Talent2 International Limited

Appendix 4D

For the Half-Year Ended 31 December 2011

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 2011.

Current Reporting Period:	Half-Year Ended 31 December 2011
Previous Corresponding Period:	Half-Year Ended 31 December 2010

Talent2 International Limited

Half Year Report

For the Period Ended 31 December 2011

Contents

Results for Announcement to the Market

Revenue and Net Profit				$000
Revenues from ordinary activities	up	7%	to	158,173
Profit before interest, taxation, depreciation, amortisation (EBITDA)	down	59%	to	5,278
Loss from ordinary activities after tax attributable to consolidated entity	down	142%	to	(1,656)
Net loss for the period attributable to owners of the parent	down	147%	to	(1,624)

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 2011

Talent2 International Limited

Half Year Report

For the Period Ended 31 December 2011

Contents

Directors' Report

Your directors submit their report for the half-year ended 31 December 2011.

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:

Andrew Banks	Chairman (appointed 26 October 2011) and Managing Director
Ken Allen	Chairman (retired 26 October 2011)
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 increased by 7% to $158,173,000 for the six months ended 31 December 2011, as compared to $147,884,000 for the six months ended 31 December 2010.

EBITDA decreased by 59% to $5,278,000 for the six months ended 31 December 2011, as compared to $12,977,000 for the six months ended 31 December 2010. This result includes an increased investment of approximately $2,000,000 in such areas as Marketing, HR and IT Systems at the group level that are shared between its Managed Services Segment and Recruitment Services Segment. Headcount levels have increased 20% since December 2010 from 1,481 to 1,778, and 7% from 1,665 at 30 June 2011.

The consolidated entity reported a net loss after income tax of $1,656,000 for the six months ended 31 December 2011, as compared to a net profit after income tax of $3,920,000 for the six months ended 31 December 2010.

Managed Services Segment

Revenue from the Managed Services Segment increased 8% to $94,604,000 for the six months ended 31 December 2011, as compared to $87,441,000 for the six months ended 31 December 2010.

The Managed Services Segment generated EBITDA of $5,782,000 down 41% compared to the six months ended 31 December 2010. Headcount levels have increased 23% since December 2010 from 928 to 1,140 as at December 2011, and 6% from 1,078 at 30 June 2011.

The Recruitment Managed Services business reported a revenue increase of 2%. Excluding the impact of pass through revenue, predominantly derived from contractors on site, revenue grew by 15%. Excluding pass through revenue, revenue generated in Australia grew 12% and Asia 24% whilst revenue from EMEA fell 7%. Margins in the Recruitment Managed Services business fell as the mix of revenue changed from revenue generated by additional placements for existing customers, to revenue from new customers which carry a lower margin. For the period, excluding pass through revenue, the business generated approximately 55% of its revenue as fixed fees, and 45% variable. In addition, the business increased its investment in areas including account management, sourcing and business development.

The Payroll business reported a revenue increase of 4%. Excluding revenue generated by the implementation of a major payroll project (which due to its early stage in its project life, revenue equals costs with no profit reflected in the period) revenue fell 3%. Annuity revenue increased by 8%, whilst transactional revenue fell 35% as the demand for consulting services from the client base fell, and the number of implementation assignments fell below that in the corresponding period. Annuity revenue for the half came to 83% of total revenue excluding revenue generated by the implementation of the major payroll project. The payroll business' EBITDA result fell primarily due to the reduction in transactional revenue noted above.

The Learning business reported a revenue increase of 24%, primarily driven by growth in the vocational training business. The Learning business posted a flat EBITDA result, improved performance in the vocational training business offset by shortfalls in the other areas in the Learning business.

Recruitment Services Segment

Revenue from the Recruitment Services Segment increased 5% to $63,437,000 for the six months ended 31 December 2011, compared to the previous corresponding period of $60,283,000. This reflects growth in the contracting business, which has grown 29% and now comprises 57% of revenues compared to 46% of revenues for the six months ended 31 December 2010. Revenue generated from permanent assignments has fallen 15%.

The Recruitment Services Segment generated an EBITDA loss of $504,000 for the six months ended 31 December 2011, compared to the previous corresponding period EBITDA profit of $3,115,000. The current level of uncertainty prevalent in the world as a result of the financial difficulties being experienced in Europe has lead to a reduction in demand for permanent recruitment, particularly in areas where there is high dependency on the financial services sector. Consultant headcount levels have increased since 31 December 2010 from 344 to 376 as at 31 December 2011, and from 357 at 30 June 2011. Productivity has fallen by 21% and this fall, combined with the increased costs in supporting the additional headcount has resulted in the business reporting a loss in the period.

Net debt at the reporting date was $25,944,000 comprising debt of $31,258,000 net of cash of $5,314,000. During the period, the Company generated a negative cash flow from operations of $5,684,000 after the payment of tax of $6,986,000 and the progressive payment of $4,155,000 over the period to fund the implementation of a major payroll project as noted above. This project will continue to require funding in the second half to an estimated further amount of $3,000,000 and will become cash flow positive following go-live in third calendar quarter 2012. This is reflected in the level of unbilled receivables of $8,936,000 shown as a non-current asset at balance sheet date.

Debt increased over the period primarily due to payments made in relation to the Origin HR acquisition ($4,931,000) and due to the purchase of the non-controlling interest in the consolidated entity's recruitment operations in Japan ($1,210,000). The consolidated entity distributed $7,973,000 by way of dividend in the period. In addition to its loan facility, the consolidated entity has a working capital facility of $10,000,000 in place through a combination of commercial bills and an overdraft.

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 Directors' Report, and forms part of the Directors' Report.

