

Talent2 International Limited

ACN 000 737 744



Preliminary Final Report

for the Financial Year ended 30 June 2008

talent²

Results for Announcement to the Market

| Revenue and Net Profit | | | | \$000 |
|--|----|-----|----|-----------|
| Revenues from operations | up | 49% | to | \$229,304 |
| Profit before interest, taxation, depreciation and amortisation (EBITDA) | up | 29% | to | \$20,274 |
| Profit after tax attributable to consolidated entity | up | 38% | to | \$9,301 |
| Net profit for the year attributable to members of parent entity | up | 37% | to | \$9,275 |

| Dividends (distributions) | Amount per Security | Franked Amount per Security |
|--|---------------------|-----------------------------|
| Final dividend | 4.5c | 90% |
| Previous corresponding period | 3.5c | nil |
| Record date for determining entitlements to the dividend, (in the case of a trust, distribution) | 26 August 2008 | n/a |

Commentary

The board of Talent2 International Limited is pleased to announce another strong annual result, with key financial measures delivering strong year on year growth. The results reflect the business' ability to continue to grow rapidly in a tightening economic climate.

Revenues for the 2008 year increased by 49% to \$229.3m, up from \$153.4m in the previous year, resulting in an EBITDA profit of \$20.3m, up 29% year on year. Strong cash generation continued to underpin the company's growth, with operating cash generated of \$11.7m slightly down on the prior year as a result of company tax paid in the year following the utilisation of prior year losses, and the move to a monthly remitter of GST. Debt levels remain low at just \$12.8m.

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

Growth is being led by the Managed Services business, which is the business' annuity income stream.

- > The Managed Services business grew by 74% on the previous year to \$75m. This was underwritten by significant new business from major national and international companies both in the domestic and Asian markets and the business is expected to lead the way in 2009.
- > Our executive recruitment and search business continued to deliver strong growth with revenue up 45% to \$136m, and benefits from greater candidate supply as much as it is affected from any slowing in demand from employers.
- > Our payroll business' which contribute to both the Managed Services and Technology segments are growing strongly. This business is highly resilient in all market conditions.
- > Geographical spread continues to increase as our Pan-Asian footprint is established. Revenue generated outside of Australia/New Zealand in the financial year increased from 15% of the total revenue to 23%.

EPS grew from 5.71c in 2007 to 7.63c in the current year. The Board, in line with the previously stated dividend policy, has declared a 90% partially franked dividend of 4.5c, up 29% from prior year.

Talent2 also made a number of strategic acquisitions during the year.

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

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

Income Statement for the Financial Year ended 30 June 2008

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

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

Balance Sheet

As at 30 June 2008

| | Note | Consolidated Entity | |
|--|------|---------------------|----------------|
| | | 2008 | 2007 |
| | | \$000 | \$000 |
| Current Assets | | | |
| Cash and cash equivalents | | 17,600 | 12,917 |
| Trade and other receivables | 5 | 36,927 | 28,260 |
| Other current assets | 6 | 5,391 | 3,311 |
| Total Current Assets | | 59,918 | 44,488 |
| Non-Current Assets | | | |
| Investment accounted for using the equity method | 7 | 332 | 328 |
| Plant and equipment | 8 | 8,220 | 5,790 |
| Deferred tax assets | 9 | 3,304 | 3,858 |
| Intangible assets | 10 | 61,937 | 53,433 |
| Total Non-Current Assets | | 73,793 | 63,409 |
| Total Assets | | 133,711 | 107,897 |
| Current Liabilities | | | |
| Trade and other payables | 11 | 30,531 | 26,895 |
| Unearned income | 12 | 5,020 | 4,518 |
| Short-term borrowings | 13 | 600 | 283 |
| Current tax liabilities | 14 | 3,471 | 1,702 |
| Short-term provisions | 15 | 4,773 | 4,140 |
| Total Current Liabilities | | 44,395 | 37,538 |
| Non-Current Liabilities | | | |
| Long-term borrowings | 12 | 12,216 | 3,320 |
| Long-term provisions | 14 | 383 | 599 |
| Total Non-Current Liabilities | | 12,599 | 3,919 |
| Total Liabilities | | 56,994 | 41,457 |
| Net Assets | | 76,717 | 66,440 |
| Equity | | | |
| Issued capital | | 81,360 | 77,069 |
| Reserves | | 466 | 3,995 |
| Accumulated losses | | (5,349) | (14,624) |
| Parent Interests | | 76,477 | 66,440 |
| Minority equity interests | | 240 | - |
| Total Equity | | 76,717 | 66,440 |

