Talent2 International Limited

WELL POSITIONED

2009 Business Review & Concise Financial Report

Contents

... FOR THE RECOVERY

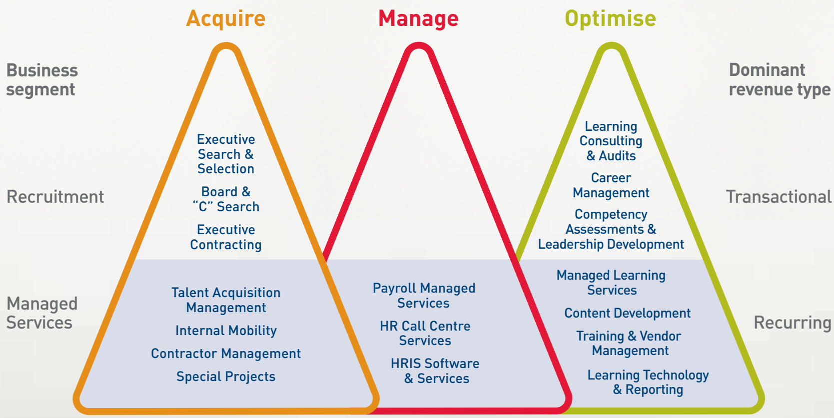
The Annual General Meeting of Talent2 International Limited will be held at Talent2, Level 12, 179 Elizabeth Street, Sydney on Wednesday 21 October 2009 at 11.00am.

Key dates for shareholders

21 October 2009: Annual General Meeting
10 February 2010: 2010 interim results

TALENT2 HAS BUILT A STRONG MARKET POSITION BY:

- HAVING GREAT PEOPLE
- DRIVING MANAGED SERVICES GROWTH
- PRESERVING FINANCIAL STRENGTH
- MAINTAINING A LARGE FOOTPRINT IN ASIA
- REFINING THE BUSINESS MODEL
- FOCUSING ON CUSTOMER SERVICE
- STAYING ON STRATEGY



Talent2 delivers its services across all three stages of the human resources (HR) lifecycle: Acquire (recruitment), Manage (HR systems and payroll) and Optimise (learning and development). Performance is reported through our Recruitment and Managed Services business segments. A third segment, Technology (software licensing), was reported separately for the last time in 2008 and is now reflected in Managed Services.

Our business model has adapted with changing operational conditions to maintain Talent2's position as Asia Pacific's leading talent management and outsourcing company.

Recruitment contracts in tough times

The Recruitment segment encompasses executive search and selection consulting services. Unprecedented weak labour markets globally have directly impacted Talent2's recruitment operations. Talent2 has responded with timely and careful cost management in line with the cyclical nature of this business.

Managed Services delivers the difference

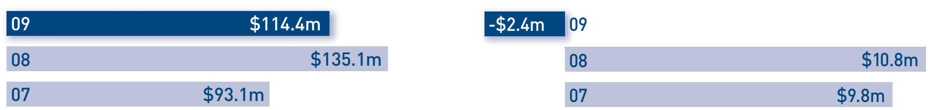
From the outset, Talent2 identified human resources outsourcing (HRO) as a future force in the industry. Our strategy is to grow in our home markets of Australia and New Zealand, and throughout the Asia Pacific region, by being number one in HRO service capability. This year we increased our full service offering with enhancements to our Optimise services.

The Managed Services business has experienced growth in all services during the year, particularly in payroll. Following initial implementation, ongoing services translate into an important recurring revenue stream. This is proving resilient as the demand for outsourcing is sustained.

Recruitment

Revenue

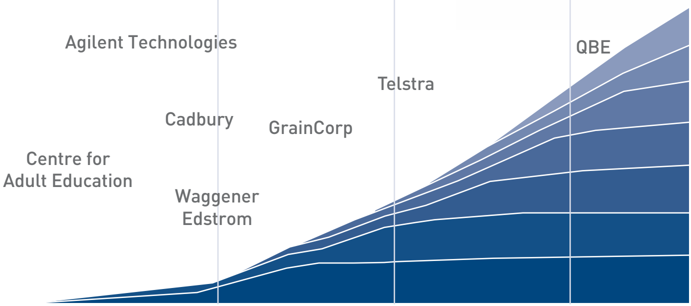
EBITDA



Recruitment revenue decreased by 15% to $114.4 million in the year to 30 June 2009. This was achieved amid highly disrupted market conditions. While a profit was generated in the fourth quarter, overall the business recorded an EBITDA loss of $2.4 million for the year.

EVOLVING THE BUSINESS MODEL TO A NEW WORLD ORDER

Managed Services Profitability Model



Managed Services

Revenue

09	$114.3m
08	$93.8m
07	$59.9m

EBITDA

09	$12.9m
08	$9.4m
07	$5.6m

Managed Services revenue increased by 22% to $114.3 million, with EBITDA up 37% to $12.9 million. The regional platform is established and our focus has shifted to generating new client business, sales of additional services and extended tenures to grow this long-term contractual revenue base.

Talent2 is the only fully integrated HRO provider in the Asia Pacific region. We intend to maintain this significant first mover advantage by continuing to build dominance in Australia and New Zealand and by expanding our capability in the region.

Big end-to-end Asia Pacific capability

The past twelve months have seen an accelerated focus on services into Asia. We have continued to invest in developing our Managed Services capability across the region, with a leading position and competitive advantage in this area.

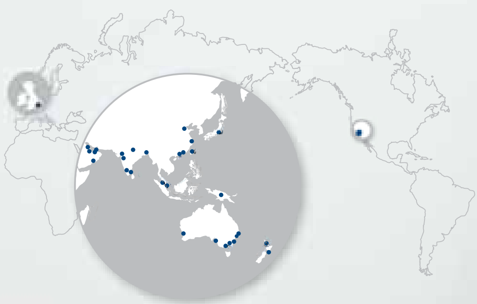
The Managed Services hubs in Kuala Lumpur and Melbourne are now equipped with the resources and intellectual property for effective and efficient service delivery, particularly for the growing number of clients engaging in multiple services.

Having built a scaleable pan-Asia Pacific platform the focus on sales has intensified. Our objective is to be the dominant payroll outsourcing provider in the Asia Pacific region and we are confident that we are well on track to achieving this.

