Full Financial Report

for the Financial Year ended 30 June 2008

Talent2 International Limited
ABN 19 000 737 744

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Corporate Governance Statement

The Board of Directors ("the Board") is responsible for the corporate governance practices of Talent2 International Limited ("the Company") and its controlled entities. As with all its business activities, the Company is proactive in respect of corporate governance and puts in place those arrangements that it believes are in the best interests of the Company and its shareholders. It actively reviews corporate governance developments in Australia and overseas, and where appropriate, modifies its policies and practices to comply with best practice.

ASX Corporate Governance Council Corporate Governance Principles and Recommendations

As at the date of this report, the Company complies with most Corporate Governance Council Corporate Governance Principles and Recommendations (1st Edition) ("ASX Recommendations") and reasons and explanations are provided below for any departures from them.

Additionally, the Company has commenced a process to re-examine its corporate governance practices to determine whether and to what extent the company may benefit from a change in approach as recommended in the revised Corporate Governance Principles and Recommendations (2nd Edition).

In addition, the Company has posted all copies of its charters and policies on its website www.talent2.com ("Talent2 website") in compliance with the ASX Recommendations.

Responsibilities of the Board

The Board has adopted a formal charter that sets out the responsibilities reserved by the Board. This charter is reviewed annually to ensure it remains consistent with accepted practice in the context of the Board's objectives and responsibilities.

The role of the Board is:

> to bring an independent and objective view to the Company's decisions; and

> to oversee the performance and activities of management.

The Board's primary functions are to:

> establish Talent2's strategic vision, values and ethical standards;

> delegate appropriate authority and responsibilities to the executive management team;

> ensure a commercial focus, achieve sustainable growth and deliver long term value to shareholders;

> maintain high standards of legal and regulatory compliance; and

> ensure effective controls are in place to protect Talent2's assets and to minimise vulnerabilities and risk.

The Board's responsibilities are to:

- uphold the standards of the Talent2 Constitution including the rules governing changes to its constitution;
- report to shareholders at an Annual General Meeting at least once every year;
- determine Talent2's ongoing capital management needs including new share issues and the payment of dividends;
- approve and monitor progress of major investments, acquisitions and divestitures;
- set appropriate remuneration policies;
- appoint, set criteria and monitor the ongoing performances of the executive management team including the Managing Director; and
- appoint the external auditor and other advisors it deems appropriate.

The Board may delegate any of its responsibilities to its various committees. All matters not specifically reserved for the Board and necessary for the day to day management of the Company are delegated to the Managing Director and the executive management team.

Directors may enter into arrangements with the Company with such arrangements being subject to the restrictions of the Corporations Act 2001.

Composition of the Board

The Board believes that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the Board collectively to discharge their duties, understand the business risks and enhance the Company's opportunities and vision. As at the date of this Report, the Board consists of seven Directors; one executive Director and six non-executive Directors.

The Chairman, Ken Allen, is an independent Director in compliance with ASX Recommendations. He was appointed a Director and Chairman on 4 October 2006. Mary Beth Bauer, the Company's Chairman prior to October 2006, remains on the Board in her new position of Deputy Chairman. Ms Bauer is not an independent Director but was an independent Director at the time of her appointment as Chairman in 2002.

The executive Director is the Managing Director, Andrew Banks.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Directors' report.

Independence of Directors

With the reference to the ASX Recommendations, as at the date of this report, the following Directors are considered to be independent Directors of the Company:

> Ken Allen

> Ken Borda

> Pam Laidlaw

> Hans Neilson

Upon appointment to the position of Director, each Director is required to complete a statement of independence. This is reviewed annually to confirm continued independence. As part of their consideration, the Board takes regard of the definition of independence as set out in Box 2.1 of the ASX Recommendations and the Company's materiality threshold of amounts above $100,000, in relation to suppliers or contractual relationships.

Should a Directors' status change during the year they are required to advise the Chairman and Company Secretary immediately. The Company Secretary would then be required to notify the change directly to the ASX.

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Evaluation of the Performance of Board, its Committees and each Director

The evaluation of the Performance of the Board, its Committees and each Director is reviewed annually in accordance with the Performance Evaluation Policy published on the Talent2 website. Board performance and that of individual Directors is subject to review by external consultants based on structured interviews with all Directors. Performance evaluations of the Board and its members did not take place in accordance with this procedure during the current reporting period. The Board considered that, given the thorough review conducted in June 2007 and the changing composition of the Board during the year, a formal review would not have been beneficial in 2008. The Board intends to undertake a formal review of the Board in the 2009 year.

Senior Executive Performance Evaluation

The Remuneration Committee takes an active role in reviewing the performances of all senior executives and is responsible for the recommendation to the Board for approval of remuneration of the Managing Director, Chief Executive Officer and Chief Financial Officer. As at the date of this report the performance of all senior executives of the Company has been reviewed against specified qualitative and measurable indicators in accordance with the procedures specified in the Performance Evaluation Policy published on the Talent2 website.

Audit and Risk Committee

The Company has an Audit and Risk Committee under the authority and governance of the Company's Audit and Risk Committee Charter, approved by the Board. This committee consists of three non-executive Directors, two of whom are independent.

The Chair of the Audit and Risk Committee is Pam Laidlaw, an independent non-executive Director. The other members of this Committee are Mary Beth Bauer and Hans Neilson. The qualifications and responsibilities of the members of the Audit and Risk Committee are set out in the Directors' Report.

The Audit and Risk Committee meets at least twice every year, with authority to convene additional meetings as circumstances require. Its responsibilities include:

- Review of management information systems and systems of internal control;
- Review of the external audit function including the audit plans and audit reviews;
- Review of financial reports prior to their approval by the Board;
- Monitoring financial and liquidity aspects of the Company's activities;
- Requiring the Chief Executive Officer and the Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- Requiring the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that their statement regarding the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the risk management system is operating efficiently and effectively in all material respects;
- Review of the systems for monitoring the Company's compliance with laws and regulation; and
- Consideration and investigation of financial and operational risks identified by management and the external auditors.

The Audit and Risk Committee has appointed a sub committee to establish policies as to risk oversight as well as the design and implementation of a risk management and internal control system to manage material business risks. As at the date of this report, the ASX Recommendations relating to recognising and managing risk have not been completely addressed by the Company due to the fact that full implementation of the system is only to occur in the next twelve months. Reporting on the risk management and internal control system, however, is currently made to the Board by the Chief Executive Officer and Chief Financial Officer as part of their annual statement representing that the financial report presents a true and fair view. The Audit and Risk Committee also regularly reviews the policies in consideration of changing circumstances.

On a regular basis, the Chair of the Audit and Risk Committee is required to meet separately with the external auditors to discuss any matter that either believes should be discussed privately. In addition, the external auditor is requested to attend all shareholder meetings of the Company, including the annual general meeting, to be available to answer shareholder questions regarding the conduct of the audit and the preparation and content of the auditor's report.

The number of Audit and Risk Committee meetings and attendance at those meetings are set out in the Directors' Report. The Audit and Risk Committee Charter is published on the Talent2 website.

Remuneration Committee

The Company has a Remuneration Committee under the authority and governance of the Company's Remuneration Committee Charter, approved by the Board. The Committee informs and advises the Board on remuneration policies which will best support the long-term performance objectives of the Company. The Company maintains a policy of remuneration based on goal congruence between shareholders, Directors and senior executives. Further details regarding the Company's remuneration policies are outlined in the Remuneration Report within the Directors' Report and the Remuneration Committee Charter is published on the Talent 2 website.

This committee currently consists of one independent and two non-executive Directors. Mary Beth Bauer, who is not an independent Director, is currently the Chair of this Committee. The other members include Geoff Morgan and Hans Neilson. This is a departure from the ASX Recommendations which recommends that a majority of members be independent and the Chair be independent.

The Board considers the composition of the Remuneration Committee to be appropriate at this stage given the size of the Company, the extent of its operations and the qualifications of its members. The Board also believes that given Mary Beth Bauer's extended knowledge and experience with the Company, it is appropriate for Mary Beth Bauer to be the Chair of the Remuneration Committee.

The Remuneration Committee's responsibilities include:

> The establishment and review of appropriate remuneration and incentive policies for all Directors and executive employees; and

> The establishment and granting of all equity based incentive plans including the Directors, Executive and Employee Share Option Plans.

There are no schemes for retirement benefits other than statutory superannuation for non-executive Directors.

The number of Remuneration Committee meetings and attendance at those meetings are set out in the Directors' Report.

Nomination Committee

The Company has a Nomination Committee under the authority and governance of the Company's Nomination Committee Charter, approved by the Board. This Committee currently consists of all Directors, four of whom are independent. The Nomination Committee Charter is published on the Talent2 website. In summary, the Nomination Committee:

- Reviews current and desirable competencies of the Board;
- Evaluates Board performance;
- Recommends the appointment and removal of Directors based on performance review and assessment of competencies; and
- Manages the Board succession plan.

The number of Nomination Committee meetings and attendance at those meetings are set out in the Directors' Report

Code of Conduct

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide Directors, executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers:

- Responsibilities to shareholders and the community;
- Responsibilities to customers;
- Responsibilities to employees;
- Privacy;
- Conflicts of interest;
- Gifts and entertainment;
- Confidentiality;
- Fair dealing;
- Protection of and proper use of company assets;
- Compliance with laws and regulations; and
- Reporting of unlawful or unethical behaviour and compliance with the code.

Directors' Report

Your Directors present their Full Financial Report on the Company and its controlled entities (the consolidated entity) for the financial year ended 30 June 2008.

Directors

The names of Directors in office at any time during or since the end of the financial year are:

Ken Allen AM
Chairman (Non-Executive)

Ken has extensive international investment banking experience. He is currently a Senior Advisor to UBS Australia and Lexington Partners and Chairman Emeritus of Advance, the world's leading network of Australian professionals and entrepreneurs abroad. Prior to returning to Sydney in April 2006, Ken was the Australian Consul General in New York and was responsible for representing Australian interests in the United States. His major focus was the facilitation of US direct investment in Australia and the positioning of Australia as a global financial centre. Prior to that, Ken held senior positions in the UK, USA and Australia with the World Bank and other Investment Banks, including Merrill Lynch, County NatWest and Macquarie Bank. Ken holds a Bachelor of Economics (Hons) from the University of Adelaide. He is a board member of the Australian Chamber Orchestra and has served on the boards of the NSW Treasury Corporation, Film Finance Corporation, the State Bank of NSW and Australia Post.

Ken joined the Talent2 Board as Chairman in October 2006. He is also currently Chairman of the Nominations Committee. He has held no directorships in other listed companies in the prior three years.

Mary Beth Bauer
Deputy Chairman (Non-Executive)

Mary Beth brings to the Talent2 Board extensive experience in corporate finance, investor relations and mergers and acquisitions. In addition to her corporate financial expertise, Mary Beth is also founder and Managing Director of Value Enhancement Management Pty Ltd, the leading provider of strategic stakeholder solutions. Mary Beth previously held senior executive investor relations positions with Coles Myer and Mayne Nickless. Her credentials include a Bachelor of Economics (University of California), Australian Chartered Accountant, Certified Public Accountant (US) and fellow of the Australian Institute of Company Directors.

Mary Beth joined the Talent2 Board in November 2001, and served as Talent2's Chairman between 2002 and 2006. She is currently the Chair of the Remuneration Committee and a member of the Nominations and the Audit & Risk Committees. She has held no directorships in other listed companies in the prior three years.

Andrew Banks
Managing Director (Executive)

Andrew provides the Board with more than 20 years' experience in managing service businesses across the Asia Pacific region, and is widely regarded as a dynamic thought leader in the area of human capital management. Andrew is an active principal of Morgan & Banks Investments, one of Talent2's significant shareholders. In partnership with fellow director Geoff Morgan, he built up the Morgan & Banks recruitment business to generate more than $700 million in sales before it was sold to TMP/Monster.com in 1999.

Andrew has been a Talent2 Board member since September 2002. He is the Company's Managing Director and a member of the Nominations Committee. He has held no directorships in other listed companies in the prior three years.

Ken Borda
Director (Non-Executive), appointed 1 August 2008

Ken's investment banking career spans more than twenty years in Australia, Asia, the Middle East and North Africa. He is now based in Asia. For 18 years, Ken held senior positions with Deutsche Bank, most recently in Dubai as Chief Executive of MENA (Middle East North Africa), before retiring in April 2007. During his tenure, the Bank transitioned from an offshore banking presence to a significant onshore platform with branches in the Kingdom of Saudi Arabia, Qatar and Dubai. From 1999 to 2002 Ken was Deutsche Bank's CEO Australia and New Zealand in Sydney, before moving to Hong Kong as CEO Asia Pacific. He has degrees in Arts and Law from the University of New South Wales.

Ken was appointed to the Talent2 Board in August 2008 and he is Chair of the newly formed International Business Development Committee. Ken has held a number of board positions and is currently a director of Santos Limited (appointed 14 February 2007); Fullerton Funds Management, an Asian asset management fund owned by Temasek in Singapore; Ithmaar Bank, a listed investment bank and financial services group based in Bahrain; and Leighton Contractors Limited (appointed 1 July 2007).