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

Statement of Changes in Equity

for the Financial Year ended 30 June 2008

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

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

Cash Flow Statement

for the Financial Year ended 30 June 2008

| | Note | Consolidated Entity | |
|---|------|---------------------|-----------|
| | | 2008 | 2007 |
| | | \$000 | \$000 |
| Cash Flows From Operating Activities | | | |
| Receipts from customers | | 244,973 | 158,248 |
| Payments to suppliers and employees | | (231,355) | (145,311) |
| Interest received | | 416 | 426 |
| Finance costs | | (473) | (180) |
| Income tax paid | | (1,764) | - |
| Income tax refund | | 54 | 72 |
| Net cash provided by operating activities | 18a | 11,851 | 13,255 |
| Cash Flows From Investing Activities | | | |
| Proceeds from sale of plant and equipment | | 20 | 115 |
| Purchase of plant and equipment | | (4,790) | (3,064) |
| Payment for business assets acquired, net of cash acquired | 18b | (6,515) | (8,265) |
| Purchase of investments | 7b | (4) | (328) |
| Purchase of other non-current assets | | - | (1) |
| Net cash used in investing activities | | (11,289) | (11,543) |
| Cash Flows From Financing Activities | | | |
| Proceeds from issues of shares | | 772 | 594 |
| Payment of transaction costs relating to share issues | | (13) | (17) |
| Proceeds from borrowings | | 11,343 | 3,075 |
| Repayment of borrowings | | (3,588) | - |
| Capital repayment to shareholders | | - | (3,541) |
| Dividends paid | | (4,220) | (3,529) |
| Net cash provided by/(used in) financing activities | | 4,294 | (3,418) |
| Net Increase/(Decrease) In Cash Held | | 4,856 | (1,706) |
| Cash At The Beginning Of The Financial Year | | 12,917 | 14,565 |
| Effect of exchange rates on cash holdings in foreign currencies | | (173) | 58 |
| Cash At The End Of The Financial Year | | 17,600 | 12,917 |

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

Notes to the Preliminary Final Report for the Financial Year ended 30 June 2008

1. Basis of Preparation

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies applied are consistent with those applied in the 2007 annual report. There have been no changes in these accounting policies.

This report is based on accounts that are in the process of being audited.

2. Profits from Ordinary Activities

| | Consolidated Entity | |
|---|---------------------|----------------|
| | 2008 | 2007 |
| The operating profit before income tax includes the following items of revenue and expense: | \$000 | \$000 |
| 2a. Operating Revenue | | |
| Managed services | 74,758 | 42,758 |
| Recruitment services | 135,062 | 93,113 |
| Technology services | 19,068 | 17,128 |
| | 228,888 | 152,999 |
| Interest Revenue | 416 | 426 |
| Total Revenue | 229,304 | 153,425 |
| 2b. Other Income | | |
| Net foreign exchange gain | 878 | - |
| 2c. Operating Expenses | | |
| Finance costs: | | |
| Interest | 434 | 110 |
| Finance lease finance charges | 38 | 70 |
| | 472 | 180 |
| Net provision for doubtful debts in respect of amounts receivable from: | | |
| Other entities | 40 | 74 |
| Net transfer to provisions: | | |
| Employee entitlements | 655 | 1,119 |
| Depreciation of non-current assets: | | |
| Plant and equipment | 1,236 | 1,052 |
| Leasehold Improvements | 1,211 | 817 |
| Leased assets | 269 | 315 |
| | 2,716 | 2,184 |
| Amortisation of non-current assets: | | |
| Software Development | 710 | 790 |
| Acquired software intellectual property | 2,712 | 2,295 |
| Acquired candidate databases | 950 | 811 |
| | 4,372 | 3,896 |
| Operating lease rental expenses: | | |
| Minimum lease payments | 10,717 | 6,743 |