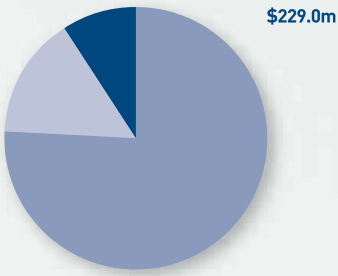
Maintaining our large regional footprint

Since 2003, Talent2 has opened more than 40 offices in 16 countries. With 24 locations across the Asia Pacific region, our footprint remains untouched, although no capital will be committed to any new geography until business confidence improves. Despite the lagging employment indicators, it is well reported that the Asia Pacific region is at the leading edge of the global economic recovery. Talent2 is mobilised to leverage its leading position when this occurs.

POSITIONED TO CAPTURE ASIA PACIFIC GROWTH

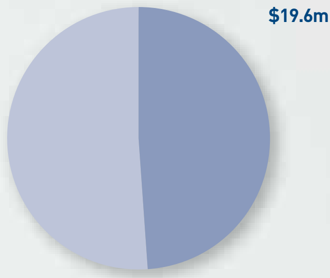


Group revenue by region



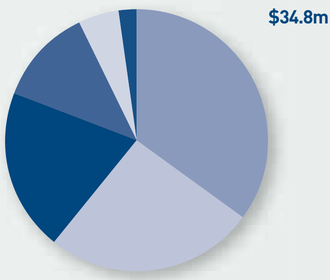
Australia/NZ	76%
Asia	15%
Europe, Middle East & Africa (EMEA)	9%

EMEA revenue by region



UK	49%
Middle East	51%

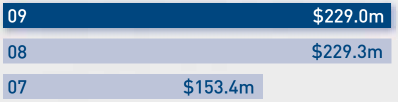
Asia revenue by region



Singapore	35%
Japan	26%
Hong Kong	20%
Malaysia	12%
China	5%
Other	2%

Key financial details

Revenue

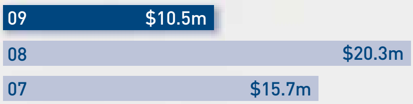


Total revenue held steady at $229.0 million, following growth across all Managed Services divisions and a decline in Recruitment. Revenue derived outside of Australia and New Zealand continued to grow and reached 26% in 2009.

Gross profit

Gross profit or net disposable revenue (NDR) increased by 6% to $151.4 million.

EBITDA



Group EBITDA was $10.5 million, down 48% from the prior year. The decline was predominantly the result of market conditions affecting hiring confidence and the speed of hiring decisions.

Cash balance

Our cash position strengthened at $21.0 million and low debt levels were maintained. Strong collections performance and prudent management has resulted in a 7% increase in net cash provided by operating activities.

2009 performance

Total revenue of $229.0 million was achieved amidst a highly disrupted market for permanent recruitment. Earnings before interest, tax, depreciation and amortisation (EBITDA) and impairment were $10.5 million compared to the prior year's $20.3 million, with the global financial crisis dominating events and impacting hiring decisions.

Managed Services performed very well in this environment, reporting increased revenue across all three service lines compared to the previous year. Revenue for the segment was up 22% to $114.3 million and EBITDA increased by 37% to $12.9 million. Recruitment was impacted by the sudden downturn in consumer confidence in the second quarter, which contributed to a decline in revenue of 15% to $114.4 million and an EBITDA loss of $2.4 million, compared to a profit of $10.8 million in 2008.

Following the deterioration in trading conditions and a review of the carrying value of acquired intangible assets, an impairment charge of $6.5 million was taken for the year. This relates to Talent2's acquired businesses in Hong Kong, the United Kingdom and India. The resulting net profit after tax is a loss of $7.5 million compared to a profit of $9.3 million in the previous financial year.

A strong focus on cash collections saw $12.7 million generated in operating cash for the year, up from $11.9 million in 2008. The cash position remains strong at $21.0 million as at 30 June 2009, with debt at $16.7 million.

A PROACTIVE RESPONSE HAS STRENGTHENED OUR RESILIENCE

WITH ANTICIPATION AND ACTION, TALENT2 HAS RESPONDED WELL TO A TOUGH TRADING CLIMATE. WE'VE FOCUSED ON THOSE AREAS WE CAN CONTROL TO BETTER OUR POSITION IN THE MEDIUM- AND LONG-TERM.

CHAIRMAN'S REPORT

KEN ALLEN AM

Last year I said that Talent2 was strategically well placed to respond to a downward shift in the global economic environment. The past 12 months have tested this view and I am proud of the way the company has managed the challenges.

Not only do we have a robust business model, but it continues to adapt and evolve. Management moved swiftly to anticipate the impact of the recruitment downturn by reducing our cost base and driving new business in Managed Services. This is evidenced, more than anything, in our cash position. Our balance sheet is in excellent shape, due to a low debt level and a strong operating cash flow.

Talent2's Managed Services model is the first in Australia to take advantage of the worldwide growth in HRO. Despite a short-term deferral in decision-making seen during the year, there is every indication that this phenomenon continues to gain momentum as companies recognise the associated economic and strategic benefits.

Our Managed Services business continues to grow and deliver an annuity revenue stream that has withstood the extreme market conditions. This resilient and diversified segment is growing and separates Talent2 from more traditional recruitment consulting businesses.

Board and management

During the year, the Board and management have taken steps to review and update all company policies and to strengthen its Audit, Remuneration, International Business and Nominations Committees.

This has resulted in new acquisition, remuneration and retention initiatives that better reflect the culture and values of Talent2. In June 2009, an Acquisitions Committee was formed to focus on how we grow our business in this challenging new economic environment and how we identify and evaluate prospective acquisitions.

I would like to note the considerable contribution of Mary Beth Bauer, who plans to retire as a Non-Executive Director at this year's Annual General Meeting. Mary Beth joined the Talent2 Board in November 2001 and served as Talent2's Chairman between 2002 and 2006. I acknowledge not only the support and contribution she has made to the company, but to me personally, and on behalf of Talent2, I wish her well in the future.

Well positioned for the recovery

I am confident that the strength of Talent2's business model, together with the dedication and commitment of its staff and management team, positions the company to thrive in the next phase of global economic recovery.

The Board is firmly committed to a dividend policy that fully reflects market circumstances. In the current environment, the Board has taken the decision to preserve its cash position and withhold a final dividend. This decision ensures the company remains well positioned for future growth.

It is my view that Talent2 has managed the tougher economic environment well, while retaining its ability to take advantage of an anticipated recovery.

