Limited	Acquisition of remaining 50% stake by Serco Group	213	9.1	na	10.5	na	10.5	na
Engineering									
Mar 14	Leighton Holdings Limited	Acquisition of additional 10.6% by HOCHTIEF AG	7,630	4.5	5.0	8.4	9.2	8.6	9.5
Nov 13	T & C Services Pty Limited	Acquisition by SKILLED	34	4.8	na	na	na	na	na
Sep 13	Sinclair Knight Merz Holdings Limited	Acquisition by Jacobs Engineering Group Inc.	1,300	5.9	6.2	6.6	7.1	6.8	7.3
Jul 13	Clough Limited	Acquisition of 38.37% by Murray & Roberts Holdings Limited	1,135	7.8	7.2	8.3	7.6	8.3	7.6
Oct 12	G&S Engineering	Acquisition by Calibre Group Limited	64-71	na	5.7-6.0	na	na	na	na
May 12	Unidel Group	Acquisition by AMEC	27-41	4.1-6.3	na	5.1-8.0	na	5.1-8.0	na
Dec 10	Valemus Australia Pty Limited	Acquisition by Lend Lease Corporation Limited	960	4.3	3.9	5.2	4.8	5.3	4.9
Nov 09	Evans & Peck	Acquisition by WorleyParsons	87	4.6	na	4.8	na	4.8	na
Jun 09	GRD Limited	Acquisition by AMEC	106	4.2-5.4	6.7-7.9	5.0-6.4	7.3-9.4	5.0-6.4	7.3-9.4
Facilities Management and Property Services									
Jan 15	Brookfield Johnson Controls	Acquisition of remaining 50% by Brookfield Asset Management	500	9.0	na	na	na	na	na
Oct 14	Tenix Holdings Australia Pty Limited	Acquisition by Downer EDI Limited	300	7.3	na	8.6	na	10.0	10.0
Dec 14	Thiess Services and Leighton Contractor Services	Acquisition of 50% by Apollo Global Management LLC	1,075	na	4-5[10]	na	na	na	6-9[10]
Jun 14	DTZ Holdings plc	Acquisition by Consortium	1,215	8.2	7.3	9.8	7.8	na	na
May 14	Spotless Group Holdings Limited	Initial public offering[11]	1,760	9.5	7.9	12.4	10.1	12.9	10.4
Nov 11	Spotless Group Limited	Acquisition by Pacific Equity Partners	710	6.5	6.3	11.5	11.6	11.8	12.0

Source: Grant Samuel analysis[12]

A brief summary of each transaction is set out below:

9 Actual results are for year ended 31 December 2013 while forecasts are for year ended 30 June 2015.
10 Estimated by reference to broker analysis.
11 As an initial public offering, the implied multiples represent portfolio rather than control values.
12 Grant Samuel analysis based on data obtained from IRESS, S&P Capital IQ, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

Chandler Macleod Group Limited / Recruit Holdings Co., Ltd

On 14 January 2015, Japanese listed company Recruit Holdings Co., Ltd ("Recruit") announced the acquisition of Chandler Macleod Group Limited ("Chandler Macleod") for 53 cents per share via a scheme of arrangement ($290 million). Chandler Macleod provides recruitment, managed services, human resource process outsourcing and consulting services in Australia, Hong Kong, China, Singapore, Indonesia, New Zealand, the United Kingdom and Ireland. Its services included recruitment and placement of staff in white-collar and blue-collar industries on a permanent, contract or temporary basis, outsourcing and provision of staff on an outsourced, risk-sharing basis to the hospitality and aged care sectors, the outsourcing of payroll, as well as consulting services including psychometric testing and employee assessments.

Chandler Macleod was estimated to hold 5.1% of the temporary staff market in Australia (second only to SKILLED). The acquisition was announced at the same time as the $68.6 million acquisition of Peoplebank Holdings Pty Limited ("Peoplebank") (see below). These acquisitions represent Recruit's entry into the Australian market and an acceleration of its global expansion. Although Recruit intends that the two companies operate separately, it is likely that there are synergies available to Recruit by acquiring both companies.

Peoplebank Holdings Pty Ltd / Recruit Holdings Co., Ltd

On 14 January 2015, Recruit also announced the acquisition of Peoplebank Holdings Pty Ltd ("Peoplebank") for $68.6 million in cash. Peoplebank is an information technology and telecommunication recruitment company that specialises in permanent and contract placement of engineering and information and communications technology professionals, with offices in each state of Australia as well as in Singapore and Hong Kong. Its placement services encompass mining consulting, logistics control, contract management, onshore and offshore oil and gas, finance and business consulting.

Talent2 International Limited / MBI-Allegis Consortium

On 23 August 2012, Talent2 International Limited ("Talent2") announced that it had entered into a scheme implementation deed with a consortium including Morgan & Banks Investments Pty Limited ("MBI") and Allegis Group, Inc. ("Allegis") whereby the consortium would acquire the remaining 78.22% of Talent2 for 78 cents per share. Talent2 provides managed services and recruitment services, with operations in Australia, New Zealand, Asia, Europe, the Middle East and Africa. Its services include recruitment management, outsourced payroll, human resource and learning and training services as well as executive recruitment and executive search services for permanent staff, executive contracting and executive and board search. The privatisation of Talent2 International allows for the strengthening of the strategic alliance with Allegis, the largest staffing company in North America. The historical multiples presented in the table relate to the year ended 30 June 2012, which reflect the impact of difficult trading conditions on recruitment activity (including the delaying of decision making in larger managed services contracts). The outlook was for improved conditions in the following year and, therefore, the historical multiples are not meaningful.

Ross Human Directions Limited / Chandler Macleod Group Limited

On 19 July 2010, Ross Human Directions Limited ("RHD") entered into a scheme implementation agreement with Peoplebank under which Peoplebank would acquire all of the issued shares in RHD for 61.5 cents per share. RHD provides recruitment, consulting and managed training services in Australia and New Zealand. Its services include temporary, contract and permanent recruiting services, career management and technology consulting services, as well as outsourced learning and development administration, strategic human resources planning, performance review processes, psychological assessment and personality profiling.

On 13 September 2010, Peoplebank raised its offer to 70 cents per share. On 11 November 2010 (the date of the shareholder meeting in relation to the Peoplebank transaction), Chandler Macleod announced a proposal to offer 73 cents per share for RHD. Subsequently, on 1 December 2010, RHD and Chandler Macleod signed a takeover bid implementation agreement under which Chandler Macleod would acquire all of the issued shares of RHD at 73 cents per share, which would increase to 75 cents per share if the threshold for compulsory acquisition is satisfied by the end of the offer period). The acquisition provided Chandler McLeod with additional scale and the ability to leverage their combined capabilities.

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Healthcare Australia Holdings Pty Ltd / Healthcare Locums plc

On 26 November 2010, Healthcare Locums plc ("Healthcare Locums") announced the acquisition of Healthcare Australia Holdings Pty Ltd ("Healthcare Australia") for $122.5 million. Healthcare Australia provides healthcare recruitment solutions recruitments services for temporary and permanent medical professionals including medical specialists, locum doctors, midwives, aged care workers and nurses. The acquisition provided Healthcare Locums with the opportunity to pursue its international acquisition strategy and diversify its operations and revenue streams beyond the United Kingdom. Healthcare Locums expects that £4.7 million ($7.6 million) of synergy benefits would be realised within the first 12 months of the acquisition, primarily through implementation of the Healthcare Locums business model in Healthcare Australia.

Peoplebank Australia Limited / P.B. Recruitment Pty Limited

On 11 August 2009, P.B. Recruitment Pty Limited ("PB Recruitment"), an associate of Navis Fund V, announced that it intended to make an off market takeover offer of 60 cents per share for all of the shares in Peoplebank Australia Limited ("Peoplebank Australia") that it did not already own. Interests associated with PB Recruitment held a relevant interest in 77.04% of Peoplebank Australia. Subsequently, PB Recruitment increased its offer to 75 cents per share on an ex-dividend basis (3.5 cents, declared on 31 August 2009. Peoplebank Australia specialises in placing information technology and telecommunications professionals in executive, contract and permanent roles within Australia. The multiples implied by this transaction are relatively low as it was unlikely that alternative offers for Peoplebank Australia would be forthcoming given PB Recruitment's existing 77% interest.

Integrated Group Limited / Programmed Maintenance Services Limited

On 12 February 2007, Programmed and Integrated Group Limited ("Integrated") announced a merger to be implemented by a scheme of arrangement under which Integrated shareholders would receive $1.25 in cash, 0.26 Programmed shares and a 5 cent dividend for each Integrated share held. Integrated is a national recruitment business, specialising in the industrial, contract maintenance, administrative and office support sectors, as well as providing managed labour and maritime personnel and services. The transaction created a larger, broad-based outsourced maintenance and labour hire company.

Go Marine Group Pty Ltd / Otto Marine Limited

On 19 May 2014, Singaporean listed company Otto Marine Limited ("Otto Marine") announced the acquisition of the remaining 10% interest in Go Marine Group Pty Limited ("Go Marine") for S$6.2 million in shares ($5.3 million). Go Marine is an integrated marine oil and gas logistics provider, headquartered in Perth with a secondary office in Singapore. It provides services at all points on the supply chain from warehousing and distribution through to inshore fast response vessels and utility tugs, as well as offshore services that include crewing, ship management and towing. Although this transaction relates to

Subsidiaries of Jaya Holdings Limited / Mermaid Marine Australia Limited

On 25 February 2014, Mermaid Marine Australia Limited ("Mermaid Marine") announced the acquisition of substantially all the assets of Jaya Holdings Limited ("Jaya"), a Singapore listed company for $550 million in cash (inclusive of $101 million in net cash). Jaya is a Singapore based global offshore marine services provider with a fleet of 27 vessels (and a further six vessels under construction) and shipyards in Singapore and Batam (Indonesia). It services offshore oil and gas, marine construction and mining clients in the Asia Pacific, Middle East, East and West Africa. The acquisition provides Mermaid Marine with an expanded geographic presence, a complementary fleet profile, scale and customer synergies, complementary shipyards and the potential to extract operating synergies.

Miclyn Offshore Express Limited / Manta Holdings Limited

On 5 September 2013, Miclyn Offshore Express Limited ("Miclyn") received a conditional non-binding proposal from Manta Holdings Limited ("Manta") to acquire the remaining 24.8% of Miclyn shares that it did not already own for $2.20 per share. Manta is an entity jointly owned by CHAMP Marlin Holdings Limited and SEA6 Limited (investment companies affiliated with CHAMP Private Equity and Headland Capital Partners

Limited, respectively) each of which has a 37.6% interest in Miclyn. Miclyn is a provider of service vessels to offshore oil and gas industry across South East Asia, Australia and the Middle East. It is a company domiciled in Bermuda but headquartered in Singapore and was listed on the ASX in March 2010. Manta's shareholders have been seeking to gain full control of the board of Miclyn (in accordance the applicable laws) and in June 2013 did so. Following receipt of a fairness opinion in relation to Manta's offer, Miclyn entered into a binding agreement with Manta subject to shareholder approval, which was received in December 2013.

Broadsword Marine Contractors Pty Limited / SKILLED Group Limited

On 17 June 2013, SKILLED announced the acquisition of Broadsword Marine Contractors Pty Limited ("Broadsword Marine") for $75.5 million in cash, including $48.8 million at completion and deferred consideration of $26.7 million payable over three years (subject to business performance targets). Broadsword Marine is an asset backed, marine services provider with a range of shallow water vessels and access to port facilities. These operations are supported by crewing and technical marine capability and an established presence in Western Australia, the Northern Territory and Queensland. The acquisition is complementary to SKILLED's existing marine services businesses.

DMS Maritime Pty Limited / Serco Group plc

On 7 November 2012, Serco Group plc ("Serco") announced the acquisition of the remaining 50% stake in DMS Maritime Pty Limited ("DMS Maritime") for £69.1 million ($106.3 million) in cash from joint venture partner P&O Maritime Services. DMS Maritime provides maritime and asset management services, including fleet management, vessel operations, maintenance, procurement and in-services support. It also has expertise in logistics management, vessel design and acquisition, electronics and training. DMS Maritime has facilities in each major port in Australia and a support network that provides engineering and technical services across the Asia Pacific region.

Leighton Holdings Limited / HOCHTIEF AG

On 13 March 2014, HOCHTIEF AG ("HOCHTIEF") announced that it had entered into a bid implementation agreement with its ASX listed subsidiary Leighton Holdings Limited ("Leighton") to revise its intended conditional, proportional off-market offer to acquire 3 of every 8 shares held by Leighton shareholders $22.50 per share from $22.15 per share. HOCHTIEF is Leighton's largest shareholder with a 58.64% interest (as at 31 March 2015) and the offer will increase its interest in Leighton to a maximum of between 74.03% and 74.15% (an increase of around 15.5%), depending on the number of Leighton options that are exercised prior to the end of the offer. Leighton has a number of significant investments in listed and unlisted entities and, in order to calculate the multiples for Leighton's business operations implied by the transaction, the equity value has been adjusted by reference to the values attributed to investments, other assets and liabilities and net debt by the independent expert. The multiples implied by this transaction are relatively low as HOCHTEIF already effectively controlled Leighton.