Pam Laidlaw
Director (Non-Executive), appointed 6 March 2008

Pam has extensive experience in finance, formerly as Group Finance Director of Morgan & Banks. During her tenure from 1987 to 2001 (after the sale to TMP Worldwide in 1999), revenues grew from $50 million to $700 million with 2,000 staff operating in more than 50 locations. Pam was responsible for the business planning, financial accounting and risk management functions as the Company managed various transactions. It was first acquired by Select Appointments in the United Kingdom, before undergoing a management buyout in 1991 and finally, listed on the ASX in 1994. Previous positions were with Oligilvy & Mather in Sydney and Price Waterhouse in Sydney and New York. Pam holds a Bachelor of Business Administration (University of New York) and she is a Certified Public Accountant (US).

Pam joined the Talent2 Board in March 2008 and she is Chair of the Audit and Risk Committee. Pam is also on the Board of the Eye Foundation which is the medical eye specialists' foundation, dedicated to restoring sight and preventing vision loss throughout Australasia. She has held no directorships in other listed companies in the prior three years.

Geoff Morgan
Director (Non-Executive)

Geoff has more than 30 years' experience in sales and marketing as well as global experience in all aspects of human capital services. He is currently Chairman of Morgan & Banks Investments Pty Ltd. Prior to this role, he was regional Chairman for TMP Worldwide. Along with his partner, Andrew Banks, he was a director of Morgan & Banks Limited from its inception through to its sale to TMP/Monster.com in 1999. Geoff and Andrew have co-authored four books on recruiting and in 2004 were the recipients of the Ernst & Young "Master Entrepreneur of the Year" Award for sustained success in business.

Geoff has been a Talent2 Board member since September 2003. He is a member of both the Remuneration Committee and the Nominations Committee. He is a board director of several unlisted companies including, The Australian Motor Sport Foundation, The Heat Group and LinkMe Pty Limited. He was also a director of Allco Equity Partners Limited between 17 November 2004 and 25 July 2007.

Hans Neilson
Director (Non-Executive)

Hans has extensive international IT and HR experience. He joined Hewlett Packard in 1976 and held numerous positions including Interim Managing Director Australia and Managing Director New Zealand. Most recently he was Vice President of Hewlett Packard Company, leading its Human Resources for the Technology Solutions Group in Asia Pacific. He was also a director for Hewlett Packard Australia and New Zealand from 1987 to 2006. For over ten years Hans was an evaluator for the Australian Quality Awards and a member of the Victorian State Committee for the Australian Quality Council. Hans has participated in numerous community and industrial forums, and holds a Bachelor of Engineering from Victoria University of Technology (Vic).

Hans joined the Talent2 Board in August 2006 and is a member of the Remuneration and Nominations Committee and the Audit and Risk Committee. He has held no directorships in other listed companies in the prior three years.

Albert "Bud" Hawk
Director (Non-Executive), resigned 1 August 2008

Residing in the United States, Bud has significant expertise in the human resources services sector overseas. He is a co-founder and Managing Partner of Corstone Capital Corporation, a private-equity firm headquartered in Washington, DC that specialises in high growth investments and services. He is also Chairman of InterPro Holdings Inc, (a significant shareholder of Talent2), which is an international business process outsourcing Company with principal operations in Europe, India, China and Singapore. InterPro also operates under the trade name "PayStaff", and it is one of the largest human resources business process outsourcing companies in the US.

Bud joined the Talent2 Board in October 2005. He was a member of the Nominations Committee up to the date of his resignation from the Board. He has a law degree from the American University, has chaired various committees of the American Bar Association and is a renowned speaker before business groups. He has held no directorships in other listed companies in the prior three years.

John Rawlinson
Chief Executive Officer

John has 20 years' experience across nearly all areas of recruiting and human resources, in particular business to business sales and marketing, as well as the design and development of outsourced HR solutions. He started his career at Morgan & Banks where he was a former Director of Victorian Operations before being appointed founding CEO of the specialist IT&T recruitment Company MBT. In 2001 he moved to the United States with TMP Worldwide as Executive VP Sales and Marketing. John holds a Bachelor of Education from Victoria University and a Graduate Diploma in Entrepreneurship and Innovation from Swinburne University.

As the founding CEO of Talent2 since 2003, John has led the Company's rapid growth to annual revenues of more than $220 million.

Martin Brooke
Chief Financial Officer

Martin has over 15 years' experience in senior financial positions both within the accounting profession and the human resources industry. Prior to joining Talent2 in June 2003, Martin held the position of Group Controller Asia Pacific for TMP Worldwide, with responsibility for the group's finance team throughout the region. Martin has a BA in Accounting (University of Kent, Canterbury) and is a member of the Institute of Chartered Accountants in England and Wales.

As Chief Financial Officer, Martin has responsibility for all finance and accounting matters and the Group's IT infrastructure.

Michael Bermeister resigned as the Company Secretary on 12 February 2008 and was replaced by David Patteson, who held the position of Company Secretary at the end of the financial year:

David Patteson
Company Secretary, appointed 12 February 2008

David has over 12 years' experience in various tax and financial accounting positions in a broad range of industries. He is a Chartered Accountant and has a Bachelor of Business (Accounting, Human Resource Management) from Charles Sturt University, and a Diploma of Applied Finance and Valuation from the Financial Services Institute of Australasia.

Principal Activities

The principal activities of the consolidated entity during the financial year were the development, sale and support of people management and elearning software, executive recruitment and contracting, training administration and the provision of human resources managed services solutions. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

Operating Results

The consolidated profit of the consolidated entity after providing for income tax amounted to $9.3 million.

Dividends

The Company declared and paid a final dividend in relation to the year ended 30 June 2008 of 4.5 cents per ordinary share. This 90% franked dividend was declared on 13 August 2008 and paid on 10 September 2008, amounting to $5.6 million. It has not been accrued in the financial statements, but is shown as a movement in the dividend distribution reserve.

Review of Operations

Revenues for the 2008 year increased by 49% to $229.3m, up from $153.4m in the previous year, resulting in an EBITDA profit of $20.3m, up 29% year on year. Strong cash generation continued to underpin the Company's growth, although operating cash generated of $11.9m was slightly down on the prior year as a result of company tax paid in the year following the utilisation of prior year losses, and the move to a monthly remitter of Goods and Services Tax. Debt levels remain low at just $12.8m.

The results were particularly pleasing as the year saw considerable investment in new Recruitment operations in Manchester, Birmingham, Tokyo, Taipei, and Beijing, and new outsourcing centres for all 3 service lines (Payroll/Learning/Talent Acquisition) in Malaysia and Australia which will help facilitate strong organic growth.

EPS grew from 5.71 cents in 2007 to 7.63 cents in the current year, and the "adjusted EPS before the amortisation of acquired identifiable intangible assets" increased from 7.6 cents in 2007 to 9.8 cents in 2008.

Talent2 made a number of strategic acquisitions during the year:

- TOG Japan, recognised as a progressive Japanese payroll vendor paying 50,000 people;
- The Intersearch UAE Group, comprising over 35 additional people and 5 offices in 4 different countries, making Talent2 one of the largest Executive Search and Human Capital Organisations in the Middle East; and
- Duncan & Ryan, a leading Wellington based IT&T recruitment and contracting specialist.

These acquisitions contributed 6% of the group's revenue in the year to 30 June 2008.

After Balance Date Events

Subsequent to balance date the consolidated entity acquired the 10% minority shareholding in Talent2 Singapore Pte Limited for the amount of $1,617,350. The purchase was settled by a cash payment of $687,580 and the issue of 863,667 shares at $1.07.

Future Developments, Prospects and Business Strategies

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results from those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Environmental Issues

The consolidated entity's operations are not subject to significant environmental regulations under the law of the Commonwealth or any State.

Remuneration Report

This report details the nature and amount of remuneration received by all personnel of Talent2 International Limited considered to be key management personnel.

(i) Remuneration policy

The remuneration policy of Talent2 International Limited has been designed to align the key management personnel's objectives with shareholder and business objectives by providing a fixed remuneration component, a variable remuneration component and sometimes long-term incentives based on the consolidated entity's financial results and share price. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated entity is set out below.

The remuneration policy, setting the terms and conditions for the executive Directors and other senior executives, was developed by the Remuneration Committee and approved by the Board. All executives receive a base salary package (which includes a minimum 9% superannuation guarantee contribution, fringe benefits and attributable fringe benefits taxation) determined on factors such as position and experience, and performance incentives. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation. The executive

Directors and executives do not receive any other retirement benefits. The Remuneration Committee reviews executive packages annually by reference to the consolidated entity's performance, the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the performance of the consolidated entity and growth in shareholder value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, options and performance rights, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the binomial methodology. Performance rights issued during the period were valued using the share price at the grant date adjusted for the present value of estimated dividends during the vesting period and adjusted for the probability of achievement of vesting conditions.

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Standard fees for non-executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the director share option plan.

(ii) Performance based remuneration

As part of each executive Directors' and executives' remuneration package there is a performance-based component, based on achievement of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between Directors/executives with that of the business and shareholders. The KPIs are set annually, with consultation with Directors/executives to ensure buy-in. The measures are specifically tailored to the areas each Director/executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for the consolidated entity's expansion and profit, covering financial and non-financial as well as short- and long-term goals.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the consolidated entity's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Board and senior management base the assessment on management accounts that form the basis for audited figures.

During the year the Board introduced a new long term incentive plan consisting of a combination of performance rights and options. Under the terms of the plan performance rights and options vest to recipients based on the achievement of certain performance conditions.

The performance conditions applicable to the performance rights and options are measured over a period of 5 years from the date of grant and include both the growth in the Company's earnings per share (EPS) and the satisfaction of individually determined KPIs over the relevant performance period. 50% of any performance rights and options granted are awarded on the EPS condition being achieved and 50% on the KPI condition.

In addition to the performance conditions being achieved, the performance rights and options will only vest if the employees are still employees at the date upon which the employee becomes fully entitled to the performance rights and options under the plan.

In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted during the year. Although the fair value of the equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period, the fair value determined at grant date is disclosed as remuneration in the year of grant. The amounts included under performance rights on page 19 represent the fair value at the grant date of the performance right and options that may vest to the individual over the next five years. The amounts included as remuneration are not related or indicative of the benefit (if any) that individual executives may ultimately realise should the equity instrument vest.

(iii) Company performance, shareholder wealth and Directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and key management personnel. There have been two methods applied in achieving this aim, the first being a performance bonus based on key performance indicators, and the second being the issue of performance rights and options to the key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy to have been effective in increasing shareholder wealth over the past five years.

The following table shows the gross revenue and profits for the last five years for the listed entity and earnings per share (EPS), as well as the share price and market capitalisation at the end of the respective financial years. The consolidated entity is not immune from the overall downturn in the world share market and was exposed to a softening share price in the second half of the year, this in the face of yet another record result for the consolidated entity. Analysis of the actual figures shows an increase in profits each year leading to an increasing EPS ensuring growing shareholder value. The Board is of the opinion that these results can be attributed in part to the previously described remuneration policy and is satisfied that this continued improvement has led to increased shareholder wealth over the past five years.

	2004*	2005	2006	2007	2008
Revenue	$32.3m	$60.3m	$99.6m	$153.4m	$229.3m
Net Profit before Income Tax	$1.24m	$4.19m	$5.16m	$9.83m	$13.13m
EPS	2.8 cents	5.1 cents	3.3 cents	5.71 cents	7.63 cents
Adjusted EPS**	-	3.6 cents	5.1 cents	7.56 cents	9.75 cents
Share Price*** at year-end	$1.00	$1.29	$1.30	$2.85	$1.13
Market capitalisation at year end	$91.5m	$133.9m	$152.7m	$342.7m	$139.1m

* Australian GAAP as reported in previous Annual Reports
** Adjusting for amortisation of acquired identifiable intangible assets AIFRS
*** Share Prices have been adjusted after taking into account the 1:5 share consolidation in November 2004

(iv) Key management personnel remuneration policy

The Company's policy for determining the nature and amount of remuneration of board members and other key management personnel of the Company is as follows:

The remuneration structure for executive officers, including executive Directors, is based on a number of factors, including position, particular experience of the individual concerned, and overall performance of the consolidated entity. The contracts for service between the Company and parent entity Directors and other key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified key management personnel are paid employee benefit entitlements accrued to the date of their retirement. The Company may terminate the respective contracts without cause by providing 1-3 months written notice or making payment in lieu of notice based on the individual's annual salary component together with a standard redundancy payment calculation applicable to all Company employees. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Any options not vested before or on the date of termination will lapse.

The group seeks to emphasise payment for results through providing various cash bonus reward schemes. Specifically, the incorporation of incentive payments based on key performance indicators such as sales targets and operating profits. Bonuses included are based on these targets. The objective of the reward schemes is to both reinforce the short and long-term goals of the Company and to provide a common interest between management and shareholders. The bonuses were granted to both parent entity Directors and other key management personnel on 18 August 2008. There has been no alteration to the terms of the bonuses paid since grant date.

