Full Financial Report Financial Year Ended 30 June 2011

talent2

HR ADVISORY | PAYROLL | RECRUITMENT | LEARNING

Talent2 International Limited

ABN 19 000 737 744

Contents

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 relation to 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 the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 2nd edition ("ASX Recommendations").

The Company has posted copies of its charters and policies on its website 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 responsibility for the operation and administration of the Company is delegated, by the Board, to the Managing Director and the Executive Management Team. The Board ensures that this team is appropriately qualified and experienced to discharge their 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, establish a platform for 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 the 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 the 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.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end, the Board has established the following committees:

- Audit and Risk Committee
- Remuneration Committee
- Nomination Committee
- International Business Development Committee
- Acquisitions Committee

The roles and responsibilities of these committees are discussed throughout this corporate governance statement.

Directors may enter into arrangements with the Company, individually or through their companies, including acting in a professional capacity for the Company. These arrangements are subject to the restrictions of the Corporations Act 2001.

Structure of the Board

The Board believes that its membership should comprise directors with an appropriate mix of skills, experience, and personal attributes, that allows 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 six directors; one executive director and five non-executive directors.

The Chair of the Board, Ken Allen AM, is an independent director in compliance with ASX Recommendations. He was appointed a director and Chair on 4 October 2006.

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 report are detailed in the Directors' Report.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Ken Allen AM	5 years
Andrew Banks	9 years
Ken Borda	3 years
Pam Laidlaw	3 years
Geoff Morgan	8 years
Hans Neilson	5 years

Independence of Directors

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

Name	Position
Ken Allen AM	Chairman, non-executive director
Ken Borda	Non-executive director
Pam Laidlaw	Non-executive director
Hans Neilson	Non-executive director

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 review, 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 director's status change during the year they are required to advise the Chair and Company Secretary immediately. Where appropriate the Company Secretary then notifies the change directly to the ASX.

With the prior approval of the Chair, 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 Board, through the Chair, undertakes an annual assessment of the performance of the Board as a whole, including its committees and individual directors. The review measures performance against both qualitative and measurable indicators including those set out in the:

» Code of Conduct

» Board Charter

» Committee Standing Rules

» Relevant Committee Charters

The Chair meets privately with each director to discuss his or her individual and collective performance. The aim of this review is to establish the value and contribution that each director brings to the Company and to ensure expertise and experience are appropriately aligned with their committee memberships. The Board is confident that it contains an appropriate level of expertise, entrepreneurial capacity and governance experience.

Executive Management Team Performance Evaluation

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

Share Trading Policy

The Company takes seriously its responsibility to ensure that public confidence is maintained through the adoption of a formal trading policy governing trading in the Company's securities by "potential insiders". The policy dictates specific periods during the year when employees and family members are able to trade in the Company's securities. This is monitored by the Company Secretary through a regular review of trading in the Company's securities, additionally all significant trades are reported to the Board. Any trading outside of the specified periods requires prior approval of the Company Secretary and a confirmation that the party is not privy to price sensitive information that is not generally available to the market.

In accordance with ASX Listing Rule 12.9 on 5 January 2011 the Company's share trading policy was lodged with the ASX and is available for review either on the ASX or on the Talent2 website.

Continuous Disclosure

The Company has a formal Continuous Disclosure policy which provides guidance to the Board and the executive management team to ensure:

» Full and timely disclosure of Talent2's activities to shareholders and the market;

» Equal opportunity for all stakeholders to receive and obtain externally available information issued by Talent2;

» Compliance with all applicable laws and regulations; and

» Disclosure in accordance with "best practice".

MD, CEO and CFO Certification

In accordance with section 295A of the Corporations Act, theManaging Director (MD) Cheif Executive Officer (CEO) and Cheif Financial Officer (CFO) have provided a written statement to the Board stating that:

» Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and

» The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the MD, CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal controls and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

In response to this, prior to the declaration being made by the MD, CEO and CFO, key management personnel are consulted as to the current effective operation of internal controls.

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, of which a majority are independent.

The members of the Audit and Risk Committee during the year were:

Name	Position
Pam Laidlaw	Chair
Hans Neilson	Committee Member
Geoff Morgan	Committee Member

The qualifications and responsibilities of the members of the Audit and Risk Committee are set out in the Directors' Report.

The Board considers the composition of the Audit and Risk 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 Audit and Risk Committee meets at least three times annually, with authority to convene additional meetings as circumstances require. Its responsibilities include:

» Reviewing management information systems and systems of internal control;

» Reviewing the external audit function including the audit plans and audit reviews;

» Reviewing financial reports prior to their approval by the Board;

» Monitoring financial and liquidity aspects of the Company's activities;

» Requiring the Managing Director, 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 Managing Director, 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;

» Reviewing the systems for monitoring the Company's compliance with laws and regulation;

» Consideration and investigation of financial and operational risks identified by management and the external auditors; and

» Reviewing of all material contracts the Company enters into.

The Audit and Risk Committee has tasked the Executive Management Team in the maintance of the day to day risk management activity with material risks being reported directly to the Board on a regular basis. Additionally, reporting on the risk management and internal control system is 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 meets 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 including attendance at those meetings is 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 reviews 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 the Executive Management team. Further details regarding the Company's remuneration policies are outlined in the Remuneration Report within the Directors' Report. The Remuneration Committee Charter is published on the Talent2 website.

This committee currently consists of three non-executive directors, of which the majority are independent.

The members of the Remuneration Committee during the year were:

Name	Position
Hans Neilson	Chair
Geoff Morgan	Committee Member
Pam Laidlaw	Committee Member

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 Remuneration Committee's responsibilities include:

» The establishment and review of appropriate remuneration and incentive plans for all directors and executive employees; and

» The establishment and granting of all equity based incentive plans for directors, executives and employees.

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 is 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. The Nomination Committee:

» Reviews current and desirable competencies of the Board;

» Evaluates Board performance;

» Recommends the appointment and removal of directors based on their performance review and assessment of competencies; and

» Manages the Board succession plan.

The Nomination Committee does not meet separately, with any relevant matters attended to in regular meetings of the full Board, as described in the Directors' Report.

International Business Development Committee

The International Business Development Committee is tasked with determining the strategic direction of the Company's offshore expansion and identifying future opportunities in regional markets. The members of the International Business Development Committee during the year were:

Directors	Executives
Ken Borda (Chair)	John Rawlinson (CEO)
Andrew Banks	
Geoff Morgan	

The International Business Development Committee does not meet separately, with any relevant matters attended to in regular meetings of the full Board, as described in the Directors' Report.

Acquisitions Committee

The responsibilities of the Acquisition Committee are to identify potential acquisition opportunities, assess them against the Company's acquisition criteria, determine the appropriate funding mix and if the acquisition criteria are met, present them to the full Board for consideration and approval.

The members of the Acquisitions Committee during the year were:

Directors	Executives
Ken Allen AM (Chair)	John Rawlinson (CEO)
Andrew Banks	Martin Brooke (CFO)
Ken Borda	
Pam Laidlaw	

During the year, the Acquisitions Committee attended to all matters in regular meetings of the full Board.

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 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.

The Code of Conduct is published on the Talent2 website.

Diversity Report and Goals

The Company is committed to the broader goals of achieving diversity (including gender, culture and ethnicity), inclusion and Social Responsibility across its entire organisation. The Company has elected to show leadership within its industry by taking steps to align to the ASX Corporate Governance Best Practice Principles on Diversity through the establishment of a working group within the Remuneration Committee to review the company's policies, practices and goals for Diversity and report back to the Board with recommendations. Further, the Company's submission to the Equal Opportunity for Women in the Workplace Agency (EOWA) during the period received favourable feedback and confirmation of compliance by the Agency.

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 2011.

Directors

The names and details of the Company's directors in office at any time during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Ken Allen AM
Chair (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 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 Chair 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 four years.

Andrew Banks
Managing Director (Executive)

Andrew provides the Board with more than 22 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 four years.

Ken Borda
Director (Non-Executive)

Ken's investment banking career spans more than 21 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. From 1999 to 2002 Ken was Deutsche Bank's CEO Australia and New Zealand based in Sydney, before moving to Hong Kong as Deutsche Bank's 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 Nominations Committee. Ken is currently the Chairman of Leighton Contractors Pty Limited; a director of Santos Limited (appointed 14 February 2007), Fullerton Funds Management, an Asian asset management fund owned by Temasek in Singapore; and member of the Asia Pacific advisory board of Aviva Pte Ltd including the Aviva board of directors and audit committees in Hong Kong and Singapore.

Pam Laidlaw
Director (Non-Executive)

Pam has extensive experience in finance, formerly as Group Finance Director of Morgan & Banks. 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 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 four years.

Geoff Morgan
Director (Non-Executive)

Geoff has more than 31 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 Audit and Risk Committee, Remuneration Committee, Nominations Committee and International Business Development Committee. He is a Board director of several unlisted companies including, The Australian Motor Sport Foundation, LinkMe Pty Limited and The World Scout Foundation – Australian Chapter. He has held no directorships in other listed companies in the prior four years.

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 four years.

Other Executives

The names and details of the Company's executives in office at any time during the financial year and until the date of this report are as follows.

John Rawlinson
Chief Executive Officer

John has over 21 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.

Martin Brooke
Chief Financial Officer

Martin has over 17 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.

Company Secretary

The names and details of the Company Secretary in office at any time during the financial year and until the date of this report are as follows.

David Patteson
Company Secretary

David has over 15 years' experience in various tax and financial accounting positions in a broad range of industries. He is an Australian Chartered Accountant, Australian Chartered Secretary and has a Bachelor of Business (Accounting, Human Resource Management) (Charles Sturt University); a Diploma of Applied Finance and Valuation (Financial Services Institute of Australasia); and Graduate Diploma of Applied Corporate Governance (Chartered Secretaries Australia).

Interests in shares & options of the company & related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Talent2 International Limited were:

	Number of Ordinary Shares	Number of options over ordinary shares**
Ken Allen AM	75,800	40,000
Andrew Banks*	30,033,108	40,000
Ken Borda	152,871	40,000
Pam Laidlaw	28,460	40,000
Geoff Morgan*	29,597,369	40,000
Hans Neilson	30,000	40,000

* Includes shares held by Morgan & Banks Investments, a company associated with both Andrew Banks and Geoff Morgan.

** The outstanding options are fully vested and shall expire, if not exercised prior, on 30 June 2012. After these options expire (or are exercised) no more options will be issued to the Directors. Refer to page 16 of the Remuneration Report for further information.

Principal Activities

The principal activities of the consolidated entity during the financial year were the development, sale and support of HR Advisory, Payroll, Recuritment and Learning services. 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 $306.1 million

» reported earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA) of $30.0 million

» normalised earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA) of $28.0 million

» consolidated profit, after providing for income tax, of $10.7 million

Normalised EBITDA is after excluding the impact of a $2.0 million purchase price adjustment.

Dividends

A 100% franked dividend of 5.5c per share for the year ended 30 June 2011 was declared on 10 August 2011 and is payable on 30 September 2011.

A 100% franked dividend of 4.0c per share for the year ended 30 June 2010 was declared on 11 August 2010 and was paid on 14 September 2010.

Review of Operations

The consolidated entity is reporting revenue of $306.1m, and EBITDA of $30.0m. Reported EBITDA includes an adjustment of $2.0m as a consequence of an acquisition purchase price adjustment as detailed below. Revenue has increased by 26% and EBITDA (including the adjustment) by 52% when compared to the year ended 30 June 2010. This is a reflection of a strong performance across the Managed Services division when compared to the prior year, with growth coming from both the consolidated entity's new and existing client base. This performance includes the full twelve month contribution of the Zapper (January 2010) and Sugar Group (February 2010) acquisitions made in the year ended 30 June 2010, and the Origin HR acquisition made in July 2010.

The consolidated entity acquired the Origin HR Group in July 2010. Origin HR provides vocational training to its client base and support to the vocational course offerings available through the Sugar Group.

The Managed Services division is reporting revenue of $181.2m, up 34% from the prior year, and an EBITDA profit of $22.0m, up on the prior year's result of $12.6m. The Recruitment and Managed Services business performed strongly, as clients sought cost effective solutions to meet their recruitment needs. The consolidated entity continued to perform strongly in the provision of payroll outsourcing solutions to the SME market and the prior year acquisition of Zapper allowed the offering to expand further into Asia during the year. The Learning business result was strengthened by Sugar and Origin HR which were acquired in the prior year and at the start of the current year respectively. Organically, revenue grew 25% and EBITDA 64%.

The Recruitment division is reporting revenue of $124.7m, up 16% on the prior year, and EBITDA of $6.0m, slightly down compared to $7.1m in the prior year. The EBITDA result reflects the impact of the continued investment being made in increasing the Asian footprint. Revenue derived from operations in Asia has more than doubled over the year, now representing almost 20% of our total revenue.

Following a review of the carrying value of acquired intangible assets at reporting date, the consolidated entity has recorded an impairment charge of $1.2m for the year. The impairment relates to the consolidated entity's investment in the Middle East 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. The consolidated entity remains committed to the Middle East, and is confident that the region will recover, however recovery has been slower than previously forecast and the consolidated entity considered it appropriate to take the accounting charge at this time.

The consolidated entity is reporting profit before tax of $16.3m, compared to a profit before tax of $10.6m in the prior year. The current years' profit includes a one off impairment charge of $1.2m, as discussed above, and a credit of $2.0m as a consequence of agreeing the outstanding purchase price payment for Origin HR at $15.2m as compared to the liability of $17.2m shown in the interim report at 31 December 2010. Accounting standards in force from 1 July 2010 require that the $2.0m is shown as other income in the statement of comprehensive income.

The reported result after tax is a profit of $10.7m compared to a profit of $5.8m in the prior year. Earnings per share increased to 7.15c from 4.36c in the prior year, with the adjusted earnings per share increasing to 10.08c from 7.35c in the prior year.

Operating cash remains solid with operating cash flows of $12.1m recorded in the current year compared to $10.0m in the prior year. The consolidated entity maintains a strong statement of financial position with cash at $20.6m at 30 June 2011 and debt at $24.8m.