T & C Services Pty Limited / SKILLED Group Limited

On 12 November 2013, Thomas & Coffey Limited announced that it had entered into a conditional agreement to sell the majority of its business and brands to SKILLED for $33.5 million. Following shareholder approval, the sale was effected in February 2014 by the sale of wholly owned subsidiary T & C Services Pty Limited ("T & C Services") to SKILLED. T & C Services provides a broad range of maintenance and asset management services to the manufacturing, mining, heavy industry and utilities sectors in New South Wales and Queensland. The multiples implied by this transaction are relatively low reflecting the financial distress of the vendor. SKILLED proposed integrating this business with its ATIVO business and to derive ongoing synergies.

Sinclair Knight Merz Holdings Limited / Jacobs Engineering Group Inc.

On 9 September 2013, Jacobs Engineering Group Inc. ("Jacobs Engineering") announced that it had entered into a merger implementation agreement with Sinclair Knight Merz Holdings Limited ("SKM") to acquire SKM for approximately $1.3 billion in cash. The purchase price reflected an enterprise value of approximately $1.2 billion plus adjustments for cash, debt and other items. SKM is an employee owned company with capability in strategic consulting, engineering and project delivery. It generates the majority of its revenue (approximately 80%) from Australia although it also has operations in Asia, South America and the United Kingdom. SKM operates across a range of industries including Mining and Metals, Buildings and Infrastructure, Water and Environment and Power and Energy. Mining and Metals and Power and Energy together represent approximately 50% of SKM's revenue. While there is little overlap in the business operations of Jacobs Engineering and SKM (in terms of capability or geography), the acquisition is seen as a strategic fit for Jacobs Engineering, uniquely positioning it amongst its global peers and adding scale, diversification and growth opportunities to the business.

Clough Limited / Murray & Roberts Holdings Limited

On 31 July 2013, Clough Limited ("Clough") announced that it had received a conditional proposal from its 61.6% shareholder Murray & Roberts Holdings Limited ("Murray & Roberts") to acquire all of the outstanding shares in Clough that it did not already own for $1.46 per share. Clough provides full project lifecycle services to the energy, chemicals and mining and minerals markets in Australia and Papua New Guinea. It operates primarily through joint ventures with domestic and international partners. The multiples implied by this transaction are calculated by reference to Clough's proportional share of joint ventures. Although Murray & Robert's already effectively controlled Clough the control premiums implied by this transaction are consistent with those typically seen in takeover offers.

G&S Engineering Services Pty Ltd / Calibre Group Limited

On 10 October 2012, Calibre Group Limited ("Calibre") announced the acquisition of G&S Engineering Services Pty Ltd ("G&S Engineering"). G&S Engineering is a Queensland based provider of operations, maintenance and asset management services to the coal sector with revenue of around $279 million. The consideration for G&S Engineering includes an initial cash and scrip payment with a value of around $53.4 million and a deferred cash payment on achievement of certain 2013 financial performance milestones by G&S Engineering of approximately $18 million, with a floor of $11 million. The multiples have been calculated by reference to the minimum ($64.4 million) and the maximum ($71.4 million) consideration under the acquisition agreement.

Unidel Group Pty Limited / AMEC plc

On 30 May 2012, AMEC plc. ("AMEC") acquired Unidel Group Pty Limited ("Unidel") for $27 million with a further $14 million payable over three years subject to achievement of profit targets. Unidel is a Brisbane based consulting, engineering and technical services company focused on the energy, resources and infrastructure sectors. The low end of the multiple range reflects the base consideration while the top end of the range reflects the maximum consideration payable.

Valemus Australia Pty Limited / Lend Lease Corporation Limited

On 20 December 2010, Lend Lease Corporation Limited ("Lend Lease") announced the acquisition of Valemus Australia Pty Limited ("Valemus") from Bilfinger Berger AG ("Bilfinger") for $960 million (plus $106.6 million being an amount representing profits from 1 January 2010 to 10 March 2011 not distributed to Bilfinger). Valemus provides services in the engineering, construction, residential and non-residential building and engineering services markets in Australia. It operates through the businesses of Abigroup, Baulderstone and Conneq across a number of sectors including roads and tunnels, water, mining and oil and gas, power, telecommunications and social and institutional building. Bilfinger postponed an initial public offering ("IPO") for Valemus in July 2010 due to market conditions. The multiples presented are based on the pro forma earnings for Valemus for the year ended 31 December 2009 and the year ending 31 December 2010 as set out in the IPO prospectus.

Evans & Peck Group Limited / WorleyParsons Limited

On 11 November 2009, WorleyParsons Limited ("WorleyParsons") announced an off market cash takeover offer for unlisted public company Evans & Peck Group Limited ("Evans & Peck"). The consideration under the offer was $30.00 per share ($87.1 million in aggregate). Evans & Peck provides business advisory services across the transport, power and energy, resources, water and social infrastructure sectors. It specialises in major infrastructure and offers a range of services from business consulting, project strategy and business case development to commercial/contractual support, project delivery and asset management.

GRD Limited / AMEC plc

On 11 June 2009, GRD Limited ("GRD") announced that it had received a conditional proposal from AMEC to acquire all of the shares in GRD for a price of 55 cents per share ($105.8 million) subject to completion of due diligence and further negotiations. On 20 July 2009, GRD announced that it had agreed to recommend the offer from AMEC. GRD is an international engineering and development company. Its operations comprise GRD Minproc, an engineering and project delivery business specialising in the design, procurement and construction of mineral resources and water to resources projects (with also operates a construction and maintenance business in the resources sector) and Global Renewables, a business which develops projects to recover resources from municipal waste. The offer from AMEC attributed little value to the Global Renewables business. The multiples presented exclude the Global Renewables business with enterprise value calculated based on the value range attributed by the independent expert to Global Renewables ($37-63 million). If no value is allowed for Global Renewables, the historical EBITDA and EBIT multiples increase to 7.1 and 8.4 times respectively and the forecast EBITDA and EBIT multiples increase to 10.3 and 12.3 times respectively. Forecast multiples implied by the transaction are higher than historical multiples due to the decline in demand for engineering services as a consequence of the curtailment of capital expenditure by resources companies following the global financial crisis.

Brookfield Johnson Controls / Brookfield Asset Management Inc.

On 23 January 2015, Brookfield Asset Management Inc. ("Brookfield") announced that it had agreed to acquire the 50% of its Canadian and Australian facilities management partnerships that it did not already own from Johnson Controls for a total of approximately US$200 million ($500 million). The partnerships were set up in 1992 and 2012 respectively. The acquisition was announced as the first step in creating a global, industry leader in facilities management. Brookfield announced that the acquisition was completed at 9 times cash flow multiple. On 4 May 2015, Brookfield announced that its integrated facilities management services business in Canada, Australia and New Zealand would be rebranded as Brookfield Global Integrated Solutions.

Tenix Holdings Australia Pty Limited / Downer EDI Limited

On 20 October 2014, Downer EDI Limited ("Downer") announced the acquisition of all of the shares in Tenix Holdings Australia Pty Limited ("Tenix") for $300 million on a cash and debt free basis. Tenix is a leading provider of long term operations and maintenance services to owners of electricity, gas, water, wastewater, industrial and resources assets in Australia and New Zealand. As Tenix is privately, only limited financial information is available. Downer advised that although revenue in 2015 is expected to be lower than for the year ended 30 June 2014 due to the completion of resources projects, EBIT is expected to be broadly in line with 2014 ($29.4 million).

Thiess Services and Leighton Contractor Services /Acquisition of 50% interest by Apollo Global Management

On 17 December 2014, it was announced that Apollo Global Management LLC ("Apollo") and Leighton would form a 50:50 operations and maintenance services partnership. The joint venture is to be formed by Apollo acquiring a 50% interest in Leighton's Thiess Services and Leighton Contractor Services businesses for $537.5 million. These businesses provide a comprehensive range of operational maintenance, design and construction, remediation, and asset and facilities management services to clients. Earnings details for the businesses were not disclosed, however, based on broker analysis the transaction implies forecast EBITDA multiples of 4-5 times and forecast EBIT multiple of 6-9 times.

DTZ Holdings plc / Consortium of TPG Capital, PAG Asia Capital and Ontario Teachers' Pension Plan

On 16 June 2014, the ASX listed diversified services group UGL Limited ("UGL") announced that a private equity consortium comprising TPG Capital, PAG Asia Capital and Ontario Teachers' Pension Plan ("the Consortium") would acquire its property services business, DTZ Holdings plc ("DTZ") for an enterprise value of $1.215 billion. The acquisition arose following a strategic review by UGL announced in March 2013 and the subsequent decision to demerge its engineering and property services businesses. DTZ is a global integrated property services group, offering an end-to-end service including leasing, property/facilities management, capital markets, asset management, valuation and project management. It has a presence in 52 countries and generated revenue of over $2.25 billion in the year ended 30 June 2014. As the transaction was announced in June 2014,

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the financial results for the year ended 30 June 2014 have been used to calculate the historical multiples implied by the transaction.

Spotless Group Holdings Limited (initial public offering)

On 23 May 2014, Spotless Group Holdings Limited ("Spotless") was listed on the ASX less than two years after the business was privatised by private equity firm Pacific Equity Partners ("PEP") (see below). At the time of the listing PEP, co-investors and management shareholders retained interests in 49.4% of shares on issue, all of which were subject to voluntary escrow arrangements. Spotless is focused on outsourced facility services and laundry and linen services in Australia and New Zealand. Under the control of PEP the business underwent a significant restructure including a refocused organisational structure, divestment of non-core divisions, reduction of cost base and decentralisation of business development. The result of the restructuring was an increase in EBITDA margins from around 6.5% to 10-11%. As Spotless listed in May 2014, the pro forma forecast earnings for the year ending 30 June 2014 have been used to calculate the historical multiples. It should also be noted that the multiples implied by this initial public offering represent portfolio rather than control values.

Spotless Group Limited / Pacific Equity Partners

On 17 November 2011, Spotless Group Limited ('Spotless Group") announced that it had received a non-binding, conditional proposal from private equity firm PEP to acquire 100% of the shares in Spotless for $2.63 per share. A revised proposal was announced on 1 December 2011 and on 30 April 2012 a scheme implementation agreement was entered into with Spotless Group shareholders are to receive $2.66 per share, including a $0.04 fully franked special dividend conditional on the scheme becoming effective. Spotless Group is an international services company operating an Australasian focused facility services business and an international retail services business. Whilst operating in over 30 countries, the majority of earnings were generated through facility services in Australia and New Zealand. The facilities services business comprised four operating businesses: managed services (including integrated facilities management and asset maintenance services), cleaning services, food services and laundry services.

2 Valuation Evidence from Sharemarket Prices

The markets in which SKILLED and Programmed operate are fragmented serviced by a large number of small forms and a fewer larger firms. The major players include both domestically based suppliers and the local operations of global providers. However, the number of Australian listed companies operating across these sectors is limited and, given the significant overlap in their activities, SKILLED and Programmed are usually considered the most directly comparable listed companies for each other. Nevertheless, Grant Samuel's review of comparable companies has been focussed on Australian companies operating in the workforce solutions, marine services, engineering, facilities management and property services in Australia.

The sharemarket ratings of the selected listed companies are set out below.

Sharemarket Ratings of Selected Listed Companies

Company	Market Capital-isation[13] ($ millions)	EBITDA Multiple[14] (times)			EBITA Multiple[15] (times)			EBIT Multiple[16] (times)		
		Historical	Forecast Year 1	Forecast Year 2	Historical	Forecast Year 1	Forecast Year 2	Historical	Forecast Year 1	Forecast Year 2
Workforce Solutions										
Ashley Services Group	75	3.7	3.0	2.7	4.0	3.2	2.9	4.1	3.3	3.0
Marine Services										
MMA Offshore Limited	219	2.3	3.7	3.7	5.8	8.1	8.0	5.8	8.2	8.0

13 Market capitalisation based on sharemarket prices as at 17 August 2015.
14 Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBITDA.
15 Represents gross capitalisation divided by EBITA.
16 Represents gross capitalisation divided by EBIT.

Sharemarket Ratings of Selected Listed Companies										
Company	Market Capital-isation[13] ($ millions)	EBITDA Multiple[14] (times)			EBITA Multiple[15] (times)			EBIT Multiple[16] (times)		
		Historical	Forecast Year 1	Forecast Year 2	Historical	Forecast Year 1	Forecast Year 2	Historical	Forecast Year 1	Forecast Year 2
Engineering										
CIMIC Group Limited	7,789	4.8	4.7	4.8	8.5	7.4	7.3	8.5	7.6	7.6
Downer EDI Limited	1,584	3.0	3.4	3.4	5.1	5.7	5.6	5.6	6.2	6.1
Monadelphous Limited	676	2.8	3.2	3.6	3.2	3.8	4.3	3.3	3.8	4.3
Cardno Limited	461	7.2	7.8	6.6	8.8	9.8	8.0	9.5	10.7	8.7
UGL Limited	283	3.3	3.6	2.9	3.9	4.3	3.5	7.1	4.9	3.9
RCR Tomlinson Ltd	233	3.2	3.1	3.0	3.9	3.8	3.6	4.4	4.1	3.8
Facilities Management and Property Services										
Spotless Group Limited	1,993	8.5	7.8	7.2	10.9	9.5	8.7	11.3	10.1	9.3
Transfield Services Limited	615	3.6	3.7	3.8	5.3	5.4	5.7	5.8	5.9	6.1

Source: Grant Samuel analysis[12]

The multiples shown above are based on sharemarket prices as at 17 August 2015 and do not reflect a premium for control. All of the companies have a 30 June year end except for CIMIC Group Limited ("CIMIC") which has a 31 December year end.