Ken Allen AM Chairman

CHIEF EXECUTIVE OFFICER'S AND MANAGING DIRECTOR'S REPORT

JOHN RAWLINSON (CEO) & ANDREW BANKS (MD)

EVERYONE ALWAYS WANTS TO REMEMBER THE GOOD YEARS AND WOULD RATHER FORGET THE TOUGH TIMES – WHEN IN FACT OUR BUSINESS MODEL AND OUR PEOPLE HAVE PROVEN THEIR METTLE UNDER PRESSURE.

Results at a glance

		FY2009	FY 2008	% Change
Revenue	($m)	**229.0**	229.3	▽ 0.1
Gross profit (NDR)	($m)	**151.4**	142.8	▲ 6.0
EBITDA	($m)	**10.5**	20.3	▽ 48.0
Return on NDR	(%)	**7.0**	14.2	
Reported earnings after tax	($m)	**(7.6)**	9.3	▽ 181.0
Reported EPS	(cents)	**(6.0)**	7.6	▽ 179.0
Adjusted earnings after tax*	($m)	**2.1**	11.9	▽ 82.0
Adjusted EPS*	(cents)	**1.7**	9.8	▽ 83.0

*Adjusted for impairment and amortisation of acquired identifiable intangible assets under AIFRS

For this reason, we start by acknowledging the strength, humility and resilience of the Talent2 team across the globe. Along with shareholders, we have battled through no doubt one of our toughest years and, despite less short-term reward in terms of this year's result, we will emerge from current economic conditions a better business with even more focus.

Operating performance and highlights

2009 saw a rapid deterioration in recruitment volumes globally, with revenues for the sector as a whole declining by 30% to 60% in less than six months. For Talent2, the major trough in Recruitment earnings occurred in the second and third quarters, following an unprecedented "full stop" in hiring decision making.

To address declining revenue levels, we undertook measures in November and again in March to eliminate $17 million from the Group's annual cost base, predominantly in the Recruitment business. The revenue line was also affected by the review and exit of some less profitable accounts. As a result, Recruitment returned to profitability in the fourth quarter, but it wasn't enough to offset the sustained weak market for permanent recruitment overall.

Despite this milieu, the Managed Services business continued to grow in both revenue and margins across all three Acquire, Manage and Optimise service lines. Organisations are continuing to look for ways of improving the efficiency, economy and effectiveness of their HR services. For many, HRO has proven to better manage costs, while at the same time provide effective and scaleable service delivery.

During the year, we secured Managed Services agreements with a number of new high profile clients. Further, we have not only retained existing Managed Services clients, but have expanded the range of services we provide to many of them.

CHIEF EXECUTIVE OFFICER'S AND MANAGING DIRECTOR'S REPORT

CONTINUED

Payroll outsourcing was the performance highlight, with revenue increasing by 30% from $43.3 million in 2008 to $56.2 million in 2009. As the pressure to reduce people costs increases, Talent2 can demonstrate it brings a significant regional solution with economies of scale. In October 2008, we signed a nine-year contract for payroll services with the Department of Health, Western Australia. From 2010, Talent2 will service approximately 5% of the New Zealand workforce, following our appointment to the New Zealand Ministry of Education in August 2008.

Recruitment process outsourcing (RPO) was bolstered by the appointment of many new clients including Ericsson, Graincorp and Origin Energy. We have a strong pipeline of RPO deals across the region and have invested in our regional hubs in Melbourne and Kuala Lumpur in line with the expected growth in demand.

Finally, learning outsourcing revenue grew steadily by 20% in the 12 month period to $28.4 million, although a refinement of our business model now has more focus on gross profit than pass-through revenue. The acquisition of The Learning Group in November 2008 for $3.4 million significantly deepens Talent2's content delivery capability.

Strategy and outlook

While our share price has been adversely affected by exposure to the employment cycle and volatile equity markets, we have a clear challenge to enhance margins and drive improved shareholder returns.

The level of a company's response to a difficult operating environment is crucial to performance and increasing shareholder value in subsequent years. Proactive decisions to adjust our position now – from cost management to a refined service model to competitor advantage – have been made to ensure we lead from a better position once market recovery takes hold.

Our focus, whether times are good or tough, is on making decisions that position Talent2 for long-term success. Our strategy to maintain our leading HRO position in the Asia Pacific region and to build recurring revenue streams through our Managed Services business remains intact, and this year's result demonstrates this.

The world has changed enormously, to the point where some companies have had to completely revisit their strategy and their business. Talent2 has not. Our HRO model, together with research-driven recruitment services, has proven to be very resilient compared to conventional models in the sector.

Given the unprecedented economic downturn, in terms of the speed and size of the correction, future visibility remains difficult to predict. What we can report with confidence is that Talent2 has actively responded to the challenging market conditions – through reducing our cost base, and fine-tuning our service model – to better position the company for the year ahead. Accordingly, by holding true to our strategy, we begin 2010 with a more optimistic view.

We believe that Talent2 has the right people, the right strategy and the right leadership to deliver improved results in the year to come and sustained success for our stakeholders.

We thank our shareholders and clients for their continued support and our people for their focus and commitment in the toughest challenge to date.

John Rawlinson Chief Executive Officer

Andrew Banks Managing Director

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WELL POSITIONED FOR THE RECOVERY FINANCIAL STATEMENTS

BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Your directors present their concise report on the Company and its controlled entities (the consolidated entity) for the financial year ended 30 June 2009.

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 negotiation of the Australian American Free Trade Agreement. 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 Chair of the Nominations Committee and the Acquisitions Committee. He has not held any directorships in any 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 and was recently appointed to the board of the Queen Elizabeth Centre of Victoria. 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 Chair between 2002 and 2006. She is currently a member of the Remuneration Committee, the Nominations Committee and the Audit and Risk Committee. 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 principle 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 A$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, Acquisitions Committee and International Business Development Committee. He has held no directorships in other listed companies in the prior three years.

Ken Borda Director (Non-Executive)

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 based 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 International Business Development Committee and member of the Acquisitions Committee and the Nomination Committee. Ken has held a number of board positions and in February 2009 Ken joined the Asia Pacific advisory board of Aviva Pte Ltd as well as joining the Aviva board of directors and audit committees in Hong Kong and Singapore. Ken 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 and commercial bank based in Bahrain; and Leighton Contractors Pty Limited.

Pam Laidlaw Director (Non-Executive)

Pam has extensive experience in finance, formerly as Group Finance Director of Morgan & Banks. Previous positions were with Olgilvy & Mather in Sydney and Price Waterhouse in Sydney and New York. Pam holds a Bachelor of Business Administration (University of New York) and qualified as a Certified Public Accountant (New York, USA).