3. Comparison of Half Year Profits

| | Consolidated Entity | |
|--|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Consolidated profit after tax attributable to members of the parent entity reported for the first half year | 4,152 | 2,612 |
| Consolidated profit after tax attributable to members of the parent entity reported for the second half year | 5,123 | 4,152 |

4. Ratios

| | Consolidated Entity | |
|---|---------------------|-------------|
| | 2008 | 2007 |
| Profit before tax / revenue | | |
| Consolidated profit before tax as a percentage of revenue | 5.7% | 6.4% |
| Profit after tax / equity interests | | |
| Consolidated net profit after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period | 12.1% | 10.2% |
| NTA Backing | | |
| Net tangible asset backing per ordinary security | 12.01c | 10.82c |
| Earnings per Share | | |
| (a) Basic EPS | 7.63c | 5.71c |
| (b) Diluted EPS | 7.33c | 5.56c |
| (c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the basic EPS | 121,624,707 | 118,359,592 |
| (d) Weighted average number of options outstanding | 2,951,733 | 3,193,249 |
| (e) Weighted average number of performance rights | 1,889,077 | - |
| (f) Weighted average number of ordinary shares outstanding during the year used in the calculations of dilutive earnings per share | 126,465,517 | 121,552,841 |

5. Trade and Other Receivables

| | Consolidated Entity | |
|------------------------------|---------------------|--------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Trade receivables | 33,634 | 27,549 |
| Provision for doubtful debts | (184) | (144) |
| | 33,450 | 27,405 |
| Other receivables | 3,477 | 855 |
| | 36,927 | 28,260 |

6. Other Current Assets

| | Consolidated Entity | |
|-------------|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Prepayments | 1,817 | 1,417 |
| Other | 3,574 | 1,894 |
| | 5,391 | 3,311 |

7. Investments using the Equity Method

7a. Associated Companies

Interest is held in the following unlisted associated company.

| Name | Principal activities | Country of Incorporation | Shares | Ownership Interest | | Carrying amount of Investment | |
|--------------------------|----------------------|--------------------------|--------|--------------------|------|-------------------------------|-------|
| | | | | 2008 | 2007 | 2008 | 2007 |
| | | | | % | % | \$000 | \$000 |
| TalentPro Global Limited | Holding Company | British Virgin Islands | Ord. | 32 | 32 | 332 | 328 |
| | | | | | | 332 | 328 |

7b. Movement during the year in the Associated Company

| | Consolidated Entity | |
|---|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Balance at the beginning of the financial year | 328 | - |
| New investments during the year | 4 | 328 |
| Share of associated company's profit after tax ¹ | - | - |
| | 332 | 328 |

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

8. Plant and Equipment

| | Consolidated Entity | |
|-----------------------------------|---------------------|--------------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Leasehold Improvements | | |
| At cost | 6,748 | 4,150 |
| Accumulated depreciation | (2,906) | (1,711) |
| | 3,842 | 2,439 |
| Plant and Equipment | | |
| At cost | 11,319 | 8,848 |
| Accumulated depreciation | (7,449) | (6,102) |
| | 3,870 | 2,746 |
| Leased Plant and Equipment | | |
| At cost | 1,584 | 1,412 |
| Accumulated depreciation | (1,076) | (807) |
| | 508 | 605 |
| Total Plant and Equipment | 8,220 | 5,790 |