The data analysed for each company included the last two annual historical results plus the subsequent two forecast years. However, the data presented above represents an alignment of the financial data to allow meaningful comparison of the sharemarket ratings with SKILLED and Programmed which have a 30 June and 31 March year ends, respectively. Under this alignment:

- the historical earnings of the 30 June year end companies (except Downer) are represented by the broker median forecasts for the year ended 30 June 2015 (as that period has past and those companies report their annual results imminently). The historical earnings for Downer are for the year ended 30 June 2015; and
- the historical earnings for CIMIC are for the year ended 31 December 2014 (i.e. the forecast year 1 is for the year ending 31 December 2015).

A brief description of each company is set out below:

Ashley Services Group Limited

Ashley Services Group Limited ("Ashley") was listed on the ASX in August 2014 and provides training, recruitment and labour hire services in Australia. The labour hire business provides services to the warehousing and logistics industry, with a growing presence in horticulture, manufacturing and trade and in 2014 accounted for approximately 85% of revenue. Ashley's training business is one of Australia's largest non-government vocational educational training (VET) providers and provides services to a range of corporate and public clients. Ashley operates through a portfolio of brands which are differentiated on the basis of the services offered between industry sectors. Since listing Ashley has issued two earnings downgrades, the result of which is that proforma EBITDA for the year ended 30 June 2015 is expected to be 30% lower than the Prospectus forecast. Ashley also has a restricted free float, with interests associated with the founder of the company (and current Managing Director) accounting for around 60% of the shares on issue.

MMA Offshore Limited

MMA Offshore Limited ("MMA Offshore") (formerly Mermaid Marine Australia Limited) provides marine logistics and supply base services globally with a focus on Australia and South East Asia. It owns and operates a fleet of vessels (around 70 including those under construction) including anchor handling tugs, anchor handling tug supply vessels, platform supply vessels, multi-purpose survey and maintenance vessels, specialist offtake support vessels, ROV subsea operations, support vessels and accommodation vessels. MMA Offshore also operates a ship repair facility in Dampier and provides a range of services and facilities support. It acquired the subsidiaries of Jaya Holdings Limited effective 4 June 2014 and 2015 represents a full year's contribution from, but the integration of, this business. On 4 May 2015, MMA Offshore provided a trading update indicating that market conditions had been challenging as the impact of ongoing low oil prices is felt in the offshore support industry. In particular, utilisation of its Australian fleet decline sharply in the March quarter and day rates have declined by around 10-15% as a result of increased competition and renegotiation of contract rates by clients. MMA Offshore has commenced a restructuring and cost reduction programme and is targeting $15 million on annualised cost savings or productivity improvements.

CIMIC Group Limited

CIMIC (formerly Leighton Holdings Limited) operates in the infrastructure, resources, and property markets primarily in Australia Pacific, Asia, the Middle East, and Southern Africa. Following the closure of a proportional takeover offer in May 2014, HOCHTIEF now holds a 69.62% interest in CIMIC (and is itself majority owned by Spanish company ACS Actividades de Construccion y Servicios S.A.). In June 2014 a strategic review was undertaken with the objective of putting the company on basis to deliver long term growth in cash backed profits. Phase one of the transformation was delivered in 2014 with the adoption of a new operating model based on four activity based businesses focused on construction, contract mining, public private partnerships (PPPs) and engineering and the divestment of John Holland and the creation of the Services partnership with Apollo Global Management. Phase two involves internal streamlining, restructuring, cost reduction and a focus on capital management. As such, 2015 will be a year of continuing transformation within a continuing challenging trading environment.

Downer EDI Limited

Downer provides engineering, construction and asset management services to the minerals and metals, oil and gas, power, transport, telecommunications, water and property sectors, primarily in Australia and New Zealand but also in the Asia-Pacific region, South America and Southern Africa. Downer acquired Tenix effective 31 October 2014 and, therefore, the first full year of contribution from that business will be the year ended 30 June 2016. During 2015 Downer has reported declines in revenue and earnings due to the completion of a number of projects and subdued end markets.

Monadelphous Group Limited

Monadelphous Group Limited ("Monadelphous") is an engineering group that provides construction, maintenance and industrial services to the resources, energy and infrastructure sectors in Australia and Papua New Guinea. It has two operating divisions – Engineering which provides large-scale multidisciplinary project management and construction services, and Maintenance Industrial Services which specialises in the planning, management and execution of mechanical and electrical maintenance services, shutdowns, fixed plant maintenance services and sustaining capital works. In June 2015 Monadelphous announced that a client had lodged a $130 million claim against it in relation to two contracts undertaken by a 50% unincorporated joint venture. Monadelphous disputes the claim and has advised that it will lodge a counter claim for in excess of $200 million. The outcome of this matter will not be known for some time. The broker forecasts indicate a continued downturn in revenue and activity levels and therefore the multiples implied for Monadelphous increase in the forecast period.

Cardno Limited

Cardno Limited ("Cardno") is an infrastructure and environmental services company which provides professional services in the development and improvement of physical and social infrastructure for communities worldwide. The company is diversified by sector and geography with over 50% of revenue generated in the United States. In May 2015, Cardno issued a profit downgrade for the year ending 30 June 2015 lowering market expectations by around 15-20%. The reasons for the underperformance appear to be a combination of cyclical (weak mining and oil and gas demand, adverse weather in the United States, A$/US$ volatility), structural (increased competition, lower recovery in infrastructure spending) and timing slower conversion of backlog and realisation of cost savings) factors. Despite this underperformance, the sharemarket rating for Cardno is high relative to its peers as a consequence of corporate activity which commenced immediately after the May 2015 downgrade announcement when a private equity backed entity acquired an 18.8% interest in the company. It is not possible to present the multiples on an unaffected basis as the Cardno share price (despite having fallen 30%) had not settled following the announcement. On the other hand, the multiples implied by recent trading likely reflect control values for Cardno.

UGL Limited

Following the divestment of its property services business, DTZ, during 2014 UGL is now a provider of end-to-end outsourced engineering, asset management and maintenance services with a diversified end-market exposure across its core sectors of rail, transport and technology systems, power, resources, water and defence. It employs over 8,000 people across Australia, New Zealand and South East Asia. The financial results for the year ended 30 June 2015 will reflect the restructuring and refocussing of UGL's business and the multiples are calculated by reference to management guidance. The outlook for FY16 is for higher margins on similar revenue levels of $2.3 billion (of which around 70% had already been sold at 1 June 2015). Market perceptions of UGL in recent periods have been influenced by its exposure to the Ichthys LNG Project.

RCR Tomlinson Ltd

RCR Tomlinson Limited ("RCR") is a multi-disciplinary engineering company that provides integrated engineering solutions to the resources, energy, oil and gas, mining and infrastructure sectors in Australia, New Zealand and Asia. RCR acquired Norfolk Group Limited on 31 July 2013 to diversify its revenue base. This acquisition forms the base of RCR's infrastructure division, the principal activities of which include electrical, power transmission and distribution, rail signalling and overhead wiring systems HVAC (heating, ventilation and air-conditioning), telecommunications, fire protection and property services and products.

Spotless Group Holdings Limited

Spotless is a leading provider of outsourced facility services and laundry services in Australia and New Zealand. It provides facility management, catering and food and cleaning services as well as laundry and linen services to a wide range of sectors including business, education, government, health, resources, defence and sport and leisure as well as operating social infrastructure public private partnerships. It employs approximately 36,000 people. At listing in May 2014 around 49.4% of shares on issue were retained by PEP, co-investors and management and were subject to voluntary escrow arrangements. Under the terms of the escrow arrangements these share have been released from trading lock since November 2014 and as at March 2015 the aggregate shareholding of PEP, co-investors and management had reduced to 18.9% of shares on issue. Since October 2014, Spotless has made three acquisitions for a total investment of $380 million, the first full year contribution of which will be in the year ended 30 June 2016. Spotless earns EBITDA margins of around 10-11% and expects to derive further economies of scale from integration of these businesses.

Transfield Services Limited

Transfield Services Limited ("Transfield") is a provider of operations and maintenance service, logistics and facilities management and construction services across nine sectors including the resources, energy, industrial, infrastructure, property and defence sectors. It employs more than 19,000 people across nine countries with over 80% of revenue being generated in Australia and New Zealand. Transfield refocussed its business strategy during the year ended 30 June 2014 and has refined it further in during 2015. During late 2014 to early 2015, Transfield's share price was impacted by corporate activity regarding a proposal from Spanish company Ferrovial Servicios S.A. ('Ferrovial") to acquire 100% of the shares for cash consideration (initially $1.95 but raised to $2.00 per share). The board deemed the proposal to undervalue the business and standstill arrangements remained in place until late February 2015. Transfield trades at a substantial discount to Spotless, more in line with domestic engineering contractors, despite a revenue profile that is increasingly services oriented with long term contracts and lower capital intensity. However, this discount is explained by the fact that its EBITDA margins at 5-6% are significantly lower than 10-11% for Spotless. Transfield's market rating may also be impacted by market expectation of the lower margin renewal of a large contract to manage the immigration facilities at Manus Island and Nauru.

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ANNEXURE
Investigating Accountant's Report

B

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The Directors
Programmed Maintenance Services Limited
47 Burswood Road
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20 August 2015

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Programmed Maintenance Services Limited ("Programmed") for inclusion in the Explanatory Memorandum to be issued by Skilled Group Limited ("SKILLED") in respect of the proposed acquisition by Programmed of all the issued capital of SKILLED (the "Scheme").

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu ("Deloitte") and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 (Cth) for the issue of this report.

Expressions and terms used in this report have the same meaning as defined in the Explanatory Memorandum.

Scope

Historical Financial Information and Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of Programmed to review:

a) SKILLED Historical Financial Information

- The consolidated statement of profit or loss of SKILLED for the years ended 30 June 2014 and 30 June 2015;
- The consolidated statement of financial position of SKILLED as at 30 June 2014 and 30 June 2015; and
- The consolidated statement of cash flow of SKILLED for the years ended 30 June 2014 and 30 June 2015

as contained in Section 9 of the Explanatory Memorandum, together the "SKILLED Historical Financial Information".

The SKILLED Historical Financial Information has been extracted from the consolidated financial statements of SKILLED for the year ended 30 June 2015 ("the SKILLED Statutory Historical Financial Information") which was audited by Ernst & Young in accordance with the Australian Auditing

Standards. Ernst & Young issued an unmodified audit opinion on the respective financial report.

b) Programmed Historical Financial Information

- The consolidated statement of profit or loss of Programmed for the years ended 31 March 2014 and 31 March 2015;
- The consolidated statement of financial position of Programmed as at 31 March 2014 and 31 March 2015; and
- The consolidated statement of cash flows of Programmed for the years ended 31 March 2014 and 31 March 2015

as contained in Section 10 of the Explanatory Memorandum, together the "Programmed Historical Financial Information".

The Programmed Historical Financial Information has been extracted from the consolidated financial statements of Programmed for the year ended 31 March 2015 (the "Programmed Statutory Historical Financial Information") which was audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the respective financial report.

c) Combined Group Unaudited Pro forma Historical Financial Information

- The Combined Group unaudited pro forma statement of profit or loss for the year ended 31 March 2015; and
- The Combined Group unaudited pro forma statement of financial position as at 31 March 2015; and
- The pro forma adjustments and the assumptions on which they are based as described in the Explanatory Memorandum

as contained in Section 11 of the Explanatory Memorandum, together the "Combined Group unaudited pro forma historical financial information".

The Programmed Historical Financial Information, the SKILLED Historical Financial Information and the Combined Group unaudited pro forma historical financial information are presented in an abbreviated form in the Explanatory Memorandum insofar as they do not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

The stated basis of preparation of the Combined Group unaudited pro forma historical financial information is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 11 of the Explanatory Memorandum, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Combined Group unaudited pro forma historical financial information does not represent Programmed's or the Combined Group's actual or prospective financial position or performance (including cash flows).

Directors' Responsibility

The Directors of Programmed are responsible for the preparation and presentation of the Programmed Historical Financial Information and the Combined Group unaudited pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the Combined Group unaudited pro forma historical financial information.

The Directors of SKILLED are responsible for the preparation and presentation of the SKILLED Historical Financial Information.

This includes responsibility for the operation of such internal controls as the Directors of Programmed and the Directors of SKILLED determine are necessary to enable the preparation of the Programmed and SKILLED Historical Financial Information and the Combined Group unaudited pro forma historical financial information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Programmed Historical Financial Information, SKILLED Historical Financial Information and Combined Group unaudited pro forma historical financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* .

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Programmed and Skilled Historical Financial Information or the Combined Group unaudited pro forma historical financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Programed Historical Financial Information and the SKILLED Historical Financial Information from the audited Programmed and SKILLED consolidated financial statements respectively for the relevant periods;
- consideration of the reasonableness and appropriateness of the pro forma transactions and/or adjustments described in Section 11 of the Explanatory Memorandum;
- enquiries of Programmed Directors and Programmed and SKILLED management, personnel and advisors; and
- the performance of analytical procedures applied to the Programmed and Skilled Historical Financial Information and the Combined Group unaudited pro forma historical financial information.

Conclusion

SKILLED Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the SKILLED Historical Financial Information comprising:

- The consolidated statement of profit or loss of SKILLED for the years ended 30 June 2014 and 30 June 2015;
- The consolidated statement of financial position of SKILLED as at 30 June 2014 and 30 June 2015; and
- The consolidated statement of cash flows of SKILLED for the years ended 30 June 2014 and 30 June 2015

is not presented fairly, in all material respects, in accordance with the stated basis of presentation, as described in Section 9 of the Explanatory Memorandum.