Pam joined the Talent2 Board in March 2008 and is Chair of the Audit and Risk Committee as well as a member of the Remuneration Committee, Nominations Committee and Acquisitions 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 the Remuneration Committee, Nominations Committee and International Business Development 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 information technology and human resource experience. He joined Hewlett Packard in 1976 and held numerous positions including Interim Managing Director Australia and Managing Director New Zealand. Prior to retiring from Hewlett Packard he was Vice President, leading its Human Resources function 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 the Chair of the Remuneration Committee and a member of the 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 over 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 Chief Executive Officer 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.

David Patteson Company Secretary

David has over 13 years' experience in various tax and financial accounting positions in a broad range of industries. He is an Australian Chartered Accountant and has a Bachelor of Business (Accounting, Human Resource Management) (Charles Sturt University) and a Diploma of Applied Finance and Valuation (Financial Services Institute of Australasia).

DIRECTORS' REPORT

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 entity reported:

- revenue of $229 million;
- earnings before interest, taxation, depreciation and amortisation (EBITDA) and impairment of $10.5 million; and
- consolidated loss, after providing for income tax, of $7.5 million.

Dividends

The Board has not declared a dividend for the year ended 30 June 2009.

A 90% franked dividend of 4.5c per share for the year ended 30 June 2008 was paid on 10 September 2008 amounting to $5.6 million.

Review of Operations

- The consolidated entity reported revenue of $229.0m, and EBITDA of $10.5m. Whilst revenue is steady compared to the year ended 30 June 2008, EBITDA is down 48%, primarily reflecting the impact of the global financial crisis on the market for permanent recruitment.
- Following a review of the carrying value of acquired intangible assets at the reporting date, the consolidated entity has recorded an impairment charge of $6.5m for the year. The impairment charge relates to the consolidated entity's investment in Hong Kong, the United Kingdom and India, and arises due to the shortfall in discounted cash flows generated by the underlying business when compared to the carrying value of the acquired intangible assets.
- A strong focus on cash collections saw the consolidated entity generate operating cash of $12.7m in the year, up from $11.9m in the previous financial year. The cash position remains strong with $21.0m in the bank at 30 June 09.
- Debt levels remain relatively low at just $16.7m with the year on year increase impacted by movement in foreign currency exchange rates ($2.4m) and additional borrowings to fund acquisitions ($1.7m).
- EPS fell from 7.63¢ in 2008 to a loss of 6.00¢ in the current year and the adjusted EPS before the amortisation of acquired identifiable intangible assets and impairment decreased from 9.8 cents in 2008 to 1.7 cents in 2009.

The consolidated entity made one acquisition during the year, the Learning Group a specialist e-learning development and learning service company.

For further analysis of the business operations, please refer to Discussion and Analysis of the Financial Statements.

After Balance Date Events

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

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 in any jurisdiction in which they operate.

Remuneration Report

This report details the nature and amount of remuneration received by all personnel of the consolidated entity considered to be key management personnel.

(i) Remuneration policy

The remuneration policy of the consolidated entity 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 it's ability to attract and retain the best directors and key management personnel to run and manage the consolidated entity, as well as create goal congruence between directors, key management personnel 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 key management personnel, was developed by the Remuneration Committee and approved by the Board. All key management personnel 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 key management personnel do not receive any other retirement benefits. The Remuneration Committee reviews key management personnel packages annually by reference to the consolidated entity's performance, the key management personnel's performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of key management personnel is measured against criteria agreed annually with each key management personnel 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 key management personnel 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 consolidated entity 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 previous 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. In accordance with Rule 7.3(a) of the Company's Constitution and ASX Listing Rule 10.17, the maximum aggregate amount available for non-executive Directors' fees is initially approved by shareholders and any subsequent adjustment requires further shareholder approval at the Company's Annual General Meeting. 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 key management personnel's 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 / key management personnel with that of the business and shareholders. The KPIs are set annually, with consultation with directors / key management personnel to ensure buy-in. The measures are specifically tailored to the areas each director / key management personnel 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.

In the prior 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 consolidated entity'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 22 represent the fair value at the grant date of the performance rights and options that may vest to the individual over the next five years. The amounts included as remuneration are not necessarily indicative of the benefit (if any) that individual key management personnel may ultimately realise should the equity instrument vest.

(iii) Company performance, shareholder wealth and directors' and key management personnel 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 consolidated entity 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 sharp decline in the share price during the year. The Board is of the opinion that the previously described remuneration policy will support the consolidated entity in achieving the level of growth and shareholder return experienced in previous financial years.

	2005	2006	2007	2008	2009
Revenue	$60.3m	$99.6m	$153.4m	$229.3m	$229.0m
Net Profit / (Loss) before Income Tax	$4.19m	$5.16m	$9.83m	$13.13m	($5.47m)
EPS	5.1 cents	3.3 cents	5.71 cents	7.63 cents	(6.00 cents)
Adjusted EPS*	3.6 cents	5.1 cents	7.56 cents	9.75 cents	1.71 cents
Share Price at year-end	$1.29	$1.30	$2.85	$1.13	$0.83
Market capitalisation at year end	$133.9m	$152.7m	$342.7m	$139.1m	$105.2m

* Adjusting for amortisation of acquired identifiable intangible assets and impairment AIFRS.

(iv) Key management personnel remuneration policy

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

The remuneration structure for key management personnel, 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 consolidated entity 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 consolidated entity 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 the consolidated entity's employees. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the consolidated entity can terminate employment at any time. Any options or performance rights 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 the 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 consolidated entity and to provide a common interest between management and shareholders. Bonuses were granted to both parent entity directors and other key management personnel on 11 August 2009. 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 Australia / New Zealand
Eileen Aitken	Regional Director, HRIS and Payroll Services
David Patteson	Company Secretary (appointed 12 February 2008)
Michael Bermeister	Company Secretary (resigned 12 February 2008)

