Talent2 International Limited

Appendix 4D

For the Half-Year Ended 31 December 2009

ABN 19 000 737 744

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

In accordance with ASX Listing Rule 4.2C.2, this Half Year Report should be read in conjunction with the most recent annual financial report, being 30 June 2009.

Current Reporting Period:	Half-Year Ended 31 December 2009
Previous Corresponding Period:	Half-Year Ended 31 December 2008

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Talent2 International Limited

Half Year Report

For the Period Ended 31 December 2009

Contents

Contents	Section
Results for Announcement to the Market	A
Half Year Interim Report	B

Section A: Results for Announcement to the Market

Revenue and Net Profit				$000
Revenues from ordinary activities	down	15%	to	108,879
Profit before interest, taxation, depreciation, amortisation and impairment (EBITDA)	up	6%	to	8,079
Profit from ordinary activities after tax attributable to consolidated entity	up	879%	to	1,909
Net profit for the period attributable to owners of the parent	up	693%	to	1,856

Dividends (distributions)	Amount per Security	Franked Amount per Security
Final dividend	Nil	N/A
Interim dividend	Nil	N/A
Previous corresponding period	Nil	N/A
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A	N/A

Commentary

Refer to the attached announcement.

Talent2 International Limited

(ABN 19 000 737 744)

Interim Report

For the Half-Year Ended

31 December 2009

Talent2 International Limited
Half Year Report
For the Period Ended 31 December 2009

Contents

Directors' Report	1
Auditor's Independence Declaration	3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14

Director's Report

Your directors submit their report for the half-year ended 31 December 2009.

Directors

The names of the company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated:

Ken Allen AM	Chairman
Mary Beth Bauer	Deputy Chairman (resigned 21 October 2009)
Andrew Banks	Managing Director
Geoff Morgan	Non Executive Director
Hans Neilson	Non Executive Director
Ken Borda	Non Executive Director
Pam Laidlaw	Non Executive Director

Review and Results of Operations

Revenues fell by 15% to $108,879,000 for the six months ended 31 December 2009, as compared to $128,033,000 for the six months ended 31 December 2008.

Revenue from the Managed Services business fell 3% to $59,250,000 for the six months ended 31 December 2009, as compared to $60,831,000 for the six months ended 31 December 2008. These revenues include both external revenues and internal charges across segments.

Revenue from the Recruitment Services business fell 25% to $50,508,000 for the six months ended 31 December 2009, compared to the previous corresponding period of $67,757,000. These revenues include both external revenues and internal charges across segments.

EBITDA increased by 6% to $8,079,000 for the six months ended 31 December 2009, as compared to $7,589,000 for the six months ended 31 December 2008. The improvement in profitability on reduced revenue levels demonstrates that the cost base reductions made in the 2009 financial year right-sized the business in line with economic conditions at the time.

The Managed Services business generated EBITDA of $6,113,000 down 8% compared to the six months ended 31 December 2008. A strong performance by the Managed Services business, albeit below the previous corresponding period. Decision making hit an "air pocket" in the global financial crisis as clients focussed on tactical as opposed to strategic decisions which has impacted post global financial crisis performance.

The Recruitment Services business generated EBITDA of $1,966,000 up 113% compared to the six months ended 31 December 2008. The impact of a reduced cost base has resulted in an improvement in profitability in the business, albeit on reduced revenue levels. Confidence is returning in the market for permanent recruitment, although the rate of the return varies across the regions in which we operate.

At 31 December 2008, the consolidated entity recorded an impairment charge of $1,832,000 on the businesses acquired in Hong Kong, the United Kingdom and India. This charge followed a review of the carrying value of its acquired businesses in light of the economic circumstances at the time. No additional charge has been recorded for the six months to 31 December 2009, following a review of the carrying values of acquired businesses at 31 December 2009.

The consolidated entity recorded a substantial increase in net profit after income tax to $1,909,000 for the six months ended 31 December 2009, as compared to a net profit after income tax of $195,000 for the corresponding six months ended 31 December 2008.

Cash on hand at 31 December 2009 was $16,723,000 as compared to $20,977,000 at 30 June 2009. During the period the consolidated entity repaid $6,395,000 of its borrowings, and reported total borrowings at 31 December 2009 of $9,270,000. Net cash at 31 December 2009 was $7,453,000.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Auditor's Independence Declaration

The auditor's independence declaration is included immediately following this Director's Report, and forms part of the Director's Report.