Movements in Carrying Amounts

| | Leasehold Improvements | Plant and Equipment | Leased Plant and Equipment | Total |
|--|------------------------|---------------------|----------------------------|---------|
| | \$000 | \$000 | \$000 | \$000 |
| Balance at 1 July 2007 | 2,439 | 2,746 | 605 | 5,790 |
| Additions | 2,607 | 2,182 | 172 | 4,961 |
| Disposals | (12) | (21) | - | (33) |
| Additions through acquisition of entity | 30 | 258 | - | 288 |
| Depreciation / amortisation charged against operating profit | (1,211) | (1,236) | (269) | (2,716) |
| Foreign exchange movement | (11) | (59) | - | (70) |
| Balance at 30 June 2008 | 3,842 | 3,870 | 508 | 8,220 |

9. Deferred Tax Assets

| | Consolidated Entity | |
|--|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Deferred tax assets are made up of the following estimated tax benefits: | | |
| Tax losses | 582 | 2,681 |
| Temporary differences | 2,722 | 1,177 |
| | 3,304 | 3,858 |

10. Intangible Assets

| | Consolidated Entity | |
|---|---------------------|---------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Goodwill | 45,213 | 34,369 |
| Acquired software intellectual property | 21,304 | 21,304 |
| Accumulated amortisation | (7,112) | (4,400) |
| | 14,192 | 16,904 |
| Acquired candidate databases | 5,404 | 4,084 |
| Accumulated amortisation | (2,890) | (1,942) |
| | 2,514 | 2,142 |
| Other | 18 | 18 |
| | 61,937 | 53,433 |

11. Trade and Other Payables

| | Consolidated Entity | |
|------------------------|---------------------|--------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Trade payables | 15,415 | 13,523 |
| Employment liabilities | 15,116 | 13,372 |
| | 30,531 | 26,895 |

12. Unearned Income

| | Consolidated Entity | |
|-----------------|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Unearned income | 5,020 | 4,518 |

13. Borrowings

| | Consolidated Entity | |
|--|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Current | | |
| Bank loan ¹ | 265 | - |
| Finance lease liabilities secured by the assets leased | 335 | 283 |
| | 600 | 283 |
| Non-Current | | |
| Bank loan ¹ | 12,216 | 3,072 |
| Finance lease liabilities secured by the assets leased | - | 248 |
| | 12,216 | 3,320 |

1. Secured by a charge over assets of subsidiary entities guaranteed by the parent entity

14. Tax Liabilities

| | Consolidated Entity | |
|------------|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Current | | |
| Income tax | 3,471 | 1,702 |

15. Provisions

| | Consolidated Entity | |
|---|---------------------|-------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Current | | |
| Employee benefits | 4,278 | 3,493 |
| Operating lease costs | 316 | 323 |
| Other | 179 | 324 |
| | 4,773 | 4,140 |
| Non Current | | |
| Employee benefits | 382 | 512 |
| Other | 1 | 87 |
| | 383 | 599 |
| a) Aggregate employee benefits liability | 4,660 | 4,005 |
| b) Number of employees at the end of the financial year | 1,116 | 695 |

16. Issued Capital

16a. Ordinary Securities

| | Consolidated Entity | |
|--|---------------------|--------------|
| | 2008 | 2007 |
| | Total Number | Total Number |
| Balance at the beginning of the Financial Year | 120,262,691 | 117,442,466 |
| Changes during the Year | | |
| Options exercised | 1,233,376 | 955,914 |
| Issued on acquisition of controlled entities | 1,595,005 | 1,864,311 |
| Balance at the end of the Financial Year | 123,091,072 | 120,262,691 |

16. Issued Capital (cont)

16b. Non Quoted Options

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

16c. Performance Rights

| | Balance 01/07/07 | Issued | Exercised | Expiry/ Cancellations | Balance 30/06/08 | Vested | Non Vested | Exercise Price | Expiry |
|--|---------------------|------------------|-----------|--------------------------|------------------|----------|------------------|----------------|----------|
| Performance Rights | - | 3,023,546 | - | 18,897 | 3,004,649 | - | 3,004,649 | - | 01/08/12 |
| Total | - | 3,023,546 | - | 18,897 | 3,004,649 | - | 3,004,649 | - | |
| Percentage of ordinary shares at the end of the Financial Year | | | | | 2.4% | 0% | 2.4% | | |