Programmed Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Programmed Historical Financial Information comprising:

- The consolidated statement of profit or loss of Programmed for the years ended 31 March 2014 and 31 March 2015;

The consolidated statement of financial position of Programmed as at 31 March 2014 and 31 March 2015; and

- The consolidated statement of cash flows of Programmed for the years ended 31 March 2014 and 31 March 2015

is not presented fairly, in all material respects, in accordance with the stated basis of presentation, as described in Section 10 of the Explanatory Memorandum.

Combined Group Unaudited Pro forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Combined Group unaudited pro forma historical financial information comprising:

- The Combined Group unaudited pro forma statement of profit or loss for the year ended 31 March 2015; and
- The Combined Group unaudited pro forma statement of financial position as at 31 March 2015; and
- The pro forma adjustments and the assumptions on which they are based as described in the Explanatory Memorandum

is not presented fairly, in all material respects, in accordance with the stated basis of presentation, as described in Section 11 of the Explanatory Memorandum.

Subsequent events

Apart from the matters dealt with in this report, and having regard for the scope of our report, nothing has come to our attention that would cause us to believe that matters arising after 31 March 2015, other than matters dealt with in this report, would require comment on, or adjustments to, the Programmed Historical Financial Information, SKILLED Historical Financial Information and Combined Group unaudited pro forma historical financial information contained in the financial information in the Explanatory Memorandum, or would cause that information to be misleading or deceptive.

Disclosure of Interest

Deloitte Touche Tohmatsu and its subsidiary Deloitte Corporate Finance Pty Limited do not have any interest in the outcome of the Scheme other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received. Deloitte Touche Tohmatsu is the auditor of Programmed.

Restriction on use

Without modifying our conclusions, we draw attention to section 11 of the Explanatory Memorandum, which describes the purpose of the Financial Information, being for inclusion in the Explanatory Memorandum. As a result, the Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Information to which it relates, for any purpose other than that for which it was prepared.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this Investigating Accountant's Report in the Explanatory Memorandum in the form and context in which it is so included, but has not authorised the issue of the Explanatory Memorandum. Accordingly, Deloitte Corporate Finance Pty Limited makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Explanatory Memorandum.

Yours faithfully

Deloitte Corporate Finance Pty Limited

Ashley Miller
Authorised Representative of
Deloitte Corporate Finance Pty Limited (AFSL Number 241457)
AR Number 461007

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Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

July 2014

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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ANNEXURE C

Taxation Letter

Deloitte Tax Services Pty Ltd
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The Directors
Skilled Group Limited
2 Luton Lane
HAWTHORN VIC 3122

21 August 2015

Our reference: BAT/JRH/ML

Dear Directors,

SKILLED Group Limited – Scheme of Arrangement

Australian tax implications for SKILLED Group Limited Shareholders

This letter has been prepared at the request of SKILLED Group Limited (**SKILLED**) for inclusion in the Explanatory Memorandum relating to the scheme of arrangement between SKILLED and SKILLED Shareholders in respect of the proposed acquisition of SKILLED by Programmed Maintenance Services Limited (**Programmed**).

Unless otherwise stated, capitalised terms used in this letter take the meaning ascribed to them in the Explanatory Memorandum.

1 Introduction

1.1 Tax implications addressed in this letter

The purpose of this letter is to set out a general description of certain Australian tax consequences for SKILLED Shareholders that participate in the Scheme.

The letter considers the following tax implications of the Scheme:

- the Australian income tax implications of the SKILLED FY15 Final Dividend and SKILLED Special Dividend
- the Australian income tax implications of the disposal of SKILLED Shares under the Scheme
- certain Australian tax implications of acquiring New Programmed Shares
- certain stamp duty and goods and services tax (GST) implications.

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The comments set out in this letter apply to Australian tax resident and non-resident shareholders who hold their SKILLED Shares on capital account. The letter does not deal with SKILLED Shareholders who:

- hold their SKILLED Shares on revenue account
- may be subject to special tax rules such as banks, insurance companies, tax-exempt organisations, dealers in securities, or shareholders who change their tax residency while holding shares or
- are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their SKILLED Shares.

Further, additional considerations may arise for SKILLED Shareholders who have acquired or will acquire their shares through participation in the SKILLED LTI Plan, which may affect the application of the comments in this letter to those shareholders. These considerations are not addressed in this letter.

The dates outlined below are based on the expected dates set out in the Explanatory Memorandum. If the expected dates change then the dates expressed below may also change.

The comments in this letter are based on the tax laws in effect at the date of the Explanatory Memorandum. It is not intended to be an authoritative or complete statement of the tax laws applicable to the individual circumstances of every SKILLED Shareholder. Importantly, as the comments are of a general nature, they do not take into account the specific circumstances of any particular SKILLED Shareholder.

While Appendix 1 provides an illustrative example of possible outcomes, all SKILLED Shareholders should seek their own independent advice on the tax implications of participation in the Scheme in light of their own particular circumstances.

1.2 Class Ruling

SKILLED has lodged a class ruling application with the Australian Taxation Office (**ATO**) seeking the Commissioner of Taxation's views on specific income tax issues for SKILLED Shareholders relating to the Scheme and the SKILLED FY15 Final Dividend and SKILLED Special Dividend, including whether SKILLED Shareholders who receive the SKILLED FY15 Final Dividend and SKILLED Special Dividend will be entitled to the imputation benefits associated with any franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend.

The class ruling has not been issued by the ATO as at the date of the Explanatory Memorandum. When published, the class ruling will be available on the ATO's website **www.ato.gov.au** and SKILLED will make an ASX announcement in respect of its publication.

2. Receipt of SKILLED FY15 Final Dividend and SKILLED Special Dividend

The SKILLED Board has declared the SKILLED FY15 Final Dividend and stated a payment date of 15 October 2015. Subject to SKILLED Shareholders approving the Scheme by the Requisite Majorities, the SKILLED Board will declare the SKILLED Special Dividend. SKILLED Shareholders entitled to the SKILLED FY15 Final Dividend and SKILLED Special Dividend will be those SKILLED Shareholders registered on the SKILLED Dividend Record Date, i.e. on 7 October 2015. The SKILLED FY15 Final Dividend and SKILLED Special Dividend will be paid on 15 October 2015.

The Australian income tax implications for Australian resident and non-resident SKILLED Shareholders to which this letter applies that receive the SKILLED FY15 Final Dividend and SKILLED Special Dividend are outlined below.

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2.1 *Australian tax resident SKILLED Shareholders*

2.1.1 Assessability of SKILLED FY15 Final Dividend and SKILLED Special Dividend

SKILLED Shareholders who are Australian tax residents and receive the SKILLED FY15 Final Dividend and SKILLED Special Dividend should include the amount of the dividend received as assessable income in their income tax return for the income year in which the SKILLED FY15 Final Dividend and SKILLED Special Dividend payments are received. As the SKILLED FY15 Final Dividend and SKILLED Special Dividend are intended to be fully franked, recipients of the dividend who are a "qualified person" (see below) will be required to "gross up" the value of the SKILLED FY15 Final Dividend and SKILLED Special Dividend by the amount of any franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend.

As a result, the amount of the SKILLED FY15 Final Dividend and SKILLED Special Dividend plus the amount of any franking credits attached to the dividend should be included as assessable income in the SKILLED Shareholder's income tax return for the income year in which the SKILLED FY15 Final Dividend and SKILLED Special Dividend payments are received (subject to the "qualified person" requirement).

The franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend will be outlined in the dividend distribution statement that will be issued by SKILLED to each SKILLED Shareholder receiving the SKILLED FY15 Final Dividend and SKILLED Special Dividend.

2.1.2 Entitlement to tax offset

The amount of franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend can generally be used to offset the amount of income tax that a SKILLED Shareholder is required to pay, where a SKILLED Shareholder is a "qualified person" in relation to the SKILLED FY15 Final Dividend or SKILLED Special Dividend (as relevant). Whether a SKILLED Shareholder is a "qualified person" in respect of the SKILLED FY15 Final Dividend or SKILLED Special Dividend will depend, among other things, on whether the SKILLED FY15 Final Dividend or SKILLED Special Dividend (as relevant) satisfies the definition of a "related payment". This matter is being considered by the ATO as part of the class ruling application.

On the basis that both the SKILLED FY15 Final Dividend and SKILLED Special Dividend reduce the Cash Consideration payable under the Scheme, we consider that the ATO is likely to form the view that both dividends are a related payment.

On this basis, a SKILLED Shareholder will be a "qualified person" in relation to that dividend if the SKILLED Shareholder holds their SKILLED Shares "at risk" for a continuous 45-day period (not including the date of acquisition or the date of disposal) during the period from 24 August 2015 to 8 October 2015 (being the last day the SKILLED Shares should be held "at risk" if the Scheme proceeds), inclusive.

It follows that any SKILLED Shareholder who acquires their SKILLED Shares on or after 25 August 2015 will not be entitled to a tax offset for the franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend.

To hold shares "at risk", a shareholder must not have a materially diminished risk of loss or opportunity for gain. Whether a shareholder holds their shares "at risk" will depend on other arrangements they may have entered into (e.g. risk mitigation strategies such as put options etc.). SKILLED Shareholders should seek their own independent advice in respect of the effect of such arrangements.

Other franking issues

Australian tax resident SKILLED Shareholders that are individuals, complying superannuation funds or certain trustees that have franking credits in excess of their income tax liability may be entitled to a tax refund equal to the excess.

Where SKILLED Shares are held by trusts or partnerships, and the SKILLED FY15 Final Dividend and SKILLED Special Dividend are passed through to beneficiaries or partners thereof, the benefit of the franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend may also pass through to those beneficiaries or partners if they are Australian resident individuals or Australian resident companies.

Where SKILLED Shares are held by Australian resident companies, a credit should arise in the franking account of such Australian resident companies equal to the amount of franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend provided they satisfy the “qualified person” requirement.

2.2 *Non-Australian tax resident SKILLED Shareholders*

SKILLED Shareholders that are not residents of Australia for income tax purposes should not be subject to tax in Australia on the SKILLED FY15 Final Dividend and SKILLED Special Dividend provided they do not hold the shares through an Australian permanent establishment. As the SKILLED FY15 Final Dividend and SKILLED Special Dividend are intended to be fully franked, non-Australian tax resident shareholders should receive the full amount of the dividend, free of any Australian dividend withholding tax.

Non-Australian tax resident SKILLED Shareholders should seek their own independent tax advice as to the tax implications in their country of residence of receiving the SKILLED FY15 Final Dividend and SKILLED Special Dividend.

2.3 *Imputation integrity and other measures*

The availability of the franking credits attached to the SKILLED FY15 Final Dividend and SKILLED Special Dividend is subject to the application of certain integrity and other measures. The application of these imputation integrity and other measures is part of the class ruling application.

Based on the facts and circumstances of the Scheme, we consider that the ATO is likely to form the view that none of the relevant integrity and other measures should apply to deny the SKILLED Shareholders the availability of the franking credits attaching to the SKILLED FY15 Final Dividend and SKILLED Special Dividend.

3. Disposal of SKILLED Shares

If the Scheme is Implemented, Programmed will acquire all of the SKILLED Shares and SKILLED Shareholders will receive 0.55 New Programmed Shares for each SKILLED Share. In addition, SKILLED Shareholders will receive the SKILLED Special Dividend.

3.1 *Australian tax resident Skilled Shareholders*

3.1.1 Australian capital gains tax

The disposal of SKILLED Shares by an Australian tax resident SKILLED Shareholder will constitute a capital gains tax (**CGT**) event for Australian income tax purposes. The CGT event should occur when the change of ownership of the SKILLED Shares occurs. The change of ownership of the SKILLED Shares should occur on the Implementation Date, i.e. 16 October 2015. The time of the CGT event is being considered as part of the class ruling application.

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21 August 2015

Broadly, Australian tax resident SKILLED Shareholders will make a capital gain on the disposal of their SKILLED Shares where the "capital proceeds" from the disposal of their SKILLED Shares exceeds the "cost base" of those SKILLED Shares.

Conversely, a capital loss will be made where the "capital proceeds" are less than the "reduced cost base" of the SKILLED Shares. Capital losses may be offset against capital gains made in the same year or may be carried forward for offset against future capital gains, subject to the satisfaction of certain loss recoupment rules for certain categories of shareholder.

Specific CGT rollover relief provisions are relevant to the Scheme. These are outlined in section 3.2 of this letter.

3.1.2 Capital proceeds

The capital proceeds for the CGT event arising from the disposal of SKILLED Shares under the Scheme should include the Scheme Consideration. As such, the value of the capital proceeds should consist of any Cash Consideration received under the Scheme and the market value of any property received in the form of New Programmed Shares.

An issue arises as to whether the payment of the SKILLED FY15 Final Dividend and SKILLED Special Dividend also form part of the capital proceeds from the disposal of SKILLED Shares under the Scheme by SKILLED Shareholders.

Whether the SKILLED FY15 Final Dividend and SKILLED Special Dividend are considered to form part of the capital proceeds from the disposal of SKILLED Shares is part of the class ruling application.

Based on the facts and circumstances of the Scheme, we consider that neither the SKILLED FY15 Final Dividend nor the SKILLED Special Dividend constitutes capital proceeds from the disposal of the SKILLED Shares. Consequently the capital proceeds should be equal to the Scheme Consideration (being 0.55 New Programmed Shares plus any Cash Consideration).

