



**CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING,  
Delivered by Ken Allen, Sydney, 22<sup>nd</sup> October 2008**

I would like to thank you for your attendance here today.

At the moment, shareholders in every company around the world are worried about the share market. Talent2 has been buffeted by market forces and while our share price has suffered, I am pleased to say that the underlying business model is working and robust and we have found new and strong institutional shareholders on our register. While it is always difficult to predict the future, our business has shown marked resilience and as you know, we posted another record year across all of the key financial indicators over the past financial year. We now have more than 40 offices based in 16 countries.

Talent2 highlights that you might like to be aware of our:

- ability to capitalise on global growth opportunities.
- very strong balance sheet, and ability to generate cash
- risk management, remuneration and executive retention platforms.

I am very pleased to note our strong balance sheet and that at this time we have little short-term debt, and a significant cash balance.

Talent2 has been very focused on our “housekeeping” in order to retain and recruit the best talent in the industry, to contain waste and preserve our cash flow and to manage the risks associated with a global organisation. All our core policies and charters have been revisited and reviewed in recent times, and we have developed a remuneration policy designed to retain staff and remunerate them based on their achievement of key business performance indicators.

We live in interesting times and need a strong corporate structure to build a world-class business. To this end I am particularly pleased to introduce two new Board members – Pam Laidlaw and Ken Borda. Both Pam and Ken have a wealth of experience both domestically and internationally. Pam's extensive experience in senior finance positions will, as chair of the Audit and Risk Committee provide invaluable support to the board and management. Ken, based in Singapore, will provide enormous on-the-ground support to our Asia and Middle East based teams.

During the year, we have made strategic acquisitions in Japan and New Zealand and opened offices in the United Kingdom, mainland China and Taiwan. What was very impressive was that the company showed its ability to mobilise teams quickly and efficiently to win large global contracts. We successfully completed the most significant transaction in the company's history – signing the New Zealand Ministry of Education to a multi-year deal under which Talent2 will execute the payment of up to five per cent of the New Zealand workforce. This is quite a milestone.

Shortly after year's end we were able to mobilise more than 20 people from our UK office for a recruitment managed-service solution in Dubai. In addition, other contracts have been won in Shanghai, and Macau.

The future is not without challenges as we anticipate that one of the major fall-outs of corporate "re-sizing" will be the dislocation of key personnel. We expect that a large number of important management staff across the financial services and allied sectors will be on the move. Talent2's somewhat cyclical but recurrent cash-generating, high-end recruitment business is well placed to benefit from the consequential placement activity.

We have now fully integrated the BizEd learning business and we recently entered into a partnership with SAP the world's largest business software company, securing one of the world's leading miners as a learning client.

With all this in mind, it gives me great pleasure to acknowledge our staff and Management team, led by Andrew Banks and John Rawlinson and to acknowledge another record after-tax profit, providing a solid platform from which to tackle an anticipated tough trading climate in 2009.

In recognition of our confidence in the company, your board recently paid a final dividend of four-and-a-half cents per ordinary share, which was ninety per cent franked.

**MANAGING DIRECTOR'S ADDRESS TO ANNUAL GENERAL MEETING,  
Delivered by Andrew Banks, Sydney, 22<sup>nd</sup> October 2008**

Today I will be focusing on 4 key areas:

1. The financial results of the 2007/08 financial year
2. The investments we made during the year in terms of acquisitions and organic growth via establishment of new offices.
3. The strength in our brand and the recognition globally that Talent2 is receiving; and
4. Some thoughts on where 2009 is headed.

I would like to thank John and his team for delivering yet another record year. Revenue was up 49% to \$229.3m, NDR was up 46% to \$142.8m, EBITDA was up 29% to \$20.3m and reported EPS was up 34% to 7.63 cents per share.

**2008 Financial Year Results**

The company has previously indicated that 2007/08 will be the last time we report results for the three business segments which included the Technology business. Our current business model is focused on selling managed services rather than software licenses. Accordingly, we think that it makes much more sense to include the technology business in Managed Services and to report results for two segments only, Managed Services and Recruitment.

Our Managed Services business showed impressive growth with revenue increasing in the 2008 financial year by 74% to \$74.8m. This was boosted by a full year's contribution by the BizEd business. The recruitment business also continued to perform strongly with revenue up 44% to \$135.1m.

EBITDA of the Managed Services business grew 128% to \$6.9m in 2007/08. Our Recruitment business continued to be the major profit contributor with a slight improvement on previous year to a record EBITDA of \$10.8m.

**Investment – New Offices & Acquisitions**

In 2007/08, we opened five new offices - two new recruitment offices in the UK and one each in Tokyo, Taipei and Beijing. Expanding offices organically results in a delayed profit contribution from these locations as they take time to ramp up and impact performance of the recruitment business as shown on the previous slide.

To support the Managed Services business, we opened two new service centres. One is located in Melbourne and the other is located in Kuala Lumpur. These centres will serve as hubs for the region providing data mining, reference checking and payroll services.