		Cash Based Payments			
		Cash, Salary and Comm –issions $000	Supera –nnuation $000	Cash Bonus $000	Total $000
Directors					
Ken Allen	2009 2008	88 88	8 8	– –	96 96
Mary Beth Bauer	2009 2008	76 76	7 7	– –	83 83
Andrew Banks	2009 2008	246 252	22 40	100 183	368 475
Ken Borda	2009 2008	69 –	6 –	– –	75 –
Pam Laidlaw	2009 2008	60 20	5 2	– –	65 22
Geoff Morgan	2009 2008	60 60	– –	– –	60 60
Hans Neilson	2009 2008	59 59	5 5	– –	64 64
Brian Gibson (resigned 7/11/07)	2009 2008	– 21	– 2	– –	– 23
Albert "Bud" Hawk (resigned 1/8/08)	2009 2008	5 55	– –	– –	5 55
Other Key Management Personnel					
John Rawlinson	2009 2008	391 367	35 44	50 124	476 535
Martin Brooke	2009 2008	275 257	18 22	40 86	333 365
Paul Jury	2009 2008	279 262	14 13	30 210	323 485
Eileen Aitken	2009 2008	207 207	13 13	200 200	420 420
David Patteson	2009 2008	160 49	15 5	9 7	184 61
Michael Bermeister (resigned 12/2/08)	2009 2008	– 149	– 10	– 29	– 188
Total Key Management Personnel	**2009** **2008**	**1,975** **1,922**	**148** **171**	**429** **839**	**2,552** **2,932**

Share Based Payments – Accounting Value at Grant Date

		Options $000	Perfor–mance Rights $000	Shares $000	Total $000	Perfor–mance Related %
Directors						
Ken Allen	2009	–	–	–	–	–
	2008	–	–	–	–	–
Mary Beth Bauer	2009	–	–	–	–	–
	2008	–	–	–	–	–
Andrew Banks	2009	–	–	–	–	27.2
	2008	–	–	–	–	38.6
Ken Borda	2009	56	–	–	56	42.6
	2008	–	–	–	–	–
Pam Laidlaw	2009	56	–	–	56	46.0
	2008	–	–	–	–	–
Geoff Morgan	2009	–	–	–	–	–
	2008	–	–	–	–	–
Hans Neilson	2009	–	–	–	–	–
	2008	–	–	–	–	–
Albert "Bud" Hawk	2009	–	–	–	–	–
(resigned 1/8/08)	2008	–	–	–	–	–
Other Key Management Personnel						
John Rawlinson	2009	414*	–	–	414	52.1
	2008	616*	727*	–	1,343	78.0
Martin Brooke	2009	131*	–	–	131	37.0
	2008	370*	363*	–	733	74.5
Paul Jury	2009	113*	–	–	113	32.8
	2008	–	465*	–	465	71.1
Eileen Aitken	2009	102*	–	–	102	38.3
	2008	–	186*	–	186	63.7
David Patteson	2009	25*	–	–	25	16.2
	2008	9*	–	–	9	22.8
Michael Bermeister	2009	–	–	–	–	–
(resigned 12/2/08)	2008	29*	–	–	29	26.8
Total Key Management	**2009**	**897***	**–**	**–**	**897**	**38.4**
Personnel	**2008**	**1,024***	**1,741***	**–**	**2,765**	**63.3**

* 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 options that may vest to the individual over the next four to five years. The amounts included as remuneration are not necessarily indicative of the benefit (if any) that individual key management personnel may ultimately realise should the equity instrument vest.

(v) Equity Instruments issued as part of remuneration for the year ended 30 June 2009

Equity Instruments are issued to directors and key management personnel 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 Remuner-ation* $000	Total Remuneration Represented Long Term by an equity instrument %	Long Term Incentives Exercised $000	Incentives Lapsed $000	Total $000
Directors							
Ken Allen		–	–	–	–	(79)	(79)
Ken Borda		240,000	56	42.6	–	(19)	(19)
Pam Laidlaw		240,000	56	46.0	–	(19)	(19)
Mary Beth Bauer		–	–	–	–	(71)	(71)
Andrew Banks		–	–	–	–	(71)	(71)
Geoff Morgan		–	–	–	–	(71)	(71)
Hans Neilson		–	–	–	–	(79)	(79)
Albert "Bud" Hawk		–	–	–	46	(107)	(61)
		480,000	**112**	**12.0**	**46**	**(516)**	**(470)**
Other Key Management Personnel							
John Rawlinson	Options	1,000,000	414	46.5	–	(105)	(105)
	Performance Rights	–	–	–	–	(163)	(163)
Martin Brooke	Options	325,000	131	28.2	–	(63)	(63)
	Performance Rights	–	–	–	–	(81)	(81)
Paul Jury	Options	275,000	113	26.0	–	–	–
	Performance Rights	–	–	–	–	(102)	(102)
Eileen Aitken	Options	260,000	102	19.5	–	–	–
	Performance Rights	–	–	–	–	(24)	(24)
David Patteson	Options	60,000	25	11.9	–	–	–
	Performance Rights	–	–	–	–	–	–
		1,920,000	**785**	**31.2**	**–**	**(538)**	**(538)**

*Details of vesting periods and conditions are contained in the Directors report on page 19 under 'Performance based remuneration'

(vi) Employment contracts of key management personnel

The employment conditions of the specified key management personnel are formalised in contracts of employment. The Managing Director, Andrew Banks, has no formal contract of employment. All key management personnel are permanent employees of the consolidated entity.

The employment contracts stipulate a one to three month resignation period. The consolidated entity 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 consolidated entity'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 consolidated entity 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 committees of directors) were held. Attendances by each director during the year were:

	Directors' Meetings		Committee meetings: Audit and Risk Committee		Remuneration Committee		International Business Development Committee		Acquisitions Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attend	Number eligible to attend	Number attended
Ken Allen	7	7	–	–	–	–	–	–	1	1
Mary Beth Bauer	7	7	2	2	4	4	–	–	–	–
Andrew Banks	7	7	–	–	–	–	3	3	1	1
Ken Borda	7	7	–	–	–	–	3	3	1	1
Pam Laidlaw	7	7	2	2	–	–	–	–	1	1
Geoff Morgan	7	7	–	–	4	3	3	3	–	–
Hans Neilson	7	7	2	2	4	4	–	–	–	–
Albert "Bud" Hawk	–	–	–	–	–	–	–	–	–	–

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.

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.

The Company is bound by confidentiality agreements and is unable to disclose any further details of the indemnity provided.

At no time has the Company given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums on behalf of the Auditor.