3.1.3 Cost base of a SKILLED Share

The cost base and reduced cost base of a SKILLED Share will generally be the cost of acquiring the SKILLED Share plus any incidental costs (such as brokerage fees and legal costs) associated with both the acquisition and disposal of the SKILLED Share. The cost base of each SKILLED Share will depend on the individual circumstances of each SKILLED Shareholder.

SKILLED Shares acquired in different transactions may have different cost bases and therefore capital gains may arise on some SKILLED Shares while capital losses may arise on other SKILLED Shares.

3.1.4 Indexation

SKILLED Shareholders who acquired their SKILLED Shares at or before 11.45 a.m. on 21 September 1999 and have held their SKILLED Shares for at least 12 months can choose to increase the cost base of their SKILLED Shares for indexation based on the "consumer price index" movement from the date of acquisition to 30 September 1999.

SKILLED Shareholders who choose to apply indexation forego the opportunity to apply the CGT discount, where it might otherwise be available (refer below for an outline of the CGT discount). In addition, indexation does not apply to a reduced cost base. This means that indexation cannot apply to increase the amount of a capital loss.

3.1.5 *CGT discount*

SKILLED Shareholders who are individuals, trusts or complying superannuation funds may be entitled to reduce the amount of any capital gain on the disposal of their SKILLED Shares if they have held their shares for at least 12 months (excluding the date of acquisition and date of disposal) before the disposal of the shares on the CGT event date.

The CGT discount is applied after available capital losses have been offset to reduce the capital gain. The discount rate for individuals and trusts is 50%. The discount rate for complying superannuation funds is 33⅓%. The CGT discount is not available to shareholders that are companies.

As the rules relating to discount capital gains for trusts are complex, we recommend trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trust's beneficiaries.

3.2 *Scrip-for-scrip rollover relief*

SKILLED Shareholders who would otherwise make a capital gain on the disposal of their SKILLED Shares under the Scheme may choose scrip-for-scrip rollover relief to the extent that the capital gain made on the disposal of a SKILLED Share is attributable to the receipt of a New Programmed Share.

The eligibility for scrip-for-scrip rollover relief is part of the class ruling application.

3.2.1 *Consequences of choosing scrip-for-scrip rollover relief*

Scrip-for-scrip rollover allows an eligible SKILLED Shareholder to disregard a capital gain made under the Scheme to the extent that a New Programmed Share is received in exchange for a SKILLED Share. A capital gain cannot be disregarded to the extent that non-scrip consideration (e.g. cash) is received for a SKILLED Share.

In calculating the capital gain attributable to each component of the Scheme Consideration, the cost base or reduced cost base of the SKILLED Shares disposed of must be reasonably allocated to the New Programmed Shares and the non-scrip consideration received as Scheme Consideration.

As noted above, based on the facts and circumstances of the Scheme, we consider that neither the SKILLED FY15 Final Dividend nor the SKILLED Special Dividend should be taken to be capital proceeds for the disposal of the SKILLED Shares. Consequently, if nil Cash Consideration is received by a SKILLED Shareholder (that is, the aggregate amount of the SKILLED FY15 Final Dividend and SKILLED Special Dividend is $0.25 per SKILLED Share), this cost base allocation will not be required.

The allocation of cost base is illustrated in (a) below.

(a) **Calculating a capital gain (or loss)**

In calculating the capital gain attributable to the Scheme Consideration that is in the form of non-scrip consideration (e.g. cash), the cost base of a SKILLED Share that is reasonably attributable to the non-scrip consideration for that SKILLED share must be calculated. One method of apportionment would be to use a 'relative value' method. This can be calculated using the following formula:

$$\text{Cost base of the SKILLED Share} \times \frac{\text{Value of non-scrip consideration}}{\text{Value of New Programmed Share plus value of non-scrip consideration}}$$

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The capital gain is then calculated as follows:

```
 Value of non-scrip consideration   -   Cost base attributable to
(e.g. cash) received as Scheme          the non-scrip consideration
 Consideration
```

(b) **Cost base of New Programmed Share**

The first element of the cost base, or reduced cost base, of each New Programmed Share will be determined by reasonably attributing to it the cost base or reduced cost base of the SKILLED Share for which it was exchanged. One method of apportionment is to use a 'relative value' method. This can be calculated using the following formula:

$$\text{Cost base/reduced cost base of the SKILLED Share} \times \frac{\text{Value of New Programmed Share}}{\text{Value of New Programmed Share plus value of non-scrip consideration}}$$

(c) **Acquisition date for CGT discount purposes**

For CGT discount purposes, SKILLED Shareholders that elect scrip-for-scrip rollover should be deemed to have acquired their New Programmed Shares at the same time they acquired their original SKILLED Shares. This may be relevant for the purpose of determining the CGT consequences of a future disposal of the New Programmed Shares.

(d) **Choosing rollover relief**

Generally, a choice to adopt scrip-for-scrip rollover relief must be made before lodgement of the shareholder's income tax return for the income year in which the CGT event occurs.

No formal election notice to choose scrip-for-scrip rollover relief is required to be lodged with the ATO. The SKILLED Shareholder's income tax return should, however, be prepared in a manner consistent with electing scrip-for-scrip rollover relief.

3.2.2 Consequences of not choosing scrip-for-scrip rollover relief

SKILLED Shareholders who are ineligible to choose scrip-for-scrip rollover, or elect not to choose it, will be assessable on any capital gain derived on the disposal of their SKILLED Shares.

(a) **Calculating a capital gain (or loss)**

A capital gain will arise for a SKILLED Shareholder on disposal of their SKILLED Shares if the Scheme Consideration (i.e. any Cash Consideration plus the market value of New Programmed Shares as at the CGT event date) exceeds the cost base of their SKILLED Shares.

A capital loss will arise where the Scheme Consideration is less than the reduced cost base of the SKILLED Shares. As outlined above, capital losses may be offset against any capital gains made in the same year or may be carried forward for offset against any future capital gains, subject to the satisfaction of certain loss recoupment rules for certain categories of shareholders.

(b) **Cost base of New Programmed Shares**

The first element of the cost base (and reduced cost base) of each replacement New Programmed Share will be the market value of the SKILLED Share exchanged (measured as at the date the New Programmed Shares are issued), after taking account of the amount of any Cash Consideration received.

(c) **Acquisition date for CGT discount purposes**

The acquisition date of the New Programmed Shares for CGT purposes should be their issue date. This may be relevant when working out the CGT consequences of a future disposal of the New Programmed Shares.

3.3 Non-Australian tax resident SKILLED Shareholders

Non-Australian tax residents that derive a capital gain on disposal of their SKILLED Shares under the Scheme would be subject to the Australian CGT rules to the extent that the SKILLED Shares are 'taxable Australian property'. Broadly, non-Australian tax residents would be subject to Australian income tax on any capital gain derived if they (together with associates) holds 10% or more of SKILLED (at the time of disposal or throughout a 12 month period during the two years before disposal), and the majority of SKILLED's assets consist of real property situated in Australia and they do not choose scrip-for-scrip rollover.

On the basis that we understand that no shareholder (together with associates) holds 10% or more of SKILLED (at the time of disposal or throughout a 12 month period during the two years before disposal), there should be no non-resident SKILLED Shareholders subject to the Australian CGT rules on disposal of their SKILLED Shares under the Scheme. Importantly, this is on the proviso that such shareholders do not hold their SKILLED Shares through an Australian permanent establishment. If the shares are so held, independent advice should be sought as specific tax issues arise.

Non-Australian tax resident SKILLED Shareholders should seek their own independent tax advice as to the tax implications of the Scheme, including the tax implications in their country of residence.

4. Stamp duty

There should be no stamp duty payable by SKILLED Shareholders on either the disposal of their SKILLED Shares or on the acquisition of New Programmed Shares via the Scheme.

5. Goods and services tax

No GST liability should arise to SKILLED Shareholders on either the disposal of their SKILLED Shares or on the acquisition of New Programmed Shares via the Scheme.

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6. Disclaimer

The comments in the letter are based on the law in effect at the date of the Explanatory Memorandum. It is not intended to be an authoritative or complete statement of the tax laws applicable to the individual circumstances of every SKILLED Shareholder.

In providing our tax advice, we have relied on factual statements contained in the Explanatory Memorandum.

Deloitte is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Tax is only one of the matters that must be considered when making a decision about your SKILLED Shares. You should consider taking advice from the holder of an Australian Financial Services Licence before making a decision in relation to your SKILLED Shares.

This letter does not constitute an endorsement of the Scheme or a recommendation as to how SKILLED Shareholders should vote on the Scheme. Deloitte expresses no opinion and gives no assurance or guarantee about the commercial benefits of the Scheme.

We have provided consent for the inclusion of this letter in the Explanatory Memorandum. This consent has not been withdrawn at the date of this letter.

* * *

Yours sincerely

Brett Todd
Director
Deloitte Tax Services Pty Ltd

Jonathan Hill
Director
Deloitte Tax Services Pty Ltd

Appendix 1

The analysis below relates to the potential Australian income tax implications arising to a SKILLED Shareholder who is an Australian resident individual for tax purposes who subsequently disposes of their New Programmed Shares. The analysis is of a general nature only and does not take into account the specific circumstances of any particular SKILLED Shareholder.

Importantly, the analysis does not consider the Australian tax implications of a disposal by non-residents, or of a disposal by Australian resident companies, superannuation funds and trusts.

Important assumptions

The examples are based on the following important assumptions. The outcomes will vary to the extent these assumptions are not applicable or apply in a different way to a particular SKILLED Shareholder:

- The SKILLED Shareholder is an Australian resident individual that holds their SKILLED Shares and subsequently their New Programmed Shares on capital account and is not subject to the taxation of financial arrangement rules (Refer Section 1.1 of this letter).
- The relevant SKILLED Shareholder is eligible for the 50% CGT discount. Amongst other requirements this will require the New Programmed Shares to have been held for at least 12 months prior to disposal.
- The example does not illustrate the amount of tax payable on the basis that will depend on whether a SKILLED Shareholder is eligible for, and chooses to obtain, scrip-for-scrip rollover for the disposal as well as, in the case of an individual SKILLED Shareholder, their particular marginal tax rate having regard to their total taxable income.

Illustrative example

Scrip-for-scrip rollover

As discussed at Section 3.2 of this letter, eligible SKILLED Shareholders may choose to obtain scrip-for-scrip rollover to disregard a capital gain on the disposal of their SKILLED Shares. If the SKILLED Shareholder would otherwise realise a capital loss, scrip-for-scrip rollover cannot be chosen.

If the SKILLED FY15 Final Dividend and the SKILLED Special Dividend are not taken to be capital proceeds for the disposal of the SKILLED Shares pursuant to the Scheme, choosing scrip-for-scrip rollover should result in the following tax consequences:

- Any capital gain made under the Scheme should be disregarded as the relevant SKILLED Shareholder is exchanging SKILLED Shares for only scrip consideration, being New Programmed Shares;
- The CGT cost base of a New Programmed Share acquired by a SKILLED Shareholder should be referable to the CGT cost base of the SKILLED Shares exchanged; and
- The relevant SKILLED Shareholder should be deemed to have acquired the New Programmed Shares at the same time they acquired their original SKILLED Shares.

The scenarios in the table below are based on a cost base of a SKILLED Share held by the relevant SKILLED Shareholder of $1.00 and $2.00 per SKILLED Share only.

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	Scrip-for-scrip rollover (a) SKILLED Shareholder with $1.00 CGT Cost Base per share	Capital loss (b) SKILLED Shareholder with $2.00 CGT Cost Base per share
Cost Base of SKILLED Share (per share)	$1.00	$2.00
Ratio of New Programmed Shares (per SKILLED Share)	0.55	0.55
Cost base of New Programmed Share (per share)	$1.82	$2.80*

* Based on the share price of Programmed Shares as at 19 June 2015, the last day on which Programmed Shares traded prior to SKILLED and Programmed entering into the Scheme Implementation Agreement

a) **As a SKILLED Shareholder will be issued with 0.55 New Programmed Shares for each SKILLED Share exchanged it means that approximately 1.82 SKILLED Shares will need to be exchanged for the issue of 1 New Programmed Share. Correspondingly, the cost base of approximately 1.82 SKILLED Shares exchanged by a SKILLED Shareholder should be allocated to each New Programmed Share issued where scrip-for-scrip rollover is available and chosen.**

b) **SKILLED Shareholders with a $2.00 Cost Base per SKILLED Share should incur a capital loss of $0.46 per SKILLED Share on disposal to Programmed (i.e. on the basis of receiving capital proceeds of $1.54 which represents 0.55 of an assumed $2.80 share price of Programmed Shares and is the equivalent in this example of a $0.84 capital loss per New Programmed Share issued). A SKILLED Shareholder may be able to offset this capital loss against other capital gains that they have derived subject to satisfying any applicable loss recoupment rules. A Skilled Shareholder should obtain a CGT Cost Base in each New Programmed Share equal to the value of 1.82 SKILLED Shares exchanged, assumed in this case to be equal to a share price of a Programmed Share of $2.80.**

Immediate disposal of New Programmed Shares

The scenarios in the table below are based on a CGT Cost Base of each New Programmed Share held by the relevant SKILLED Shareholder that follows from the example above in which 1.82 SKILLED Shares are required to be exchanged for each New Programmed Share issued.