Names and positions held of other key management personnel in office at any time during the financial year or comparative year are:

John Rawlinson	Chief Executive Officer
Martin Brooke	Chief Financial Officer
Paul Jury	National General Manager – Recruitment
Eileen Aitken	National General Manager – Technology
David Patteson	Company Secretary (appointed 12 February 2008)
Michael Bermeister	Company Secretary (resigned 12 February 2008)
Mark Brayan	Chief Operating Officer (resigned 31 May 2007)

Cash Based Remuneration

Directors		Cash, Salary and Commissions $000	Superannuation $000	Cash Bonus $000	Total $000
Ken Allen (appointed 4/10/06)	2008	88	8	-	96
	2007	58	5	-	63
Mary Beth Bauer	2008	76	7	-	83
	2007	85	8	-	93
Andrew Banks	2008	252	40	183	475
	2007	252	23	180	455
Pam Laidlaw (appointed 6/3/08)	2008	20	2	-	22
Geoff Morgan	2008	60	-	-	60
	2007	60	-	-	60
Hans Neilson (appointed 22/8/06)	2008	59	5	-	64
	2007	43	4	-	47
Brian Gibson (resigned 7/11/07)	2008	21	2	-	23
	2007	64	1	-	65
Albert "Bud" Hawk (resigned 1/8/08)	2008	55	-	-	55
	2007	55	-	-	55
Other Key Management Personnel					
John Rawlinson	2008	367	44	124	535
	2007	330	30	150	510
Martin Brooke	2008	257	22	86	365
	2007	232	18	105	355
Mark Brayan (resigned 31/5/07)	2007	262	13	-	275
Paul Jury	2008	262	13	210	485
	2007	237	13	235	485
Eileen Aitken	2008	207	13	200	420
	2007	207	13	160	380
David Patteson(appointed 12/2/08)	2008	49	5	7	61
Michael Bermeister (resigned 12/2/08)	2008	149	10	29	188
	2007	180	13	30	223
Total Key Management Personnel	**2008**	**1,922**	**171**	**839**	**2,932**
	2007	**2,065**	**141**	**860**	**3,066**

Share Based Payments – Accounting Value at Grant Date

		Options $000	Performance Rights $000	Shares $000	Total $000	Performance Related %
Directors						
Ken Allen (appointed 4/10/06)	2008	-	-	-	-	-
	2007	158*	-	-	158	-
Mary Beth Bauer	2008	-	-	-	-	-
	2007	143*	-	-	143	-
Andrew Banks	2008	-	-	-	-	38.6
	2007	143*	-	-	143	30.1
Pam Laidlaw (appointed 6/3/08)	2008	-	-	-	-	-
Geoff Morgan	2008	-	-	-	-	-
	2007	143*	-	-	143	-
Hans Neilson (appointed 22/8/06)	2008	-	-	-	-	-
	2007	158*	-	-	158	-
Brian Gibson (resigned 7/11/07)	2008	-	-	-	-	-
	2007	143*	-	-	143	-
Albert "Bud" Hawk (resigned 1/8/08)	2008	-	-	-	-	-
	2007	158*	-	-	158	-
Other Key Management Personnel						
John Rawlinson	2008	616*	727*	-	1,343	78.0
	2007	36*	-	96**	132	38.3
Martin Brooke	2008	370*	363*	-	733	74.5
	2007	30*	-	33**	63	33.0
Mark Brayan (resigned 31/5/07)	2007	-	-	16**	16	5.5
Paul Jury	2008	-	465*	-	465	71.1
	2007	24*	-	40**	64	50.1
Eileen Aitken	2008	-	186*	-	186	63.7
	2007	24*	-	44**	68	45.5
David Patteson (appointed 12/2/08)	2008	9*	-	-	9	22.8
Michael Bermeister (resigned 12/2/08)	2008	29*	-	-	29	26.8
	2007	-	-	-	-	13.5
Total Key Management Personnel	**2008**	**1,024**	**1,741**	**-**	**2,765**	**63.3%**
	2007	**1,160**	**-**	**229**	**1,389**	**24.4%**

Total compensation received by key management personnel for the year ended 30 June 2008 was $5,697,000 (2007: $4,455,000).

* In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted during the year. Although the fair value of the equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period, the fair value determined at grant date is disclosed as remuneration in the year of grant. The amounts shown represent the fair value at the grant date of the performance right and options that may vest to the individual over the next five years. The amounts included as remuneration are not related or indicative of the benefit (if any) that individual executives may ultimately realise should the equity instrument vest.

** Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel and is held in escrow for two years from the date of grant.

(v) Equity Instruments issued as part of remuneration for the year ended 30 June 2008

Equity Instruments are issued to Directors and executives as part of their remuneration. Pre-existing Director options will vest based on performance criteria linked to the entity's annual earnings per share calculations.

	Equity Instrument	Granted No.	Long Term Incentives Granted as Part of Remuneration* $000	Total Remuneration Represented by an equity instrument %	Long Term Incentives Exercised $000	Long Term Incentives Lapsed $000	Total $000
Directors							
Ken Allen		-	-	-	-	(46)	(46)
Pam Laidlaw		-	-	-	-	-	-
Mary Beth Bauer		-	-	-	151	(50)	101
Andrew Banks		-	-	-	151	(50)	101
Geoff Morgan		-	-	-	142	(47)	95
Hans Neilson		-	-	-	-	(46)	(46)
Brian Gibson		-	-	-	151	(379)	(228)
Albert "Bud" Hawk		-	-	-	46	(46)	-
		-	**-**	**-**	**641**	**(664)**	**(23)**

Other Key Management Personnel	Equity Instrument	Granted No.	Long Term Incentives Granted as Part of Remuneration*	Total Remuneration Represented by an equity instrument	Long Term Incentives Exercised	Long Term Incentives Lapsed	Total
John Rawlinson	Options	500,000	616	32.7%	-	-	616
	Performance Rights	377,943	727	38.5%	-	-	727
Martin Brooke	Options	300,000	370	33.7%	23	-	393
	Performance Rights	188,972	363	33.1%	-	-	363
Paul Jury	Options	-	-	-	-	-	-
	Performance Rights	236,215	465	48.9%	-	-	465
Eileen Aitken	Options	-	-	-	103	-	103
	Performance Rights	94,486	186	30.7%	-	-	186
Michael Bermeister	Options	25,000	29	13.5%	460	(110)	379
	Performance Rights	-	-	-	-	-	-
David Patteson	Options	10,000	9	12.4%	-	-	9
	Performance Rights	-	-	-	-	-	-
		1,732,616	**2,765**	**55.8%**	**586**	**(110)**	**3,241**

*Details of vesting periods and conditions are contained in the Directors report on page 14 under "Performance based remuneration"

(vi) Employment contracts of key management personnel

The employment conditions of the specified executives are formalised in contracts of employment. The Managing Director, Andrew Banks, has no formal contract of employment. All executives are permanent employees of the Company.

The employment contracts stipulate a one to three month resignation period. The Company may terminate an employment contract by providing written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment calculated in accordance with the Company's standard redundancy calculations applicable to all employees. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Any options not vested before or on the date of termination will lapse.

Meetings of Directors

During the financial year, meetings of Directors (including Committee of directors) were held. Attendances by each Director during the year were:

Committee Meetings

	Director's Meetings		Audit and Risk Committee		Remuneration Committee		Nominations Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Ken Allen	8	7	2	2	-	-	-	-
Mary Beth Bauer	8	8	3	3	4	4	-	-
Andrew Banks	8	8	-	-	-	-	-	-
Geoff Morgan	8	7	-	-	4	4	-	-
Hans Neilson	8	7	3	3	4	4	-	-
Pam Laidlaw	4	4	1	1	-	-	-	-
Brian Gibson	1	1	1	1	-	-	-	-
Albert "Bud" Hawk	8	1	-	-	-	-	-	-

* The Nominations Committee consists of all Board members and matters associated with the Nominations Committee have been dealt with during normal Directors' meetings.

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Options

At the date of this report, the unissued ordinary shares of Talent2 International Limited under option are as follows:

Parcel	Grant Date	Date of Expiry	Exercise Price	Number Under Option	Vested Units	Non-Vested Units
N	26-May-04	6-May-09	$1.020	135,000	135,000	-
O	1-Jul-04	1-Jul-09	$0.970	729,250	729,250	-
Q	5-Aug-04	5-Aug-09	$1.320	12,750	12,750	-
R	16-Feb-05	16-Feb-10	$1.370	72,500	40,000	32,500
S	24-Jun-05	24-Jun-10	$1.190	1,207,024	865,049	341,975
T	31-Jan-06	31-Jan-11	$1.050	38,500	18,000	20,500
U	15-Jun-06	15-Jun-11	$1.150	35,000	17,500	17,500
V	17-Jul-06	17-Jul-11	$1.340	1,059,250	496,400	562,850
W	25-Oct-06	25-Oct-11	$1.570	65,000	12,500	52,500
X	25-Oct-06	30-Jun-12	$1.570	1,500,000	300,000	1,200,000
Y	7-Feb-07	7-Feb-12	$1.880	60,000	-	60,000
Z	16-May-07	16-May-12	$2.640	37,000	-	37,000
A	8-Aug-07	8-Aug-12	$3.010	1,295,500	-	1,295,500
B	10-Sep-07	10-Sep-12	$2.930	800,000	-	800,000
C	5-Dec-07	5-Dec-12	$2.970	43,000	-	43,000
D	20-Feb-08	20-Feb-13	$2.250	152,000	-	152,000
E	23-Apr-08	23-Apr-13	$1.780	60,000	-	60,000
F	13-Aug-08	13-Aug-08	$1.250	75,000	-	75,000
				7,376,774	2,626,449	4,750,325

Performance Rights

At the date of this report, the unissued ordinary shares of Talent2 International Limited under the performance rights plan are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Rights Issue	Vested Units	Non-Vested Units
10-Sep-07	1-Aug-12	-	3,004,649	-	3,004,649

During the year ended 30 June 2008, the following ordinary shares of Talent2 International Limited were issued on the exercise of options granted under the Talent2 International Limited Employee Option Plan. No amounts are unpaid on any of the shares.

Parcel	Grant Date	Exercise Price	Number of Shares Issued
J	20-Sep-02	$0.195*	330,000
K	29 Sep 03	$0.345*	60,000
L	29-Sep-03	$0.320*	56,250
M	1-Sep-03	$0.420*	352,000
O	1-Jul-04	$0.970*	142,750
Q	5-Aug-04	$1.320*	11,250
R	16-Feb-05	$1.370*	32,500
S	24-Jun-05	$1.190*	116,126
T	31-Jan-06	$1.050*	6,250
U	15-Jun-06	$1.150*	1,750
V	17-Jul-06	$1.340*	79,500
W	25-Oct-06	$1.570*	5,000
X	25-Oct-06	$1.570*	40,000
			1,233,376

The following shares have been issued after 30 June 2008

Parcel	Grant Date	Exercise Price	Number of Shares Issued
O	1-Jul-04	$0.970*	30,500
S	24-Jun-05	$1.190*	8,250
V	17-Jul-06	$1.340*	3,000
X	25-Oct-06	$1.570*	47,580
			89,330

*Exercise price reduced by $0.03 per option as a result of the November 2006 shareholder approved $0.03 equal capital reduction to all shareholders.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

> all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

> the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Profession and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

> other assurance services amounting to $71,000.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 27 and forms part of the Directors' Report.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Ken Allen	Andrew Banks
Chairman	**Managing Director**

Dated this 12th day of September 2008

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TALENT2 INTERNATIONAL LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Talent2 International Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON NSW
Chartered Accountants

N J Bradley
Partner

Sydney, 12 September 2008

Income Statement For The Year Ended 30 June 2008

	Note	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Revenue	2(a)	229,304	153,425	16,914	9,079
Cost of rendering of services					
- On hired labour and advertising costs	3	(53,673)	(35,525)	-	-
- Outsourced services	3	(31,452)	(17,546)	-	-
- Distributor commissions and license fees	3	(1,429)	(2,404)	-	-
Gross profit		**142,750**	**97,950**	**16,914**	**9,079**
Other income	2(b)	878	-	217	-
Employee benefits expense		(99,853)	(67,523)	(3,853)	(3,488)
Operating lease rental expense		(10,717)	(6,743)	(155)	(43)
Advertising and marketing expense		(3,045)	(1,985)	(169)	(154)
Amortisation of acquired intangible assets	3	(3,662)	(3,106)	-	-
Amortisation of software development	3	(710)	(790)	-	-
Depreciation of plant and equipment	3	(2,716)	(2,184)	-	-
Finance costs	3	(473)	(180)	(263)	-
Management fee		-	-	(3,647)	-
Other expenses		(9,323)	(5,608)	(1,836)	(1,041)
Profit before income tax		13,129	9,831	7,208	4,353
Income tax expense	4	(3,828)	(3,067)	1,696	(17)
Profit for the year		**9,301**	**6,764**	**8,904**	**4,336**
Net profit attributable to minority equity interests		(26)	-	-	-
Profit attributable to members of the parent entity		**9,275**	**6,764**	**8,904**	**4,336**
Basic earnings per share (cents per share)	8	7.63c	5.71c		
Diluted earnings per share (cents per share)	8	7.33c	5.56c		

These financial statements should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2008

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		$000	$000	$000	$000
CURRENT ASSETS					
Cash and cash equivalents	9	17,600	12,917	77	1,725
Trade and other receivables	10	36,927	28,260	46,351	25,495
Other current assets	11	5,391	3,311	635	525
TOTAL CURRENT ASSETS		**59,918**	**44,488**	**47,063**	**27,745**
NON-CURRENT ASSETS					
Investments accounted for using the equity method	12	332	328	332	328
Financial assets	13	-	-	49,785	49,053
Plant and equipment	14	8,220	5,790	-	-
Deferred tax assets	15	3,304	3,858	633	2,375
Intangible assets	16	62,772	53,433	-	-
TOTAL NON-CURRENT ASSETS		**74,628**	**63,409**	**50,750**	**51,756**
TOTAL ASSETS		**134,546**	**107,897**	**97,813**	**79,501**
CURRENT LIABILITIES					
Trade and other payables	17	31,366	26,895	2,441	295
Unearned income	18	5,020	4,518	-	-
Short-term borrowings	19	600	283	-	-
Current tax liabilities	15	3,471	1,702	2,962	-
Short-term provisions	20	4,773	4,140	79	92
TOTAL CURRENT LIABILITIES		**45,230**	**37,538**	**5,482**	**387**
NON-CURRENT LIABILITIES					
Long-term borrowings	19	12,216	3,320	2,174	-
Long-term provisions	20	383	599	18	-
TOTAL NON-CURRENT LIABILITIES		**12,599**	**3,919**	**2,192**	**-**
TOTAL LIABILITIES		**57,829**	**41,457**	**7,674**	**387**
NET ASSETS		**76,717**	**66,440**	**90,139**	**79,114**
EQUITY					
Issued capital	21	81,360	77,069	81,360	77,069
Reserves	22	6,046	3,995	7,921	4,511
(Accumulated losses)/Retained earnings		(10,929)	(14,624)	858	(2,466)
PARENT INTERESTS		76,477	66,440	90,139	79,114
Minority equity interests		240	-	-	-
TOTAL EQUITY		**76,717**	**66,440**	**90,139**	**79,114**