The Board has declared a fully franked dividend of 5.5 cents in respect of the 2011 financial year.

After Balance Date Events

On 1 July 2011 the consolidated entity acquired the business assets of First Place International Pty Limited, a Brisbane based executive search business focusing on the government sector. The purchase was satisfied by a cash payment of $120,000 and the issue of 67,294 ordinary shares at a fair value of A$1.48 each. There is further contingent consideration of up to $780,000 payable over the next three 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 (Audited)

This remuneration report for the year ended 30 June 2011 outlines the remuneration arrangements of the consolidated entity in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Non-executive remuneration arrangements
3. Executive remuneration arrangements
4. Consolidated entity's performance and the link to remuneration
5. Executive contractual arrangements
6. 2011 and 2010 remuneration disclosures
7. Equity instruments disclosures

1. Individual Key Management Personnel Disclosures

Details of the KMP of the Group are set out below.

Directors

Name	Position
Ken Allen AM	Chairman, non-executive director
Andrew Banks	Executive director
Geoff Morgan	Non-executive director
Ken Borda	Non-executive director
Pam Laidlaw	Non-executive director
Hans Neilson	Non-executive director

Other key management personnel

Name	Position
John Rawlinson	Chief Executive Officer
Martin Brooke	Chief Financial Officer
Paul Jury	National General Manager, Recruitment Australia / New Zealand
Danny Choo	Global Managing Director, HR & Payroll (commenced role on 31 May 2010)
Andrew Grant	Global Managing Director, RMS (commenced role on 1 January 2010)
David Patteson	Company Secretary

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Non-executive Remuneration Arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the consolidated entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors of comparable companies. The Board considers advice from external consultants as to the level of remuneration that the non-executive directors receive as required, whether that be a full review, as was conducted in 2007, or an update on market movements since the previous review (last updated conducted in 2010). No remuneration consultants were engaged during the period.

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 was initially approved by shareholders with any subsequent adjustment requiring further shareholder approval at the Company's Annual General Meeting (AGM). Independent external advice is sought when required. The latest determination was at the 2008 AGM held on 22 October 2008 when shareholders approved an aggregate fee pool of $600,000 per year. This pool excludes the grant of options which have been approved in relation to each individual director at previous AGMs.

The Board will not seek any increase in the non-executive director fee pool at the 2011 AGM.

Structure

The remuneration of non-executive directors' consists of directors' fees and committee fees. Non-executive directors do not receive retirement benefits.

Each non-executive director receives a base fee for being a director of the consolidated entity. An additional fee of $2,500 is paid for each Board committee on which a non-executive director sits and $5,000 if the director is a chair of a Board committee. The payment of additional fees for serving on a committee recognises the additional time commitment required by the non-executive director who serves on those Board committees.

Director and committee 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 until 30 June 2011, were able to participate in the director share option plan which has earnings per share (EPS) performance hurdles required to be met before the options will vest.

The 2011 EPS of the consolidated entity resulted in 50% of the directors' options vesting. This vesting is the last vesting. Through the Remuneration Committee and approved by the Board, it was decided that directors would not longer receive equity grants, including options, in the Company. The equity grants will be replaced with a nominal increase in directors' base fees, governed by the fee pool as discussed previously.

The remuneration of non-executive directors for the 2011 and 2010 year is detailed in table 1 and table 2 of this report.

3. Executive Remuneration Arrangements

Remuneration Policy

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. 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.

Structure

In the 2011 year, the executive remuneration framework consisted of the following components:

» Fixed remuneration; and

» Variable remuneration.

The table below illustrates the structure of the consolidated entity's executive remuneration arrangements:

Remuneration Component	Vehicle	Purpose	Link to performance
Fixed remuneration	› Represented by total employment cost (TEC) › Comprises base salary and statutory superannuation contributions	› Set with reference to role, market and experience › Executives are given the opportunity to receive their fixed component in a variety of forms including cash and fringe benefits.	› No link to company performance
STI component	› Paid in cash	› Rewards executives for their contribution to the achievement of Group and business unit outcomes, as well as individual key performance indicators (KPI's)	› KPI's include company and business unit financial performance as well as non financial measures
LTI component	› Awards are made in the form of performance rights and options	› Rewards executives for their contribution to the creation of shareholder value over the longer term	› Awards vest based on growth in the consolidated entity's EPS and the achievement of individual KPIs

Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increases. TEC is reviewed annually by the remuneration committee. The process consists of a review of the consolidated entity, business unit and individual performance, as well as relevant market information.

The fixed component of executives' remuneration is detailed in table 1.

Variable Remuneration — Short-Term Incentive (STI)

The consolidated entity operates an annual STI program that is available to executives and awards a cash bonus subject to the attainment of clearly defined the consolidated entity, business unit and individual measures.

The total potential STI available to each executive is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and such that the cost to the consolidated entity is reasonable in the circumstances.

Actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering both financial and non-financial, corporate and individual measures of performance.

Performance Measures	Portion of STI award measure applies to
Financial Measure › EBITDA achieved › Working capital management › Business growth and expansion	70% to 80%
Non-financial performance › Employee engagement › Team contribution › Customer service	20% to 30%

These measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

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.

On an annual basis, after consideration of performance against KPIs, the Remuneration Committee, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive. This process usually occurs within two months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period. The 2011 bonuses were approved by the Remuneration Committee on 4 August 2011.

Variable Remuneration – Long-Term Incentives (LTI)

LTI awards are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executives and other key talent who have an impact on the consolidated entity's performance against the relevant long-term performance measure.

LTI – Long Term Incentive Plan (LTIP)

2007 Plan

Structure

Awards are made to executives under the long term incentive plan and are delivered in the form of performance rights and options. Each performance right and option entitles the holder to one fully paid ordinary share in the Company. The number of performance rights and options issued is based on the executive's achievement of the performance measures and those issued vest over a period of up to three years, subject to tenure. If the performance measures are not met for a particular issue, there is no opportunity to retest. Performance rights are 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 options are valued using the binomial method. The exercise price of the options is set at the 20 day volume weighted average price the date of grant.

Performance measure for determining vesting

The consolidated entity uses 50% EPS growth achievement and 50% achievement of individual KPIs by the executive as the performance measure for the long term incentive plan.

Determination of the amount to be issued is made by the remuneration committee based on the performance of each individual executive.

2010 Plan

Structure

Awards are made to executives under the long term incentive plan and are delivered in the form of performance rights. Each performance right entitles the holder to one fully paid ordinary share in the Company. The number of performance rights issued is based on the executive's achievement of the performance measures and those issued vest at the end of a three year period from the date of grant, subject to tenure. If the performance measures are not met for a particular issue, there is no opportunity to retest. Performance rights are valued using the share price at the grant date adjusted for the present value of estimated dividends during the vesting period.

Performance measure for determining vesting

The consolidated entity uses the adjusted EPS growth achievement as the performance measure for the long-term incentive plan as detailed below.

Compound Growth Rate	Vesting
› 0 - 5.0%	› 0%
› 5.0% - 7.5%	› 25%
› 7.5% - 10.0%	› 50%
› 10.0% - 12.5%	› 75%
› 12.5%+	› 100%

LTI – Employee Share Option Plan (ESOP)

Structure

Awards to executives are made under the employee share option plan and are delivered in the form of share options. Each option entitles the holder to one fully paid ordinary share in the Company. The number of options issued is based on the executive's target LTI. The options will vest over a period of four years subject to the executive remaining an employee of the consolidated entity. The options are valued using the binomial method. The exercise price of the options is set at the 20 day volume weighted average price at the date of grant. Executives are able to exercise the options up to the fifth anniversary of the grant before they will lapse.

During the 2011 year options were granted to executives in accordance with the rules of the employee share option plan and as disclosed in section 7, table 4 to this remuneration report. Options are valued using the binomial methodology and are disclosed as a component of the executives remuneration in line with the eligible service period.

Termination Provisions

Where a participant ceases employment prior to the vesting of their award, the options or performance right is forfeited unless the Board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

4. Consolidated Entity's Performance and the Link to Remuneration

Consolidated entity's performance and its link to short-term incentives

The most significant measure driving STI payment outcomes is the financial performance of the consolidated entity. The following table outlines the consolidated entity's financial performance over the five-year period to 30 June 2011.

	2007	2008	2009	2010	2011
Revenue	$153.4m	$229.3m	$229.0m	$242.6m	$306.1m
Net Profit / (Loss) before income tax	$9.83m	$13.13m	($5.47m)	$10.55m	$16.34m
EPS	5.71 cents	7.63 cents	(6.00 cents)	4.36 cents	7.15 cents
Share Price at year-end	$2.85	$1.13	$0.83	$1.42	$1.49
Market capitalisation at year end	$342.7m	$139.1m	$105.2m	$199.6m	$215.5m

The consolidated entity's financial performance in 2011 reflects a building of the momentum shown in the 2010 year following the 2009 year, which was impacted by the global financial crisis. This is laying a solid foundation for continued growth into 2012. The result was a mixed result across the different segments and as such the bonuses followed this pattern.

Consolidated entity's performance and its link to long-term incentives

The LTIP has been designed with the aim of increasing goal congruence between shareholders and executives. LTI awards under this plan are based on the annual growth of the consolidated entity's EPS and achievement of individual KPI's as noted previously. The table above shows the consolidated entity's EPS and adjusted EPS for the past five years (including the current period) to 30 June 2011.

As a result of the consolidated entity's performance over this and previous years, LTIs awarded under the LTIP have been awarded in following proportions when compared to the amounts initially avaliable:

Test Year	% Awarded	Vesting
30 June 2008	50% to 100%	100% August 2010
30 June 2009	0% to 50%	25% August 2010 75% August 2011
30 June 2010	75% to 100%	100% August 2011
30 June 2011	50% to 100%	100% August 2012

5. Executive Contractual Arrangements

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 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 local laws in the country in which that person is employed. 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 at the point of termination.

6. 2011 and 2010 Remuneration Disclosures

Remuneration of key management personnel of the consolidated entity

TABLE 1 | Cash based remuneration

		Cash, Salary and Commissions	Superannua-tion	Cash Bonus	Long Service Leave	Total
Directors		$	$	$	$	$
Ken Allen AM	2011	93,305	8,397	-	-	101,702
	2010	92,982	8,368	-	-	101,350
Mary Beth Bauer	2011	-	-	-	-	-
(retired 21 Oct 09)	2010	25,833	2,325	-	-	28,158
Andrew Banks	2011	268,667	7,167	225,000	-	500,834
	2010	245,986	22,139	250,000	4,412	522,537
Ken Borda	2011	84,783	1,764	-	-	86,547
	2010	79,525	4,950	-	-	84,475
Pam Laidlaw	2011	73,790	6,641	-	-	80,431
	2010	62,500	5,625	-	-	68,125
Geoff Morgan	2011	82,260	-	-	-	82,260
	2010	60,000	-	-	-	60,000
Hans Neilson	2011	71,292	6,416	-	-	77,708
	2010	60,000	5,400	-	-	65,400
Other Key Management Personnel						
John Rawlinson	2011	509,801	15,199	125,000	30,522	680,522
	2010	424,289	14,461	150,000	18,212	606,962
Martin Brooke	2011	359,801	15,199	75,000	14,821	464,821
	2010	274,500	18,000	100,000	6,362	398,862
Paul Jury	2011	309,801	15,199	110,000	8,578	443,578
	2010	278,755	13,745	150,000	4,828	447,328
Eileen Aitken	2011	-	-	-	-	-
(ceased 14 May 10)	2010	237,378	12,933	25,000	3,404	278,715
Danny Choo	2011	254,801	15,199	100,000	394	370,394
(commenced 31 May 10)	2010	22,309	7,835	-	19	30,163
Andrew Grant	2011	345,650	17,494	226,460	-	589,604
(commenced 1 Jan 10)	2010	222,044	1,713	90,483	-	314,240
David Patteson	2011	169,801	15,199	20,000	943	205,943
	2010	160,550	14,450	16,000	413	191,413
Total Key Management	**2011**	**2,623,752**	**123,874**	**881,460**	**55,258**	**3,684,344**
Personnel	**2010**	**2,246,651**	**131,944**	**781,483**	**37,650**	**3,197,728**

TABLE 2 | **Share Based Payments – Accounting Value at Grant Date recognised over the Performance Period**

		Options*	Performance Rights*	Shares	Total	Performance Related
Directors		$	$	$	$	%
Ken Allen AM	2011	15,780	-	-	15,780	13.4
	2010	7,890	-	-	7,890	7.2
Andrew Banks	2011	17,828	-	-	17,828	46.8
	2010	8,914	-	-	8,914	48.7
Ken Borda	2011	9,268	-	-	9,268	9.7
	2010	4,634	-	-	4,634	5.2
Pam Laidlaw	2011	9,268	-	-	9,268	10.3
	2010	4,634	-	-	4,634	6.4
Geoff Morgan	2011	17,828	-	-	17,828	17.8
	2010	8,914	-	-	8,914	12.9
Hans Neilson	2011	15,780	-	-	15,780	16.9
	2010	7,890	-	-	7,890	10.8
Other Key Management Personnel						
John Rawlinson	2011	182,233	150,626	-	332,859	45.2
	2010	235,898	182,762	-	418,660	55.4
Martin Brooke	2011	75,396	78,713	-	154,109	37.0
	2010	114,347	91,381	-	205,728	50.6
Paul Jury	2011	28,223	83,965	-	112,188	40.0
	2010	34,260	115,019	-	149,279	50.2
Eileen Aitken	2011	-	-	-	-	-
(ceased 14 May 10)	2010	31,463	23,102	-	54,565	23.9
Danny Choo	2011	7,046	20,212	-	27,258	32.0
(commenced 31 May 10)	2010	587	775	-	1,362	4.3
Andrew Grant	2011	64,684	86,173	-	150,857	51.4
(commenced 1 Jan 10)	2010	46,990	97,480	-	144,470	51.5
David Patteson	2011	5,979	6,325	-	12,304	14.8
	2010	8,391	-	-	8,391	12.2
Total Key Management	**2011**	**449,313**	**426,014**	**-**	**875,327**	**38.6**
Personnel	**2010**	**514,812**	**510,519**	**-**	**1,025,331**	**42.8**

* In accordance with the requirements of the Accounting Standards, the fair value of the equity instrument is determined at grant date and disclosed as a component of remuneration over the service period required to be completed by the key management personnel.