17. Business Segment Information

| Primary Reporting | Managed Services | | Recruitment Services | | Technology Services | | Unallocated | | Eliminations | | Consolidated Entity | |
|---|------------------|----------|----------------------|----------|---------------------|---------|-------------|-------|--------------|---------|---------------------|----------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | | | | | | | | | |
| External Sales | 74,758 | 42,758 | 135,062 | 93,113 | 19,068 | 17,128 | 416 | 426 | - | - | 229,304 | 153,425 |
| Other Segments | 222 | 454 | 1,136 | 854 | 754 | 245 | - | - | (2,112) | (1,553) | - | - |
| Total Revenue | 74,980 | 43,212 | 136,198 | 93,967 | 19,822 | 17,373 | 416 | 426 | (2,112) | (1,553) | 229,304 | 153,425 |
| Less Cost of rendering of services | | | | | | | | | | | | |
| External Sales | (33,401) | (18,928) | (52,567) | (34,723) | (586) | (1,824) | - | - | - | - | (86,554) | (55,475) |
| Other Segments | (1,218) | (540) | (125) | (155) | - | (130) | - | - | 1,343 | 825 | - | - |
| Gross Profit | 40,361 | 23,744 | 83,506 | 59,089 | 19,236 | 15,419 | 416 | 426 | (769) | (728) | 142,750 | 97,950 |
| EBITDA | 6,924 | 3,029 | 10,828 | 9,849 | 2,522 | 2,787 | - | - | - | - | 20,274 | 15,665 |
| Depreciation & Amortisation | (4,182) | (3,443) | (2,248) | (1,815) | (658) | (822) | - | - | - | - | (7,088) | (6,080) |
| EBIT | 2,742 | (414) | 8,580 | 8,034 | 1,864 | 1,965 | - | - | - | - | 13,186 | 9,585 |
| Net Interest Income/(Expense) | | | | | | | | | | | (57) | 246 |
| Profit Before Income Tax | | | | | | | | | | | 13,129 | 9,831 |
| Income Tax Expense | | | | | | | | | | | (3,828) | (3,067) |
| Profit For The Year | | | | | | | | | | | 9,301 | 6,764 |
| Net Profit Attributable to Minority Equity Interest | | | | | | | | | | | 26 | - |
| Profit Attributable to Members of The Parent Entity | | | | | | | | | | | 9,275 | 6,764 |
| Segment Assets and Liabilities: | | | | | | | | | | | | |
| Assets | 47,257 | 42,074 | 71,968 | 52,733 | 14,486 | 13,090 | - | - | - | - | 133,711 | 107,897 |
| Liabilities | 14,718 | 12,124 | 34,749 | 22,035 | 7,527 | 7,298 | - | - | - | - | 56,994 | 41,457 |
| Other Segment Information: | | | | | | | | | | | | |
| Investments accounted for using the equity method | 332 | 328 | - | - | - | - | - | - | - | - | 332 | 328 |
| Acquisition of non-current segment assets | 1,828 | 1,119 | 2,898 | 1,584 | 235 | 361 | - | - | - | - | 4,961 | 3,064 |

17. Business Segment Information (cont)

Secondary reporting – Geographic segments

| | Segment Revenue | | Carrying Amount of Segment Assets | |
|---------------------------|-----------------|---------|-----------------------------------|---------|
| | 2008 | 2007 | 2008 | 2007 |
| | \$000 | \$000 | \$000 | \$000 |
| Geographical Location: | | | | |
| Australia and New Zealand | 177,313 | 130,447 | 92,214 | 88,100 |
| Asia | 32,091 | 18,016 | 26,715 | 14,671 |
| EMEA | 19,668 | 4,929 | 14,533 | 4,668 |
| Other locations | 232 | 33 | 249 | 458 |
| | 229,304 | 153,425 | 133,711 | 107,897 |