	New Programmed Shareholder with $1.82 CGT Cost Base (a)	**New Programmed Shareholder with $2.80 CGT Cost Base (b)**
Capital Proceeds*	$2.80	$2.80
CGT Cost Base	($1.82)	($2.80)
Capital Gain / (Capital Loss)	**$0.98**	**$0.00**
CGT Discount	($0.49)	n/a
Net Capital Gain / (Capital Loss)	**$0.49**	**$0.00**

* Based on the share price of Programmed Shares as at 19 June 2015, the last day on which Programmed Shares traded prior to SKILLED and Programmed entering into the Scheme Implementation Agreement

a) **As illustrated above, a SKILLED Shareholder with a $1.00 CGT Cost Base in their SKILLED Shares should be able to rollover their CGT Cost Base in their SKILLED Shares to CGT Cost Base in their New Programmed Shares. An immediate disposal of the New Programmed Shares should therefore realise the capital gain that had otherwise been deferred by choosing scrip-for-scrip rollover. Provided the eligibility criteria are met the New Programmed Shareholder should obtain a CGT Discount on disposal of the New Programmed Share.**

b) **As illustrated above, a SKILLED Shareholder with a $2.00 CGT Cost Base in their SKILLED Shares should realise a capital loss on disposal of their SKILLED Shares to Programmed such that scrip-for-scrip rollover cannot be chosen (based on the above example this loss should be $0.46 per SKILLED Share or the equivalent of $0.84 per New Programmed Share issued to them). As a cost base is obtained in the New Programmed Shares equal to the value of their SKILLED Shares an immediate disposal of the New Programmed Shares should not realise any further gain or loss.**

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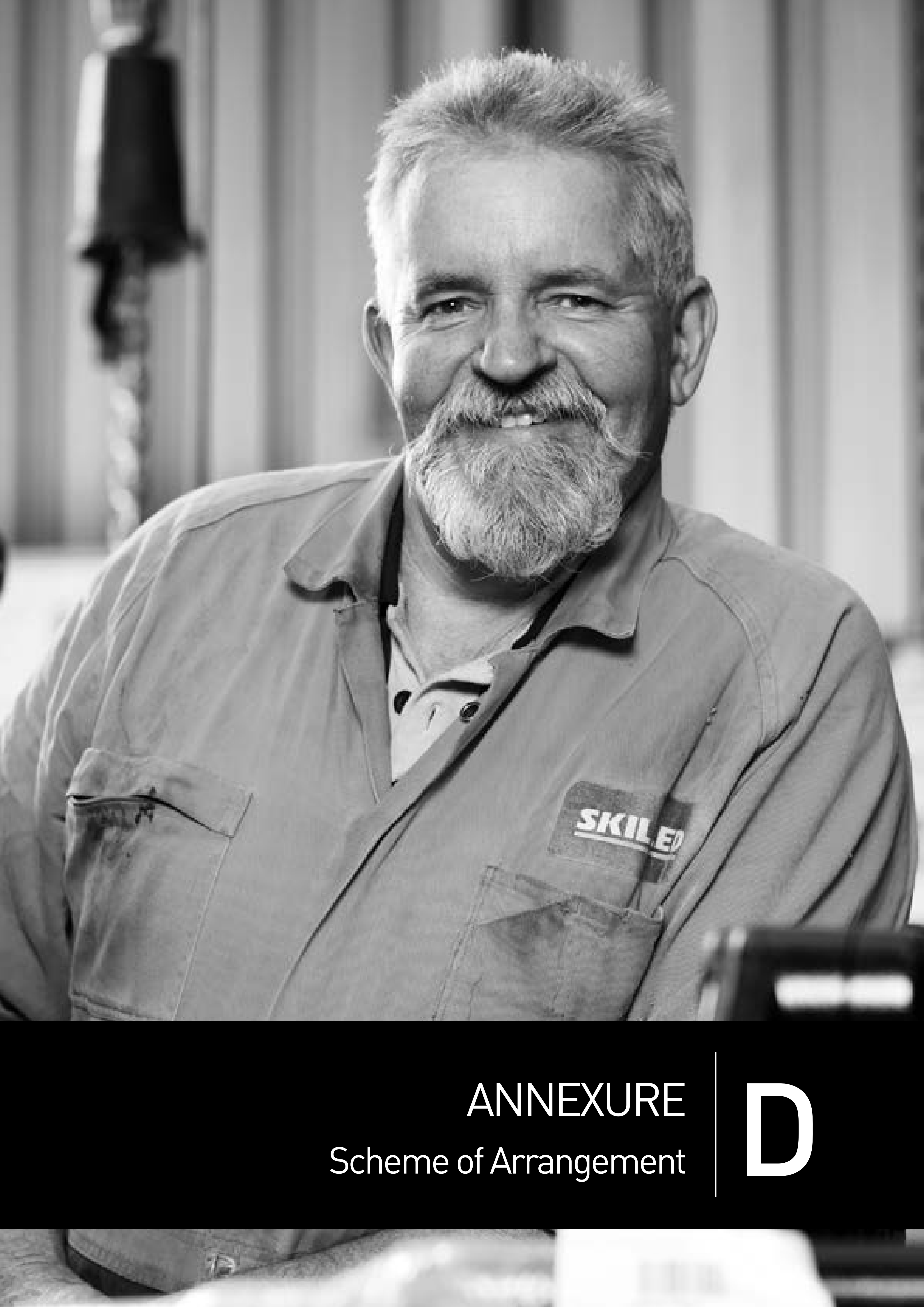

ANNEXURE D
Scheme of Arrangement

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

SKILLED Group Limited
SKILLED

The registered holders of fully paid ordinary shares in the capital of SKILLED as at the Record Date

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Sydney NSW 2000
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Our reference 13515/18887/80162615

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CLAYTON UTZ

Contents

CLAYTON UTZ

Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)

Date

Parties

SKILLED Group Limited ACN 005 585 811 of 2 Luton Lane, Hawthorn, Victoria (**SKILLED**)

The registered holders of fully paid ordinary shares in the capital of SKILLED as at the Record Date.

Background

A. SKILLED is a public company incorporated in the state of Victoria and is admitted to the official list of ASX.

B. Programmed Maintenance Services Limited ACN 054 742 264 (**Programmed**) is a public company incorporated in the state of New South Wales and is admitted to the official list of ASX.

C. SKILLED and Programmed have entered into the Implementation Agreement pursuant to which, amongst other things, SKILLED has agreed to propose this Scheme to SKILLED Shareholders, and each of SKILLED and Programmed have agreed to take certain steps to give effect to the Scheme.

D. If the Scheme becomes Effective, then:

(a) all the Scheme Shares will be transferred to Programmed and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of the Scheme; and

(b) SKILLED will enter the name and address of Programmed in the SKILLED Share Register as the holder of the Scheme Shares.

E. Programmed has entered into the Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to perform the obligations contemplated of it under the Scheme.

1. Definitions and interpretation

1.1 Definitions

In this document, unless the contrary intention appears or the context requires otherwise:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

Business Day means a day which is a "Business Day" within the meaning given in the Listing Rules.

Cash Consideration means a cash amount of $0.25 less

(a) the amount of any SKILLED FY15 Final Dividend per SKILLED Share; and

(b) the amount of any SKILLED Special Dividend per SKILLED Share,

which dividends will, in aggregate, not exceed the SKILLED Dividend Cap.

CHESS means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlements Pty Limited ABN 49 008 504 532.

Condition means each condition to this Scheme set out in clause 2.1.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of Victoria or such other court of competent jurisdiction as SKILLED and Programmed agree in writing.

Deed Poll means the deed poll dated 14 August 2015 executed by Programmed in favour of the Scheme Shareholders (subject to any amendments permitted by its terms).

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Overseas Shareholder.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means 24 December 2015 or such other date agreed in writing between SKILLED and Programmed.

Explanatory Memorandum means the explanatory memorandum to be prepared by SKILLED pursuant to section 412 of the Corporations Act in respect of the Scheme in accordance with the terms of the Implementation Agreement and to be dispatched to the SKILLED Shareholders.

Implementation Agreement means the scheme implementation agreement dated 24 June 2015 between SKILLED and Programmed (as amended) under which, amongst other things, SKILLED has agreed to propose the Scheme to Scheme Shareholders, and each of Programmed and SKILLED has agreed to take certain steps to give effect to the Scheme.

Implementation Date means the date which is 5 Business Days after the Record Date or such other date as SKILLED and Programmed agree in writing.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address shown in the SKILLED Share Register on the Record Date is a place outside Australia and its external territories and New Zealand, unless Programmed determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Programmed Shares when the Scheme becomes Effective.

Listing Rules means the official listing rules of ASX.

New Programmed Share means a fully paid ordinary share in Programmed to be provided to Scheme Shareholders under the Scheme.

Programmed Share means fully paid ordinary shares in the capital of Programmed.

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Programmed FY16 Interim Dividend means any dividend declared and paid by Programmed to its shareholders in respect of the half year ending 30 September 2015.

Programmed Share Register means the register of members of Programmed maintained by or on behalf of Programmed in accordance with section 168(1) of the Corporations Act.

Record Date means 7.00 pm (Sydney time) on the date which is 5 Business Days after the Effective Date or such other time and date agreed in writing between Programmed and SKILLED.

Registered Address means in relation to a SKILLED Shareholder, the address shown in the SKILLED Share Register.

Scheme means the scheme of arrangement under part 5.1 of the Corporations Act between SKILLED and SKILLED Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by Programmed and SKILLED.

Scheme Consideration means the consideration to be provided to Scheme Shareholders for the transfer to Programmed of their Scheme Shares comprising the Cash Consideration and Share Consideration subject to the terms of this Scheme.

Scheme Meeting means the meeting of SKILLED Shareholders ordered by the Court in relation to the Scheme to be convened under section 411(1) of the Corporations Act.

Scheme Shares means a SKILLED Share on issue as at the Record Date.

Scheme Shareholder means a person who holds SKILLED Shares as at the Record Date.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Share Consideration means the New Programmed Shares which a Scheme Shareholder is entitled to receive as part of the Scheme Consideration being 0.55 New Programmed Shares for each SKILLED Share held by that Scheme Shareholder.

SKILLED Board means the board of directors of SKILLED.

SKILLED Dividend Cap means $0.25 per SKILLED Share.

SKILLED FY15 Final Dividend means a fully franked dividend declared and paid on or before the Implementation Date by SKILLED in respect of the financial year ending 30 June 2015.

SKILLED Share Register means the register of members of SKILLED maintained by or on behalf of SKILLED in accordance with section 168(1) of the Corporations Act.

SKILLED Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

SKILLED Shareholder means a person who is registered in the SKILLED Share Register as a holder of SKILLED Shares.

SKILLED Shares means fully paid ordinary shares in the capital of SKILLED.

SKILLED Special Dividend means a fully franked dividend declared and paid on or before the Implementation Date by SKILLED in addition to any SKILLED FY15 Final Dividend.

Trading Day has the meaning given in the Listing Rules.

1.2 Interpretation

In this document, unless the contrary intention appears or the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) each gender includes each other gender;

(c) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;

(d) references to paragraphs or clauses are to a paragraph or clause of this document;

(e) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;

(f) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;

(g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;

(h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(i) a reference to any time, unless otherwise stated, is a reference to that time in Melbourne, Australia;

(j) a reference to "$" or "A$" is to the lawful currency of the Commonwealth of Australia;

(k) a reference to a document is that document as varied, novated, ratified or replaced from time to time;

(l) the interpretation of a substantive provision is not affected by any heading; and

(m) "includes" in any form is not a word of limitation.

1.3 Business Day

Except where otherwise expressly provided, where under this document the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing shall be done on the immediately preceding Business Day.

2. Conditions Precedent

2.1 Conditions to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions, and the provisions of clauses 3 and 4 will not come into effect unless and until each of these conditions have been satisfied:

(a) as at 8.00 am on the Second Court Date each of the conditions set out in clause 3.1 of the Implementation Agreement (other than the condition relating to the approval of the Court set out in clause 3.1(h) of the Implementation Agreement) have been satisfied or waived in accordance with the terms of the Implementation Agreement;

(b) as at 8.00 am on the Second Court Date neither the Implementation Agreement nor the Deed Poll has not been terminated;

(c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act with or without modification acceptable to Programmed and SKILLED (each acting reasonably);

(d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Programmed and SKILLED (each acting reasonably) have been satisfied or been waived; and

(e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.

2.2 Certificates in relation to Conditions Precedent

On the Second Court Date:

(a) SKILLED must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8.00 am on the Second Court Date the conditions set out in clause 3.1 (other than clause 3.1(h)) of the Implementation Agreement have been satisfied or waived in accordance with the Implementation Agreement; and

(b) Programmed must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8.00 am on the Second Court Date the conditions set out in clause 3.1 (other than clause 3.1(h)) of the Implementation Agreement have been satisfied or waived in accordance with the Implementation Agreement.

2.3 Termination of Implementation Agreement

Without limiting any rights under the Implementation Agreement, in the event that the Implementation Agreement is terminated in accordance with its terms before 8.00 am on the Second Court Date, SKILLED and Programmed are each released from:

(a) any further obligation to take steps to implement the Scheme; and

(b) any liability with respect to the Scheme.

3. Scheme

3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

3.2 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date, or such later date as SKILLED and Programmed agree in writing.

4. Implementation of Scheme

4.1 Lodgement

If the Conditions are satisfied, SKILLED must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving the Scheme as soon as possible after, and in any event by no later than 5.00 pm on the Business Day following, the date on which the Court approves the Scheme or such other Business Day as SKILLED and Programmed agree in writing.