These financial statements should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the Year Ended 30 June 2008

			Reserves					
	Share Capital Ordinary	Accumulated Losses	Capital Profits Reserves	Equity Incentive Plans	Dividend Distribution Reserve	Foreign Exchange Movement	Minority Interests	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Consolidated Entity								
Balance at 1 July 2006	**75,434**	**(17,168)**	**105**	**376**	**3,529**	**(166)**	**-**	**62,110**
Foreign exchange movement	-	-	-	-	-	(350)	-	(350)
Net Profit	-	6,764	-	-	-	-	-	6,764
Total recognised income and expense	**-**	**6,764**	**-**	**-**	**-**	**(350)**	**-**	**6,414**
Transfer between reserves	-	(4,220)	-	-	4,220	-	-	-
Shares and Options issued (net of transaction costs)	5,176	-	-	673	-	-	-	5,849
Capital repayment	(3,541)	-	-	-	-	-	-	(3,541)
Elimination of treasury shares	-	-	-	(863)	-	-	-	(863)
Dividends paid	-	-	-	-	(3,529)	-	-	(3,529)
Balance at 1 July 2007	**77,069**	**(14,624)**	**105**	**186**	**4,220**	**(516)**	**-**	**66,440**
Profit attributable to members of parent entity	-	9,275	-	-	-	-	-	9,275
Loss attributable to minority shareholders	-	-	-	-	-	-	26	26
Foreign exchange movement	-	-	-	-	-	(1,297)	-	(1,297)
Total recognised income and expense	**-**	**9,275**	**-**	**-**	**-**	**(1,297)**	**26**	**8,004**
Transfer between reserves	-	(5,580)	-	-	5,580	-	-	-
Additions through acquisition of entities	-	-	-	-	-	-	163	163
Additions through incorporation of an entity	-	-	-	-	-	-	51	51
Shares and options issued (net of transaction costs)	4,291	-	-	2,227	-	-	-	6,518
Elimination of treasury shares	-	-	-	(239)	-	-	-	(239)
Dividends paid	-	-	-	-	(4,220)	-	-	(4,220)
Balance at 30 June 2008	**81,360**	**(10,929)**	**105**	**2,174**	**5,580**	**(1,813)**	**240**	**76,717**

Statement of Changes in Equity for the Year Ended 30 June 2008

			Reserves					
	Share Capital Ordinary	Accumulated Losses	Capital Profits Reserves	Equity Incentive Plans	Dividend Distribution Reserve	Foreign Exchange Movement	Minority Interests	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Parent Entity								
Balance at 1 July 2006	**75,434**	**(2,582)**	**105**	**376**	**3,529**	**-**	**-**	**76,862**
Net Profit	-	4,336	-	-	-	-	-	4,336
Total recognised income and expense	**-**	**4,336**	**-**	**-**	**-**	**-**	**-**	**4,336**
Transfer between reserves	-	(4,220)	-	-	4,220	-	-	-
Shares and Options issued (net of transaction costs)	5,176	-	-	673	-	-	-	5,849
Capital Repayment	(3,541)	-	-	-	-	-	-	(3,541)
Elimination of treasury shares	-	-	-	(863)	-	-	-	(863)
Dividends paid	-	-	-	-	(3,529)	-	-	(3,529)
Balance at 1 July 2007	**77,069**	**(2,466)**	**105**	**186**	**4,220**	**-**	**-**	**79,114**
Profit attributable to members of parent entity	-	8,904	-	-	-	-	-	8,904
Foreign exchange movement	-	-	-	-	-	62	-	62
Total recognised income and expense	**-**	**8,904**	**-**	**-**	**-**	**62**	**-**	**8,966**
Transfer between reserves	-	(5,580)	-	-	5,580	-	-	-
Shares and options issued (net of transaction costs)	4,291	-	-	2,227	-	-	-	6,518
Elimination of treasury shares	-	-	-	(239)	-	-	-	(239)
Dividends paid	-	-	-	-	(4,220)	-	-	(4,220)
Balance at 30 June 2008	**81,360**	**858**	**105**	**2,174**	**5,580**	**62**	**-**	**90,139**

These financial statements should be read in conjunction with the accompanying notes.

Cash Flow Statement
For The Year Ended 30 June 2008

	Note	Consolidated Entity		Parent Entity	
		2008 $000	2007 $000	2008 $000	2007 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		244,973	158,248	-	-
Payments to suppliers and employees		(231,355)	(145,253)	(3,881)	(1,788)
Dividends received		-	-	4,960	5,700
Interest received		416	426	19	17
Finance costs		(473)	(180)	(263)	-
Income tax paid		(1,764)	-	(1,293)	-
Income tax refund		54	72	-	-
Net cash provided by/(used in) operating activities	**26(a)**	**11,851**	**13,313**	**(458)**	**3,929**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		20	115	-	-
Purchase of plant and equipment		(4,790)	(3,064)	-	-
Payment for subsidiaries, net of cash acquired	26(b)	(6,515)	(8,265)	-	(4,279)
Purchase of/(proceeds from) investments		(4)	(328)	98	(328)
Purchase of other non-current assets		-	(1)	-	-
Net cash (used in)/provided by investing activities		**(11,289)**	**(11,543)**	**98**	**(4,607)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		772	594	772	594
Payment of transaction costs relating to share issues		(13)	(17)	(13)	(17)
Proceeds from borrowings		11,343	3,075	2,173	-
Repayment of borrowings		(3,588)	-	-	-
Capital repayment to shareholders		-	(3,541)	-	(3,541)
Dividends paid		(4,220)	(3,529)	(4,220)	(3,529)
Loans repaid by related entities		-	-	-	8,609
Net cash provided by/(used in) financing activities		**4,294**	**(3,418)**	**(1,288)**	**2,116**
Net increase/(decrease) in cash held		4,856	(1,648)	(1,648)	1,438
Cash at beginning of financial year		12,917	14,565	1,725	287
Effect of exchange rates on cash holdings in foreign currencies		(173)	58	-	-
Cash at end of financial year	**9**	**17,600**	**12,917**	**77**	**1,725**

These financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For The Year Ended 30 June 2008

Note 1: Statement Of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Talent2 International Limited and controlled entities ("Consolidated Entity") and the separate financial statements and notes of Talent2 International Limited ("the Company") as an individual parent entity ("Parent Entity").

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 13 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated entity during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated entity under the tax consolidation regime. Each entity in the group recognising its own current and deferred tax assets and liabilities except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liabilities of each group entity is then subsequently assumed by the parent entity. The group formed an income tax consolidated entity to apply from October 2003. The tax consolidated entity has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated entity.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Leasehold improvements	15% - 33%
Plant and equipment	7% - 33%
Leased plant and equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

(f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of the post-acquisition reserves of its associates.

(h) Investments in Subsidiaries

Investments in subsidiaries are carried at cost in the accounts of the parent entity.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill has an infinite life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. The factors considered in making this determination include the existence of contractual rights for unlimited terms; or evidence that renewal of the contractual rights without significant incremental cost can be expected for indefinite periods into the future in view of the Group's future investment intentions. The life cycles of the products and processes that depend on the asset are also considered.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a straight-line basis matched to the future economic benefits of the project. It is the group's practise to fully amortise software development costs in the financial period incurred which also corresponds to the useful life of the asset.

Software Intellectual Property

Acquired software intellectual property is recorded at fair value using a royalty based valuation model as at the effective date of the relevant acquisition and then amortised on a straight-line basis over their useful life to the consolidated entity commencing from the time the software is held ready for use. Software intellectual property is amortised between 12.5% and 33.3% p.a.

Candidate Databases

Acquired candidate databases are recorded at fair value using cost to recreate model as at the date of the relevant acquisition and then amortised on a straight-line basis over their useful life to the consolidated entity commencing from the time the database is held ready for use. Candidate databases are amortised at 20% p.a.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(k) Employee Benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity-settled compensation

The group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share purchase scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or the options granted.

Executive Long Term Incentives

In the group's financial statements, the transactions of the Company sponsored employee share plan trust are treated as being executed directly by the Company (as the trust acts as the Company's agent). Accordingly unexpensed escrowed (unvested) shares held by the trust are recognised as treasury shares and deducted from equity.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if applicable, are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Licence Sales and Disposal of Assets

Revenue from licence sales and disposal of assets is recognised when the consolidated entity has passed control of the goods to the buyer.

Rendering of Technology Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Where services relate to maintenance of software, revenue is recognised over the maintenance period. Unexpired revenue received in advance is recorded as unearned income.

Permanent Placements

Revenue is recognised once the outcome of a placement can be reliably estimated which is considered to be when the appointment is accepted by both the client and the candidate.

Contract Placements

Revenue is recognised when the services are provided.

Royalties

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Interest

Interest revenue is recognised using the effective interest rate method.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(s) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Fair value assessment on Business Combinations

At the time of forming a new business combination the group undertakes identification of identifiable intangible assets. Where an identifiable intangible exists fair value is determined either applying a royalty stream model where cash flows to be derived from the intangible are projected and discounted, or cost to recreate model where current and historical data is used to determine the costs to reproduce the intangible.

The group will make an informed assessment of fair value of other acquired assets giving weight to the age of the asset, current market conditions, expected useful life / collectability and current state of the asset.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2008. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of goodwill at 30 June 2008 amounting to $46,048,000.

Key estimates — Options Valuation

The group values share options issued to directors and employees on date of grant using the binomial option pricing model. See note 27 for further disclosure.

The financial report was authorised for issue on 12 September 2008 by the Board of Directors.

Note 2: Revenue

	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
2(a) Operating revenue:				
Managed Services	74,758	42,758	-	-
Recruitment Services	135,062	93,113	-	-
Technology Services	19,068	17,128	-	-
Dividends received from wholly-owned subsidiaries	-	-	14,561	4,960
Interest received from other persons	416	426	19	17
Management fee received from wholly-owned subsidiaries	-	-	-	4,100
Royalty income	-	-	2,234	-
Other revenue	-	-	100	2
Total Revenue	**229,304**	**153,425**	**16,914**	**9,079**
2(b) Other Income				
Net foreign exchange gain	878	-	217	-

Note 3: Profit For The Year

	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Expenses				
Cost of rendering of services:				
On hired labour and advertising costs	53,673	35,525	-	-
Outsourced services	31,452	17,546	-	-
Distributor commissions and license fees	1,429	2,404	-	-
Total cost of rendering of services	**86,554**	**55,475**	**-**	**-**
Finance costs:				
External interest	435	110	263	-
External finance lease charges	38	70	-	-
Total finance costs	**473**	**180**	**263**	**-**
Depreciation of non-current assets:				
Plant and equipment	2,447	1,869	-	-
Leased assets	269	315	-	-
	2,716	**2,184**	**-**	**-**
Amortisation of non-current assets:				
Software development	710	790	-	-
Acquired software intellectual property	2,712	2,295	-	-
Acquired candidate databases	950	811	-	-
	3,662	**3,106**	**-**	**-**
	4,372	**3,896**	**-**	**-**
Bad and doubtful debts:				
trade receivables	40	70	-	-
Rental expense on operating leases:				
minimum lease payments	10,717	5,451	-	-

Note 4: Income Tax Expense

		Note	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
(a)	The components of tax expense comprise:					
	Current tax		3,218	1,265	(975)	-
	Deferred tax	15(c)	610	1,802	(721)	17
			3,828	**3,067**	**(1,696)**	**17**
(b)	The prima facie tax on profit before income tax, is reconciled to the income tax as follows:					
	Prima facie tax payable on profit before income tax at 30%					
	> consolidated entity		3,939	2,949	-	-
	> parent entity		-	-	2,162	1,306
			3,939	**2,949**	**2,162**	**1,306**
	Add:					
	Tax effect of:					
	> non-deductible depreciation and amortisation		162	76	-	-
	> other non-allowable items		227	107	28	-
	> Equity settled remuneration expensed during year		668	202	668	202
			4,996	**3,334**	**2,858**	**1,508**
	Less:					
	Tax effect of:					
	> Adjustments in respect of current income tax of previous years		(891)	-	(157)	-
	> Dividends received from other members of the income tax consolidated entity		-	-	(4,368)	(1,491)
	> Research and development		(54)	(115)	-	-
	> Foreign exchange gains and other translation adjustments		(79)	-	-	
	> Other non-assessable items		(144)	-	(29)	-
	> Deductible amortisation of intangible assets not brought to account as an expense		-	(152)	-	-
	Income tax attributable to entity		**3,828**	**3,067**	**(1,696)**	**17**
	The applicable weighted average effective tax rates are as follows:		29.2%	31.2%	-	0.4%

The decrease in the weighted average effective consolidated tax rate for 2008 is as a result of lower overseas taxing jurisdictions.