18. Cash Flow Information

18a. Reconciliation of Cash Flow from Operations with Profit after Income Tax

| | Consolidated Entity | |
|---|---------------------|---------------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| Profit for the year | 9,301 | 6,764 |
| Employee share option plans and performance rights expensed to equity | 2,227 | 673 |
| Depreciation of plant and equipment | 2,716 | 2,184 |
| Amortisation of acquired intangible assets | 3,662 | 3,106 |
| Loss on disposal of non-current assets | 13 | - |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: | | |
| (Increase) / decrease in assets: | | |
| Trade and other receivables | (5,348) | (9,048) |
| Other current assets | (1,442) | (1,177) |
| Deferred tax assets | 555 | 1,802 |
| Increase / (decrease) in liabilities: | | |
| Trade and other payables | (1,474) | 9,571 |
| Unearned income | (2) | (349) |
| Income taxes payable | 1,281 | 1,335 |
| Provisions | 601 | (1,367) |
| Other liabilities | (239) | (239) |
| Net cash from operating activities | 11,851 | 13,255 |

18b. Acquisition of Entities

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

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

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

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

18c. Non-cash Financing Activities

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

18. Cash Flow Information (cont)

| | Consolidated entity 30 June | | | | | |
|--|--------------------------------|----------------------|----------------------|------------------------|------------------------|------------------------|
| | D&R 2008 \$000 | UAE 2008 \$000 | TOG 2008 \$000 | Other 2008 \$000 | Total 2008 \$000 | Total 2007 \$000 |
| The purchase price was allocated as follows: | | | | | | |
| Purchase consideration | 2,592 | 6,994 | 3,857 | (96) | 13,347 | 13,215 |
| Cash consideration | 1,487 | 2,566 | 3,857 | (96) | 7,814 | 8,615 |
| Cash acquired at acquisition date | (384) | (7) | (908) | - | (1,299) | (350) |
| Cash outflow/(inflow) | 1,103 | 2,559 | 2,949 | (96) | 6,515 | 8,265 |
| Assets and liabilities acquired at acquisition date: | | | | | | |
| Cash | 384 | 7 | 908 | - | 1,299 | 350 |
| Receivables | 1,581 | 959 | 1,238 | - | 3,778 | 1,795 |
| Other current assets | 3 | 114 | 706 | - | 823 | 4 |
| Plant & equipment | 93 | 165 | 30 | - | 288 | 33 |
| Deferred tax assets | - | - | - | - | - | 92 |
| Tax liabilities | (135) | - | (311) | - | (446) | - |
| Payables & accruals | (2,184) | (486) | (230) | - | (2,900) | (3,590) |
| Short-term borrowings | - | - | (257) | - | (257) | - |
| Unearned income | - | - | (504) | - | (504) | (128) |
| Other non-current liabilities | - | - | (9) | - | (9) | - |
| Long-term borrowings | - | - | (1,030) | - | (1,030) | - |
| | (258) | 759 | 541 | - | 1,042 | (1,444) |
| Minority equity interests in acquisitions | - | - | (162) | - | (162) | - |
| Value attributable to identifiable intangible assets | 977 | 350 | - | - | 1,327 | 4,057 |
| Goodwill on consolidation | 1,873 | 5,885 | 3,478 | (96) | 11,140 | 10,602 |
| Total purchase consideration | 2,592 | 6,994 | 3,857 | (96) | 13,347 | 13,215 |
| Profit/(loss) for the period (attributable to members of the parent entity) included in consolidated profit of the group since the acquisition date. | 262 | 402 | 159 | - | 823 | (107) |

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

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

The accounting for business combinations entered into during the financial year has been determined only provisionally due to the proximity of these transactions to the reporting date. In accordance with AASB 3 Business Combinations, any adjustments required as a result of the completion of the initial accounting will be recognised within twelve months of the acquisition date.

19. Subsequent Events

Subsequent to the year end, the parent entity declared a 90% partially franked dividend of \$0.045 per share out of current year profits, payable to shareholders registered on 26 August 2008. This dividend has not been accrued in these 30 June 2008 financial statements.