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
R	16-Feb-05	16-Feb-10	$1.370	72,500	72,500	–
S	24-Jun-05	24-Jun-10	$1.190	1,110,174	1,110,174	–
T	31-Jan-06	31-Jan-11	$1.050	33,500	24,500	9,000
U	15-Jun-06	15-Jun-11	$1.150	35,000	26,250	8,750
V	17-Jul-06	17-Jul-11	$1.340	964,750	451,900	512,850
W	25-Oct-06	25-Oct-11	$1.570	65,000	30,000	35,000
X	25-Oct-06	30-Jun-12	$1.570	800,000	–	800,000
Y	7-Feb-07	7-Feb-12	$1.880	25,000	12,500	12,500
Z	16-May-07	16-May-12	$2.640	37,000	18,500	18,500
A	8-Aug-07	8-Aug-12	$3.010	1,149,500	287,375	862,125
B	10-Sep-07	10-Sep-12	$2.930	784,000	–	784,000
C	5-Dec-07	5-Dec-12	$2.970	38,000	9,500	28,500
D	20-Feb-08	20-Feb-13	$2.250	94,500	23,625	70,875
E	23-Apr-08	23-Apr-13	$1.780	55,000	13,750	41,250
F	13-Aug-08	13-Aug-13	$1.250	65,000	–	65,000
G	22-Oct-08	30-Jun-12	$1.500	320,000	–	320,000
H	22-Oct-08	22-Oct-13	$1.040	3,312,995	–	3,312,995
I	12-Dec-08	12-Dec-13	$0.620	56,000	–	56,000
J	18-Feb-09	18-Feb-14	$0.630	70,000	–	70,000
K	20-Apr-09	20-Apr-14	$0.550	20,000	–	20,000
L	03-Jun-09	03-Jun-14	$0.680	5,595,000	–	5,595,000
				14,702,919	**2,080,574**	**12,622,345**

During the year ended 30 June 2009, 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
O	1-Jul-04	$0.970*	50,000
S	24-Jun-05	$1.190*	8,813
V	17-Jul-06	$1.340*	5,500
X	25-Oct-06	$1.570*	47,580
			111,893

The following shares have been issued after 30 June 2009

Parcel	Grant Date	Exercise Price	Number of Shares Issued
O	1-Jul-04	$0.970*	5,000

The following options have lapsed since 30 June 2009

Parcel	Grant Date	Exercise Price	Number of Shares Issued
O	1-Jul-04	$0.970*	648,250
Q	5-Aug-04	$1.320*	5,750
			654,000

* 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.

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	–	2,566,235	–	2,566,235

Proceedings on Behalf of Consolidated Entity

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

The consolidated entity 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.

During the year ended 30 June 2009 fees in the amount of $63,000 were paid / payable to the external auditors in respect to the provision of the SAS 70 compliance certificate.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 28 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 AM Chairman

Andrew Banks Managing Director

Dated this 16th day of September 2009

Grant Thornton

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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 2009, 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

GRANT THORNTON NSW
Chartered Accountants

N J Bradley
Partner – Audit & Assurance Services

Sydney, 16 September 2009

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Information on Talent2 International Limited Concise Financial Report

The concise financial report is an extract from the full financial report for the year ended 30 June 2009. The financial statements and disclosures in the concise financial report have been derived from the 2009 Financial Report of Talent2 International Limited and Controlled Entities. A copy of the full financial report and auditor's report will be made available to any member, free of charge, upon request and is posted on the Company's website.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Talent2 International Ltd and Controlled Entities' consolidated financial statements and the information contained in the concise financial report has been derived from the full 2009 Financial Report of Talent2 International Ltd and Controlled Entities.

Income Statement

The consolidated result after income tax attributable to shareholders for the year is a loss of $7.5 million compared to a profit of $9.3 million in the previous year. This is reflected by the following:

- The Managed Services division has performed strongly in the current environment, reporting revenue of $114.3m, up 21%, and EBITDA of $12.9m, an increase of 37% on the prior financial year. All three service lines – payroll outsourcing, training and development and outsourced recruitment – saw revenues increase compared to the previous financial year.
- The Recruitment division reported revenue of $114.4m, down 15% from the prior year, and an EBITDA loss of $2.4m, compared to a profit of $10.8m in the previous financial year. The Recruitment division was heavily impacted by a sudden downturn in consumer confidence in October 2008, which resulted in hiring for permanent positions virtually coming to a stand still. The division reported a profit in the fourth quarter which suggests that the business has been correctly re-sized in line with current trading.
- Following a review of the carrying value of acquired intangible assets at the reporting date, the consolidated entity has recorded an impairment charge of $6.5m for the year. The impairment charge relates to the consolidated entity's investment in Hong Kong, the United Kingdom and India, and arises due to the shortfall in discounted cash flows generated by the underlying business when compared to the carrying value of the acquired intangible assets.
- Tax expense of $2.1m has been reported, as a result of the non-deductibility of the impairment charge, equity based employee incentives and other non deductible items, together with losses incurred overseas that do not meet the criteria to be recognised as a deferred tax asset.

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS CONTINUED

Balance Sheet

Total assets decreased by $12.3 million to $122.3 million representing a decrease of 9%. This reflects the following:

- Focus on debt collection saw an increase in cash of $3.4m to $21.0m with a corresponding reduction in trade and other receivables of $6.5m;
- Intangible assets decreased by $7.4m as a result of the impairment and amortisation charges of $10.7m recorded for the year. This decrease was offset by goodwill and other identifiable intangibles of $3.1m arising as a result of the acquisition of The Learning Group ("TLG").

Total liabilities decreased by $6.0 million representing a decrease of 10%.
This reflects the following:

- $2.0m reversal of the earn out provision for acquired businesses;
- A $2.3m reduction in employee benefits due to the reduced profitability of the Recruitment business contributed to;
- The weaker trading conditions resulted in a lower amount of tax being paid with a reduction in overall tax liabilities of $3.0m; and
- The increase of $3.9m debt from $12.8m to $16.7m reflects both the impact of exchange rates and the acquisition of The Learning Group during the year, net of the repayment of debt amounting to $0.7m.

The equity of the consolidated entity decreased by $6.3 million. 3.8 million shares were issued during the year of which 1.9 millions shares were issued to acquire The Learning Group, 0.9 million shares were issued to acquire the remaining 10% shareholdings of Talent2 Singapore Pte Ltd and 0.8 million shares were issued for the final earn-out payment for BizEd Services Pty Ltd.

The debt to equity ratio has remained steady at 74% for both the 2009 and 2008 year.

Cash Flow Statement

A strong focus on cash collections saw the consolidated entity generate operating cash of $12.7m in the year, up from $11.9m in the previous financial year.

Lower acquisition activity in the current year when compared to the previous corresponding period saw a reduction in net investing activities of $3.8m which combined with a lower capital expenditure spend of $2.0m saw total net cash flow from investing activities reduce by $5.7m.