Note 5: Directors' and Key Management Personnel Remuneration

(a) Options and Rights Holdings

Number of Options Held by Parent Entity Directors and other Key Management Personnel (Options exercised during the year were granted as remuneration in prior periods).

	Balance 1.7.07	Granted as Remune-ration	Options Exercised	Ave. Amount Paid per Share	Net Change Other*	Balance 30.6.08	Total Vested 30.6.08	Total Exercisable 30.6.08	Total Unexer-cisable 30.6.08
Parent Entity Directors									
Ken Allen	400,000	-	-	-	(40,000)	360,000	60,000	60,000	300,000
Mary Beth Bauer	400,000	-	(60,000)	$0.195	(20,000)	320,000	60,000	60,000	260,000
Andrew Banks	400,000	-	(60,000)	$0.195	(20,000)	320,000	60,000	60,000	260,000
Pam Laidlaw (appointed 6/3/08)	-	-	-	-	-	-	-	-	-
Geoff Morgan	400,000	-	(60,000)	$0.345	(20,000)	320,000	60,000	60,000	260,000
Hans Neilson	400,000	-	-	-	(40,000)	360,000	60,000	60,000	300,000
Brian Gibson (resigned 7/11/07)	400,000	-	(60,000)	$0.195	(340,000)	-	-	-	-
Albert "Bud" Hawk (resigned 1/8/08)	400,000	-	(40,000)	$1.570	(40,000)	320,000	-	-	320,000
Other Key Management Personnel									
John Rawlinson	190,000	500,000	-	-	-	690,000	140,000	140,000	550,000
Martin Brooke	120,000	300,000	(22,500)	$0.970	-	397,500	62,500	62,500	335,000
Paul Jury	120,000	-	-	-	-	120,000	87,500	87,500	32,500
Eileen Aitken	98,750	-	(48,750)	$0.792	-	50,000	23,750	23,750	26,250
David Patteson (appointed 12/2/08)	-	10,000	-	-	-	10,000	-	-	10,000
Mark Brayan (resigned 31/5/07)	125,000	-	(56,250)	$0.320	(18,750)	50,000	-	-	50,000
Michael Bermeister (resigned 12/2/08)	240,000	25,000	(182,500)	$0.258	(82,500)	-	-	-	-
Total	**3,693,750**	**835,000**	**(590,000)**		**(621,250)**	**3,317,500**	**613,750**	**613,750**	**2,703,750**

* The net change other reflected above includes those options that have been forfeited by holders.

(b) Shareholdings

Number of Shares held directly or indirectly by Parent Entity Directors and other Key Management Personnel.

	Balance 1.7.07	Received as LTI	Options Exercised	* Net Change Other	Balance 30.6.08
Parent Entity Directors					
Ken Allen	-	-	-	-	-
Mary Beth Bauer	457,713	-	60,000	-	517,713
Andrew Banks**	36,088,969	-	60,000	(1,476,573)	34,672,396
Pam Laidlaw (appointed 6/3/08)	-	-	-	-	-
Geoff Morgan**	36,288,969	-	60,000	(1,604,933)	34,744,036
Hans Neilson	-	-			
Brian Gibson (resigned 7/11/07)	283,915	-	60,000	-	343,915
Albert "Bud" Hawk (resigned 1/8/08)	9,586,466	-	40,000	-	9,626,466
	82,706,032	-	280,000	(3,081,506)	79,904,526
Morgan & Banks Investments**	(36,088,969)	-	-	1,551,600	(34,537,369)
	46,617,063	**-**	**280,000**	**(1,529,906)**	**45,367,157**
Other Key Management Personnel					
John Rawlinson	2,758,020	-	-	(187,600)	2,570,420
Martin Brooke	397,085	-	22,500	(97,641)	321,944
Paul Jury	683,791	-	-	(63,392)	620,399
Eileen Aitken	67,422	-	48,750	(44,994)	71,178
David Patteson (appointed 12/2/08)	-	-	-	-	-
Michael Bermeister (resigned 12/2/08)	428,318	-	182,500	(147,814)	463,004
	4,334,636	**-**	**253,750**	**(541,441)**	**4,046,945**

* Net change other refers to shares purchased or sold during the financial year.
** Includes shares held by Morgan & Banks Investments, a company associated with both Andrew Banks and Geoff Morgan.

Note 6: Auditors' Remuneration

	Consolidated Entity		Parent Entity	
	2008 $000	2007 $000	2008 $000	2007 $000
Remuneration of the auditor of the parent entity for:				
auditing or reviewing the financial reports	250	197	8	6
other assurance services	71	121	-	-
	321	318	8	6
Remuneration of overseas affiliates of the auditor:				
auditing or reviewing the financial report of subsidiaries	157	80	-	-
Remuneration of other auditors of subsidiaries for:				
auditing or reviewing the financial report of subsidiaries	2	3	-	-

Note 7: Dividend

	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Unfranked dividend of 3.5 cents per share paid on 10 September 2007 (2007: 46% partially franked dividend of 3 cents per share paid on 1 August 2006)	4,220	3,529	4,220	3,529
	4,220	**3,529**	**4,220**	**3,529**
a. Proposed final 90% partially franked ordinary dividend of 4.5 (2007: 3.5) cents per share unfranked at the tax rate of 30% (2007: 0%)	2,137	-	2,137	-
b. Balance of franking account at year end adjusted for franking credits arising from:	1,690	697	1,690	697
- Payment of provision for income tax	3,061	993	2,200	993
Subsequent to year-end, the franking account would be reduced by the proposed dividend	(2,137)	-	(2,137)	-
	2,614	**1,690**	**1,754**	**1,690**

Note 8: Earnings per Share

		Consolidated Entity 2008 $000	Consolidated Entity 2007 $000
(a)	Reconciliation of Earnings to Profit		
	Profit	9,275	6,764
	Earnings used in the calculation of basic and dilutive EPS	**9,275**	**6,764**
(b)	Weighted average number of ordinary shares	No.	No.
	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	121,624,707	118,359,592
	Weighted average number of options outstanding	2,951,733	3,193,249
	Weighted average number of performance rights	1,889,077	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**126,465,517**	**121,552,841**

Note 9: Cash and Cash Equivalents

	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Cash at bank and in hand	17,533	12,572	77	1,725
Short-term bank deposits	67	345	-	-
	17,600	**12,917**	**77**	**1,725**

Note 10: Trade and Other Receivables

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
CURRENT				
Trade receivables	33,634	27,549	-	-
Provision for impairment of receivables	(184)	(144)	-	-
	33,450	**27,405**	**-**	**-**
Other receivables	3,477	855	-	-
Amounts receivable from:				-
wholly-owned subsidiaries	-	-	46,351	25,495
	36,927	**28,260**	**46,351**	**25,495**

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Consolidated Entity does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title.

The average credit period on services rendered is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, the Consolidated Entity has the ability to charge interest at 10% per annum on the outstanding balances.

As at 30 June 2008 current trade receivables of the Consolidated Entity with a nominal value of $184,000 (2007: $144,000) were impaired. The individually impaired receivables relate to a variety of customers who are in unexpectedly difficult situations.

As of 30 June 2008, trade receivables of $8,620,000 (2007: $8,586,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default and the Consolidated Entity expects to recover these amounts in full. No terms have been re-negotiated during the year. The ageing analysis of receivables past due but not impaired is as follows:

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
Past due 0 – 30 days	5,866	6,216	-	-
Past due 31 – 60 days	1,611	1,535	-	-
Past due greater than 60 days	1,143	835	-	-
	8,620	**8,586**	**-**	**-**

(a) Impaired receivables

Movements in the allowance for impairment of receivables are as follows:

At 1 July	144	74	-	-
Provision for impairment recognised during the year	176	144	-	-
Receivables written off during the year as uncollectible	(97)	(8)	-	-
Unused amount reversed	(39)	(66)	-	-
At 30 June	**184**	**144**	**-**	**-**

No collateral is held over these impaired receivables.

The creation and release of the provision for impaired receivables has been included in "other expenses" in the income statement.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. There are no receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(b) Foreign currency risk

Please refer to note 30 (c) for exposures to foreign currency risk relating to trade and other receivables.

Note 11: Other Current Assets

	Consolidated Entity		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$000	**$000**	**$000**	**$000**
CURRENT				
Prepayments	1,817	1,417	376	266
Security deposits and other current assets	3,574	1,894	259	259
	5,391	**3,311**	**635**	**525**

Note 12: Investments Accounted for using the Equity Method

	Consolidated Entity		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$000	**$000**	**$000**	**$000**
Unlisted investment, at cost				
Associated company	332	328	332	328
	332	**328**	**332**	**328**

Interests are held in the following associated company

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2008 %	Ownership Interest 2007 %	Carry amount of Investment 2008 $000	Carry amount of Investment 2007 $000
Unlisted:							
TalentPro Global Limited	Investment Holding	British Virgin Island	Ordinary	32	32	332	328

[1] During the 15 months ended June 2008, being the relevant period since the Consolidated Entity's initial investment in the associated company, this associated company produced a small after tax profit of less than a thousand dollars.

		Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
	Movements During the Year in Equity Accounted Investment in Associated Companies				
	Balance at beginning of the financial year	328	-	328	-
Add:	New investments during the year	4	328	4	328
	Share of associated company's profit after income tax[1]	-	-	-	-
	Balance at end of the financial year	**332**	**328**	**332**	**328**

Note 13: Financial Assets

	Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Unlisted investments, at cost				
Shares in controlled entities	-	-	49,785	49,053
	-	**-**	**49,785**	**49,053**

13a. Controlled Entities

	Country of Incorporation	Percentage Owned 2008	2007
Parent Entity:			
Talent2 International Limited	Australia		
Controlled Entities:			
Talent2 Works Pty Ltd	Australia	100%	100%
Talent2 Holdings Limited	Hong Kong	100%	100%
Talent2 Works Limited	Hong Kong	100%	100%
TWO Talent2 Malaysia Sdn Bhd	Malaysia	100%	100%
Talent2 Pty Limited	Australia	100%	100%
T2 Pty Ltd	Australia	100%	100%
Talent2 Limited	Hong Kong	100%	100%
Wall Street Associates Limited	Hong Kong	100%	100%
Wall Street Associates Outsourcing Limited	Hong Kong	100%	100%
Talent Partners Pty Ltd	Australia	100%	100%
Talent2 Consult Pty Ltd	Australia	100%	100%
Talent2 Hong Kong Limited	Hong Kong	100%	100%
Talent-Pro Limited	Hong Kong	100%	100%
Paper Shuffle Pty Ltd	Australia	100%	100%
Talent2 Macau Limited	Macau	99%	99%
Talent2 Shanghai Co Ltd	China	70%	70%
Talent Partners in the Gulf Limited	British Virgin Islands	100%	-
Talent Partners (Dubai) LLC	United Arab Emirates	100%	-
Intersearch Bahrain Consulting WLL	Kingdom of Bahrain	100%	-
Agensi Perkerjaan Talent2 International Sdn Bhd	Malaysia	100%	100%
Talent2 Singapore Pte Ltd	Singapore	90%	90%
Talent 2 NZ Limited	New Zealand	100%	100%
Stonyer & Associates Limited	New Zealand	100%	100%
Duncan & Ryan Associates Limited	New Zealand	100%	-
Duncan & Ryan Associates (Auckland) Limited	New Zealand	100%	-
NPS International Pty Ltd	Australia	100%	100%
NPS Holdings Pty Ltd	Australia	100%	100%
National Payroll Systems Pty Ltd	Australia	100%	100%
Inter City Computer Services Pty Ltd	Australia	100%	100%
Business Micros Queensland Pty Ltd	Australia	100%	100%
T2 Optimise Pty Ltd1	Australia	100%	100%
(formerly known as BizEd Services Pty Ltd)			
Australia	100%	100%	
UK	100%	100%	
Talent2 Japan KK	Japan	100%	100%
T2 Tokyo KK	Japan	51%	-
TOG Japan Inc KK	Japan	70%	-
TOGJ Consulting Inc	Japan	70%	-
Talent2 Corporation	USA	100%	100%
Talent2 UK Limited	UK	100%	100%
Australasian Talent Company Limited	UK	100%	100%
Talent2 UK Executive Limited	UK	100%	100%
Talent2 India HR Private Limited	India	99%	-

1 The company changed its name on 10 July 2008.

Note 14: Plant and Equipment

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
Plant and Equipment:				
At cost	11,319	8,848	-	-
Accumulated depreciation	(7,449)	(6,102)	-	-
	3,870	**2,746**	**-**	**-**
Leasehold improvements:				
At cost	6,748	4,150	-	-
Accumulated amortisation	(2,906)	(1,711)	-	-
	3,842	**2,439**		**-**
Leased plant and equipment:				
Capitalised leased assets	1,584	1,412	-	-
Accumulated depreciation	(1,076)	(807)	-	-
	508	605	-	-
Total plant and equipment	**8,220**	**5,790**	**-**	**-**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements $000	Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Balance at 1 July 2006	**1,604**	**2,476**	**920**	**5,000**
Additions	1,660	1,404	-	3,064
Disposals	(34)	(77)	-	(111)
Additions through acquisition of entities	-	33	-	33
Asset reclassification	37	(37)	-	-
Depreciation/amortisation charge for the year	(817)	(1,052)	(315)	(2,184)
Foreign exchange movement	(11)	(1)	-	(12)
Balance at 30 June 2007	**2,439**	**2,746**	**605**	**5,790**
Additions	2,607	2,182	172	4,961
Disposals	(12)	(21)	-	(33)
Additions through acquisition of entities	30	258	-	288
Depreciation/amortisation charge for the year	(1,211)	(1,236)	(269)	(2,716)
Foreign exchange movement	(11)	(59)	-	(70)
Balance at 30 June 2008	**3,842**	**3,870**	**508**	**8,220**