Signed in accordance with a resolution of the directors.

Chairman

Ken Allen AM

Dated 10 February 2010

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

In relation to our review of the financial report of Talent2 International Limited for the half-year ended 31 December 2009, 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
Date: 10 February 2010

Liability limited by a scheme approved under
Professional Standards Legislation

Statement of Financial Position

As at 31 December 2009

		Consolidated	
		31 December 2009	30 June 2009
		$000	$000
Assets			
Current Assets			
Cash and cash equivalents		16,723	20,977
Trade and other receivables		30,971	30,466
Other current assets		5,242	5,184
Total Current Assets		**52,936**	56,627
Non-Current Assets			
Plant and equipment		7,025	7,996
Deferred tax assets		2,652	2,268
Intangible assets		53,621	55,397
Total Non-Current Assets		63,298	65,661
Total Assets		116,234	122,288
Liabilities			
Current Liabilities			
Trade and other payables		20,456	22,148
Unearned income		6,574	6,622
Borrowings		491	499
Income-tax		1,367	439
Provisions		5,114	5,164
Total Current Liabilities		34,002	34,872
Non-Current Liabilities			
Long-term borrowings		8,779	16,196
Long-term provisions		548	786
Total Non-Current Liabilities		9,327	16,982
Total Liabilities		43,329	51,854
Net Assets		72,905	70,434
Equity			
Equity Attributable to Equity Holders of the Parent			
Issued capital		83,590	83,287
Reserves		5,756	5,419
Accumulated losses		(16,620)	(18,476)
Parent interests		72,726	70,230
Non-controlling interests		179	204
Total Equity		72,905	70,434
Net Tangible Asset Backing per ordinary share		15.19c	11.86c

As at 31 December 2008, the Net Tangible Asset Backing per ordinary share was 10.10c.

Statement of Comprehensive Income

For the Half-Year Ended 31 December 2009

		Consolidated entity	
		31 December 2009	31 December 2008
		$000	$000
Revenue		108,879	128,033
Cost of rendering of services: On hired labour and advertising costs		(22,664)	(29,623)
Outsourced services		(13,378)	(15,394)
Distributor commissions and licence fees		(896)	(146)
Gross Profit		**71,941**	**82,870**
Other income		9	444
Employee benefits expense		(51,868)	(60,229)
Operating lease rental expense		(6,600)	(7,031)
Advertising and marketing expense		(960)	(1,731)
Depreciation of plant and equipment		(1,631)	(1,686)
Amortisation of acquired intangible assets		(2,160)	(1,898)
Amortisation of software development		(285)	(614)
Impairment of acquired assets		-	(1,832)
Finance costs		(231)	(368)
Other expenses		(4,299)	(6,529)
Profit Before Income Tax		**3,916**	**1,396**
Income tax expense		(2,007)	(1,201)
Net Profit For The Period		**1,909**	**195**
Other Comprehensive Income			
Foreign currency translation		(511)	1,255
Other comprehensive income for the period, net of tax		(511)	1,255
Total Comprehensive Income for the Period		**1,398**	**1,450**
Profit for the period is attributable to:			
Non-controlling interest		53	(39)
Owners of the parent		1,856	234
		1,909	195
Total comprehensive income for the period is attributable to:			
Non-controlling interest		53	(39)
Owners of the parent		1,345	1,489
		1,398	1,450

Statement of Comprehensive Income (continued)

Overall Operations			
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic (cents per share)		1.46c	0.19c
Diluted (cents per share)		1.40c	0.18c
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS		126,835,378	124,720,669
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Diluted EPS		132,622,017	127,319,970