The movement in cash flows for financing activities from a net cash inflow of $4.3m in 2008, to a net cash outflow of $4.0m in 2009 can be attributed to a reduced requirement for additional borrowings to fund investing activities and an increase in the dividend payment when compared to the previous corresponding period.

CONSOLIDATED INCOME STATEMENT

for the Year Ended 30 June 2009

	Note	Consolidated Entity	
		2009	2008
		$000	$000
Revenue	2	**228,993**	**229,304**
Cost of rendering of services			
– On hired labour and advertising costs		(56,880)	(53,673)
– Outsourced services		(20,080)	(31,452)
– Distributor commissions and license fees		(615)	(1,429)
Gross profit		**151,418**	**142,750**
Other income		–	878
Employee benefits expense		(112,984)	(99,853)
Operating lease rental expense		(14,833)	(10,717)
Advertising and marketing expense		(2,687)	(3,045)
Amortisation of acquired intangible assets		(4,510)	(3,662)
Amortisation of software development		(1,197)	(710)
Depreciation of plant and equipment		(3,392)	(2,716)
Impairment of acquired assets	4	(6,532)	–
Finance costs		(675)	(473)
Other expenses		(10,078)	(9,323)
(Loss)/profit before income tax		**(5,470)**	**13,129**
Income tax expense		(2,111)	(3,828)
(Loss)/profit for the year		**(7,581)**	**9,301**
Net loss/(profit) attributable to minority equity interests		36	(26)
(Loss)/profit attributable to members of the parent entity		**(7,545)**	**9,275**
Earnings per share			
Basic earnings per share (cents per share)		(6.00¢)	7.63¢
Diluted earnings per share (cents per share)		(6.00¢)	7.33¢

The accompanying notes form part of this concise report.

CONSOLIDATED BALANCE SHEET
As at 30 June 2009

	Consolidated Entity	
	2009	2008
	$000	$000
Current Assets		
Cash and cash equivalents	20,977	17,600
Trade and other receivables	30,466	36,927
Other current assets	5,184	5,391
Total Current Assets	**56,627**	**59,918**
Non-Current Assets		
Investments accounted for using the equity method	–	332
Plant and equipment	7,996	8,220
Deferred tax assets	2,268	3,304
Intangible assets	55,397	62,772
Total Non-Current Assets	**65,661**	**74,628**
Total Assets	**122,288**	**134,546**
Current Liabilities		
Trade and other payables	22,148	31,366
Unearned income	6,622	5,020
Short-term borrowings	499	600
Current tax liabilities	439	3,471
Short-term provisions	5,164	4,773
Total Current Liabilities	**34,872**	**45,230**
Non-Current Liabilities		
Long-term borrowings	16,196	12,216
Long-term provisions	786	383
Total Non-Current Liabilities	**16,982**	**12,599**
Total Liabilities	**51,854**	**57,829**
Net Assets	**70,434**	**76,717**
Equity		
Issued capital	85,073	81,360
Reserves	3,633	6,046
Accumulated losses	(18,476)	(10,929)
Parent Interests	**70,230**	**76,477**
Minority equity interests	204	240
Total Equity	**70,434**	**76,717**

The accompanying notes form part of this concise report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

			Reserves					
Consolidated Entity	Share Capital Ordinary $000	Accumu-lated Losses $000	Capital Profits Reserves $000	Equity Incentive Plans $000	Dividend Distri-bution Reserve $000	Foreign Exchange Movement $000	Minority Interests $000	Total $000
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
Profit 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 1 July 2008	**81,360**	**(10,929)**	**105**	**2,174**	**5,580**	**(1,813)**	**240**	**76,717**
Loss attributable to members of parent entity	–	(7,545)	–	–	–	–	–	(7,545)
Loss attributable to minority shareholders	–	–	–	–	–	–	(36)	(36)
Foreign exchange movement	–	–	–	–	–	266	–	266
Total recognised income and expense	**–**	**(7,545)**	**–**	**–**	**–**	**266**	**(36)**	**(7,315)**
Transfer between reserves	–	(2)	–	–	2	–	–	–
Shares and options issued (net of transaction costs)	3,713	–	–	1,859	–	–	–	5,572
Elimination of treasury shares	–	–	–	1,042	–	–	–	1,042
Dividends paid	–	–	–	–	(5,582)	–	–	(5,582)
Balance at 30 June 2009	**85,073**	**(18,476)**	**105**	**5,075**	**–**	**(1,547)**	**204**	**70,434**

The accompanying notes form part of this concise report.

CASH FLOW STATEMENT

For the year ended 30 June 2009

	Consolidated Entity	
	2009	2008
	$000	$000
Cash Flows From Operating Activities		
Receipts from customers	258,276	244,973
Payments to suppliers and employees	(241,560)	(231,355)
Interest received	286	416
Finance costs	(675)	(473)
Income tax paid	(4,096)	(1,764)
Income tax refund	444	54
Net cash provided by operating activities	**12,675**	**11,851**
Cash Flows From Investing Activities		
Proceeds from sale of plant and equipment	4	20
Purchase of plant and equipment	(2,772)	(4,790)
Payment for subsidiaries, net of cash acquired	(2,785)	(6,515)
Payment for investments	–	(4)
Net cash used in investing activities	**(5,553)**	**(11,289)**
Cash Flows From Financing Activities		
Proceeds from issues of shares	142	772
Payment of transaction costs relating to share issues	(22)	(13)
Proceeds from borrowings	2,549	11,343
Repayment of borrowings	(1,085)	(3,588)
Dividends paid	(5,582)	(4,220)
Net cash (used in) / provided by financing activities	**(3,998)**	**4,294**
Net increase in cash and cash equivalents held	3,124	4,856
Cash and cash equivalents at beginning of financial year	17,600	12,917
Effect of exchange rates on cash holdings in foreign currencies	253	(173)
Cash and cash equivalents at end of financial year	**20,977**	**17,600**

The accompanying notes form part of this concise report.

NOTES TO THE CONCISE FINANCIAL REPORT

For the year ended 30 June 2009

Note 1: Basis of preparation of the Concise Financial Report

This concise financial report is an extract from the full financial report for the year ended 30 June 2009. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, and the Corporations Act 2001.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of Talent2 International Limited and Controlled Entities. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Talent2 International Limited and Controlled Entities as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request and is posted on the Company's website.