Note 15: Taxation

		Consolidated Entity 2008 $000	Consolidated Entity 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
(a)	Assets				
	NON - CURRENT				
	Deferred tax assets comprise:				
	Future income tax benefits attributable to tax losses	582	2,681	122	2,375
	Temporary differences	2,722	1,177	2,611	-
	Total	**3,304**	**3,858**	**2,733**	**2,375**
(b)	Liabilities				
	CURRENT				
	Income Tax	3,471	1,702	2,962	-
(c)	Reconciliations				
	Gross Movements				

The overall movement in the deferred tax account is as follows:

	Opening Balance $000	Charged to Income $000	Business Acquisition $000	Other $000	Closing Balance $000
Consolidated Entity					
Plant & equipment - tax allowances	14	417	-	-	431
Acquired intangible assets	(1,367)	(609)	-	-	(1,976)
Future income tax benefit attributable to tax losses	2,681	(2,156)	56	-	581
Employment expenses	1,960	422	-	-	2,382
Unrealised Foreign Exchange	-	44	-	-	44
Provisions and Accruals	459	1,223	-	-	1,682
Other	111	49	-	-	160
Balance 30 June 2008	**3,858**	**(610)**	**56**	**-**	**3,304**
Plant & equipment - tax allowances	14	-	-	-	14
Acquired intangible assets	1,330	(2,697)	-	-	(1,367)
Future income tax benefit attributable to tax losses	2,392	289	-	-	2,681
Employment expenses	1,504	381	75	-	1,960
Provisions and Accruals	-	459	-	-	459
Other	329	(234)	16	-	111
Balance 30 June 2007	**5,569**	**(1,802)**	**91**	**-**	**3,858**
Parent Entity					
Future income tax benefit attributable to tax losses	1,885	(1,838)	-	75	122
Employment expenses	76	335	-	-	411
Other	414	782	-	(1,096)	100
Balance 30 June 2008	**2,375**	**(721)**		**(1,021)**	**633**
Future income tax benefit attributable to tax losses	2,392	(507)	-	-	1,885
Employment expenses	-	76	-	-	76
Other	-	414	-	-	414
Balance 30 June 2007	**2,392**	**(17)**	**-**	**-**	**2,375**

The Consolidated Entity has recognised all tax losses incurred as a future income tax benefit on the basis that the Consolidated Entity is projecting taxable profits to be derived in the jurisdiction where the loss was incurred in the preceding financial year. Should at anytime the Consolidated Entity judge that it will not fully utilise these losses they will be derecognised.

Note 16: Intangible Assets

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
Goodwill	46,048	34,369	-	-
Acquired software intellectual property				
Cost	21,304	21,304	-	-
Accumulated amortisation and impairment	(7,112)	(4,400)	-	-
Net carrying value	**14,192**	**16,904**	**-**	**-**
Acquired candidate databases				
Cost	5,404	4,084	-	-
Accumulated amortisation and impairment	(2,890)	(1,942)	-	-
Net carrying value	**2,514**	**2,142**	**-**	**-**
Other – at cost	18	18	-	-
Total intangibles	**62,772**	**53,433**	**-**	**-**

Consolidated Entity:				
Year ended 30 June 2008				
Balance at the beginning of year	34,369	16,904	2,142	18
Acquisitions through business combinations	11,679	-	1,320	-
Amortisation charge	-	(2,712)	(948)	-
Closing carrying value at 30 June 2008	**46,048**	**14,192**	**2,514**	**18**
Year ended 30 June 2007				
Balance at the beginning of year	23,767	15,199	2,896	17
Acquisitions through business combinations	10,602	4,000	57	1
Amortisation charge	-	(2,295)	(811)	-
Closing carrying value at 30 June 2007	**34,369**	**16,904**	**2,142**	**18**

Intangible assets, other than goodwill, have finite useful lives. Goodwill has an infinite life.

Impairment Disclosures

Goodwill is allocated to cash-generating units which are based on the group's reporting segments as follows:

	Consolidated Entity	
	2008	2007
	$000	$000
Managed Services	13,717	10,419
Recruitment Services	26,529	19,067
Technology Services	5,802	4,883
Total	**46,048**	**34,369**

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond one year extrapolated using an estimated growth rate. The cash flows are discounted using the yield of 5 year government bonds at the beginning of the budget period.

The following assumptions were used in the value-in-use calculations in respect of each segment:

	Growth Rate	Discount Rate
Managed Services	5% - 10%	11.7% - 12.9%
Recruitment Services	5% - 10%	11.7% - 12.9%
Technology Services	5%	11.7% - 12.9%

Management has based the value-in-use calculations on estimates for each reporting segment. Medium to long term estimates use weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Note 17: Trade and Other Payables

	Consolidated Entity		Parent Entity	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Trade payables	16,250	13,523	1,176	265
Employment expenses payable	15,116	13,372	1,265	30
	31,366	**26,895**	**2,441**	**295**

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Refer to note 30 (c) for exposures to foreign currency risk relating to trade and other payables.

Note 18: Unearned Income

	Consolidated Entity		Parent Entity	
	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT				
Unearned income	5,020	4,518	-	-
	5,020	**4,518**	**-**	**-**

Note 19: Borrowings

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
CURRENT:				
Bank loans	265	-	-	-
Finance lease liabilities secured by the assets leased	335	283	-	-
	600	**283**	**-**	**-**
NON-CURRENT:				
Bank loans	12,216	3,072	2,174	-
Finance lease liabilities secured by the assets leased	-	248	-	-
	12,216	**3,320**	**2,174**	**-**

The bank loans are secured by a charge over all assets of the subsidiaries guaranteed by the parent entity.

The loan covenants within the bank borrowings require the total interest cover to exceed 3 and the leverage multiple cannot be less than 2.5. There have been no breaches of loan covenants during the year.

Note 20: Provisions

Consolidated Entity

	Employee Entitlements	Operating Lease Costs	Other	Total
	$000	$000	$000	$000
Opening balance at 1 July 2007	4,005	323	411	4,739
Additions through acquisition of entities	94	-	-	94
Additional provisions	1,180	33	146	1,359
Amounts used	(604)	(35)	(372)	(1,011)
Foreign exchange movements	(15)	(5)	(5)	(25)
Balance at 30 June 2008	**4,660**	**316**	**180**	**5,156**

Analysis of Total Provisions

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Current	4,773	4,140	79	92
Non-current	383	599	18	-
	5,156	**4,739**	**97**	**92**

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 21: Issued Capital

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
123,091,072 (2007: 120,262,691) fully paid ordinary shares	81,360	77,069	81,360	77,069
	81,360	**77,069**	**81,360**	**77,069**

The changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

		2008	2007
(a)	Ordinary Shares	No.	No.
	At the beginning of reporting period	120,262,691	117,442,466
	Shares issued during the year		
	2 May 2007	-	1,864,311
	21 December 2007	860,852	-
	14 March 2008	463,162	-
	16 June 2008	270,991	-
	Share options exercised during year	1,233,376	955,914
	At reporting date	**123,091,072**	**120,262,691**

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

(i) For information relating to The Company employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 27.

(ii) For information relating to share options issued to executive directors and other key management personnel during the financial year, refer to remuneration report in pages 8 to 26 of the Directors' report.

(c) Capital management

When managing capital, management's objectives are to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the group.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity has various loan covenants imposed on it by its financiers as discussed in note 30 (ii).

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 20% and 30%. The gearing ratios for the year ended 30 June 2008 and 30 June 2007 are as follows:

	Notes	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		$000	$000	$000	$000
Total borrowings	**17, 19**	**44,182**	**30,498**	**4,615**	**295**
Less: cash and cash equivalents	9	(17,600)	(12,917)	(77)	(1,725)
Net debt/(assets)		26,582	17,581	4,538	(1,430)
Total equity		**76,717**	**66,440**	**90,139**	**79,114**
Total capital		**103,299**	**84,021**	**94,677**	**77,684**
Gearing ratio		26%	21%	5%	-

Note 22: Reserves

The Statement of Changes in Equity includes the following reserves:

(a) Capital Profits Reserve

The capital profits reserve records non-taxable profits on sale of investments.

(b) Equity Incentive Plans

The equity incentive plans reserve records items recognised as expenses on valuation of employee share options, performance rights and the elimination of employee long term incentive shares not yet vested.

(c) Dividend Distribution Reserve

The dividend distribution reserve records funds set aside for distribution by way of future period dividends by the parent entity from current year earnings.

(d) Foreign Exchange Movement Reserve

The foreign exchange movement reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Note 23: Capital and Leasing Commitments

		Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		$000	$000	$000	$000
(a)	Finance Lease Commitments				
	Payable — minimum lease payments				
	not later than 1 year	342	318	-	-
	after 1 year but not more than 5 years	-	256	-	-
	Minimum lease payments	342	574	-	-
	Less future finance charges	(7)	(43)	-	-
	Present value of minimum leave payments	**335**	**531**	**-**	**-**
(b)	Operating Lease Commitments				
	Non-cancellable operating leases contracted for but not capitalised in the financial statements				
	Payable — minimum lease payments				
	not later than 1 year	8,975	6,799	-	-
	after 1 year but not more than 5 years	20,189	9,728	-	-
	after more than 5 years	873	-	-	-
		30,037	**16,527**	**-**	**-**

During the year, the consolidated entity has renewed an equipment lease for another 5 years expiring in 2013 with no purchase options at the end of the lease term.

Note 24: Contingent Liabilities

The directors believe there are no Contingent Liabilities at the reporting date.

Note 25: Segment Reporting

Business and Geographical Segments

Business segments

The Consolidated Entity has the following three business segments:

Managed Services division provides recurring Human Resource Outsourcing services (HRO) including talent acquisition management services, payroll and human resource administration services, elearning and training management services, plus software Application Service Provider (ASP) services.

Recruitment Services division includes executive recruitment, executive search and specialised human resource consulting services.

Technology Services division includes the licence sale, support and implementation services for human resource and payroll software.

Geographical segments

The Consolidated Entity's business segments are located in many countries within Asia Pacific, Europe, Middle East and Africa (EMEA) and USA.

The most significant country of operation is Australia.

Primary Reporting — Business Segments

	Managed Services		Recruitment Services		Technology Services		Unallocated Interest		Eliminations		Consolidated Entity	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
SALES REVENUE												
External sales	74,758	42,758	135,062	93,113	19,068	17,128	416	426	-	-	229,304	153,425
Other segments	222	454	1,136	854	754	245	-	-	(2,112)	(1,553)	-	-
	74,980	43,212	136,198	93,967	19,822	17,373	416	426	(2,112)	(1,553)	229,304	153,425
COST OF RENDERING OF SERVICES												
External sales	(33,401)	(18,928)	(52,567)	(34,723)	(586)	(1,824)	-	-	-	-	(86,554)	(55,475)
Other segments	(1,218)	(540)	(125)	(155)	-	(130)	-	-	1,343	825	-	-
GROSS PROFIT	**40,361**	**23,744**	**83,506**	**59,089**	**19,236**	**15,419**	**416**	**426**	**(769)**	**(728)**	**142,750**	**97,950**
EBITDA	**6,924**	**3,029**	**10,828**	**9,849**	**2,522**	**2,787**	**-**	**-**	**-**	**-**	**20,274**	**15,665**
Depreciation and amortisation	(4,182)	(3,443)	(2,248)	(1,815)	(658)	(822)	-	-	-	-	(7,088)	(6,080)
EBIT	**2,742**	**(414)**	**8,580**	**8,034**	**1,864**	**1,965**	**-**	**-**	**-**	**-**	**13,186**	**9,585**
Net interest income/(expense)											(57)	246
Profit before income tax											13,129	9,831
Income tax expense											(3,828)	(3,067)
Profit for the year											9,301	6,764
Net profit attributable to minority equity interest											(26)	-
Profit attributable to members of the parent entity											9,275	6,764
ASSETS												
Segment assets	48,092	42,074	71,968	52,733	14,486	13,090	-	-	-	-	134,546	107,897
LIABILITIES												
Segment liabilities	14,651	12,124	36,938	22,035	6,240	7,298	-	-	-	-	57,829	41,457
OTHER												
Investments accounted for using the equity method	332	328	-	-	-	-	-	-	-	-	332	328
Acquisitions of non-current segment assets	1,828	1,119	2,898	1,584	235	361	-	-	-	-	4,961	3,064

Secondary Reporting — Geographical Segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Geographical location:						
Australia and New Zealand	177,313	130,447	93,049	88,100	2,791	2,010
Asia	32,091	18,016	26,715	15,127	1,835	907
EMEA	19,668	4,929	14,533	4,668	335	145
Other locations	232	33	249	2	-	2
	229,304	**153,425**	**134,546**	**107,897**	**4,961**	**3,064**

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangibles and plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated entity at discounted arm's length. These transfers are eliminated on consolidation.

