



**CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING,
Delivered by Mary Beth Bauer, Sydney, 18th October 2005**

We have arrived. Talent2 has delivered.

During the past year, Talent2 has really turned its vision into reality. Your company is now the recognised leader in providing innovative and effective solutions for talent management in the Asia Pacific region. To put that in some context, human resources outsourcing is the fastest-growing of all outsourcing markets in the world today.

As I wrote in this year's annual report, there really is no negative news to report. Our revenue was up by almost 88% to just over \$60 million, with profits after tax up by 129% to slightly more than \$5 million.

Most of this revenue and income growth was achieved through the hard work of a highly dedicated team. Talent2's business philosophy and culture attract and engage the best available skills in the industry. Our experienced team has consistently delivered – and continues to deliver – positive results and outcomes across all aspects of talent management.

Today, we are meeting to seek the formal approval of several key acquisitions: National Payroll Systems, Wall Street Associates, based in Hong Kong, The Banks Management Group and Southrock. While we have welcomed these companies and their staff to our team, and integrated their respective businesses into ours, it is equally important for you as our shareholder-partners to embrace these changes by formally approving these acquisitions.

Each of these businesses brings a new dimension to our own, underlying business. They allow us to provide innovative and effective services and human resources solutions for all aspects of talent management.

What we do for our highly valued customers is assist them in leveraging their scarce resources to acquire, optimise and administer talent to drive the shareholder value inherent in their respective businesses. With National Payroll Systems joining us, we will broaden our reach to include our whole range of talent management services to all organisations, both private and public sector, large and small.

We get "inside" and partner with our customer companies to execute talent management. One of the key Managed Services deals Talent2 currently undertakes is for Fosters Group, assisting this iconic Australian beverages company in its ongoing acquisition of talent.

As Sue Smith, the Human Resources Director for Fosters says: "Talent2 is part of the team; it's a part of the fabric; a part of the HR leadership team."

For Australian Pharmaceutical Industries it is the administration of talent that our Managed Services staff handles, assisting with both payroll and human resources systems.

For the recently won deal with PMP it is the acquisition of talent, the internal movement of that talent and the management of the outplacement process that Managed Services oversees. Additionally, Managed Services administers the acquisition of talent for Sensis' subsidiary, the Trading Post Group.

Among other highlights the Talent2 People business expanded its client base to nearly 500 customers – most of them repeat customers. And the group's geographical expansion included the addition of operations in Perth and – via the Wall Street Associates acquisition – in Hong Kong.

The Talent2 Works arm of the business has also expanded its operational capabilities in Melbourne and Kuala Lumpur, and scored a major coup in being appointed as preferred supplier of HR technology for the 80,000 teachers within the Ministry of Education in New Zealand. This is a multi-million dollar project scheduled to run for the next few years.

These are just some of the year's highlights that are symptomatic of your company's consolidation and its delivery on its promises. Talent2 has, of course, retained its own talent bank, but has refined the logic of the organisational structure to take advantage of the available depth of talent:

- Andrew Banks remains as Managing Director
- John Rawlinson is now the Chief Executive Officer, overseeing the day-to-day management of the key operating arms of the business
- Mark Brayan is now the Chief Operating Officer
- Michael Bermeister remains Company Secretary
- Martin Brooks is the new Chief Financial Officer

We have been extremely pleased with the pending National Payroll Systems acquisition from US-based InterPro Holdings to secure the talents of its chairman, Albert (better known as "Bud") Hawk, as a board member. Bud is the co-founder and director of Corstone Capital Corporation and will bring business process outsourcing and extensive investment banking expertise to the board. I commend Bud to you.

It is also with great pleasure that we have Geoff Morgan offering himself for re-election to the board. Geoff has extensive experience in sales and marketing as well as global experience in all aspects of human capital services. And as many of you know Geoff co-founded with Andrew Banks, Morgan & Banks, in 1985, worked with the company through its ASX listing and stayed with management as sales grew to more than \$700 million before its sale in 1999. Geoff has been a board member since September 2003 and sits on both the Remuneration and Nomination Committees. I commend Geoff to you for re-election.

Finally, I would like to extend a vote of thanks to Andrew Banks and John Rawlinson for their strong leadership and guidance, to all of Talent2's dedicated team and to my fellow board members. They continue to undertake and perform a mighty job on behalf of all of our shareholders.



**MANAGING DIRECTOR'S ADDRESS TO ANNUAL GENERAL MEETING,
Delivered by Andrew Banks, Sydney, 18th October 2005**

We have started the 05/06 year strongly with revenue slightly ahead of budgets and showing a healthy increase over last year. We have been able to integrate our new acquisitions successfully, translating through to strong contributions to the bottom line.

Observers of the employment market should remember that it is the churning of people in and out of jobs that has a far bigger impact on our industry than a simplistic view of employment growth change or unemployment, and thus our recruiting business continues to produce record quarters. In fact when an economy "cools" slightly this increases churn in the workforce as employers respond to marginal performance and change people and business models. Individuals take a second look at their current employer and wonder if they have "backed the right horse".

All these factors are supported by an underlying demand for people in Australia and Asia. Our Managed Services division has recently won two major new contracts, which will contribute to the growing level of longer term revenue streams and the frequency of "inbound" requests from employers seeking HR outsourced solutions is intensifying.

The inclusion of NPS and our continuing progress with converting existing and new customers to our upgraded (and often ASP) versions of our HRIS systems continues and together with the NPS acquisition and our expansion into Asia has dramatically increased the platform for our total solution offerings.

We remain committed to our growth strategy and remain optimistic for the future.

Thank you.