7. Equity Instrument Disclosures

TABLE 3 | Equity instruments awarded and vested during the year

	Equity Instrument	Awarded No.	Award date	Fair Value per instrument at award date	Exercise Price	Expiry date	First Exercise Date	Last Exercise Date	Vested No.	Vested %
				$	$				No.	%
John Rawlinson	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	64,300	08-Nov-10	1.47	-	08-Nov-13	-		-	-
Martin Brooke	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	42,900	08-Nov-10	1.47	-	08-Nov-13	-		-	-
Paul Jury	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	32,200	08-Nov-10	1.47	-	08-Nov-13	-		-	-
Andrew Grant	Options	125,000	13-Sep-10	0.52	1.45	13-Sep-15	13-Sep-11	13-Sep-14	-	-
	Performance Rights	-	-	-	-	-	-		-	-
David Patteson	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	20,000	08-Nov-10	1.47	-	08-Nov-13	-	-	-	-
	Options	125,000							-	-
	Performance Rights	159,400							-	-

*Details of vesting periods and conditions are contained in the Directors report on page 28 under "Performance based remuneration"

TABLE 4 | Value of Equity Instruments awarded, exercised and lapsed during the year

	Equity Instrument	Value of equity instrument granted during the year	Value of equity instrument exercised during the year	Value of equity instrument lapsed during the year	Remuneration consisting of equity instruments for the year
		$	$	$	%
Directors					
Andrew Banks	Options	-	8,914	-	3.4
Other Key Management Personnel					
John Rawlinson	Options	-	36,222	6,162	18.0
	Performance Rights	94,640	183,082	9,295	14.9
Martin Brooke	Options	-	48,745	3,697	12.2
	Performance Rights	63,142	91,541	4,520	12.7
Paul Jury	Options	-	24,148	-	5.1
	Performance Rights	47,393	123,354	14,723	15.1

talent2

	Equity Instrument	Value of equity instrument granted during the year	Value of equity instrument exercised during the year	Value of equity instrument lapsed during the year	Remuneration consisting of equity instruments for the year
Danny Choo	Options	-	-	-	1.8
	Performance Rights	-	-	1,239	5.1
Andrew Grant	Options	65,016	-	-	8.8
	Performance Rights	-	44,283	-	11.7
David Patteson	Options	-	9,650	-	2.7
	Performance Rights	29,437	-	-	2.9

There were no alterations to the terms of the equity instruments awarded as remuneration since their award date.

TABLE 5 | Shares issued on exercise of options

	Equity Instrument	Shares Issued	Paid per share	Unpaid per share
		No.	$	$
Other key management personnel				
John Rawlinson	Options	60,000	1.34	-
Martin Brooke	Options	100,000	1.01	-
Paul Jury	Options	40,000	1.34	-
David Patteson	Options	22,500	0.68	-

Meetings of Directors

During the financial year, meetings of directors (including committees of directors) were held. Attendances by each director during the year were:

Committee Meetings

	Directors' Meetings		Audit and Risk Committee		Remuneration Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Ken Allen AM	6	6	-	-	-	-
Andrew Banks	6	6	-	-	-	-
Ken Borda	6	6	-	-	-	-
Pam Laidlaw	6	6	3	3	3	3
Geoff Morgan	6	6	3	3	3	3
Hans Neilson	6	6	3	3	3	3

The Nominations Committee consists of all Board Members. All matters associated with the Nominations Committee, the International Business Development Committee and Acquisitions Committee have been dealt with during normal directors' meetings.

Indemnifying Officers or Auditor

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
W*	25 Oct 06	25 Oct 11	$ 1.57	15,000	15,000	-
X	30 Jun 07	30 Jun 12	$ 1.57	160,000	160,000	-
Y	7 Feb 07	7 Feb12	$ 1.88	25,000	25,00	-
Z	16 May 07	16 May 12	$ 2.64	10,000	10,000	-
A	8 Aug 07	8 Aug 12	$ 3.01	718,000	718,000	-
B	10 Sep 07	10 Sep 13	$ 2.93	655,200	153,800	501,400
D	20 Feb 08	20 Feb 13	$ 2.25	49,000	36,750	12,250
E	23 Apr 08	23 Apr 13	$ 1.78	10,000	7,500	2,500
F	13 Aug 08	13 Aug 13	$ 1.25	10,000	7,500	2,500
G	22 Oct 08	30 Jun 12	$ 1.50	80,000	80,000	-
H	22 Oct 08	22 Oct 13	$ 1.04	2,240,525	1,000,200	1,240,325
J	18 Feb 09	18 Feb 14	$ 0.63	61,000	30,500	30,500
K	20 Feb 09	20 Apr 14	$ 0.55	20,000	10,000	10,000
L	3 Jun 09	3 Jun 14	$ 0.68	3,999,500	1,843,500	2,156,000
M	11 Aug 09	11 Aug 14	$ 0.93	40,000	20,000	20,000
N	21 Oct 09	21 Oct 14	$ 1.45	30,000	7,500	22,500
O	8 Jan 10	8 Jan 15	$ 1.42	275,000	68,750	206,250
P	15 Feb 10	15 Feb 15	$ 1.33	100,000	25,000	75,000
Q	21 Apr 10	21 Apr 15	$ 1.46	90,000	22,500	67,500
R	16Jun10	16 Jun 15	$ 1.41	80,000	20,000	60,000
A2	1Jul10	1 Jul 15	$ 1.42	50,000	12,500	37,500
B2	13Sep10	13 Sep 15	$ 1.45	175,000	-	175,000
C2	20 Oct 10	20 Oct 15	$ 1.51	10,000	-	10,000
D2	15 Dec 10	15 Dec 15	$ 1.48	25,000	-	25,000
E2	4 Feb 11	4 Feb 16	$ 1.53	75,000	-	75,000
				9,003,225	**4,249,000**	**4,729,225**

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

During the year ended 30 June 2011, 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
T	31 Jan 06	$ 1.05	16,000
U	15 Jun 06	$ 1.15	35,000
V	17 Jul 06	$ 1.34	598,200
X	25 Oct 06	$ 1.57	20,000
F	13 Aug 08	$ 1.25	25,000
H	22 Oct 08	$ 1.04	324,904
I	12 Dec 08	$ 0.62	10,000
L	3 Jun 09	$ 0.68	489,000
M	11 Aug 09	$ 0.93	10,000
			1,528,104

The following options have lapsed since 30 June 2011

Parcel	Grant Date	Exercise Price	Number of Options Lapsed
V*	17 Jul 06	$ 1.34	85,050
A	8 Aug 07	$ 3.01	50,000
E	23 Apr 08	$ 1.78	15,000
H	22 Oct 08	$ 1.04	62,750
L	3 Jun 09	$ 0.68	256,500
			469,300

*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	-	1,331,947	510,638	821,310
13 Feb 09	1 Aug 13	-	186,000	-	186,000
9 Dec 09	1 Aug 15	-	250,000	-	250,000
16 Jun 10	1 Aug 15	-	49,000	-	49,000
1 Jun 10	1 Aug 13	-	25,000	-	25,000
8 Nov 10	8 Nov 13	-	1,318,750	-	1,318,750
1 Mar 11	1 Mar 14	-	71,900	-	71,900
			3,232,597	510,638	2,721,960

Proceedings on Behalf of the 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

» 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 2011 fees in the amount of $106,655 were paid to the external auditors (Ernst & Young) in respect to the provision of the SAS 70 payroll compliance certificate and due diligence services.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 32 and forms part of the Directors' Report.

Rounding of Amounts

The Company is an entity to which ASIC Clàss 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	Andrew Banks
Chairman	**Managing Director**

Dated this 2nd day of September 2011

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of Talent2 International Limited

In relation to our audit of the financial report of the Talent2 International Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Gregory J Logue
Partner
Sydney
2 September 2011

Statement of Financial Position as at 30 June 2011

	Notes	2011 $000	2010 $000
CURRENT ASSETS			
Cash and cash equivalents	11	20,595	24,090
Trade and other receivables	12	61,749	44,487
Other current assets	13	6,163	6,428
TOTAL CURRENT ASSETS		**88,507**	**75,005**
NON-CURRENT ASSETS			
Plant and equipment	14	6,891	7,330
Deferred tax assets	15	3,744	1,744
Intangible assets	16	101,611	93,714
TOTAL NON-CURRENT ASSETS		**112,246**	**102,788**
TOTAL ASSETS		**200,753**	**177,793**
CURRENT LIABILITIES			
Trade and other payables	17	43,443	29,977
Unearned income	18	6,999	6,713
Interest-bearing borrowings	19	2,811	1,908
Current tax liabilities	15	6,164	4,580
Short-term provisions	20	6,561	4,737
TOTAL CURRENT LIABILITIES		**65,978**	**47,915**
NON-CURRENT LIABILITIES			
Other payables	17	5,000	-
Interest-bearing borrowings	19	21,997	30,457
Long-term provisions	20	845	758
TOTAL NON-CURRENT LIABILITIES		**27,842**	**31,215**
TOTAL LIABILITIES		**93,820**	**79,130**
NET ASSETS		**106,933**	**98,663**
EQUITY			
Equity Attributable to Equity Holders of the Parent			
Issued capital	21	106,040	101,619
Reserves	22	16,381	15,288
(Accumulated losses)		(16,170)	(18,368)
PARENT INTERESTS		**106,251**	**98,539**
Non-controlling interests		682	124
TOTAL EQUITY		**106,933**	**98,663**

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

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Notes	2011 $000	2010 $000
Revenue	4(a)	306,138	242,591
Cost of rendering of services			
- On hired labour and advertising costs		(54,823)	(46,786)
- Outsourced services		(56,723)	(37,591)
- Distributor commissions and license fees		(640)	(1,710)
Gross profit		**193,952**	**156,504**
Other income	4(b)	2,011	9
Employee benefits expense	5	(137,043)	(111,182)
Operating lease rental expense	5	(15,314)	(13,878)
Advertising and marketing expense		(2,770)	(1,830)
Depreciation of plant and equipment	5	(3,031)	(3,206)
Amortisation of acquired intangible assets	5	(6,780)	(5,061)
Amortisation of software development	5	(1,798)	(492)
Impairment of acquired assets	5	(1,200)	-
Acquisition costs	27	(264)	(359)
Finance costs	5	(1,088)	(739)
Other expenses		(10,340)	(9,214)
Profit before income tax		**16,335**	**10,552**
Income tax expense	6	(5,620)	(4,763)
Net profit for the year		**10,715**	**5,789**
Other comprehensive income			
Foreign currency translation		(4,318)	1,384
Other comprehensive (loss)/ income for the year, net of tax		(4,318)	1,384
Total comprehensive income for the year		**6,397**	**7,173**
Profit for the year is attributable to:			
Non-controlling interest		558	38
Owners of the parent		10,157	5,751
		10,715	**5,789**
Total comprehensive income for the year is attributable to:			
Non-controlling interest		558	38
Owners of the parent		5,839	7,135
		6,397	**7,173**
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share (cents per share)	10	7.15c	4.36c
Diluted earnings per share (cents per share)	10	6.86c	4.16c

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

Statement of Changes in Equity for the Year Ended 30 June 2011

			Reserves						
	Ordinary Share Capital	Accumulated Losses	Capital Profits Reserves	Equity Incentive Plans	Dividend Distribution Reserve	Foreign Exchange Movement	Owners of the Parent	Non-controlling Interests	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2010	**101,619**	**(18,368)**	**105**	**9,703**	**5,643**	**(163)**	**98,539**	**124**	**98,663**
Profit for the year	-	10,157	-	-	-	-	**10,157**	558	**10,715**
Other comprehensive income	-	-	-	-	-	(4,318)	**(4,318)**	-	**(4,318)**
Total comprehensive income for the year	-	**10,157**	-	-	-	**(4,318)**	**5,839**	**558**	**6,397**
Transfer between reserves	-	(7,959)	-	-	7,959	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-
Shares issued (net of transaction costs)	5,405	-	-	-	-	-	**5,405**	-	**5,405**
Purchase of treasury shares	(1,607)	-	-	-	-	-	**(1,607)**	-	**(1,607)**
Net issue of shares to employees	623	-	-	(623)	-	-	-	-	-
Share based payments	-	-	-	3,724	-	-	**3,724**	-	**3,724**
Dividends paid	-	-	-	-	(5,649)	-	**(5,649)**	-	**(5,649)**
Balance at 30 June 2011	**106,040**	**(16,170)**	**105**	**12,804**	**7,953**	**(4,481)**	**106,251**	**682**	**106,933**
Balance at 1 July 2009	**83,287**	**(18,476)**	**105**	**6,861**	**-**	**(1,547)**	**70,230**	**204**	**70,434**
Profit for the year	-	5,751	-	-	-	-	**5,751**	38	**5,789**
Other comprehensive income	-	-	-	-	-	1,384	**1,384**	-	**1,384**
Total comprehensive income for the year	**-**	**5,751**	**-**	**-**	**-**	**1,384**	**7,135**	**38**	**7,173**
Transfer between reserves	-	(5,643)	-	-	5,643	-	**-**	-	**-**
Acquisition of non-controlling interest	-	-	-	-	-	-	**-**	(118)	**(118)**
Shares issued (net of transaction costs)	18,732	-	-	-	-	-	**18,732**	-	**18,732**
Purchase of treasury shares	(1,450)	-	-	-	-	-	**(1,450)**	-	**(1,450)**
Net issue of shares to employees	1,050	-	-	(1,050)	-	-	**-**	-	**-**
Share based payments	-	-	-	3,892	-	-	**3,892**	-	**3,892**
Dividends paid	-	-	-	-	-	-	**-**	-	**-**
Balance at 30 June 2010	**101,619**	**(18,368)**	**105**	**9,703**	**5,643**	**(163)**	**98,539**	**124**	**98,663**

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

Cash Flow Statement for the Year Ended 30 June 2011

	Notes	2011 $000	2010 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		318,041	255,226
Payments to suppliers and employees (inclusive of GST)		(298,377)	(241,239)
Interest received		274	287
Finance costs		(1,088)	(739)
Income tax paid		(6,931)	(3,791)
Income tax refund		164	229
Net cash flows from operating activities	26	**12,083**	**9,973**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	39
Purchase of plant and equipment		(3,096)	(2,169)
Purchase of intangible assets		(189)	
Payment for business assets acquired, net of cash acquired	27	(1,972)	(19,216)
Net cash flows used in investing activities		**(5,257)**	**(21,346)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,543	1,428
Payment of transaction costs relating to share issues		(39)	(60)
Proceeds from borrowings		8	23,122
Repayment of borrowings		(4,552)	(10,394)
Dividends paid		(5,649)	-
Net Cash Flow (used in)/from Financing Activities		**(8,689)**	**14,096**
Net (decrease)/increase in cash and cash equivalents		(1,863)	2,723
Net foreign exchange differences		(1,632)	390
Cash and cash equivalents at beginning of financial year		24,090	20,977
Cash and cash equivalents at end of financial year	11	**20,595**	**24,090**

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

Notes to the Financial Statements

For the Year Ended 30 June 2011

Note 1: Corporate Information

The financial report of Talent2 International Limited and its controlled entities for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 2 September 2011.