Since I last addressed you we have concluded two significant acquisitions. The Outsource Group in Japan was acquired in November 2007. It is a progressive payroll service provider with a blue chip client base that has effectively doubled the size of Talent2's payroll operations in Asia. As part of the integration process we are introducing our Alesco payroll system into Japan, thereby providing greater functionality. In February 2008, we finalised the acquisition of the Duncan & Ryan Group, a Wellington based IT&T recruitment and contracting specialist.

Even in these uncertain times, with a much reduced share price and market capitalisation, we remain committed to growing the business both organically and through sensible acquisitions. Any acquisitions completed in the current environment must be compelling, relevant and key to our strategic objective of growing our Managed Services business in Asia. We have also taken a view that we will not commit capital to any new geography at present unless there is also a compelling reason to do so on the back of new business and revenue already committed.

### **Brand & Recognition**

As mentioned already by Ken, we now have offices in over 40 locations in some 16 different countries, together with over 1,100 employees. This geographical and product diversity has enabled Talent2 to create a truly strong global brand.

This global brand continues to be supported through the three areas of strength – Acquire, Manage and Optimise.

The efforts employed by our executive recruitment teams have resulted in Talent2 being awarded the FEMA executive recruitment firm of the year for the 4th consecutive year.

Even more pleasing is the global recognition we have received. Our Singapore office in late 2007 was awarded the Qantas Gateway Award at the AustCham–Austrade Business Awards. This award recognises the organisation that has “best utilised its Singapore business as a hub to develop new markets or expand existing markets in the region”.

More recently, in August 2008, we were listed in HRO Today magazine’s ‘Baker’s Dozen’, receiving a 6th position overall ranking and a 3rd on the list of global leaders in Recruitment Process Outsourcing (RPO).

Our focus is very much on our customers who all seem to have a healthy demand for our services – notwithstanding the share market gyrations. We have also been watching our costs and reducing discretionary expenditure since November 2007.

### **2009 & Beyond**

Our results in the first quarter of the 2009 financial year are in line with prior trends and with our broad expectations, given the nature of our operations. Our Managed Service business is proving to be resilient. More and more customers are wishing to outsource functions in HR or partner with a company that has “scale of resources” to reduce costs and increase transparency of their HR spend. We are seeing our investment in Japan starting to make a contribution, and while we are still experiencing tough conditions in the UK, the loss there is reducing quickly.

In the labor market, we are starting to see larger candidate flow, leading to strong competition in recruitment. We have a team of seasoned recruiters and this provides confidence to customers, knowing their recruiter can provide valuable insight into their area of specialty. Having said that, the recent uncertainty in the global economy has impacted client decision making in October which we expect to return to normal in November and December.

So far overall, larger projects where demand is strong and HRO have ensured we are tracking close to budget.

On a medium to longer term view, we continue remain optimistic for reasons I will explain.

First, in the last deep recession in the employment market in the early 1990s, the developed economies were not as engaged as they are today with developing countries in Asia, the Eastern Block, India, China and South America. The developing countries now have bigger and more robust economies with fast growth rates and make a larger contribution to the global economy than in the past.

Second, interest rates are coming down in most countries we operate in as opposed to the late 80's and early 90s when they increased to record levels.

Third, almost all the countries we are operating in are coming off record lows in unemployment. A significant drop in new entrants to the workforce had created labour shortages. As a result, many organisations, particularly in Australia, the UK and Asia, were fairly lean as they couldn't find the people they wanted, and they had to adjust their business models.

Fourth, it is not in the interests of any of the "G20" governments to see unemployment rise and cause an even steeper decline in economic activity. Thus stimulus packages around jobs and employment will be evident everywhere. And further interest rate cuts.

And, finally and most importantly, we at Talent2 have an experienced team that know how to manage their businesses to make money in tougher times.

This all said, the challenge will continue for a while. We will continue to "delight" our customers, not just satisfy them with great service. We also will remain mentally aggressive in our sales and service approach, and strive to take market share.

2009 will be a challenging yet exciting year for the Company. I know we have the right management team, and the geographical and product diversity to maintain the confidence of our staff, our customers and our shareholders.

Thank you for your time today.

***For further information, please contact:***

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**About Talent2**

Around the world companies seeking competitive advantage are outsourcing their human resources (HR) requirements. To meet the increasing demand, Talent2 has strengthened its position as Asia Pacific's first end-to-end human resources outsourcing (HRO) business.

Talent2 is leading the region in execute recruitment, HR business process outsourcing and technology. It is focused on providing integrated HR solutions that are innovative and effective. Talent2 helps its clients to "Acquire, Manage and Optimise" their talent so that they can focus on growing g their businesses.

Talent2 employs more than 1,100 staff and consultants with offices across Australia, Bahrain, China, Hong Kong, India, Japan, Malaysia, New Zealand, Oman, Papua New Guinea, Qatar, Singapore, Taiwan, the UAE, the UK and the US to serve its extensive client base of blue-chip multi-nationals and public sector organisations.