Note 26: Cash Flow Information

	Consolidated Entity		Parent Entity	
	2008 $000	2007 $000	2008 $000	2007 $000
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit after income tax	9,301	6,764	8,904	4,336
Non-cash flows in profit:				
Employee share option plans and performance rights expensed to equity	2,227	673	2,227	673
Depreciation of plant and equipment	2,716	2,184	-	-
Amortisation of acquired intangible assets	3,662	3,106	-	-
Net loss on disposal of plant and equipment	13	-	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
Decrease/(increase) in trade and other receivables	(5,348)	(9,048)	(17,173)	(832)
Decrease/(increase) in other current assets	(1,442)	(1,177)	(286)	(345)
Decrease/(increase) in deferred assets	555	1,802	1,760	17
Increase/(decrease) in trade and other payables	(1,474)	9,571	1,309	(12)

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
Increase/(decrease) in unearned income	(2)	(349)	-	-
Increase/(decrease) in income taxes payable	1,281	1,335	2,796	-
Increase/(decrease) in other liabilities	601	(1,367)	-	-
Increase/(decrease) in provisions	(239)	(239)	5	92
Cash flow from/(used in) operations	**11,851**	**13,255**	**(458)**	**3,929**

(b) Acquisition of Entities

During the year the Consolidated Entity acquired 70% of the TOG Group, a payroll services provider in Japan. The purchase was satisfied by a cash payment of $3,857,000, which includes $299,000 of transaction costs. The effective date of the acquisition was 1 November 2007. The remaining 30% interest of the TOG Group will be acquired in 3 instalments with the final instalment payable in September 2011. The additional purchase consideration for these instalments is based upon an agreed multiple of future earnings.

With an effective date of 1 October 2007, the Consolidated Entity acquired 100% of the Intersearch UAE Group, one of the largest executive search and human capital organisations in the Middle East. The purchase was satisfied by a cash payment of $2,566,000 plus the issue of 860,852 ordinary shares at an effective price of $2.82 each. The purchase consideration includes $64,000 of transaction costs.

The acquisition of Intersearch UAE Group is subject to future earn-out provisions. The first earn-out payment is payable in respect of the financial year ending 30 June 2008 and was estimated as at 31 December 2007 at $1,000,000. This amount is no longer probable and accordingly, no longer recognised in the accounts in accordance with the requirements of AASB 3. The second and final instalment is based upon an earn-out calculation in respect of the year ended 30 June 2009 and is currently estimated at $2,000,000. This amount has been recognised in the accounts as the directors consider it as probable in accordance with AASB 3.

Effective 1 February 2008, the Consolidated Entity acquired a 100% interest in the New Zealand based Duncan Ryan & Associates Group. Duncan Ryan & Associates are a leading Wellington based IT&T recruitment and contracting specialist. The purchase was initially satisfied by a cash payment of $1,087,000 and issue of 463,162 ordinary shares at an effective price of $1.59. A further earn-out payment was made, with a cash payment of $400,000 and issue of 270,991 ordinary shares at an effective price of $1.36 in June 2008. The purchase consideration includes $94,000 of transaction costs. No further consideration is payable.

An estimated earn-out payment of $835,000 is payable in respect of the financial year ending 30 June 2008 for an entity which was acquired in prior year. This amount has been recognised in the accounts as the directors consider it as probable in accordance with AASB 3.

	Consolidated Entity 30 June					Parent Entity
	D&R 2008 $000	UAE 2008 $000	TOG 2008 $000	Other 2008 $000	Total 2008 $000	Total 2008 $000
The purchase price was allocated as follows:						
Purchase consideration	2,592	6,994	3,857	739	14,182	-
Cash consideration	1,487	2,566	3,857	(96)	7,814	-
Cash acquired at acquisition date	(384)	(7)	(908)	-	(1,299)	-
Cash outflow	1,103	2,559	2,949	(96)	6,515	-
Assets and liabilities acquired at acquisition date:						
Cash	384	7	908	-	1,299	-
Receivables	1,581	959	1,238	-	3,778	-
Other current assets	3	114	706	-	823	-
Plant & equipment	93	165	30	-	288	-
Tax liabilities	(135)	-	(311)	-	(446)	-
Payables & accruals	(2,184)	(486)	(230)	-	(2,900)	-
Short-term borrowings	-	-	(257)	-	(257)	-
Unearned income	-	-	(504)	-	(504)	-
Other non-current liabilities	-	-	(9)	-	(9)	-
Long-term borrowings	-	-	(1,030)	-	(1,030)	-
	(258)	759	541	-	1,042	-
Minority equity interests in acquisitions	-	-	(162)	-	(162)	-
Value attributable to identifiable intangible assets	977	350	-	-	1,327	
Goodwill on consolidation	1,873	5,885	3,478	739	11,975	-
Total purchase consideration	**2,592**	**6,994**	**3,857**	**739**	**14,182**	**-**
Profit for the period (attributable to members of the parent entity) included in consolidated profit of the group since the acquisition date.	262	402	159	-	823	-

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value at acquisition date.

Goodwill has arisen on acquisition of the businesses because of future business synergies that did not meet the criteria for recognition as a separately identifiable intangible asset at the date of acquisition.

Had the results of these acquisitions been consolidated from 1 July 2007, total consolidated revenue would have been $232,794,000 and total consolidated profit after taxation would have been $9,984,000 for the year ended 30 June 2008.

(c) Non-Cash Financing Activities

During the year the Consolidated Entity acquired plant and equipment with an aggregate value of $171,000 (2007: nil) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

Note 27: Share-based Payments – non-quoted options

	Balance 01/07/07	Issued	Exercised	Expiry/ Cancellations	Balance 30/06/08	Vested	Non Vested	Exercise Price	Expiry
Parcel J (Director Conditional Option Plan)	440,000	-	330,000	110,000	-	-	-	19.5c	30/06/08
Parcel K (Director Conditional Option Plan)	80,000	-	60,000	20,000	-	-	-	34.5c	30/06/08
Parcel L (Director Conditional Option Plan)	75,000	-	56,250	18,750	-	-	-	32.0c	30/06/08
Parcel M (Employee Share Option Plan)	416,500	-	352,000	64,500	-	-	-	42.0c	12/06/08
Parcel N (Employee Share Option Plan)	135,000	-	-	-	135,000	135,000	-	102.0c	06/05/09
Parcel O (Employee Share Option Plan)	945,500	-	142,750	42,500	760,250	760,250	-	97.0c	01/07/09
Parcel Q (Employee Share Option Plan)	24,000	-	11,250	-	12,750	6,750	6,000	132.0c	05/08/09
Parcel R (Employee Share Option Plan)	105,000	-	32,500	-	72,500	40,000	32,500	137.0c	16/02/10
Parcel S (Employee Share Option Plan)	1,420,356	-	116,126	49,075	1,255,155	902,905	352,250	119.0c	24/06/10
Parcel T (Employee Share Option Plan)	51,000	-	6,250	-	44,750	19,250	25,500	105.0c	31/01/11
Parcel U (Employee Share Option Plan)	42,000	-	1,750	5,250	35,000	17,500	17,500	115.0c	15/06/11
Parcel V (Employee Share Option Plan)	1,277,000	-	79,500	104,500	1,093,000	232,150	860,850	134.0c	17/07/11
Parcel W (Employee Share Option Plan)	70,000	-	5,000	-	65,000	12,500	52,500	157.0c	25/10/11
Parcel X (Director Conditional Option Plan)	2,480,000	-	40,000	440,000	2,000,000	100,000	1,900,000	157.0c	30/06/12
Parcel Y (Employee Share Option Plan)	63,000	-	-	3,000	60,000	-	60,000	188.0c	07/02/12
Parcel Z (Employee Share Option Plan)	37,000	-	-	-	37,000	-	37,000	264.0c	16/05/12
Parcel A (Employee Share Option Plan)	-	1,393,500	-	94,500	1,299,000	-	1,299,000	301.0c	8/08/12
Parcel B (Employee Share Option Plan)	-	800,000	-	-	800,000	-	800,000	293.0c	10/09/12
Parcel C (Employee Share Option Plan)	-	58,000	-	15,000	43,000	-	43,000	297.0c	5/12/12
Parcel D (Employee Share Option Plan)	-	152,000	-	-	152,000	-	152,000	225.0c	20/02/13
Parcel E (Employee Share Option Plan)	-	60,000	-	-	60,000	-	60,000	178.0c	23/04/13
Total	**7,661,356**	**2,463,500**	**1,233,376**	**967,075**	**7,924,405**	**2,226,305**	**5,698,100**		
Percentage of ordinary shares at the end of the Financial Year					6.4%	1.8%	4.6%		

	Consolidated Entity			
	2008		2007	
	Number of Options	Share Exercise Price $	Number of Options	Share Exercise Price $
Outstanding at the beginning of the year	7,661,356	1.209	5,105,850	0.834
Granted	2,463,500	2.906	4,029,000	1.503
Forfeited	(967,075)	1.450	(517,580)	0.622
Exercised	(1,233,376)	0.420	(955,914)	0.603
Outstanding at year-end	**7,924,405**	**1.834**	**7,661,356**	**1.209**
Exercisable at year-end	**2,226,305**	**0.747**	**1,646,175**	**0.937**

	Parent Entity			
	2008		2007	
	Number of Options	Share Exercise Price $	Number of Options	Share Exercise Price $
Outstanding at the beginning of the year	7,661,356	1.209	5,105,850	0.834
Granted	2,463,500	2.906	4,029,000	1.503
Forfeited	(967,075)	1.450	(517,580)	0.622
Exercised	(1,233,376)	0.420	(955,914)	0.603
Outstanding at year-end	**7,924,405**	**1.834**	**7,661,356**	**1.209**
Exercisable at year-end	**2,226,305**	**0.747**	**1,646,175**	**0.937**

There were 1,233,376 options exercised during the year ended 30 June 2008. These options had a weighted average share price of $ 0.42 at exercise date.

The options outstanding at 30 June 2008 had a weighted average exercise price of $1.834 and a weighted average remaining contractual life of 3.3 years. Exercise prices range from $0.97 to $3.010 in respect of options outstanding at 30 June 2008.

The weighted average fair value of the options granted during the year was $1.159.

This price was calculated by using a binomial option pricing model applying the following inputs:

Weighted average exercise price	$2.906
Weighted average life of the option	5.06 years
Weighted underlying share price	$2.91
Weighted expected share price volatility	38.27%
Weighted risk free interest rate	6.24%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement relating to employee share options is $1,008,000 (2007: $673,000) and relates, in full, to the value of employee share option payments at their grant date.

	Balance 01/07/07	Issued	Exercised	Expiry/ Cancellations	Balance 30/06/08	Vested	Non Vested	Exercise Price	Expiry
Performance Rights	-	3,023,546	-	18,897	3,004,649	-	3,004,649	-	01/08/12
Total	**-**	**3,023,546**	**-**	**18,897**	**3,004,649**	**-**	**3,004,649**	**-**	
Percentage of ordinary shares at the end of the Financial Year					2.4%	-	2.4%	-	

Note 28: Events After the Balance Sheet Date

Subsequent to the year end, the Company declared and paid a final dividend in relation to the year ended 30 June 2008 of 4.5 cents per ordinary share. This final 90% franked dividend was declared on 13 August 2008 and paid on 10 September 2008 amounting to $5.6 million. It has not been accrued in these financial statements.

Subsequent to balance sheet date, the Company acquired 10% minority shareholding in Talent2 Singapore Pte Ltd for the amount of $1,617,350. The purchase was settled via a cash payment of $687,580 and the issue of 863,667 shares at $1.07.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significant affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

The financial report was authorised for issue on 12 September 2008 by the Board of Directors.

Note 29: Related Party Transactions

(a) Equity Interests in related parties

Equity Interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 12 to the financial statements.

(b) Key Management Personnel Remuneration and Retirement Benefits

Details of Directors' and other Key Management Personnel remuneration are disclosed in the Remuneration Report section of the Directors' Report, and in note 5 to the financial statements.

(c) Key Management Personnel Equity Holdings

Details of Directors' and other Key Management Personnel Equity Holdings are disclosed in note 5 to the financial statements.

(d) Other Transactions with Key Management Personnel The operating profit before income tax includes the following items of revenue and expense that resulted from transactions with Directors or their director-related entities:

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
Revenue:				
Recruitment Services	10	16	-	-
Consulting Services	-	7	-	-
Other Revenue	12	23	2,234	4,100
Expense:				
Professional Services	66	65	-	-

During the financial year, the consolidated entity provided recruitment services to LinkMe Pty Ltd ("LinkMe", an entity associated with Geoff Morgan) and Value Enhancement Management Pty Ltd ("VEM", an entity associated with Mary Beth Bauer, Andrew Banks and Geoff Morgan) totalling $Nil (2007: $4,000) and $10,000 (2007: $12,000) respectively. During the financial year, the consolidated entity provided consulting services and office accommodation services to Value Enhancement Management Pty Ltd totalling $Nil (2007: $7,000) and

$12,000 (2007: $23,000) respectively. At year end, no amount is receivable from LinkMe (2007: Nil) and an amount of $1,650 (2007: Nil) is receivable from VEM respectively. All these services were provided on negotiated commercial terms.

During the financial year, LinkMe provided professional services to entities within the group totalling.

$30,000 (2007: $31,000). During the financial year, VEM Ltd provided professional services to entities within the group totalling $66,000 (20076: $34,000). At year end, the amount payable to LinkMe and VEM is $Nil (2007: $9,350) and $17,070 (2007: $6,610) respectively. All these services were provided on negotiated commercial terms.

(e) Transactions within the Wholly-Owned Group

The wholly-owned group includes:

- The ultimate parent entity in the wholly-owned group;
- Wholly-owned controlled entities; and
- Other entities in the wholly-owned group.