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 4.3 and 4.4 and Programmed having provided SKILLED with written confirmation thereof, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares, be transferred to Programmed without the need for any further act by any Scheme Shareholder (other than acts performed by SKILLED or its directors as attorney or agent for Scheme Shareholders under this Scheme), by SKILLED effecting a valid transfer or transfers of the Scheme Shares to Programmed under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

(i) SKILLED delivering to Programmed a completed share transfer form or forms (which may be a master transfer form) to transfer all of the Scheme Shares to Programmed duly executed by SKILLED as the attorney and agent of each Scheme Shareholder under clause 7.1 of this Scheme;

(ii) Programmed executing and delivering the share transfer form or forms to SKILLED; and

(iii) SKILLED immediately after receipt of the share transfer form or forms under clause 4.2(a)(ii), entering, or procuring the entry of, the name and address of Programmed in the SKILLED Share Register as the holder of all of the Scheme Shares; and

(b) Programmed will issue and pay to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by the Scheme Shareholder, in accordance with and subject to the terms of the Scheme.

4.3 Provision of Scheme Consideration

Programmed's obligations under clause 4.2(b) will be satisfied as follows:

(a) in respect of the Cash Consideration:

(i) by no later than the Business Day before the Implementation Date, Programmed will deposit in cleared funds an amount equal to the aggregate amount of the Cash Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by SKILLED as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Programmed's account);

(ii) on the Implementation Date, subject to funds having been deposited in accordance with clause 4.3(a)(i), SKILLED must pay or procure the payment of the Cash Consideration from the trust account referred to in clause 4.3(a)(i) to each Scheme Shareholder based on the number of Scheme Shares held by such Scheme Shareholder as set out in the SKILLED Share Register on the Record Date in SKILLED's absolute discretion:

A. where a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the SKILLED Registry to receive dividend payments from SKILLED by electronic funds transfer to a bank nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or

B. otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 4.3(ii)(A), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 4.4; and

C. to the extent that there is a surplus in the amount held by SKILLED as trustee for the Scheme Shareholders in the trust account referred to in clause 4.3(a)(i), that surplus may be paid by SKILLED to Programmed; and

(b) in respect of the Share Consideration, on the Implementation Date, Programmed must:

(i) issue to each Eligible Scheme Shareholder such number of New Programmed Shares as that Eligible Scheme Shareholder is entitled to as Share Consideration;

(ii) issue to a nominee appointed by Programmed in accordance with clause 4.8 such number of Programmed Shares as are attributable to the Ineligible Overseas Shareholders;

(iii) procure the entry in the Programmed Share Register:

A. of the name and address of each Eligible Scheme Shareholder in respect of the Programmed Shares issued to them; and

B. of the name and address of the nominee appointed by Programmed in respect of those Programmed Shares that would otherwise be issued to each Scheme Shareholder who is an Ineligible Overseas Shareholder; and

(iv) within 5 Business Days after the Implementation Date, Programmed must send or procure the despatch to each Scheme Shareholder whose Programmed Shares are held on the issuer sponsored subregister of Programmed or the nominee appointed by Programmed (as the case may be) by prepaid post to their address (as recorded in the SKILLED Share Register as at the Record Date, except in the case of the nominee appointed by Programmed) of uncertificated holding statements for Programmed Shares issued to the Scheme Shareholder or the nominee appointed by Programmed (as the case may be) in accordance with this Scheme.

(c) This clause 4.3 does not apply to a Scheme Shareholder who does not have a Registered Address or where SKILLED and Programmed believe that such Scheme Shareholder (other than Ineligible Overseas Shareholders) is not known at their Registered Address.

4.4 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders; and

(b) any holding statements for Programmed Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the SKILLED Share Register as at 5:00pm on the Record Date.

4.5 Unclaimed monies

(a) SKILLED may cancel a cheque issued under this clause 4 if the cheque:

(i) is returned to SKILLED; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to SKILLED (or the SKILLED Share Registry), SKILLED must reissue a cheque that was previously cancelled under this clause 4.5.

(c) The *Unclaimed Money Act* 2008 (VIC) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act* 2008 (VIC)).

4.6 Fractional entitlements and share splitting or division

(a) If the number of Scheme Shares held by a Scheme Shareholder at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Scheme Consideration:

(i) comprising Programmed Shares is such that a fractional entitlement to a Programmed Share arises; or

(ii) comprising cash is such that a fractional entitlement to a cent arises,

then the entitlement of that Scheme Shareholder must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of Programmed Shares (or cents, as applicable), and any such fractional entitlement of 0.5 or more will be rounded up to the nearest whole number of Programmed Shares (or cents, as applicable).

(b) If Programmed is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6(a)) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Programmed may give notice to those Scheme Shareholders:

(i) setting out their names and registered addresses as shown in the SKILLED Share Register;

(ii) stating that opinion; and

(iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. Programmed in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

4.7 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and SKILLED relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from SKILLED) will, from the Record Date, be deemed (except to the extent determined otherwise by Programmed in its sole discretion) to be a similarly binding instruction or notification to, and accepted by Programmed, in respect of the Programmed Shares issued to the Scheme Shareholder until that instruction or notification is revoked or amended in writing addressed to Programmed at the Programmed share registry, provided that any such instructions or notifications accepted by Programmed will apply to and in respect of the issue of Programmed Shares as part of the share component of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

4.8 Ineligible Overseas Shareholders

(a) Programmed will ensure that Programmed Shares to which an Ineligible Overseas Shareholder would otherwise have been entitled (if they were an Eligible Scheme Shareholder) will be issued to a nominee appointed by Programmed.

(b) Programmed will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:

(i) sells on the financial market conducted by ASX all of the Programmed Shares issued to the nominee pursuant to clause 4.8(a) in such manner, at such price and on such other terms as the nominee determines in good faith; and

(ii) remits to Programmed the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).

(c) Promptly after the last sale of Programmed Shares in accordance with clause 4.8(b), Programmed will pay to each Ineligible Overseas Shareholder the proportion of the net proceeds of sale received by Programmed pursuant to clause 4.8(b)(ii) to which that Ineligible Overseas Shareholder is entitled.

(d) Neither Programmed or SKILLED gives any assurance as to the price that will be achieved for the sale of New Programmed Shares described in clause 4.8(b)(ii). The sale of the New Programmed Shares under this clause 4.7 will be at the risk of the Ineligible Overseas Shareholder.

(e) Programmed must appoint the nominee at least two weeks prior to the Scheme Meeting.

4.9 Status of New Programmed Shares

Programmed covenants in favour of SKILLED (in its own right and on behalf of each Scheme Shareholder) that:

(a) the New Programmed Shares issued as Share Consideration will, on their issue, rank equally in all respects with all other Programmed Shares on issue at the Effective Date, and the New Programmed Shares issued as Share Consideration will be entitled to participate in and receive the Programmed FY16 Interim Dividend (and, provided that the Effective Date is on or before 24 December 2015, Programmed must ensure that the record date for the Programmed FY16 Interim Dividend is a date which is after the date on which the holders of New Programmed Shares are registered as holders of such) and any other dividends, any distribution of capital and any other entitlements accruing in respect of Programmed Shares after the Effective Date;

(b) it will use best endeavours to ensure that the New Programmed Shares issued as Share Consideration will be listed for quotation on the official list of the ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary (T+3) settlement basis; and

(c) on issue, each New Programmed Share will be fully paid and, to the extent within the control of Programmed, free from any Encumbrance.

5. Dealings in SKILLED Shares

5.1 Dealings in SKILLED Shares by Scheme Shareholders

For the purposes of establishing who are Scheme Shareholders, dealings in SKILLED Shares will be recognised by SKILLED provided that:

(a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the SKILLED Share Register as the holder of the relevant SKILLED Shares by the Record Date; and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the place where the SKILLED Share Register is kept by 5:00 pm on the day which is the Record Date (in which case SKILLED must register such transfers before 7:00 pm on that day),

and SKILLED will not accept for registration, or recognise for the purpose of establishing who are Scheme Shareholders, any transmission application or transfer in respect of SKILLED Shares received after such times on the Record Date.

5.2 SKILLED Share Register

SKILLED will, until the Scheme Consideration has been paid and Programmed has been entered in the SKILLED Share Register as the holder of all of the Scheme Shares, maintain the SKILLED Share Register in accordance with the provisions of this clause 5 and the SKILLED Share Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

5.3 Information to be made available to Programmed

SKILLED must procure that as soon as practicable following the Record Date, details of the names, registered addresses and holdings of SKILLED Shares of every Scheme Shareholder shown in the SKILLED Share Register at the Record Date are made available to Programmed in such form as Programmed may reasonably require.

5.4 Effect of share certificates and holding statements

As from the Record Date (and other than for Programmed following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and each entry on the SKILLED Share Register at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

5.5 No disposals after Record Date

If the Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.

6. Suspension and termination of quotation

(a) SKILLED must apply to ASX for suspension of trading of the SKILLED Shares on ASX with effect from the close of business on the Effective Date.

(b) SKILLED must apply to ASX for termination of official quotation of the SKILLED Shares on ASX and the removal of SKILLED from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

7. General Scheme provisions

7.1 Appointment of agent and attorney

Each Scheme Shareholder, without the need for any further act, irrevocably appoints SKILLED as its agent and attorney for the purpose of:

(a) executing any document or form or doing any other act necessary to give effect to the terms of the Scheme including, without limitation, the execution of the share transfer(s) to be delivered under clause 4.2 and the giving of the Scheme Shareholders' consent under clause 7.3; and

(b) enforcing the Deed Poll against Programmed,

and SKILLED accepts such appointment. SKILLED, as agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.2 Enforcement of Deed Poll

SKILLED undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Programmed (as applicable on behalf of and as agent and attorney for the Scheme Shareholders).

7.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably:

(a) consents to SKILLED and Programmed doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme; and

(b) acknowledges that the Scheme binds SKILLED and all of the SKILLED Shareholders from time to time (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme).

7.4 Scheme Shareholder's agreements

Under the Scheme:

(a) each Scheme Shareholder to whom Programmed Shares are to be issued in accordance with the Scheme:

(i) agrees to become a member of Programmed and to have their name entered in the Programmed Share Register; and

(ii) accepts the Programmed Shares issued under the Scheme on the terms and conditions of the constitution of Programmed and agrees to be bound by the constitution of Programmed as in force from time to time in respect of the Programmed Shares,

without the need for any further act by a Scheme Shareholder; and

(b) each Scheme Shareholder agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Programmed in accordance with the terms of the Scheme.

7.5 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Programmed and, to the extent enforceable, appointed and authorised SKILLED as its agent to warrant to Programmed that all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Programmed, be fully paid and free from all security interests (including mortgages, charges, liens, encumbrances, pledges, “security interests” (within the meaning of section 12 of the *Personal Properties Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to Programmed under the Scheme.

7.6 Title to Scheme Shares and transfer free from encumbrance

(a) Programmed will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by SKILLED of Programmed in the SKILLED Share Register as the holder of the Scheme Shares.

(b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under the Scheme to Programmed, will, at the time of transfer to Programmed, vest in Programmed free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Properties Securities Act 2009* (Cth)) and any interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

7.7 Alterations and Conditions

SKILLED may, by its counsel or solicitors, and with the consent of Programmed, consent on behalf of all persons concerned, including a Scheme Shareholder, to any modification of or amendment to the Scheme which the Court thinks fit to impose.

7.8 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to SKILLED, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at SKILLED's registered office or at the SKILLED Share Registry as the case may be.

7.9 Inconsistencies

This Scheme binds SKILLED and all SKILLED Shareholders, and to the extent of any inconsistency, overrides the SKILLED constitution.

7.10 Further assurance

SKILLED will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, the Scheme.

7.11 Stamp Duty

Programmed will pay any stamp duty payable on the transfer by Scheme Shareholders of the Scheme Shares to Programmed.

7.12 Governing Law

This Scheme is governed by the law applying in Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings in connection with the Scheme.

ANNEXURE E
Deed Poll

CLAYTON UTZ

Deed Poll

(in respect of the Scheme)

Programmed Maintenance Services Limited
Programmed

In favour of each registered holder of fully paid ordinary shares in the capital of SKILLED Group Limited as at the Record Date

Clayton Utz
Lawyers
Level 15 1 Bligh Street
Sydney NSW 2000
GPO Box 9806
Sydney NSW 2001
Tel +61 2 9353 4000
Fax +61 2 8220 6700
www.claytonutz.com

Our reference 13515/18887/80162615

Project Cat - Deed Poll (Execution Version)

CLAYTON UTZ

Contents

CLAYTON UTZ

Deed poll made on 14 AUGUST **2015**

Parties	**Programmed Maintenance Services Limited ACN 054 742 264** of 47 Burswood Road, Burswood, Western Australia (**Programmed**)
In favour of	**Each registered holder of fully paid ordinary shares in the capital of SKILLED Group Limited ACN 005 585 811 (SKILLED)** on issue as at the Record Date (**Scheme Shareholders**)

Background

A. SKILLED and Programmed have entered into the Implementation Agreement.

B. SKILLED has agreed in the Implementation Agreement to propose a scheme of arrangement between Programmed and the Scheme Shareholders, the effect of which will be that Programmed acquires all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration, subject to the satisfaction of certain conditions.

C. In accordance with clause 4.3(h) of the Implementation Agreement, Programmed is entering into this deed poll to covenant in favour of the Scheme Shareholders that it will observe and perform its obligations under the Scheme.