Statement of Changes in Equity

For the Half-Year Ended 31 December 2009

			Reserves						
	Share Capital Ordinary	Accumulated Losses	Capital Profits Reserves	Equity Incentive Plans	Dividend Distribution Reserve	Foreign Exchange Reserve	Owners of the Parent	Non-Controlling Interest	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2009	83,287	(18,476)	105	6,861	-	(1,547)	70,230	204	70,434
Profit for the period	-	1,856	-	-	-	-	1,856	53	1,909
Other comprehensive income	-	-	-	-	-	(511)	(511)	-	(511)
Total comprehensive income for the half year	-	1,856	-	-	-	(511)	1,345	53	3,404
Transactions with owners in their capacity as owners									
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(78)	(78)
Shares issued (net of transaction costs)	188	-	-	-	-	-	188	-	188
Purchase of treasury shares	(650)	-	-	-	-	-	(650)	-	(650)
Net issue of shares to employees	765	-	-	(765)	-	-	-	-	-
Share based payments	-	-	-	1,613	-	-	1,613	-	1,613
Balance at 31 December 2009	83,590	(16,620)	105	7,709	-	(2,058)	72,726	179	72,905
Balance at 1 July 2008	77,196	(10,929)	105	6,338	5,580	(1,813)	76,477	240	76,717
Profit for the period	-	234	-	-	-	-	234	(39)	195
Other comprehensive income	-		-	-	-	1,255	1,255	-	1,255
Total comprehensive income for the half year	-	234	-	-	-	1,255	1,489	(39)	1,450
Transactions with owners in their capacity as owners									
Transfer between reserves	-	(2)	-	-	2	-	-	-	-
Shares issued (net of transaction costs)	3,726	-	-	-	-	-	3,726	-	3,726
Purchase of treasury shares	(424)	-	-	-	-	-	(424)	-	(424)
Net issue of shares to employees	1,383	-	-	(1,383)					
Share based payments	-	-	-	1,596	-	-	1,596	-	1,596
Dividends paid or provided for	-	-	-	-	(5,582)	-	(5,582)	-	(5,582)
Balance at 31 December 2008	81,881	(10,697)	105	6,551	-	(558)	77,282	201	77,483

Treasury shares have been reclassified in Equity from Equity Incentive Plans to Ordinary Share Capital to ensure consistency with the current period disclosure.

Statement of Cash Flows

For the Half-Year ended 31 December 2009

		Consolidated	
		31 December 2009	31 December 2008
	Note	$000	$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		118,671	145,738
Payments to suppliers and employees (inclusive of GST)		(113,057)	(135,893)
Interest received		144	205
Finance costs		(231)	(368)
Income tax paid		(1,570)	(2,809)
Income tax refund		102	85
Net cash flows from operating activities		4,059	6,958
Cash flows from investing activities			
Purchase of plant and equipment		(1,058)	(1,275)
Payment for business assets acquired, net of cash acquired	3	(506)	(2,690)
Net cash flows used in investing activities		(1,564)	(3,965)
Cash flows from financing activities			
Proceeds from issue of shares		197	143
Payment of transaction costs relating to share issues		(9)	(9)
Proceeds from borrowings		-	2,190
Repayment of borrowings		(6,395)	(797)
Dividends paid		-	(5,582)
Net cash flows used in financing activities		(6,207)	(4,055)
Net decrease in cash and cash equivalents		(3,712)	(1,062)
Net foreign exchange differences		(542)	1,404
Cash and cash equivalents at beginning of period		20,977	17,600
Cash and cash equivalents at end of period		**16,723**	**17,942**

Notes to the Financial Statements

For the Half-Year ended 31 December 2009

Note 1: Basis of Preparation and Accounting Policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Talent2 International Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in the accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

AASB 8 adoption

AASB requires the consolidated entity to define reportable operating segments based on information used regularly by the chief operating decision maker. An operating segment is a distinguishable component of the consolidated entity that is engaged in providing products or services that are subject to differing risk and rewards to other segments.

AASB 101 adoption

In accordance with AASB 101 (revised) the consolidated entity has made various revisions to the format of its primary statements, including the introduction of the consolidated statement of comprehensive income.

The consolidated entity has not elected to early adopt any new standards or amendments that are issued but not yet effective.

Note 2: Dividends

No interim dividend is proposed (2008: Nil).

No dividend was declared for the financial year ended 30 June 2009 (2008: A 90% franked dividend of 4.5c per share was declared on 13 August 2008 and paid on 10 September 2008 for the financial year ended 30 June 2008).

Note 3: Business Combination

TOG Group investment

During the period 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 will be satisfied through a cash payment of $195,000. The remaining 20% interest of the TOG Group will be acquired in 2 instalments with the final instalment payable in September 2011. Total goodwill impact in the current period amounted to $117,000.

Other changes in investment

Goodwill was adjusted for payments in relation to a business acquired in a prior reporting period, totalling $311,000.

Notes to the Financial Statements (continued)

Note 3: Business Combination (continued)

Businesses acquired during the prior period

The consolidated entity acquired 100% of The Learning Group, a specialist e-learning development and learning services company during the period of 31 December 2008. The purchase was satisfied by a cash payment of $1,736,000 and the issue of 1,942,050 ordinary shares at an effective price of $0.80. The purchase consideration includes $44,000 of transaction costs. The effective date of the acquisition was 1 July 2008. Total goodwill impact amounted to $3,118,000.