Talent2 International Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

Note 2: Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report, which 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.

The financial report is presented in Australian dollars.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The consolidated entity has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010.

AASB 2009-8 Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] effective 1 July 2010

Annual Improvements Project

In May 2009 and April 2010 the AASB issued on omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

» AASB 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision makers. As the Group's chief operating decision makers do not review segment assets and liabilities, this information has not been disclosed in note 25.

» AASB 107 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2011 upon cash settlement.

» AASB 136 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

» AASB Interpretation 17 Distribution of Non-cash Assets to Owners: This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position or performance of the Group.

Other amendments resulting from the Annual Improvements Projects did not have any impact on the accounting policies, financial position or performance of the Group.

» AASB 2 Share-based Payment

» AASB 101 Presentation of Financial Statements

» AASB 117 Leases

» AASB 134 Interim Financial Reporting

» AASB 138 Intangible Assets

» AASB 139 Financial Instruments: Recognition and Measurement

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the annual reporting period ending 30 June 2011, outlined in the following table:

Reference	Title	Summary
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	► These amendments arise from the issuance of AASB 9 *Financial Instruments* that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. ► This Standard shall be applied when AASB 9 is applied.
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.

Reference	Title	Summary
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities Public sector entities other than the Australian Government and State, Territory and Local Governments
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits
AASB 2010-2	Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This Standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053, preparing general purpose financial statements.
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Reference	Title	Summary
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. *Disclosures* require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101, AASB 1054]	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053.

Reference	Title	Summary
****	Consolidated Financial Statements	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.
****	Joint Arrangements	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.
****	Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.
****	Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The consolidated entity does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the consolidated entity's financial statements.

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Talent2 International Limited and its subsidiaries as at and for the year ended 30 June each year (the consolidated entity).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Talent2 International Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 27).

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is recorded as goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the consolidated entity loses control over a subsidiary, it

» Derecognises the assets (including goodwill) and liabilities of the subsidiary.
» Derecognises the carrying amount of any non-controlling interest.
» Derecognises the cumulative translation differences, recorded in equity.
» Recognises the fair value of the consideration received.
» Recognises the fair value of any investment retained.
» Recognises any surplus or deficit in profit or loss.
» Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(d) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(e) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Board of Directors (the chief operating decision makers) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments have been identified based on the information provided to the Board of Directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

» Nature of products and services;
» Type or class of customer for the products and services; and
» Methods used to distribute the products or provide the services.

(f) 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 where this approximates to the rate at the date of the transaction; 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.

(g) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

» When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
» When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Talent2 International Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are initially recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(h) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing borrowings in current liabilities on the statement of financial position.

(i) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value less an allowance for impairment and are carried at amortised cost and due to their short-term nature they are not discounted.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(j) Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and de-recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement

Loans and receivables

Loans and receivables including loan notes are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(k) Investments in Subsidiaries

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

(l) Plant and Equipment

Each class of plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

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.

(m) Goodwill and Intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8, and includes (see note 16):

- Managed services cash generating unit
- Recruitment services cash generating unit

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

Further details on the methodology and assumptions used are outlined in note 16.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Software development
Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

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.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assists is as follows.

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 on a straight-line basis between 12.5% and 33.3% p.a. and tested for impairment annually.

Candidate databases
Acquired candidate databases are recorded at the assessed replacement cost to recreate the asset 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 on a straight-line basis at 20% p.a. and tested for impairment annually.

Customer contracts
Acquired customer contracts are recorded at the assessed replacement cost to recreate the asset 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 customer contracts are held ready for use. Customer contracts are amortised on a straight-line basis between 11.76% and 100% p.a. and tested for impairment annually.

Customer relationships
Acquired customer relationships are recorded at the assessed replacement cost to recreate the asset 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 customer relationships are held ready for use. Customer relationships are amortised on a straight-line basis between 11.76% and 20% p.a. and tested for impairment annually.

Brand name
Brand name is recorded at the assessed replacement cost to recreate the asset 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 brand names are held ready for use. Brand names are amortised on a straight-line basis at 25% p.a. and tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(o) Impairment of Non-Financial Assets other than Goodwill and Indefinite Life Intangibles

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Talent2 International Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(p) Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and the short-term payables are usually paid within 30 days of recognition.

(q) 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.

(r) Share-based payment transactions

Equity settled transactions

The Group provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

There are currently three plans in place to provide these benefits:

» The Employee Share Option Plan (ESOP), which provides benefits to all employees in the form of options;

» The Long Term Incentive Plan (LTIP), which provides benefits to all employees in the form of performance rights and options; and

» Long Term Incentive share plan (LTI), which provides benefits to all employees in the form of escrowed shares.

Options and Performance Rights

The cost of the options is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model.

Performance rights are 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. Further details of which are given in note 28.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(a) The grant date fair value of the award.
(b) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
(c) The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and performance rights is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

Shares

Shares are valued using the share price at the grant date. The cost of the shares granted is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

Shares in the Group reacquired on-market, under any of the plans, and held in accordance with the plan rules are classified and disclosed as reserved shares and deducted from equity.

(s) 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.

(t) Interest-bearing Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

At the end of the financial year the carrying values of the interest-bearing borrowings are considered to be a reasonable approximation of fair value. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(u) Contributed equity - refer note 21

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(v) Revenue

Managed Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

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 relating to maintenance of software is recognised over the maintenance period. 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.

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).

(w) 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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

» or for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

» Costs of servicing equity (other than dividends);
» The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
» Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.
» Then, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) 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.

(z) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

(ii) Significant accounting estimates and assumptions

Fair value assessment on Business Combinations

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

The consolidated entity 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.

Impairment

The consolidated entity assesses impairment of intangibles assets at each reporting date by evaluating conditions and events specific to each cash generating unit that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate key assumptions. See note 16 for further disclosures.

The consolidated entity assesses impairment of receivables on a regular basis. The estimate is based on the credit history of its customers and current market conditions. If the financial conditions of customers of the consolidated entity were to deteriorate, resulting in deterioration in their ability to make payments, an additional impairment charge may be required. See note 12 for further disclosures.

Options Valuation

The consolidated entity values share options issued to directors and employees on date of grant using the binomial option pricing model. See note 28 for further disclosure.

Contingent Liability

In determining the treatment of contingent liabilities the consolidated entity gives regard to whether the liability is remote, possible or probable. If the liability is remote, no liability is provided for or disclosure included in the financial statements. When the liability is possible but not probable a disclosure is made in the financial statements. If the liability is considered probable it is no longer considered contingent and a liability is provided for in the financial statements. See note 24 for further disclosure.

Note 3: Revision of Provisional Acquisition Accounting

The consolidated entity acquired 100% of Zapper Services Pte Ltd ("Zapper Group") on 6 January 2010 and 100% of Sugar International Ltd ("Sugar Group") on 27 January 2010. In the statement of financial position as at 30 June 2010, the consolidated entity provisionally recognised the fair values of the identifiable assets and liabilities of these acquired businesses. The fair values of the businesses were subsequently determined in the current financial year and as a result, the goodwill balance and the assets and liabilities below have been adjusted in the comparative period as follows:

	2010 $000	Amendments on fair value $000	2010 Restated $000
NON-CURRENT ASSETS			
Intangible assets	93,038	676	**93,714**
Deferred tax assets	1,321	423	**1,744**
	94,359	**1,099**	**95,458**
CURRENT LIABILITIES			
Trade and other payables	30,024	(47)	**29,977**
Current tax liabilities	3,434	1,146	**4,580**
	33,458	**1,099**	**34,557**

Zapper Group Acquisition

The consolidated entity provisionally calculated the fair value of deferred tax liabilities, current tax liabilities and trade and other payables as $1,183,000, $364,000 and $1,711,000 respectively. However their fair values as at the acquisition date were subsequently determined to be $1,199,000, $354,000 and $1,695,000 respectively. As a result, the goodwill balance in the comparative period has been adjusted and reduced by $10,000 to $16,202,000 at 30 June 2010.

Sugar Group Acquisition

The consolidated entity provisionally calculated the fair value of deferred tax liabilities, current tax liabilities/(receivables) and trade and other payables as $1,106,000, ($308,000) and $1,482,000 respectively. However their fair values as at the acquisition date were subsequently determined to be $667,000, $848,000 and $1,451,000 respectively. As a result, the goodwill balance in the comparative period has been adjusted and increased by $686,000 to $12,405,000 at 30 June 2010.

Note 4: Revenue

	Notes	2011 $000	2010 $000
4(a) Operating revenue:			
Managed services		181,205	134,824
Recruitment services		124,659	107,480
Interest received		274	287
Total Revenue		**306,138**	**242,591**
4(b) Other Income			
Amendment to fair value of acquisition contingent consideration		2,000	-
Net foreign exchange gain		11	9
Total Other Income		**2,011**	**9**

Note 5: Results for the Year

	Notes	2011 $000	2010 $000
Employee Benefits Expense			
Wages and Salaries		91,088	75,603
Bonuses and Commission		22,818	16,163
Defined contribution superannuation expense		6,387	5,216
Share-based payments expense		2,873	3,233
Leave accruals		2,187	1,238
Taxes and insurance		4,115	4,104
Other employee benefits expense		7,575	5,625
Total employee benefits expense		**137,043**	**111,182**
Rental expense on operating leases:			
Minimum lease payments		**15,314**	**13,878**
Depreciation of plant and equipment:			
Plant and equipment		1,963	1,795
Leasehold improvements		892	1,133
Leased plant and equipment		176	278
Total depreciation of plant and equipment	**14**	**3,031**	**3,206**
Amortisation of acquired intangible assets:			
Acquired software intellectual property		4,719	3,594
Acquired candidate databases		301	750
Acquired customer contracts		282	204
Acquired customer relationships		1,199	446
Acquired brand name		279	67
Total amortisation of acquired intangibles assets	**16**	**6,780**	**5,061**
Amortisation of software development:			
Software development		1,798	492
Total amortisation of software development		**1,798**	**492**
Impairment of acquired assets:			
Impairment of goodwill		1,200	-
Total impairment of acquired assets		**1,200**	**-**
Finance costs:			
Interest		1,051	691
Finance lease finance charges		37	48
Total finance costs		**1,088**	**739**
Bad and doubtful debts:			
Trade receivables	12(a)	60	(171)
Net transfer to provisions:			
Employee entitlements		1,078	505

Note 6: Income Tax Expense

		Notes	2011 $000	2010 $000
(a)	The components of tax expense comprise:			
	Current tax		8,536	6,015
	Adjustments in respect of current income tax of previous years		9	412
	Deferred tax	15(c)	(2,925)	(1,664)
			5,620	**4,763**
(b)	The prima facie tax on profit before income tax, is reconciled to the income tax as follows:			
	Profit before income tax		**16,335**	**10,552**
	At the parent entity's statutory income tax rate of 30% (2010: 30%)		4,901	3,166
	Add:			
	Tax effect of:			
	› Non-deductible depreciation and amortisation		372	142
	› Other non-allowable items		435	243
	› Equity settled remuneration expensed during year		870	769
	› Adjustments in respect of current income tax of previous years		9	412
	› Deferred tax assets not recognised on current period losses		326	261
	› Effect of different overseas tax rates		-	77
			6,913	5,070
	Less:			
	Tax effect of:			
	› Effect of different overseas tax rates		(237)	-
	› Foreign exchange losses and other translation adjustments		(289)	(189)
	› Research and development		(109)	(37)
	› Other non-assessable items		(658)	(81)
	Income tax attributable to entity		**5,620**	**4,763**
	Applicable weighted average effective tax rates		34.4%	45.1%

Note 7: Directors' and Key Management Personnel Remuneration

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2011.

(a) Compensation for key management personnel

	2011 $000	2010 $000
Short-term employee benefits	3,505	3,028
Post-employment benefits	124	132
Other long-term benefits	55	38
Termination benefits	-	-
Share-based payments	875	1,025
Total	**4,559**	**4,223**

(b) 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).