The financial report of Talent2 International Limited and Controlled Entities complies with all Australian Accounting Standards in their entirety. The presentation currency used in this concise financial report is Australian dollars.

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

The consolidated entity in prior years has reported the Managed Services segment and Technology segment separately. For the year ended 30 June 2009 the consolidated entity has combined the Technology segment into the Managed Services segment as this more accurately reflects the reporting segments of the consolidated entity. All comparative information has been updated to reflect this.

	Consolidated Entity	
	2009	2008
	$000	$000
Note 2: Revenue		
Operating revenue		
– Managed Services	114,271	93,826
– Recruitment Services	114,436	135,062
	228,707	228,888
– Interest received	286	416
Total revenue	**228,993**	**229,304**
Other income		
– Net foreign exchange gain	–	878

Note 3: Dividend

90% franked dividend of 4.5 cents per share paid on 10 September 2008 (Unfranked dividend of 3.5 cents per share paid on 10 September 2007)	5,582	4,220

Note 4: Impairment of acquired assets

At reporting date, the consolidated entity assessed the recoverability of the carrying value of its acquired intangible assets including its investment in associated entities. The acquired intangible assets are allocated to cash-generating units which are in line with the consolidated entity's reporting segments and step down to identify the individual business units.

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period for the Recruitment Services segment business units and a five year period plus a terminal value for the Managed Services segment business units.

The following assumptions were used in the value-in-use calculations.

Management has based the value-in-use on budgets extrapolated out for the testing period. These budgets take the bottom up developed business unit budgets for the next financial year forecast out for 5 years taking into account historical growth rates and expected economic conditions during the testing period. For the Managed Services segment acquired businesses, which has an annuity revenue stream due to the customer contracts and service agreements in place with these businesses, a 3% terminal growth rate is used after year 5. The pre-tax weighted average cost of capital (WACC) for the consolidated entity has been used as the discount rate in the discounted cash flow calculations. The average WACC used is 10.3%.

In reviewing the carrying value of the investment in associated company it was determined that due to the unpredictable nature of the cash flows from its investment, the consolidated entity was unable to reliably measure the future cash flows and accordingly have fully impaired this investment.

Based on the above assumption the consolidated entity has calculated an impairment charge to the following acquired business:

	Consolidated Entity	
	2009	2008
	$000	$000
Goodwill – UK recruitment business	2,500	–
Goodwill – Hong Kong recruitment business	3,700	–
Investment in an associated company in India	332	–
Total impairment charge	**6,532**	**–**
	Average revenue growth rates used	Average WACC used
Goodwill – UK recruitment business	10.4%	10.3%
Goodwill – Hong Kong recruitment business	18.2%	10.3%

Note 5: Segment Reporting

Primary Reporting – Business Segments

	Managed Services		Recruitment Services		Unallocated		Eliminations		Consolidated Entity	
	2009 $000	2008 $000	2009 $000	2008 $000	2009 $000	2008 $000	2009 $000	2008 $000	2009 $000	2008 $000
Revenue										
External sales	114,271	93,826	114,436	135,062	286	416	–	–	228,993	229,304
Other segments	437	976	1,080	1,136	–	–	(1,517)	(2,112)	–	–
Total Revenue	**114,708**	**94,802**	**115,516**	**136,198**	**286**	**416**	**(1,517)**	**(2,112)**	**228,993**	**229,304**
Less Cost of Rendering of Services										
External sales	(29,240)	(33,987)	(48,335)	(52,567)	–	–	–	–	(77,575)	(86,554)
Other segments	(329)	(1,218)	(85)	(125)	–	–	414	1,343	–	–
Gross Profit	**85,139**	**59,597**	**67,096**	**83,506**	**286**	**416**	**(1,103)**	**(769)**	**151,418**	**142,750**
EBITDA	**12,919**	**9,446**	**(2,369)**	**10,828**	**–**	**–**	**–**	**–**	**10,550**	**20,274**
Depreciation and amortisation	(6,710)	(4,840)	(2,389)	(2,248)	–	–	–	–	(9,099)	(7,088)
Impairment	–	–	(6,532)	–	–	–	–	–	(6,532)	–
EBIT	**6,209**	**4,606**	**(11,290)**	**8,580**	**–**	**–**	**–**	**–**	**(5,081)**	**13,186**
(Loss)/profit Before Income Tax									(5,470)	13,129
Income Tax Expense									(2,111)	(3,828)
(Loss)/profit For The Year									(7,581)	9,301
Net Loss/(profit) Attributable to Minority Interest									36	(26)
(Loss)/profit Attributable to Members of The Parent Entity									(7,545)	9,275
Segment Assets and Liabilities										
Assets	77,053	62,578	45,235	71,968	–	–	–	–	122,288	134,546
Liabilities	31,888	20,891	19,966	36,938	–	–	–	–	51,854	57,829
Other Segment Information:										
Investments Accounted for Using the Equity Method	–	332	–	–	–	–	–	–	–	332
Acquisition of Non-Current Segment Assets	2,069	2,063	703	2,898	–	–	–	–	2,772	4,961

Note 6: Events After the Balance Sheet Date

No other 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.

DIRECTORS' DECLARATION

The directors of Talent2 International Limited declare that the concise financial report of Talent2 International Limited and Controlled Entities for the financial year ended 30 June 2009, as set out on pages 29 to 38:

a. complies with Accounting Standard AASB 1039: Concise Financial Reports; and

b. is an extract from the full financial report for the year ended 30 June 2009 and has been derived from and is consistent with the full financial report of the Talent2 International Limited and the Controlled Entities.

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

Ken Allen AM Chairman

Andrew Banks Managing Director

Dated this 16th day of September 2009

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Independent Auditor's Report
To the Members of Talent2 International Limited

Report on the concise financial report

The accompanying concise financial report of Talent2 International Limited comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Talent2 International Limited for the year ended 30 June 2009. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors Responsibility for the Concise Financial Report

The Directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Talent2 International Limited for the year ended 30 June 2009. Our audit report on the financial report for the year was signed on 16 September 2009 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Grant Thornton

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

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

Independence

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

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 18 to 24 of the directors' report for the year ended 30 June 2009. 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 concise financial report of Talent2 International Limited for the year ended 30 June 2009 complies with Accounting Standard AASB 1039 Concise Financial Reports.

GRANT THORNTON NSW
Chartered Accountants

N J Bradley
Partner – Audit & Assurance Services

Sydney, 16 September 2009

CORPORATE DIRECTORY

Company Secretary

David Patteson

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Stock Exchange Listings

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

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