On 21 August 2008, the consolidated entity acquired the remaining 10% shareholding of Talent2 Singapore Pte Ltd ("Talent2 Singapore"). The purchase was satisfied by a cash payment of $687,000 and the issue of 863,667 ordinary shares at an effective price of $1.077. Total goodwill impact amounted to $1,618,000.

A final earn-out payment was made on 19 September 2008 by the consolidated entity in respect to the acquisition of BizEd Services Pty Ltd ("BizEd") in the amount of $1,127,000. Of this amount, $835,000 was recognised in the prior period accounts of the consolidated entity. The payment was satisfied by a cash payment of $19,000 and the issue of 780,420 shares at an effective price of $1.42. Total goodwill impact amounted to $292,000.

Note 4: 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 covers the consolidated entity's range of outsourced offerings, including talent acquisition management, Human Resources Information Systems, managed learning and training services.

Recruitment Services

The Recruitment segment encompasses executive search and selection consulting services. 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 1 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
- Income tax expense

Notes to the Financial Statements (continued)

Note 4: Operating Segments (continued)

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2009 and 31 December 2008.

	Managed Services		Recruitment Services		Total of Segments		Unallocated Interest		Eliminations		Consolidated Entity	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Sales revenue												
External sales	58,910	60,550	49,825	67,278	108,735	127,828	144	205	-	-	108,879	128,033
Inter-segment sales	340	281	683	479	1,023	760	-	-	(1,023)	(760)	-	-
Total revenue	**59,250**	**60,831**	**50,508**	**67,757**	**109,758**	**128,588**	**144**	**205**	**(1,023)**	**(760)**	**108,879**	**128,033**
Cost of rendering of services												
External sales	(15,557)	(18,015)	(21,381)	(27,148)	(36,938)	(45,163)	-	-	-	-	(36,938)	(45,163)
Inter-segment sales	(145)	(293)	(32)	(27)	(177)	(320)	-	-	177	320	-	-
Gross profit	**43,548**	**42,523**	**29,095**	**40,582**	**72,643**	**83,105**	**144**	**205**	**(846)**	**(440)**	**71,941**	**82,870**
EBITDA/Segment results	**6,113**	**6,666**	**1,966**	**923**	**8,079**	**7,589**	**-**	**-**	**-**	**-**	**8,079**	**7,589**
Reconciliation of segment EBITDA to profit before income tax												
Depreciation and amortisation											(4,076)	(4,198)
Impairment of assets											-	(1,832)
EBIT											4,003	1,559
Net Interest											(87)	(163)
Profit before income tax per the statement of comprehensive income											**3,916**	**1,396**

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 which represents the segment results.

Notes to the Financial Statements (continued)

Note 5: Commitments and Contingencies

There has been no change in commitments and contingencies since the last annual reporting date.

Note 6: Events Subsequent to Reporting Date

On the 6 January 2010, the consolidated entity completed the acquisition of 100% of Zapper Services Pte Ltd ("Zapper"). Zapper provides outsourced payroll and HR administration services to 14 countries, including China, Hong Kong, Japan Malaysia, Philippines, Singapore, Thailand and Vietnam. The acquisition was satisfied by a cash payment of S$18,000,000 and the issue of 6,798,849 ordinary shares at an effective price of A$1.39 each. The effective date of the acquisition was 1 January 2010.

On 27 January 2010, the consolidated entity reached agreement to acquire 100% of the Sugar Group International Limited ("Sugar"). Sugar is a leading provider of education and training services to organisations across Australia and New Zealand. Sugar offers a comprehensive range of workplace training courses to a variety of industries through a number of Registered Training Organisations. The acquisition is to be funded through a combination of debt (50%), and equity (50%). On 29 January 2010 the consolidated entity issued 5,727,152 ordinary shares to the sellers of Sugar for an issue price of A$1.50 per share. The cash component is due for settlement in March 2010.

The financial position and income statement impact to the Group in relation to the above acquisitions is still being determined.

Directors' Declaration

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

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity.

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

(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.

On behalf of the board

Chairman

Ken Allen AM

Dated 10 February 2010

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To the members of Talent2 International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Talent2 International Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Talent2 International Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 half-year financial report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Talent2 International Limited is not in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the 6 months ended on that date; and

ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Gregory J Logue
Partner
Sydney
Date: 10 February 2010