1. Definitions and interpretations

1.1 Definitions

In this deed poll:

(a) **Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between SKILLED and the Scheme Shareholders, a copy of which is annexed to this deed poll, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by Programmed and SKILLED.

(b) **Implementation Agreement** means the scheme implementation agreement dated 24 June 2015 between SKILLED and Programmed (as amended) under which, amongst other things, SKILLED has agreed to propose the Scheme to Scheme Shareholders, and each of Programmed and SKILLED has agreed to take certain steps to give effect to the Scheme.

(c) Capitalised terms have the meaning given to them in the Scheme, unless the context requires otherwise.

1.2 Interpretation

In this deed poll, unless the contrary intention appears or the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) each gender includes each other gender;

(c) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;

(d) references to paragraphs or clauses are to a paragraph or clause of this deed poll;

(e) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;

(f) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;

(g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;

(h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(i) unless otherwise stated, a reference to any time is a reference to that time in Melbourne, Australia;

(j) a reference to "$" or "A$" is to the lawful currency of the Commonwealth of Australia;

(k) a reference to a document is to that document as varied, novated, ratified or replaced from time to time;

(l) the interpretation of a substantive provision is not affected by any heading; and

(m) "includes" in any form is not a word of limitation.

1.3 Nature of deed poll

Programmed acknowledges that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder appoints SKILLED as its agent and attorney to enforce this deed poll against Programmed.

2. Conditions

2.1 Conditions Precedent

Programmed's obligations under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

If the Implementation Agreement is terminated or the Scheme does not become Effective on or before the End Date, the obligations of Programmed under this deed poll automatically terminate and the terms of this deed poll will be of no further force or effect, unless SKILLED and Programmed otherwise agree in accordance with the Implementation Agreement.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then in addition and without prejudice to any other rights, powers or remedies available to it, Programmed is released from its obligations to further perform this deed poll except those obligations under clause 6.1 and any other obligations which by their nature survive termination.

3. Compliance with Scheme obligations

3.1 Scheme Consideration

Subject to clause 2, in consideration for the transfer to Programmed of each Scheme Share, on the Implementation Date:

CLAYTON UTZ

(a) Programmed will pay to each Scheme Shareholder the Cash Consideration for each Scheme Share held by them in accordance with the terms of the Scheme; and

(b) Programmed will issue to each Eligible Scheme Shareholder such number of Programmed Shares for each Scheme Share held by them in accordance with the terms of the Scheme.

3.2 Manner and timing of satisfaction

Pursuant to and subject to the Scheme and subject to clause 2 of this deed poll:

(a) the obligations of Programmed to provide Share Consideration to each applicable Eligible Scheme Shareholder will be satisfied by SKILLED complying with its obligations under clauses 4.2 and 4.3 of the Scheme; and

(b) the obligations of Programmed to provide the Cash Consideration to each applicable Scheme Shareholder will be satisfied by Programmed complying with its obligations under clauses 4.2 and 4.3 of the Scheme.

3.3 Provision of Scheme Consideration to Ineligible Overseas Shareholders

In the case of each Scheme Shareholder that is an Ineligible Overseas Shareholder, Programmed must comply with clause 4.8 of the Scheme.

3.4 Official quotation of Programmed Shares

Programmed will seek confirmation from ASX that, as from the Business Day after the Effective Date, the Programmed Shares will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary settlement basis.

3.5 Other obligations of Programmed

Subject to clause 2, Programmed:

(a) must procure that all obligations of Programmed to pay the Scheme Consideration to each Scheme Shareholder in accordance with clauses 4.2 and 4.3 of the Scheme are met; and

(b) covenants in favour of the Scheme Shareholders to perform all other obligations that are attributed to it under the Scheme, as if named as a party to the Scheme.

4. Warranties

Programmed represents and warrants that:

(a) it is a validly existing corporation registered under the laws of its place of incorporation;

(b) the execution and delivery by it of this deed poll has been properly authorised by all necessary corporate action and it has full corporate power and lawful authority to perform or cause to be performed its obligations under this deed poll and to carry out or cause to be carried out the transactions contemplated by this deed poll; and

(c) this deed poll will constitute legally, valid and binding obligations on it enforceable in accordance with its terms (subject to any necessary stamping) and does not conflict with or result in a breach of or default under:

(i) the constitution or equivalent constituent documents of it or any of its Related Bodies Corporate (as defined in the Implementation Agreement); or

(ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party, or by which it is bound.

5. Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Programmed has fully performed its obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.2.

6. General

6.1 Stamp duty

Programmed will:

(a) pay or procure the payment of all stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 6.1(a).

6.2 Waiver

(a) Waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party granting the waiver.

(b) A failure or delay in exercise, or partial exercise, of:

(i) a right arising from a breach of this deed poll; or

(ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,

does not result in a waiver of that right, power, authority, discretion or remedy.

(c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(d) A party may not rely on any conduct of another party as a defence to the exercise of a right, power, authority, discretion or remedy by that other party.

(e) This clause 6.2 may not itself be waived except in writing.

6.3 Variation

A provision of this deed poll may not be varied unless:

(a) before the Second Court Date, the variation is agreed to in writing by SKILLED and Programmed; or

(b) on or after the Second Court Date, the variation is agreed to in writing by SKILLED and Programmed, and is approved by the Court,

in which event Programmed will enter into a further deed poll in favour of the Scheme Shareholders giving effect to such amendment or variation.

6.4 Cumulative rights

The rights, powers and remedies of Programmed and each Scheme Shareholder under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by the law independently of this deed poll.

6.5 Assignment

The rights and obligations of Programmed and the rights of each Scheme Shareholder under this deed poll are personal and must not be assigned, charged or otherwise dealt with at law or in equity.

6.6 Further action

Programmed will promptly do all things and execute and deliver all further documents required by law to give effect to this deed poll.

7. Governing law and jurisdiction

(a) This deed poll is governed by the law applying in Victoria.

(b) Programmed irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to for any proceedings in connection with this deed poll.

CLAYTON UTZ

Executed as a deed poll.

Executed by Programmed Maintenance Services Limited ACN 054 742 264 in accordance with section 127 of the Corporations Act 2001 (Cth):

C Sutherland

Signature of director

CHRISTOPHER SUTHERLAND

Full name of director

K Nadebaum

Signature of company secretary/~~director~~

KATINA NADEBAUM

Full name of company secretary/~~director~~

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ANNEXURE F
Notice of Scheme Meeting

ANNEXURE F: Notice of Scheme Meeting

Notice of Court ordered meeting of holders of SKILLED Shares

By an Order of the Supreme Court of Australia made on 21 August 2015 pursuant to section 411(1) of the Corporations Act, notice is hereby given that a meeting of SKILLED Shareholders will be held at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000 at 1.00pm (Melbourne time) on Friday, 25 September 2015.

The Court has also directed that Ms Vickki McFadden act as chairman of the meeting or, failing her, Tony Cipa and has directed the chairman to report the result of the meeting to the Court.

Business of the meeting

The purpose of the meeting is to consider and, if thought fit, agree to a Scheme of Arrangement (with or without any modifications on conditions approved by the Court to which SKILLED agrees) proposed to be made between SKILLED and SKILLED Shareholders in relation to the proposed acquisition of 100% of the SKILLED Shares by Programmed.

To enable you to make an informed voting decision, further information on the Scheme is set out in the Explanatory Memorandum which this notice accompanies. Terms used in this notice have the same meaning as set out in the Glossary in Section 15 of the Explanatory Memorandum.

Resolution

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

"That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members approve the arrangement proposed between SKILLED Group Limited and the holders of its fully paid ordinary shares, designated the "Scheme", as contained in and more particularly described in the Explanatory Memorandum accompanying the notice convening this meeting (with or without any modifications or conditions approved by the Court to which SKILLED Group Limited agrees) and, subject to approval of the Scheme by the Court, the SKILLED Board is authorised to implement the Scheme with any such modifications or conditions."

By order of the Board of SKILLED Group Limited

Sharyn Page, Company Secretary

Explanatory Notes

SKILLED Shareholders who are entitled to vote

Only SKILLED Shareholders who are registered on the SKILLED Share Register at 7.00pm (Melbourne time) on Wednesday, 23 September 2015 are entitled to vote on the resolution.

Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution must be passed by:

- unless the Court orders otherwise, a majority in number of SKILLED Shareholders present and voting at the Scheme Meeting (in person, by proxy or by corporate representative or attorney) and
- at least 75% of the total number of votes cast on the Scheme Resolution (in person, by proxy or by corporate representative or attorney) at the Scheme Meeting.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this meeting is passed by the Requisite Majorities and the other Conditions Precedent are satisfied or waived (as applicable), SKILLED intends to apply to the Court on Thursday 1 October 2015 for the necessary orders to give effect to the Scheme.

Voting

The SKILLED Directors have considered the advantages and disadvantages of the Scheme and recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.[41] Each SKILLED Director intends to vote in favour of the Scheme in relation to the SKILLED Shares held or controlled by them, in the absence of a Superior Proposal.

41 SKILLED Director Max Findlay has absented himself from discussions and abstained from making a recommendation on the Scheme due to his significant shareholding in Programmed Maintenance Services. In respect of his personal shareholding in SKILLED, Mr Findlay intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

How to vote

SKILLED Shareholders can vote in either of two ways:

- by attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by corporate representative or
- by appointing a proxy to attend and vote on their behalf.

Voting in person (or by attorney or corporate representative)

SKILLED Shareholders attending the meeting are asked to arrive at the venue (Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000) 30 minutes prior to the time designated for the Scheme Meeting, so that their shareholding can be checked against the SKILLED Share Register, their power of attorney or appointment as corporate representative can be verified (as the case may be) and their attendance noted.

Attorneys should bring with them original or certified copies of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting. An attorney will be admitted to the Scheme Meeting and given a voting card if the attorney provides (at the point of entry of the Scheme Meeting) written evidence of their appointment, their name and address and the identity of their appointor. The sending of a power of attorney will not preclude a SKILLED Shareholder from attending in person and voting at the Scheme Meeting if the SKILLED Shareholder is entitled to attend and vote.

To vote at the Scheme Meeting (other than by proxy or by attorney), a corporation that is a SKILLED Shareholder must appoint a person (either by name or position and whether a SKILLED Shareholder or not) to act as its representative. Such appointment must comply with section 250D of the Corporations Act. Representatives of companies attending the Scheme Meeting must present written proof of their appointment, including any authority under which that appointment is signed, prior to the commencement of the Scheme Meeting (unless previously lodged with the SKILLED Share Registry). An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card if the authorised corporate representative provides (at the point of entry of the Scheme Meeting) written evidence of their appointment, including any authority under which it is signed, their name and address and the identity of their appointor.

Voting by proxy

- A SKILLED Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the poll and also to speak at the Scheme Meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.
- A proxy need not be a SKILLED Shareholder.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the SKILLED Shareholder's behalf on the poll, and the SKILLED Shares the subject of the proxy appointment will not be counted in calculating the Requisite Majorities.
- SKILLED Shareholders who return their Proxy Form(s) with a voting direction but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the company secretary of SKILLED or any SKILLED Director which do not contain a direction will be used to vote in favour of the Scheme Resolution.
- A proxy will be admitted to the Scheme Meeting and given a voting card if the proxy provides (at the point of entry to the Scheme Meeting) written evidence of their name and address.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by the SKILLED Share Registry by 1.00pm (Melbourne time) on Wednesday, 23 September 2015. You can revoke the proxy after this time by attending the Scheme Meeting and voting in person.
- Completed Proxy Forms should be sent to the SKILLED Share Registry using one of the reply-paid envelopes provided with the Explanatory Memorandum.
- To be valid, Proxy Forms must be received by 1.00pm (Melbourne time) on Wednesday, 23 September 2015 by one of the following methods:
  - by mailing the Proxy Form to the SKILLED Share Registry at Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, VIC, 3001, Australia (using the reply paid envelope provided) or the registered office of SKILLED

  - by faxing the Proxy Form to the SKILLED Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or
  - by lodging a proxy online with the SKILLED Share Registry via www.investorvote.com.au or, for Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.
- The Proxy Form must be signed by the SKILLED Shareholder or the SKILLED Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, together with evidence of non-revocation of that power, must be received by the SKILLED Share Registry at either of the above addresses or by facsimile transmission by 1.00pm (Melbourne time) on Wednesday, 23 September 2015. If facsimile transmission is used, the power of attorney must be certified.

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Corporate directory

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Bankers

Australia and New Zealand Banking Group Limited
100 Queen Street
Melbourne Victoria 3000

National Australia Bank Limited
500 Bourke Street
Melbourne Victoria 3000

Sumitomo Mitsui Banking Corporation
2 Chifley Square
Sydney New South Wales 2000

Westpac Banking Corporation
360 Collins Street
Melbourne Victoria 3000

Commonwealth Bank of Australia
727 Collins Street
Docklands Victoria 3008

Exchange on which shares are listed

Australian Securities Exchange
Level 4, North Tower, Rialto
525 Collins Street
Melbourne Victoria 3000

Directors

VA McFadden

AR McKay

AM Cipa

MJ Findlay

RN Herbert AM

TA Horton

JA Walker

Secretary

SA Page

Registered office

SKILLED Group Limited
2 Luton Lane
Hawthorn Victoria 3122

ACN 005 585 811
ABN 66 005 585 811

Telephone +61 3 8646 6444

Share registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

GPO Box 242
Melbourne Victoria 3001

Shareholder enquiries Australia: 1300 850 505
Shareholder enquiries outside Australia: +61 3 9415 4000

SKILLED Group

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