The ultimate parent entity in the wholly-owned group is Talent2 International Limited.

No interest expense, provisions for doubtful receivables and write-downs of receivables in respect of transactions with entities in the wholly-owned group was incurred.

Amounts receivable from entities in the wholly-owned group are disclosed in note 10.

During the financial year Talent2 International Limited received dividends of $14,561,000 (2007: $4,960,000) from entities in the wholly-owned group.

During the financial year, Talent2 Pty Limited provided recruitment services to Talent2 Works Pty Ltd, and Talent2 Works Pty Ltd provided technology services to Talent2 Pty Limited. In addition various administrative functions are shared between entities within the wholly-owned group. All such transactions occur within the Australian operations and are undertaken on an at cost basis.

Other transactions that occurred during the financial year between entities in the wholly-owned group were the advancement of interest-free loans.

Note 30: Financial Risk Management

(a) Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

(i) Treasury Risk Management

A finance committee consisting of senior executives of the group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the Consolidated Entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

(ii) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Liquidity risk

The group has to meet certain loan covenants over the debts drawn under the banking facilities. There are no breaches of loan covenants during the year.

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. At 30 June 2008 the group has unutilised borrowing facilities from bank totalling $2.9 million (2007: Nil).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Consolidated Entity.

(b) Interest Rate Risk

(i) Interest Rates Sensitivity Analysis

At 30 June 2008, if interest rates had changed by -/+1% from the year end rates, with all other variables held constant, both net profit for the year and equity for the group would have been $29,000 higher/$15,000 lower (2007: $113,000 lower/$113,000 higher).

For the parent entity, if interest rates had changed by -/+1% from the year end rates, with all other variables held constant, both net profit for the year and equity would have been $21,000 higher/$21,000 lower (2007: $17,000 lower/$17,000 higher).

	Consolidated Entity		**Parent Entity**	
	2008	**2007**	**2008**	**2007**
	$000	**$000**	**$000**	**$000**
Change in profit				
- Interest rate increase 1%	(15)	113	(21)	17
- Interest rate decrease 1%	29	(113)	21	(17)
Change in equity				
- Interest rate increase 1%	(15)	113	(21)	17
- Interest rate decrease 1%	29	(113)	21	(17)

(ii) Interest Rate Risk Exposure

(b) The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate				Fixed Interest Rate Maturing				Non-Interest Bearing		Total	
Consolidated Entity			Within 1 Year		1 -5 Years		Within 1 Year		1 -5 Years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets:														
Cash	2.8	3.7	17,600	12,917	-	-	-	-	-	-	-	-	17,600	12,917
Receivables	-	-	-	-	-	-	-	-	-	-	36,927	28,260	36,927	28,260
Total Financial Assets			**17,600**	**12,917**	**-**	**-**	**-**	**-**	**-**	**-**	**36,927**	**28,260**	**54,527**	**41,177**
Financial Liabilities:														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	31,366	26,895	31,366	26,895
Bank loan	4.6	6.1	265	-	12,216	3,072	-	-	-	-	-	-	12,481	3,072
Lease liabilities	8.2	9.6	-	-	-	-	335	283	-	248	-	-	335	531
Total Financial Liabilities			265	-	12,216	3,072	335	283	-	248	31,366	26,895	44,182	30,498
Total Financial Assets /(Liabilities)			**17,335**	**12,917**	**(12,216)**	**(3,072)**	**(335)**	**(283)**	**-**	**(248)**	**5,561**	**1,365**	**10,345**	**10,679**
Parent Entity														
Financial Assets:														
Cash	2.3	5.3	77	1,725	-	-	-	-	-	-	-	-	77	1,725
Receivables	-	-	-	-	-	-	-	-	-	-	46,251	25,495	44,251	25,495
Total Financial Assets			**77**	**1,725**	**-**	**-**	**-**	**-**	**-**	**-**	**46,251**	**25,495**	**44,328**	**27,220**
Financial Liabilities:														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	2,441	295	2,441	295
Bank loan	5.7	-	-	-	2,174	-	-	-	-	-	-	-	2,174	-
Total Financial Liabilities			-	-	2,174	-	-	-	-	-	2,441	295	4,615	295
Total Financial Assets /(Liabilities)			**77**	**1,725**	**(2,174)**	**-**	**-**	**-**	**-**	**-**	**41,810**	**25,200**	**39,713**	**26,925**

(c) Foreign Currency Risk

(i) Foreign Currency Risk Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the various major currencies, with all other variables remaining constant is as follows:

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$000	$000	$000	$000
Change in profit				
- Improvement in AUD to USD by 5%	108	(4)	(114)	-
- Decline in AUD to USD by 5%	(98)	(3)	104	-
- Improvement in AUD to HKD by 5%	70	37	-	-
- Decline in AUD to HKD by 5%	(63)	(87)	-	-
- Improvement in AUD to YEN by 5%	223	(72)	-	-
- Decline in AUD to YEN by 5%	(202)	(77)	-	-
- Improvement in AUD to SGD by 5%	149	661	-	-
- Decline in AUD to SGD by 5%	(135)	524	-	-
- Improvement in AUD to GBP by 5%	219	(303)	-	-
- Decline in AUD to GBP by 5%	(123)	(638)	-	-
Change in equity				
- Improvement in AUD to USD by 5%	108	(4)	(114)	-
- Decline in AUD to USD by 5%	(98)	(3)	104	-
- Improvement in AUD to HKD by 5%	70	37	-	-
- Decline in AUD to HKD by 5%	(63)	(87)	-	-
- Improvement in AUD to YEN by 5%	223	(72)	-	-
- Decline in AUD to YEN by 5%	(202)	(77)	-	-
- Improvement in AUD to SGD by 5%	149	661	-	-
- Decline in AUD to SGD by 5%	(135)	524	-	-
- Improvement in AUD to GBP by 5%	219	(303)	-	-
- Decline in AUD to GBP by 5%	(123)	(638)	-	-

(ii) Foreign Currency Risk Exposure

The carrying amounts of the Group's and parent entity's financial instruments are denominated in the following currencies (Australian dollar equivalent amounts):

Consolidated Entity	**2008 AUD $000**	**2008 NZD $000**	**2008 HKD $000**	**2008 YEN $000**	**2008 SGD $000**	**2008 USD $000**	**2008 GBP $000**	**2008 Others $000**	**2008 TOTAL $000**
Cash	11,090	733	1,100	875	1,881	89	340	1,492	17,600
Trade and other receivables	23,906	2,497	1,590	1,758	2,942	27	2,270	1,937	36,927
Trade and other payables	(20,207)	(2,691)	(1,368)	(717)	(1,988)	8	(1,833)	(2,570)	(31,366)
Borrowings	(335)	-	-	(6,154)	-	(2,174)	(4,154)	1	(12,816)
	14,454	**539**	**1,322**	**(4,238)**	**2,835**	**(2,050)**	**(3,377)**	**860**	**10,345**

Consolidated Entity	2007 AUD $000	2007 NZD $000	2007 HKD $000	2007 YEN $000	2007 SGD $000	2007 USD $000	2007 GBP $000	2007 Others $000	2007 TOTAL $000
Cash	11,241	661	678	45	791	1	(744)	244	12,917
Trade and other receivables	21,765	447	1,686	1,511	26	-	-	2,825	28,260
Trade and other payables	(22,136)	(586)	(1,101)	(1,435)	(39)	-	-	(1,598)	(26,895)
Borrowings	(527)	(4)	-	-	-	-	(3,072)	-	(3,603)
	10,343	**518**	**1,263**	**121**	**778**	**1**	**(3,816)**	**1,471**	**10,679**

Parent Entity	**2008 AUD $000**	**2008 NZD $000**	**2008 HKD $000**	**2008 YEN $000**	**2008 SGD $000**	**2008 USD $000**	**2008 GBP $000**	**2008 Others $000**	**2008 TOTAL $000**
Cash	77	-	-	-	-	-	-	-	77
Trade and other receivables	46,351	-	-	-	-	-	-	-	46,351
Trade and other payables	(2,441)	-	-	-	-	-	-	-	(2,441)
Borrowings	-	-	-	-	-	(2,174)	-	-	(2,174)
	43,987	**-**	**-**	**-**	**-**	**(2,174)**	**-**	**-**	**41,813**

Parent Entity	**2007 AUD $000**	**2007 NZD $000**	**2007 HKD $000**	**2007 YEN $000**	**2007 SGD $000**	**2007 USD $000**	**2007 GBP $000**	**2007 Others $000**	**2007 TOTAL $000**
Cash	1,725	-	-	-	-	-	-	-	1,725
Trade and other receivables	25,495	-	-	-	-	-	-	-	25,495
Trade and other payables	(295)	-	-	-	-	-	-	-	(295)
Borrowings	-	-	-	-	-	-	-	-	-
	26,925	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,925**

Note 31: Impact of new Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and Consolidated Entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment		Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 3 Business Combinations (March 2008)	AASB 3	Business Combinations (April 2007)	The revised AASB 3: Business Combinations has removed the option to capitalise professional fees incurred in relation to a business combination and require immediate expense of these costs. The revised AASB also will not longer allow for adjustments to contingent consideration to be made to goodwill resulting in adjustments being made directly into the Income Statement.	1.7.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			

AASB Amendment		Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.		
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
			As above	1.1.2009	1.7.2009
AASB 127 Consolidated and Separate Financial Statements	AASB 127	Consolidated and Separate Financial Statements	As the transitional provision of AASB 127 provide that the changes to the recognition and measurement criteria within AASB 127 resulting from this revision do not apply retrospectively to business combinations effected prior to the amendments being adopted, this standard is not expected to have any impact on the entity's financial report.	1.7.2009	1.7.2009

Note 32: Company Details

The registered office of the Company is:

Talent2 International Limited
Level 4, 77 Pacific Highway
North Sydney, NSW 2060

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 28 to 73, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and Consolidated Entity.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

(a) the financial records of the Company and Consolidated Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(b) the financial statements and notes for the financial year comply with the Accounting Standards; and

(c) the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ken Allen

Chairman

Andrew Banks

Managing Director

Dated this 12th day of September 2008

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TALENT2 INTERNATIONAL LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Talent2 International Limited (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a the financial report of Talent2 International Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Talent2 International Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

N J Bradley
Partner
Sydney, 12 September 2008

Additional stock exchange information

As at 29 August 2008

Number of Holders of Equity Securities

Ordinary Share Capital

123,996,489 (2007: 120,559,741) fully paid ordinary shares are held by 3,114 (2007: 3,055) shareholders. No shares are subject to escrow provisions imposed by the Australian Stock Exchange.

All issued ordinary shares carry one vote per share.

Options

7,294,774 (2007: 8,757,806) options are held by 358 (2007: 368) option holders.

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares	Number of Shareholders
1 - 1,000	433,251	681
1,001 - 5,000	3,638,114	1,289
5,001 - 10,000	3,826,719	484
10,001 - 100,000	16,482,888	570
100,001 and over	99,615,517	90
	123,996,489	**3,114**
Holdings less than a marketable parcel (less than 315 fully paid ordinary shares)	15,076	88

Substantial Shareholders	Fully Paid Ordinary Shares	
Ordinary Shareholders	Number	Percentage
Morgan & Banks Investments Pty Ltd	34,037,369	27.85%
InterPro Global Pte Limited	9,586,466	7.73%
Portfolio Partners Limited	8,028,677	6.47%
	52,152,512	**42.05%**

	Name	Number	Percentage
1.	Morgan & Banks Investments Pty Limited	37,109,078	27.45%
2.	Interpro Global Pte Limited	9,586,466	7.73%
3.	Portfolio Partners Limited	8,028,677	6.47%
4.	UBS Nominees Pty Ltd	3,697,447	2.98%
5.	CPU Share Plans Pty Limited	3,168,089	2.55%
6.	Equity Trustees Limited	2,990,563	2.41%
7.	Citicorp Nominees Pty Limited	2,434,865	1.96%
8.	Birdsall Pty Limited	2,231,334	1.80%
9.	J P Morgan Nominees Australia Limited	2,036,318	1.64%
10.	Mirrabooka Investments Limited	1,900,000	1.53%
11.	Mr Nicholas James Tuckfield	1,785,083	1.44%
12.	Colleen Margot Davis	1,775,188	1.43%
13.	Bond Street Custodians Limited	1,554,000	1.25%
14.	HSBC Custody Nominees (Australia) Limited	1,421,778	1.15%
15.	Argo Investments Limited	1,226,374	0.99%
16.	Marshall Investments Pty Ltd	1,168,302	0.94%
17.	Mr Gregory Maxwell McManus	1,083,000	0.87%
18.	Citicorp Nominees Pty Limited	1,066,983	0.86%
19.	Queensland Investment Corporation	820,571	0.66%
20.	Europa Management Services Pty Limited	781,047	0.63%
		85,865,163	**66.77%**

Company Secretary

David Patteson

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Australia
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Telephone: + 61 2 9087 6333
Facsimile: + 61 2 9087 6395

Principal Administration Office
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Australia
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Investor Enquiries

Telephone: + 61 2 9087 6333
Facsimile: + 61 2 9087 6395
Email: investor@talent2.com

Share Registry

Computershare
Level 2, 45 George's Tce
Perth WA 6000
Australia
Telephone: 1300 557 010 or + 61 8 9323 2000

Auditors

Grant Thornton NSW
Level 17, 383 Kent Street
Sydney NSW 2000
Australia
Telephone: + 61 2 8297 2400

Stock Exchange Listings

Talent2 International Limited ordinary shares are quoted by the Australian Stock Exchange (symbol "TWO")