Options

	Balance 30.6.10	Granted as Remuneration	Options Exercised	Options Cancelled	Balance 30.6.11	Total Vested	Total Exercisable	Total not exercisable
Directors								
Ken Allen AM	100,000	-	-	(60,000)	40,000	20,000	20,000	20,000
Andrew Banks	100,000	-	(20,000)	(40,000)	40,000	20,000	20,000	20,000
Ken Borda	100,000	-	-	(60,000)	40,000	20,000	20,000	20,000
Pam Laidlaw	100,000	-	-	(60,000)	40,000	20,000	20,000	20,000
Geoff Morgan	100,000	-	-	(60,000)	40,000	20,000	20,000	20,000
Hans Neilson	100,000	-	-	(60,000)	40,000	20,000	20,000	20,000
Other Key Management Personnel								
John Rawlinson	1,469,500	-	(60,000)	(5,000)	1,404,500	295,000	295,000	1,109,500
Martin Brooke	620,700	-	(100,000)	(3,000)	517,700	118,750	118,750	398,950
Paul Jury	315,000	-	(40,000)	-	275,000	98,750	98,750	176,250
Danny Choo[2]	50,000	-	-	-	50,000	12,500	12,500	37,500
Andrew Grant[3]	415,000	125,000	-	-	540,000	35,000	35,000	505,000
David Patteson	70,000	-	(22,500)	-	47,500	20,000	20,000	27,500
Total	**3,540,200**	**125,000**	**(242,500)**	**(348,000)**	**3,074,700**	**700,000**	**700,000**	**2,374,700**

	Balance 1.7.09	Granted as Remuneration	Options Exercised	Options Cancelled	Balance 30.6.10	Total Vested	Total Exercisable	Total not exercisable
Directors								
Ken Allen AM	160,000	-	-	(60,000)	100,000	20,000	20,000	80,000
Andrew Banks	160,000	-	-	(60,000)	100,000	20,000	20,000	80,000
Ken Borda	160,000	-	-	(60,000)	100,000	20,000	20,000	80,000
Pam Laidlaw	160,000	-	-	(60,000)	100,000	20,000	20,000	80,000
Geoff Morgan	160,000	-	-	(60,000)	100,000	20,000	20,000	80,000
Hans Neilson	160,000	-	-	(60,000)	100,000	20,000	20,000	80,000
Mary Beth Bauer[4]	160,000	-	-	(160,000)	-	-	-	-
Other Key Management Personnel								
John Rawlinson	1,604,500	-	(80,000)	(55,000)	1,469,500	295,000	295,000	1,174,500
Martin Brooke	671,200	-	(40,000)	(10,500)	620,700	118,750	118,750	501,950
Paul Jury	395,000	-	(50,000)	(30,000)	315,000	98,750	98,750	216,250
Eileen Aitken[5]	310,000	-	(12,500)	(7,500)	290,000	85,000	85,000	205,000
Danny Choo[2]	-	50,000	-	-	50,000	-	-	50,000
Andrew Grant[3]	140,000	275,000	-	-	415,000	35,000	35,000	380,000
David Patteson	70,000	-	-	-	70,000	20,000	20,000	50,000
Total	**4,310,700**	**325,000**	**(182,500)**	**(623,000)**	**3,830,200**	**772,500**	**772,500**	**3,057,700**

Performance Rights

	Balance 1.7.10	Granted as Remuneration	Performance Rights Exercised	Performance Rights Cancelled	Balance 30.6.11	Total Vested	Total Exercisable	Total not exercisable
Other Key Management Personnel								
John Rawlinson	309,576	64,300	(72,659)	(3,689)	297,527	85,739	85,739	211,788
Martin Brooke	154,814	42,900	(36,330)	(1,794)	159,590	42,895	42,895	116,695
Paul Jury	192,279	32,200	(48,956)	(5,846)	169,681	48,837	48,837	120,844
Danny Choo[2]	50,000	-	-	(1,000)	49,000	-	-	49,000
Andrew Grant[3]	336,778	-	(17,574)	-	319,203	23,851	23,851	295,352
David Patteson	-	20,000	-	-	20,000	-	-	20,000
Total	**1,043,447**	**159,400**	**(175,519)**	**(12,326)**	**1,015,001**	**201,322**	**201,322**	**813,679**

	Balance 1.7.09	Granted as Remuneration	Performance Rights Exercised	Performance Rights Cancelled	Balance 30.6.10	Total Vested	Total Exercisable	Total not exercisable
Other Key Management Personnel								
John Rawlinson	313,315	-	-	(3,739)	309,576	72,659	72,659	237,097
Martin Brooke	156,658	-	-	(1,844)	154,814	36,330	36,330	118,484
Paul Jury	195,822	-	-	(3,543)	192,279	48,956	48,956	143,323
Eileen Aitken[5]	85,037	-	-	(56,692)	28,345	21,259	21,259	7,086
Danny Choo[2]	-	50,000	-	-	50,000	-	-	50,000
Andrew Grant[3]	87,305	250,000	-	(527)	336,778	17,574	17,574	319,204
David Patteson	-	-	-	-	-	-	-	-
Total	**838,137**	**300,000**	**-**	**(66,345)**	**1,071,792**	**196,778**	**196,778**	**875,194**

(b) Shareholdings

Number of shares held directly or indirectly by parent entity directors and other key management personnel.

	Balance 1.7.10	Received as LTI	Options / Performance Rights Exercised	Net Changes[1] Other	Balance 30.6.11
Parent Entity Directors					
Ken Allen AM	50,800	-	-	-	50,800
Andrew Banks[6]	29,733,924	-	20,000	64,184	29,818,108
Ken Borda	139,196	-	-	3,675	142,871
Pam Laidlaw	28,460	-	-	-	28,460
Geoff Morgan[6]	29,597,369	-	-	-	29,597,369
Hans Neilson	30,000	-	-	-	30,000
	59,579,749	**-**	**20,000**	**67,859**	**59,667,608**
Morgan & Banks Investment[6]	(29,537,369)	-	-	-	(29,537,369)
	30,042,380	**-**	**20,000**	**67,859**	**30,130,239**

	Balance 1.7.10	Received as LTI	Options / Performance Rights Exercised	Net Changes[1] Other	Balance 30.6.11
Other Key Management Personnel					
John Rawlinson	2,527,870	-	132,660	(179,409)	2,481,121
Martin Brooke	371,778	-	136,330	(46,793)	461,315
Paul Jury	628,800	2,370	88,956	(40,000)	680,126
Danny Choo[2]	-	-	-	-	-
Andrew Grant[3]	203,603	-	17,574	3,881	225,058
David Patteson	1,264	-	22,500	-	23,764
	3,733,315	**2,370**	**398,020**	**(262,321)**	**3,871,384**

	Balance 1.7.09	Received as LTI	Options Exercised	* Net Change Other	Balance 30.6.10
Parent Entity Directors					
Ken Allen AM	50,800	-	-	-	50,800
Andrew Banks[6]	32,712,978	-	-	(2,979,054)	29,733,924
Ken Borda	139,196	-	-	-	139,196
Pam Laidlaw	28,460	-	-	-	28,460
Geoff Morgan[6]	32,597,369	-	-	(3,000,000)	29,597,369
Hans Neilson	30,000	-	-	-	30,000
Mary Beth Bauer[4]	517,713	-	-	-	517,713
	66,076,516	**-**	**-**	**(5,979,054)**	**60,097,462**
Morgan & Banks Investment[6]	(32,537,369)	-	-	3,000,000	(29,537,369)
	33,539,147	**-**	**-**	**(2,979,054)**	**30,560,093**
Other Key Management Personnel					
John Rawlinson	2,541,940	-	80,000	(94,070)	2,527,870
Martin Brooke	328,251	-	40,000	3,527	371,778
Paul Jury	627,045	-	50,000	(48,245)	628,800
Eileen Aitken[5]	80,273	-	12,500	-	92,773
Danny Choo[2]	-	-	-	-	-
Andrew Grant[3]	350,755	-	-	(147,152)	203,603
David Patteson	1,264	-	-	-	1,264
	3,929,528	**-**	**182,500**	**(285,940)**	**3,826,088**

[1] Net change other refers to shares purchased or sold during the financial year.
[2] Danny Choo commenced 31 May 10.
[3] Andrew Grant commenced 1 Jan 10.
[4] Mary Beth Baeur retired 21 Oct 09.
[5] Eileen Aitken ceased 14 May 10.
[6] Includes shares held by Morgan & Banks Investments, a company associated with both Andrew Banks and Geoff Morgan.

(c) Other Transactions with Key Management Personnel

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to note 30.

Note 8: Auditors' Remuneration

	2011 $	2010 $
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit of the financial report of the entity and any other entity in the consolidated group	302,730	267,980
Other services		
- Due diligence services	25,000	70,000
- Other assurance related services	63,000	10,000
	390,730	**347,980**
Amounts received or due and receivable by related practices of Ernst & Young Australia for:		
Auditing the financial report of subsidiaries	158,332	164,370
Due diligence services	-	35,433
Other assurance related services	18,655	20,000
	176,987	**219,803**
Amounts received or due and receivable by non Ernst & Young audit firms for:		
Auditing the financial report of subsidiaries	4,322	3,126

Note 9: Dividends

	2011 $000	2010 $000
(a) Recognised amounts:		
Declared and paid during the year:		
Fully franked dividend of 4.0 cents per share paid on 14 September 2010 (2010: Nil)	5,649	-
	5,649	**-**
(b) Unrecognised amounts:		
Final fully franked ordinary dividend of 5.5 cents per share franked at the tax rate of 30% (2010: Final fully franked ordinary dividend of 4.0 cents per share franked at the tax rate of 30%)	**7,953**	**5,643**
(c) Franking credit balance		
The amount of the franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2010: 30%)	8,561	5,662
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	4,685	2,038
	13,246	7,700
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(3,409)	(2,420)
	9,837	**5,280**

Note 10: Earnings per Share

	2011 $000	2010 $000
(a) Reconciliation of Earnings to Profit		
Profit	10,157	5,751
Earnings used in the calculation of basic and dilutive EPS	**10,157**	**5,751**
(b) Weighted average number of ordinary shares	**No.**	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**141,973,541**	**132,738,078**
Weighted average number of dilutive options outstanding	3,750,779	3,760,138
Weighted average number of dilutive performance rights	2,375,586	2,725,276
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**148,099,906**	**139,223,492**

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

(c) Information on the classification of securities

Options

Options granted to employees (including Key Management Personnel) as described in note 28 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

Note 11: Cash and Cash Equivalents

	2011 $000	2010 $000
Cash at bank and on hand	20,513	24,031
Short-term bank deposits	82	59
	20,595	**24,090**

Note 12: Trade and Other Receivables

	2011 $000	2010 $000
CURRENT		
Trade receivables	43,015	37,745
Provision for impairment of receivables	(275)	(215)
	42,740	**37,530**
Unbilled receivables	18,715	6,465
Other receivables	294	492
	61,749	**44,487**

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 outstanding trade receivable balances.

As at 30 June 2011 current trade receivables of the consolidated entity with a nominal value of $275,000 (2010: $215,000) were impaired. The individually impaired receivables are past due and relate to a variety of customers who are in unexpectedly difficult situations.

As of 30 June 2011 trade receivables of $11,575,000 (2010: $9,287,000) 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:

	2011 $000	2010 $000
Past due 0 – 30 days	7,267	6,178
Past due 31 – 60 days	1,962	1,765
Past due greater than 60 days	2,346	1,344
	11,575	**9,287**

All remaining trade receivables are neither past due nor impaired

(a) Impaired receivables

	2011 $000	2010 $000
Movements in the allowance for impairment of receivables are as follows:		
At 1 July	215	386
Provision for impairment recognised during the year	272	75
Receivables written off during the year as uncollectible	(105)	(89)
Unused amount reversed	(107)	(157)
At 30 June	**275**	**215**

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 amounts.

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 and interest rate risk

Please refer to note 31 for exposures to foreign currency and interest rate risk relating to trade and other receivables.

Note 13: Other Current Assets

	2011 $000	2010 $000
CURRENT		
Prepayments	2,376	2,402
Bank guarantees	1,914	1,619
Security deposits	1,654	2,100
Others	219	307
	6,163	**6,428**

Note 14: Plant and Equipment

	2011 $000	2010 $000
Plant and Equipment:		
At cost	17,590	16,944
Accumulated depreciation	(13,206)	(12,286)
	4,384	**4,658**
Leasehold improvements:		
At cost	7,363	7,268
Accumulated amortisation	(5,208)	(5,154)
	2,155	**2,114**
Leased plant and equipment:		
Capitalised leased assets	1,388	1,388
Accumulated depreciation	(1,036)	(830)
	352	**558**
Total plant and equipment	**6,891**	**7,330**

Finance leases are secured against the equipment to which the lease relates.

Reconciliation of carrying amounts at the beginning and end of the year

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

	Plant and Equipment $000	Leasehold Improvements $000	Leased Plant and Equipment $000	Total $000
Balance at 1 July 2010	**4,658**	**2,114**	**558**	**7,330**
Additions	1,980	1,116	-	**3,096**
Disposals	(107)	(86)	-	**(193)**
Additions through acquisition of entities	12	-	-	**12**
Reclassification of assets	4	(4)	-	**-**
Depreciation/amortisation charge for the year	(1,963)	(892)	(176)	**(3,031)**
Foreign exchange movement	(200)	(93)	(30)	**(323)**
Balance at 30 June 2011	**4,384**	**2,155**	**352**	**6,891**

	Plant and Equipment $000	Leasehold Improvements $000	Leased Plant and Equipment $000	Total $000
Balance at 1 July 2009	**4,063**	**2,929**	**1,004**	**7,996**
Additions	1,836	333	-	**2,169**
Disposals	(135)	(107)	-	**(242)**
Additions through acquisition of entities	567	108	-	**675**
Reclassification of assets	62	-	(62)	**-**
Depreciation/amortisation charge for the year	(1,795)	(1,133)	(278)	**(3,206)**
Foreign exchange movement	60	(16)	(106)	**(62)**
Balance at 30 June 2010	**4,658**	**2,114**	**558**	**7,330**

Note 15: Taxation

	2011 $000	2010 $000
(a) Assets		
NON-CURRENT		
Deferred tax assets comprise:		
Future income tax benefits attributable to tax losses	886	897
Temporary differences	2,858	847
Total	**3,744**	**1,744**
(b) Liabilities		
CURRENT		
Income Tax	**6,164**	**4,580**

(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	Closing Balance $000
Plant & equipment - tax allowances	504	362	-	866
Acquired intangible assets	(3,334)	1,641	(655)	(2,348)
Future income tax benefit attributable to tax losses	915	(29)	-	886
Employment expenses	2,604	(562)	-	2,042
Unrealised foreign exchange	26	(77)	-	(51)
Provisions and accruals	1,447	3,342	-	4,789
Other	(418)	(1,734)	(288)	(2,440)
Balance 30 June 2011	**1,744**	**2,943**	**(943)**	**3,744**
Plant & equipment - tax allowances	625	(61)	(60)	504
Acquired intangible assets	(1,436)	946	(2,844)	(3,334)
Future income tax benefit attributable to tax losses	233	(23)	705	915
Employment expenses	2,217	321	66	2,604
Unrealised foreign exchange	58	(33)	1	26
Provisions and accruals	267	1,019	161	1,447
Other	304	(505)	(217)	(418)
Balance 30 June 2010	**2,268**	**1,664**	**(2,188)**	**1,744**

Deferred tax assets not brought to account in respect of tax losses, the benefits of which will only be realised if the conditions for deductibility set out in note 2 occur, amount to $816,000 (2010: $812,000).

Note 16: Intangible Assets

	2011 $000	2010 $000
Goodwill		
Cost	83,569	72,510
Impairment	(1,200)	-
Net carrying value	**82,369**	**72,510**
Acquired software intellectual property		
Cost	28,698	25,482
Accumulated amortisation	(18,562)	(13,892)
Net carrying value	**10,136**	**11,590**
Acquired candidate databases		
Cost	5,579	5,397
Accumulated amortisation	(5,014)	(4,718)
Net carrying value	**565**	**679**
Acquired customer contracts		
Cost	1,255	1,373
Accumulated amortisation	(527)	(262)
Net carrying value	**728**	**1,111**
Acquired customer relationships		
Cost	9,086	7,783
Accumulated amortisation	(1,592)	(452)
Net carrying value	**7,494**	**7,331**
Acquired brand name		
Cost	845	752
Accumulated amortisation	(526)	(259)
Net carrying value	**319**	**493**
Total intangibles	**101,611**	**93,714**

	Goodwill	Acquired Software Intellectual Property	Acquired Candidate Databases	Acquired Customer Contracts	Acquired Customer Relationships	Acquired Brand Name	Total
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2010	**72,510**	**11,590**	**679**	**1,111**	**7,331**	**493**	**93,714**
Additions	-	-	189	-	-	-	**189**
Additions through acquisition of entity	14,244	3,455	-	-	2,029	154	**19,882**
Amortisation charged against operating profit	-	(4,719)	(301)	(282)	(1,199)	(279)	**(6,780)**
Impairment charged against operating profit	(1,200)	-	-	-	-	-	**(1,200)**
Foreign Exchange Movement	(3,185)	(190)	(2)	(101)	(667)	(49)	**(4,194)**
Balance at 30 June 2011	**82,369**	**10,136**	**565**	**728**	**7,494**	**319**	**101,611**

	Goodwill	Acquired Software Intellectual Property	Acquired Candidate Databases	Acquired Customer Contracts	Acquired Customer Relationships	Acquired Brand Name	Total
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2009	**41,362**	**12,417**	**1,433**	**169**	**-**	**16**	**55,397**
Additions through acquisition of entity	29,191	2,575	-	1,065	7,292	502	**40,625**
Amortisation charged against operating profit	-	(3,594)	(750)	(204)	(446)	(67)	**(5,061)**
Foreign Exchange Movement	1,957	192	(4)	81	485	42	**2,753**
Balance at 30 June 2010	**72,510**	**11,590**	**679**	**1,111**	**7,331**	**493**	**93,714**

A description of each type of intangible is included in note 2(m).

Intangible assets, other than goodwill, have finite useful lives.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Impairment Disclosures

At reporting date, the consolidated entity assessed the recoverability of the carrying value of its acquired intangible assets. 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. During the previous financial year the consolidated entity reassessed its cash-generating units and determined it was appropriate to group the recruitment businesses in Australia and New Zealand as one cash-generating unit. This was considered appropriate given the Australian and New Zealand recruitment businesses are centrally managed and have a single unit go to market strategy.

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections based on budget for one year (approved by the Board) extrapolated for 4 years. All CGU's use a long-term growth rate to extrapolate cash flows of the CGU beyond the five-year period at a rate of 3%.

Management has based the value-in-use on 1 year budgets (approved by the Board) extrapolated out for the testing period. These budgets take the bottom up developed business unit budgets for the next financial year forecast out for 4 years taking into account historical growth rates and expected economic conditions during the testing period.

The following table shows the discount rate and the average annual revenue growth rates.

Cash Generating Unit	Carrying Amount of Goodwill	Pre-Tax Discount Rate		Average Annual Revenue Growth Rate	
	2011 $000	2010 %	2011 %	2010 %	2011 %
Recruitment					
Australia / New Zealand	11,079	21.27	20.98	16.00	16.00
Middle East	3,338	16.68	16.43	18.00	13.00
Singapore	1,618	15.40	14.37	12.00	11.00
Hong Kong	1,965	17.46	15.72	22.00	17.00
Managed Services					
Works Australia	4,883	21.27	20.40	3.00	5.00
National Payroll Systems	2,837	21.47	20.41	10.00	11.00
Zapper	15,620	15.38	14.28	10.00	13.00
RTO	25,990	21.91	21.06	10.00	16.00
Optimise	10,719	22.09	21.03	9.00	14.00
Payroll Japan	3,585	18.25	18.29	11.00	10.00

During the current financial year, the consolidated entity undertook a review of pre-tax discount rate calculation and adjusted each component to account for cash generating unit specific components including specific risk premium, small company premium, beta, market risk premium and risk free rate of return.

Based on the above assumption the consolidated entity has calculated no impairment for the current period except for the Middle East Recrutiment CGU. The discounted cash flow of the Middle east Recruitment CGU was not sufficient to cover the carrying value of that CGU accordingly an impairment of $1,200,000 was recorded against that CGU.

Sensitivity to changes in assumptions:

Discount rate assumptions – the consolidated entity recognises actual pre tax discount rate may vary to due changes in the assumptions made. A reasonably possible increase in the discount rates applied by up to 20%, assuming all other assumptions remain constant, would not result in the recoverable amount of any CGU materially falling below its current carrying amount excluding the Middle East Recruitment CGU.

Growth rate estimates – the consolidated entity recognises that uncertainty in the markets in which it operates could have a significant impact on growth rates assumptions. A reasonably possible reduction in growth rates by up to 20%, assuming all other assumptions remain constant, would not result in the recoverable amount of any CGU materially falling below its current carrying amount excluding the Middle East Recruitment CGU.

Note 17: Trade and Other Payables

	2011 $000	2010 $000
CURRENT		
Trade payables	3,348	1,667
Other payables	19,525	10,178
Employment liabilities	20,570	18,132
	43,443	**29,977**
NON-CURRENT		
Other payable		
Deferred consideration[1]	5,000	-
	5,000	**-**

[1] This is related to the Origin HR Group acquisition on 23 Jul 10, for details, refer to note 27.

The carrying values are considered to be a reasonable approximation of fair value.

Refer to note 31(b), 31(c) and 31(d) for exposures to liquidity, interest rate and foreign currency risk relating to trade and other payables.

Note 18: Unearned Income

	2011 $000	2010 $000
CURRENT		
Unearned income	6,999	6,713
	6,999	**6,713**

Note 19: Interest-bearing Borrowings

	2011 $000	2010 $000
CURRENT		
Bank loans	2,615	1,731
Finance lease liabilities secured by the assets leased	196	177
	2,811	**1,908**
NON-CURRENT		
Bank loans	21,770	30,039
Finance lease liabilities secured by the assets leased	227	418
	21,997	**30,457**

The carrying values of the borrowings are considered to be a reasonable approximation of fair value.

Details regarding liquidity, interest rate and foreign currency risk are disclosed in 31(b), 31(c) and 31(d).

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

During the current and prior years, there were no defaults or breaches of any loan covenants.

Note 20: Provisions

	Employee Entitlements	Operating Lease Provisions	Total
	$000	**$000**	**$000**
Opening balance at 1 July 2010	**5,172**	**323**	**5,495**
Additional provisions	5,881	1,305	**7,186**
Amounts used/written back	(4,770)	(467)	**(5,237)**
Foreign exchange movements	(33)	(5)	**(38)**
Balance at 30 June 2011	**6,250**	**1,156**	**7,406**

Analysis of Total Provisions

	2011 $000	2010 $000
Current	6,561	4,737
Non-current	845	758
	7,406	**5,495**

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 have been included in note 2 to this report.

Provision for Operating Lease Costs

A provision has been recognised for property lease payments made under operating leases on a straight-line basis over the term of the lease. The provision has been adjusted to take into account fixed rental increases over the life of the leases.

Note 21: Issued Capital

	2011 $000	2010 $000
Ordinary shares (a)	108,564	103,805
Reserved shares (b)	(2,524)	(2,186)
	106,040	**101,619**

	2011	2010
(a) Ordinary Shares	**No.**	**No.**
At the beginning of reporting period	140,567,607	126,789,602
Shares issued during the year		
6 January 2010	-	6,798,849
29 January 2010	-	5,727,152
23 July 2010	521,739	-
16 May 2011	1,987,671	-
Share options exercised during year	1,528,104	1,252,004
At reporting date	**144,605,121**	**140,567,607**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

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.

	2011	2010
(b) Reserved Shares	**No.**	**No.**
At reporting date	(1,688,741)	(1,476,160)

The Group's own equity instruments are reacquired for later use in employee share-based payment arrangements (reserved shares) and are deducted from equity. During the year, 824,296 reserved shares were issued under the employee share scheme.

(c) 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 28.

(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 16 to 27 of the Directors' report.

Capital management

When managing capital, management's objectives are to ensure the consolidated entity 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 consolidated entity.

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.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year. This strategy is to ensure that the consolidated entity's gearing ratio remains appropriate for the market conditions which the consolidated entity operates in. The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

	Notes	2011 $000	2010 $000
Total debt	19	24,808	32,365
Total equity		106,933	98,663
Gearing ratio		23%	33%

The Group is not exposed to any externally imposed capital requirement.

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 amortised.

(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 is used to record exchange differences arising from the translation of the financial statements of foreign controlled subsidiaries.

Note 23: Capital and Leasing Commitments

	2011 $000	2010 $000
(a) Finance Lease Commitments		
Payable — Minimum lease payments		
Within one year	215	214
After one year but not more than five years	247	454
Minimum lease payments	**462**	**668**
Less: future finance charges	(39)	(73)
Present value of minimum lease payments	**423**	**595**

The finance leases consist of equipment leases and are all non-cancellable with terms of up to 4 years, with rents payable monthly in advance.

	2011 $000	2010 $000
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — Minimum lease payments		
Within one year	10,826	10,186
After one year but not more than five years	12,266	14,012
After more than five years	2,537	1,646
	25,629	**25,844**

The operating leases consist of equipment (2011: $5,683,000; 2010: $8,083,000) and property (2011: $19,946,000; 2010: $17,761,000) leases and are all non-cancellable. Leases for equipment generally have terms for up to 5 years and are payable monthly in arrears. Property leases are generally for periods less than 5 years with options to renew. Rents are payable monthly in advance and are generally subject to CPI increases year on year.

Note 24: Contingent Liabilities and Contingent Assets

During the previous year, the Australian Tax Office (ATO) conducted a Comprehensive Review of the Group's income tax affairs. As a consequence of the review, the ATO identified certain risks that it felt needed to be examined through an audit process. The audit process has commenced and is progressing. The ultimate outcome of the audit cannot be determined with an acceptable degree of reliability at this time. At this time it has been estimated that the potential liability associated with the risks identified could be in the range of zero to an amount less than four million dollars excluding penalties and interest. The Group has been advised that it is possible, but not probable, that a liability will eventuate, and accordingly no provision for any liability has been recognised in these financial statements.

Note 25: Operating Segments

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the manner in which the nature of the services is provided. Discrete financial information about each of these operating businesses is reported to the Board at each Board meeting.

Types of services

Managed Services

The Managed Services segment includes Recruiment Managment Services (RMS), outsourced Payroll and Human Resource Information Systems (HRIS), managed learning and training services, and specialised human resource consulting services.

Recruitment Services

The Recruitment Services segment includes executive recruitment and executive search. The consolidated entity offers a full range of solutions, from permanent staff recruitment and executive contracting to executive and Board search.

Accounting policies and inter-segment transactions

The accounting policies used by the consolidated entity in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

» Finance costs; and

» Income tax expense

Geographical segments

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

	2011 $000	**2010 $000**
Segment Revenues from External Customers by geographic location:		
Australia and New Zealand	207,168	176,195
Asia	58,561	39,112
EMEA	40,409	27,284
	306,138	**242,591**

The following table represents revenue and profit information for reportable segments for the financial years ended 30 June 2011 and 30 June 2010.

	Managed Services		Recruitment Services		Total of Segments		Unallocated Interest/Other Income*		Eliminations		Consolidated Entity	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Sales revenue												
External sales	181,205	134,824	124,659	107,480	305,864	242,304	274	287	-	-	306,138	242,591
Inter-segment sales	426	288	1,201	757	1,627	1,045	-	-	(1,627)	(1,045)	-	-
Total revenue	**181,631**	**135,112**	**125,860**	**108,237**	**307,491**	**243,349**	**274**	**287**	**(1,627)**	**(1,045)**	**306,138**	**242,591**
Cost of rendering of services												
External sales	(61,808)	(42,342)	(50,378)	(43,745)	(112,186)	(86,087)	-	-	-	-	(112,186)	(86,087)
Inter-segment sales	(58)	(44)	(73)	(89)	(131)	(133)	-	-	131	133	-	-
Gross profit	**119,765**	**92,726**	**75,409**	**64,403**	**195,174**	**157,129**	**274**	**287**	**(1,496)**	**(912)**	**193,952**	**156,504**
EBITDA	**21,945**	**12,620**	**6,013**	**7,143**	**27,958**	**19,763**	**2,000**	**-**	**-**	**-**	**29,958**	**19,763**
Depreciation	(2,082)	(1,963)	(949)	(1,243)	(3,031)	(3,206)	-	-	-	-	(3,031)	(3,206)
Amortisation	(8,300)	(4,803)	(278)	(750)	(8,578)	(5,553)	-	-	-	-	(8,578)	(5,553)
Impairment of assets	-	-	(1,200)	-	(1,200)	-	-	-	-	-	(1,200)	-
EBIT/Segment results	**11,563**	**5,854**	**3,586**	**5,150**	**15,149**	**11,004**	**2,000**	**-**	**-**	**-**	**17,149**	**11,004**
Reconciliation of segment EBIT to profit before income tax												
Interest Income											274	287
Interest Expense											(1,088)	(739)
Profit before income tax per the statement of comprehensive income											**16,335**	**10,552**

Segment assets and liabilities are not reported as these numbers are not specifically reported to the Board being the chief operating decision makers.
EBITDA = Earnings before interest, taxes, depreciation, amortisation and impairment.

* Other income of $2,000,000 represents the amendment to fair value of acquisition contingent consideration, refer to note 27.

Note 26: Cash Flow Information

(a) Reconciliation of net profit after tax to net cash flows from operations

	2011 $000	2010 $000
Profit after income tax	10,715	5,789
Non-cash flows in profit:		
Employee share option plans and performance rights expensed to equity	2,873	3,233
Depreciation of plant and equipment	3,031	3,206
Amortisation of acquired intangible assets	6,780	5,061
Impairment of acquired assets	1,200	-
Loss on disposal of non-current assets	193	203
Amendment to fair value of acquisition contingent consideration	(2,000)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and other receivables	(17,037)	(10,731)
(Increase)/decrease in other current assets	(587)	(1,330)
(Increase)/decrease in deferred tax assets	(2,771)	(1,508)
Increase/(decrease) in trade and other payables	6,679	4,329
Increase/(decrease) in unearned income	285	(1,126)
Increase/(decrease) in income taxes payable	1,606	2,913
Increase/(decrease) in other liabilities	38	(393)
Increase/(decrease) in provisions	1,078	327
Net cash from operating activities	**12,083**	**9,973**

Note 27: Business Combination

Businesses acquired during the year

Origin HR Group Acquisition

On 23 July 2010 the consolidated entity acquired 100% of Origin Human Resources Pty Ltd and Origin HR Holdings Pty Ltd ("Origin HR Group"). The Origin HR Group is a leading provider of online vocational education and training to the financial services, banking, legal and accounting sectors. The purchase was satisfied by an initial cash payment of $1,910,000 and the issue of 521,139 ordinary shares at a fair value of A$1.38 each. Under the terms of the original Share Purchase Agreement an earnout was payable, calculated as a multiple of four times the 2011 (87.5%) and 2012 (12.5%) EBIT achieved. A liability of $17,200,000 was recognised as at 31 December 2010.

On 11 May 2011, the acquisition was finalised and the outstanding purchase price payment was fixed and reduced to $15,200,000. The fixed payment is to be settled by a combination of cash and shares over the period to 31 August 2013. 1,987,671 ordinary shares were issued at a fair value of A$1.60 each in May 2011 as part of the earnout payment. Payments after 1 July 2011 are to be settled 65% in cash and 35% through the issue of shares. The $2,000,000 reduction to the earnout contingent liability was reversed in the current financial year and booked as other income in the consolidated statement of comprehensive income. The remaining fixed consideration liability is recorded as a current liability under trade and other payables ($7,020,000) and as a non-current liability under other payables ($5,000,000).

Businesses acquired during the prior year

TOG Group Acquisition

On 30 September 2009 the consolidated entity acquired a further 10% interest in the TOG Group in accordance with the terms of the original share purchase agreement covering the acquisition of the TOG Group. The purchase was satisfied through a cash payment of $186,000. Total goodwill impact in the current year amounted to $107,000.

Zapper Group Acquisition

On 6 January 2010 the consolidated entity acquired 100% of Zapper Services Pte Ltd ("Zapper Group"). The Zapper Group provides outsourced payroll and HR administration services to 14 countries, including China, Hong Kong, Japan, Malaysia, Philippines, Singapore, Thailand and Vietnam. The purchase was satisfied by a cash payment A$14,122,000 and the issue of 6,798,849 ordinary shares at a fair value of A$1.40 each.

Sugar Group Acquisition

On 27 January 2010 the consolidated entity acquired 100% of Sugar International Ltd ("Sugar Group"). The Sugar Group is a leading provider of education and training services to organisations across Australia and New Zealand. Sugar Group offers a comprehensive range of workplace training courses to a variety of industries through a number of Registered Training Organisations. The purchase was satisfied by a cash payment A$7,625,000 and the issue of 5,727,152 ordinary shares at a fair value of A$1.37 each.

Goodwill has arisen on the acquisition of businesses due to the expectation of deriving future growth in earnings and taking advantage of business synergies, which cannot be recognised separately as identifiable intangible assets at the date of acquisition.

The consolidated entity has provisionally recognised the fair values of the identifiable assets and liabilities of the acquired businesses based upon the best information available as of the reporting date. Business combination accounting is as follows:

	Origin HR Group	Others	Total
	2011 $000	**2011 $000**	**2011 $000**
The purchase price was allocated as follows:			
Shares issued, at fair value	3,900	-	**3,900**
Cash consideration	1,863	129	**1,992**
Contingent consideration liability	14,020	-	**14,020**
Purchase consideration at acquisition date	**19,783**	**129**	**19,912**
Assets and liabilities acquired at acquisition date:			
Cash	20	-	**20**
Trade and other receivables	1,252	-	**1,252**
Plant & equipment	12	-	**12**
Deferred tax liabilities	(939)	-	**(939**
Tax liabilities	(99)	-	**(99)**
Trade and other payables	(216)	-	**(216)**
	30	-	**30**
Value attributable to identifiable intangible assets	5,638	-	**5,638**
Goodwill on consolidation	14,115	129	**14,244**
Total purchase consideration	**19,783**	**129**	**19,912**
The cash outflow on acquisition is as follows:			
Net cash acquired	20	-	**20**
Cash consideration	(1,863)	(129)	**(1,992)**
Net cash outflow	**(1,843)**	**(129)**	**(1,972)**

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

The consolidated statement of comprehensive income includes revenue and EBITDA for the period ended 30 June 2011 of $8,012,000 and $4,573,000 respectively, as a result of the acquisition of the Origin HR Group. As the acquisition occurred at the beginning of the reporting period, the consolidated statement of comprehensive income included revenue and EBITDA of $8,012,000 and $4,573,000 respectively. Acquisition costs directly relating to the acquisition amount to $172,000.

Note 28: Share-based Payments

The Group provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

There are currently three plans in place to provide these benefits:

» The Employee Share Option Plan (ESOP), which provides benefits to all employees in the form of options;

» The Long Term Incentive Plan (LTIP), which provides benefits to all employees in the form of performance rights and options; and

» Long Term Incentive share plan (LTI), which provides benefits to all employees in the form of escrowed shares.

No arrangements under any of the plans were modified during the year.

Further information is contained in note 2(r) on page 51 and the Remuneration Report of the Directors' Report on pages 16 to 27.

Non-Quoted Options

The cost of the options is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model.

	Balance 01/07/10	Issued	Exercised	Expiry/ Cancellations	Balance 30/06/11	Vested	Non Vested	Exercise Price	Expiry
Parcel T	21,000	-	(16,000)	(5,000)	-			105.0c	31/01/11
Parcel U	35,000	-	(35,000)	-	-			115.0c	15/06/11
Parcel V	809,000	-	(598,200)	(8,500)	202,300	202,300	-	134.0c	17/07/11
Parcel W	30,000	-	-	(15,000)	15,000	15,000	-	157.0c	25/10/11
Parcel Y	25,000	-	-	-	25,000	25,000	-	188.0c	07/02/12
Parcel X	420,000	-	(20,000)	(240,000)	160,000	160,000	-	157.0c	30/06/12
Parcel Z	16,000	-	-	(6,000)	10,000	10,000	-	264.0c	16/05/12
Parcel A	898,000	-	-	(130,000)	768,000	576,000	192,000	301.0c	08/08/12
Parcel B	663,200	-	-	(8,000)	655,200	153,800	501,400	293.0c	10/09/12
Parcel D	59,000	-	-	(10,000)	49,000	36,750	12,250	225.0c	20/02/13
Parcel E	35,000	-	-	(10,000)	25,000	18,750	6,250	178.0c	23/04/13
Parcel F	60,000	-	(25,000)	(25,000)	10,000	5,000	5,000	125.0c	13/08/13
Parcel G	200,000	-	-	(120,000)	80,000	80,000	-	150.0c	30/06/12
Parcel H	2,805,216	-	(324,904)	(152,787)	2,327,525	1,027,700	1,299,825	104.0c	22/10/13
Parcel I	20,000	-	(10,000)	(10,000)	-			62.0c	12/12/13
Parcel J	67,000	-	-	(6,000)	61,000	30,500	30,500	63.0c	18/02/14
Parcel K	20,000	-	-	-	20,000	10,000	10,000	55.0c	20/04/14
Parcel L	5,160,500	-	(489,000)	(271,125)	4,400,375	2,022,375	2,378,000	68.0c	03/06/14
Parcel M	80,000	-	(10,000)	(30,000)	40,000	10,000	30,000	93.0c	11/08/14
Parcel N	30,000	-	-	-	30,000	7,500	22,500	145.0c	21/10/14
Parcel O	295,000	-	-	(20,000)	275,000	68,750	206,250	142.0c	08/01/15
Parcel P	100,000	-	-	-	100,000	25,000	75,000	133.0c	15/02/15
Parcel Q	140,000	-	-	(50,000)	90,000	22,500	67,500	146.0c	21/04/15
Parcel R	90,000	-	-	(10,000)	80,000	20,000	60,000	141.0c	16/06/15
Parcel A2	-	50,000	-	-	50,000	-	50,000	142.0c	01/07/15
Parcel B2	-	175,000	-	-	175,000	-	175,000	145.0c	13/09/15
Parcel C2	-	10,000	-	-	10,000	-	10,000	151.0c	20/10/15
Parcel D2	-	25,000	-	-	25,000	-	25,000	148.0c	15/12/15
Parcel E2	-	75,000	-	-	75,000	-	75,000	153.0c	04/02/16
Total	12,078,916	335,000	(1,528,104)	(1,127,412)	9,758,400	4,526,925	5,231,475		
Percentage of ordinary shares at the end of the Financial Year					6.74%	3.13%	3.61%		

The weighted average fair value of the options granted during the year was $0.50.

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

Weighted average exercise price	$1.50
Weighted average life of the option	4.80 years
Weighted underlying share price	$1.51
Weighted expected share price volatility	40.64%
Weighted risk free interest rate	4.59%

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.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.48 years (2010: 3.57 years).

Included under employee benefits expense in the income statement relating to employee share options is $1,645,000 (2010: $1,853,000) and relates, to the value of employee share option payments at their grant date amortised over the vesting period.

Performance Rights

Performance rights are 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.

	Balance 01/07/10	Issued	Exercised	Expiry/ Cancellations	Balance 30/06/11	Vested	Non Vested	Exercise Price	Expiry
PR 1	1,915,652	-	(475,273)	(108,432)	1,331,947	510,638	821,309	-	01/08/12
PR 2	196,000	-	-	(10,000)	186,000	-	186,000	-	01/08/13
PR 3	250,000	-	-	-	250,000	-	250,000	-	01/08/15
PR 4	50,000	-	-	(1,000)	49,000	-	49,000	-	01/08/15
PR 5	25,000	-	-	-	25,000	-	25,000	-	01/08/13
PR 6	-	1,395,850	-	(77,100)	1,318,750	-	1,318,750	-	01/11/13
PR 7	-	71,900	-	-	71,900	-	71,900	-	01/03/14
	2,436,652	1,467,750	(475,273)	(196,532)	3,232,597	510,638	2,721,959		
Percentage of ordinary shares at the end of the Financial Year					2.23%	0.35%	1.88%		

Shares

Shares acquired on market and escrowed for employees are valued using the share price at the grant date and are expensed over the eligible service period, with no adjustment made for the achievement of vesting conditions.

Note 29: Events after the Balance Sheet Date

On 1 July 2011 the consolidated entity acquired the business assets of First Place International Pty Limited, a Brisbane based executive search business focusing on the government sector. The purchase was satisfied by a cash payment of $120,000 and the issue of 67,294 ordinary shares at a fair value of A$1.48 each. There is further contingent consideration of up to $780,000 payable over the next three years.

Note 30: Related Party Transactions

(a) Subsidiaries

The consolidated financial statements include the financial statements of Talent2 International Limited and the subsidiaries listed in the following table.

Controlled Entities

Name of Entities	Country of Incorporation	Percentage Owned 2011	2010
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%
Talent Partners Pty Ltd	Australia	100%	100%
Talent2 Consult Pty Ltd	Australia	100%	100%
Talent2 Hong Kong Limited	Hong Kong	100%	100%
Paper Shuffle Pty Ltd	Australia	100%	100%
Talent2 Macau Limited	Macau	100%	100%
Talent2 Shanghai Co Ltd	China	100%	100%
Talent Partners in the Gulf Limited	British Virgin Islands	100%	100%
Talent Partners (Dubai) LLC	United Arab Emirates	100%	100%
Intersearch Bahrain Consulting WLL	Kingdom of Bahrain	100%	100%
Talent2 India HR Private Limited	India	100%	100%
Agensi Perkerjaan Talent2 International Sdn Bhd	Malaysia	100%	100%
Talent2 Singapore Pte Ltd	Singapore	100%	100%
Zapper Services Pte Limited	Singapore	100%	100%
Talent2 Placement Company Limited[1]	Thailand	100%	100%
Zapper Japan Co Ltd	Japan	100%	100%
Zapper Services Consultancy (Shanghai) Ltd	China	100%	100%
Zapper Philippines BPO., Inc	Philippines	100%	100%
i-Zapp Cebu Corporation	Philippines	100%	100%
iZapper Sdn Bhd	Malaysia	100%	100%
Zapper (HK) Limited	Hong Kong	100%	100%
Zapper (Vietnam) Co Ltd	Vietnam	100%	100%
Talent2 Korea Ltd	Korea	100%	-
Talent 2 NZ Limited	New Zealand	100%	100%
Stonyer & Associates Limited	New Zealand	Deregistered	100%
Duncan & Ryan Associates Limited	New Zealand	Deregistered	100%
Duncan & Ryan Associates (Auckland) Limited	New Zealand	Deregistered	100%
Sugar International Limited	New Zealand	100%	100%
Sugar New Zealand Limited	New Zealand	100%	100%
Howgood Limited	New Zealand	75%	75%
Howgood Operations Limited	New Zealand	75%	75%

Name of Entities	Country of Incorporation	Percentage Owned 2011	2010
Performance Edge Systems Pty Ltd	Australia	100%	100%
Source4 Pty Ltd	Australia	100%	100%
Sugar Holdings Australia Pty Ltd	Australia	100%	100%
MA Training Institute Pty Ltd	Australia	100%	100%
NPS International Pty Ltd	Australia	100%	100%
National Payroll Systems Pty Ltd	Australia	100%	100%
T2 Optimise Pty Ltd	Australia	100%	100%
The Learning Group Pty Ltd	Australia	100%	100%
J2S Group Australia Pty Ltd	Australia	100%	100%
1 Training Solutions Pty Ltd	Australia	100%	100%
Australian College of Management Pty Ltd	Australia	100%	100%
J2S Training Solutions Pty Ltd	Australia	100%	100%
The QLD College of Business Pty Ltd	Australia	100%	100%
National Training Pty Ltd	Australia	100%	100%
Origin Human Resources Pty Ltd	Australia	100%	-
Origin HR Holdings Pty Ltd	Australia	100%	-
UniTalent2 Pty Ltd	Australia	100%	-
Talent2 Japan KK	Japan	100%	100%
T2 Tokyo KK	Japan	51%	51%
Talent2 KK	Japan	80%	80%
TOGJ Consulting Ltd	Japan	80%	80%
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%

[1] The company changed its name on 3 February 2011, formerly known as Zapper (Thailand) Co. Ltd.

(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.

(c) Key Management Personnel Equity Holdings

Details of directors' and other key management personnel equity holdings are disclosed in note 7 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:

	2011 $000	2010 $000
Revenue:		
Recruitment Services		
- The Heat Group Pty Ltd[1]	-	36
Consulting Services		
- The Heat Group Pty Ltd	-	2
Expense:		
Rent Expenses		
- LinkMe Pty Ltd[1]	41	-
Amount receivable from:		
The Heat Group Pty Ltd	-	38
Amount payable to:		
LinkMe Pty Ltd	11	-

[1] LinkMe Pty Ltd and The Heat Group Pty Ltd are entities associated with Geoff Morgan.

Transactions have occurred during the period between the consolidated entity and publicly held entities which have common directors. All such transactions are conducted on normal commercial terms and are in no way influenced by any director of the consolidated entity.

Note 31: 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

Financial risk exposure and evaluation of treasury management strategies in the context of the most recent economic conditions and forecasts is actively managed on a day to day basis by the consolidated entity's Chief Financial Officer in consultation with the consolidated entity's Managing Director and Chief Executive Office and 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 and credit risk.

Interest rate risk

The group is exposed to market interest rates relating primarily to the group's short-term and long-term debt obligations. The level of debt is disclosed in note 31(c)(ii) and the sensitivity analysis is considered in note 31(c)(i).

The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rate debt.

Foreign currency risk

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

The consolidated entity actively manages this exposure by entering into long term funding arrangements in the currency in which future cash flows are expected to be derived.

Liquidity risk

The group has to meet certain loan covenants over the debts drawn under the banking facilities. There were 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 2011 the group does not have any unutilised borrowing facilities from the bank (2010: $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.

In order to minimise the credit risk, the consolidated entity actively manages credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the consolidated entity reviews the recoverable amount of each individual trade receivable each month to ensure that adequate impairment charges are made. This process ensures that the consolidated entity's credit risk is minimised.

(b) Liquidity Risk

Contractual Maturity of Financial Liabilities

	< 6 months $000	**6 – 12 months $000**	**1 – 5 years $000**	**Total $000**
Financial Liabilities				
Trade and other payables	(43,443)	-	(5,000)	(48,443)
Interest-bearing borrowings	(588)	(2,899)	(22,726)	(26,213)
Net outflow	**(44,031)**	**(2,899)**	**(27,726)**	**(74,656)**

(c) Interest Rate Risk

(i) Interest Rates Sensitivity Analysis

In applying the sensitivity analysis the consolidated entity has determined -/+1% to be appropriate given the historical movements in interest rates in the regions in which it operates.

At 30 June 2011 if interest rates had changed by -/+1% from the year end rates, with all other variables held constant, the net profit for the year would have been $152,000 higher/$38,000 lower and nil effect on the equity for the group (2010: $191,000 higher/$77,000 lower and nil effect on the equity).

	2011 $000	2010 $000
Change in profit		
- Interest rate increase 1%	(38)	(77)
- Interest rate decrease 1%	152	191
Change in equity		
- Interest rate increase 1%	-	-
- Interest rate decrease 1%	-	-

(ii) Interest Rate Risk Exposure

At balance date, the group has the following mix of financial assets and liabilities exposed to variable market interest rates and the effective weighted average interest rates are as follows:

Consolidated Entity	Weighted Average Effective Interest Rate		Floating Interest Rate Within 1 Year		Floating Interest Rate 1 -5 Years		Fixed Interest Rate Maturing Within 1 Year		Fixed Interest Rate Maturing 1 -5 Years		Non-Interest Bearing		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
		%	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial Assets:														
Cash	1.3	1.7	20,595	24,090	-	-	-	-	-	-	-	-	20,595	24,090
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	61,749	44,487	61,749	44,487
Total Financial Assets			**20,595**	**24,090**	**-**	**-**	**-**	**-**	**-**	**-**	**61,749**	**44,487**	**82,344**	**68,577**
Financial Liabilities:														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	48,443	29,977	48,443	29,977
Bank loan	3.0	2.9	2,615	1,731	21,770	30,040	-	-	-	-	-	-	24,385	31,770
Lease liabilities	6.2	8.2	-	-	-	-	196	177	227	418	-	-	423	595
Total Financial Liabilities			**2,615**	**1,731**	**21,770**	**30,040**	**196**	**177**	**227**	**418**	**48,443**	**29,977**	**73,251**	**62,342**
Total Financial Assets/(Liabilities)			**17,980**	**22,359**	**(21,770)**	**(30,040)**	**(196)**	**(177)**	**(227)**	**(418)**	**13,306**	**14,510**	**9,093**	**6,235**

(d) Foreign Currency Risk

(i) Foreign Currency Risk Sensitivity Analysis

At 30 June 2011 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:

	2011 $000	2010 $000
Change in profit		
- Improvement in AUD to HKD by 5%	128	112
- Decline in AUD to HKD by 5%	(143)	(102)
- Improvement in AUD to YEN by 5%	127	283
- Decline in AUD to YEN by 5%	(141)	(256)
- Improvement in AUD to SGD by 5%	371	365
- Decline in AUD to SGD by 5%	(410)	(649)
- Improvement in AUD to NZD by 5%	254	122
- Decline in AUD to NZD by 5%	(281)	(153)
- Improvement in AUD to MYR by 5%	106	74
- Decline in AUD to MYR by 5%	(115)	(67)
Change in equity		
- Improvement in AUD to HKD by 5%	-	-
- Decline in AUD to HKD by 5%	-	-
- Improvement in AUD to YEN by 5%	-	-
- Decline in AUD to YEN by 5%	-	-
- Improvement in AUD to SGD by 5%	-	-
- Decline in AUD to SGD by 5%	-	-
- Improvement in AUD to NZD by 5%	-	-
- Decline in AUD to NZD by 5%	-	-
- Improvement in AUD to MYR by 5%	-	-
- Decline in AUD to MYR by 5%	-	-

(ii) Foreign Currency Risk Exposure

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

	2011 AUD	2011 NZD	2011 HKD	2011 MYR	2011 YEN	2011 SGD	2011 GBP	2011 Others	2011 TOTAL
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cash	8,680	1,635	1,658	1,150	1,814	2,427	1,567	1,664	**20,595**
Trade and other receivables	37,351	6,111	3,005	1,633	2,706	5,182	2,903	2,858	**61,749**
Trade and other payables	(32,037)	(2,409)	(1,958)	(573)	(2,213)	(2,994)	(4,424)	(1,835)	**(48,443)**
Borrowings	(7,406)	-	-	-	(4,980)	(12,405)	-	(17)	**(24,808)**
	6,588	**5,337**	**2,705**	**2,210**	**(2,673)**	**(7,790)**	**46**	**2,670**	**9,093**

	2010 AUD	2010 NZD	2010 HKD	2010 MYR	2010 YEN	2010 SGD	2010 GBP	2010 Others	2010 TOTAL
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cash	11,682	2,468	1,045	848	2,035	2,470	1,994	1,548	**24,090**
Trade and other receivables	26,212	2,016	2,068	1,179	1,706	5,428	3,532	2,346	**44,487**
Trade and other payables	(16,330)	(1,718)	(980)	(622)	(1,367)	(2,824)	(4,613)	(1,523)	**(29,977)**
Borrowings	(7,580)	-	-	-	(7,755)	(15,352)	-	(1,678)	**(32,365)**
	13,984	**2,766**	**2,133**	**1,405**	**(5,381)**	**(10,278)**	**913**	**693**	**6,235**

Note 33: Parent Entity Information

Information relating to the parent entity:	2011 $000	2010 $000
Current assets	78,952	44,086
Total assets	133,108	122,944
Current liabilities	5,897	3,630
Total liabilities	5,981	5,361
Issued capital	106,040	101,619
Capital profits reserve	105	105
Equity incentive plans reserve	12,804	9,703
Dividend distribution reserve	7,953	5,643
Foreign exchange reserve	85	85
Retained earnings	142	428
Total equity	127,127	117,583
Net profit for the year/Total comprehensive income	3,263	4,564

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

There are no commitments for the parent entity.

The contingent liability of the parent entity is discussed in note 24.

Note 34: Company Details

The registered office of the Company is:

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

For further details please refer to page 99.

Directors' Declaration

In accordance with a resolution of the directors of Talent2 International Limited, we state that:

1. In the opinion of the directors:

   (a) The financial statements, notes and the additional disclosures included in the Directors' report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001* ; including:

   (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date.

   (ii) Complying with Accounting Standards and *Corporations Regulations 2001*.

   (iii) Complying with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the Board of Directors.

Ken Allen AM

Chairman

Andrew Banks

Managing Director

Dated this 2nd day of September 2011

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls 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 controls. 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 opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Talent2 International Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Gregory J Logue
Partner
Sydney
2 September 2011

Additional Stock Exchange Information

As at 31 July 2011

Number of Holders of Equity Securities

Ordinary Share Capital

144,728,621 (2010: 141,089,346) fully paid ordinary shares are held by 2,337 (2010: 2,601) shareholders. No shares are subject to escrow provisions imposed by the Australian Stock Exchange.

All issued ordinary shares carry one vote per share.

Options

9,480,600 (2010: 11,759,705) options are held by 252 (2010: 301) option holders.

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares	Number of Shareholders
1 - 1,000	340,920	592
1,001 - 5,000	2,501,130	921
5,001 - 10,000	2,545,547	322
10,001 - 100,000	12,391,475	418
100,001 and over	126,949,549	84
	144,728,621	**2,337**
Holdings less than a marketable parcel		
(less than 368 fully paid ordinary shares)	19,732	129

Substantial Shareholders	Fully Paid Ordinary Share	
Ordinary Shareholders	**Number**	**Percentage**
Morgan & Banks Investments Pty Ltd	29,537,369	20.41%
Aviva Investors Australia Limited	9,304,576	6.43%
	38,841,945	**26.84%**

	Name	Number	Percentage
1.	Morgan & Banks Investments Pty Limited	29,537,369	20. 41%
2.	J P Morgan Nominees Australia Limited	19,407,363	13.41%
3.	Aviva Investors Australia Limited	9,304,576	6.43%
4.	National Nominees Limited	8,523,940	5.89%
5.	HSBC Custody Nominees (Australia) Limited	6,104,396	4.22%
6.	Cogent Nominees Pty Limited	6,014,179	4.16%
7.	Mr Goh Chee Whatt	4,419,252	3.05%
8.	CPU Share Plans Pty Limited	4,397,618	3.04%
9.	Citicorp Nominees Pty Limited	4,091,069	2.83%
10.	Birdsall Pty Limited	2,231,334	1.54%
11.	Ms Chong Kwee Lian	2,039,655	1.41%
12.	Mr Nicholas James Tuckfield	1,609,408	1.11%
13.	Colleen Margot Davis	1,608,488	1.11%
14.	Citicorp Nominees Pty Limited	1,349,520	0.93%
15.	Equity Trustees Limited	1,299,747	0.90%
16.	G M McManus Pty Ltd	1,279,422	0.88%
17.	Mirrabooka Investments Limited	1,139,893	0.79%
18.	Europa Management Services Pty Limited	1,078,666	0.75%
19.	The Forbert Group Pty Limited	1,078,666	0.75%
20.	Queensland Investment Corporation	959,442	0.66%
		107,474,003	74.27%

Company Secretary

David Patteson

Principal Registered Office

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

talent2.com

Telephone: + 61 2 9087 6333

Facsimile: + 61 2 9087 6300

Principal Administration Office

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

talent2.com

Telephone: + 61 2 9087 6333

Facsimile: + 61 2 9087 6300

Investor Enquiries

Telephone: + 61 2 9087 6333

Facsimile: + 61 2 9087 6300

Email: investor@talent2.com

Share Registry

Computershare
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Australia

Telephone: 1300 850 505 or + 61 3 9415 4000

Facsimile: +61 3 9473 2500

Auditors

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

Telephone: + 61 2 9248 5555

Stock Exchange Listings

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

Level 4, 77 Pacific Highway North Sydney NSW 2060
t +61 2 9087 6333 | **f** +61 2 9087 6300 | talent2.com