Signed in accordance with a resolution of the directors.

Chairman

Andrew Banks

Dated 8 February 2012

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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 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
8 February 2012

Statement of Financial Position

As at 31 December 2011

		Consolidated	
		31 December 2011	30 June 2011
		$000	$000
Assets			
Current Assets			
Cash and cash equivalents		5,314	20,595
Trade and other receivables		52,775	56,968
Other current assets		5,347	6,163
Total Current Assets		**63,436**	**83,726**
Non-Current Assets			
Other receivables		8,936	4,781
Plant and equipment		7,469	6,891
Deferred tax assets		2,475	3,744
Intangible assets		99,051	101,611
Total Non-Current Assets		**117,931**	**117,027**
Total Assets		**181,367**	**200,753**
Liabilities			
Current Liabilities			
Trade and other payables		34,209	43,443
Unearned income		7,342	6,999
Interest-bearing borrowings		2,734	2,811
Current tax liabilities		-	6,164
Short-term provisions		6,278	6,561
Total Current Liabilities		**50,563**	**65,978**
Non-Current Liabilities			
Other payables		3,861	5,000
Interest-bearing borrowings		28,524	21,997
Long-term provisions		845	845
Total Non-Current Liabilities		**33,230**	**27,842**
Total Liabilities		**83,793**	**93,820**
Net Assets		**97,574**	**106,933**
Equity			
Equity Attributable to Equity Holders of the Parent			
Issued capital		111,360	106,040
Reserves		3,908	16,381
Accumulated losses		(17,814)	(16,170)
Parent interests		**97,454**	**106,251**
Non-controlling interests		120	682
Total Equity		**97,574**	**106,933**
Net Tangible Asset Backing per ordinary share		(1.00)c	3.68c

As at 31 December 2010, the Net Tangible Asset Backing per ordinary share was (7.20)c.

Statement of Comprehensive Income

For the Half-Year Ended 31 December 2011

		Consolidated entity	
		31 December 2011	31 December 2010
		$000	$000
Revenue		**158,173**	**147,884**
Cost of rendering of services: On hired labour and advertising costs		(34,045)	(25,831)
Outsourced services		(32,080)	(28,430)
Distributor commissions and licence fees		(280)	(322)
Gross Profit		91,768	93,301
Other income		131	10
Employee benefits expense		(68,794)	(65,943)
Operating lease rental expense		(8,169)	(7,649)
Advertising and marketing expense		(2,354)	(1,335)
Depreciation of plant and equipment		(1,471)	(1,533)
Amortisation of acquired intangible assets		(3,376)	(3,499)
Amortisation of software development		(1,042)	(750)
Acquisition costs		(68)	(90)
Finance costs		(698)	(644)
Other expenses		(7,104)	(5,157)
(Loss)/Profit Before Income Tax		(1,177)	6,711
Income tax expense		(479)	(2,791)
Net (Loss)/Profit For The Period		(1,656)	3,920
Other Comprehensive Income			
Foreign currency translation		(154)	(4,225)
Other comprehensive income for the period, net of tax		(154)	(4,225)
Total Comprehensive Income for the Period		(1,810)	(305)
(Loss)/Profit for the period is attributable to:			
Non-controlling interest		(32)	483
Owners of the parent		(1,624)	3,437
		(1,656)	3,920
Total comprehensive income for the period is attributable to:			
Non-controlling interest		(32)	483
Owners of the parent		(1,778)	(788)
		(1,810)	(305)

Statement of Comprehensive Income (continued)

Overall Operations			
Earnings per share for (loss)/profit attributable to the ordinary equity holders of the parent:			
Basic (cents per share)		(1.13)c	2.43c
Diluted (cents per share)		(1.13)c	2.33c
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS		146,304,744	141,268,159
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Diluted EPS		150,289,105	147,724,474

Statement of Changes in Equity

For the Half-Year Ended 31 December 2011

				Reserves						
	Share Capital Ordinary	Accumulated Losses	Capital Profits Reserves	Equity Incentive Plans	Dividend Distribution Reserve	Foreign Exchange Reserve	Acquisition Reserve	Owners of the Parent	Non-Controlling Interest	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2011	**106,040**	**(16,170)**	**105**	**12,804**	**7,953**	**(4,481)**	-	**106,251**	**682**	**106,933**
Loss for the period	-	(1,624)	-	-	-	-	-	**(1,624)**	(32)	**(1,656)**
Other comprehensive income	-	-	-	-	-	(154)	-	**(154)**	-	**(154)**
Total comprehensive income for the half year	-	**(1,624)**	-	-	-	**(154)**	-	**(1,778)**	**(32)**	**(1,810)**
Transactions with owners in their capacity as owners										
Transfer between reserves	-	(20)	-	-	20	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	(3,431)	**(3,431)**	(530)	**(3,961)**
Shares issued (net of transaction costs)	3,612	-	-	-	-	-	-	**3,612**	-	**3,612**
Purchase of treasury shares	(415)	-	-	-	-	-	-	**(415)**	-	**(415)**
Net issue of shares to employees	2,123	-	-	(2,123)	-	-	-	-	-	-
Share based payments	-	-	-	1,188	-	-	-	**1,188**	-	**1,188**
Dividends paid	-	-	-	-	(7,973)	-	-	**(7,973)**	-	**(7,973)**
Balance at 31 December 2011	**111,360**	**(17,814)**	**105**	**11,869**	-	**(4,635)**	**(3,431)**	**97,454**	**120**	**97,574**
Balance at 1 July 2010	**101,619**	**(18,368)**	**105**	**9,703**	**5,643**	**(163)**	-	**98,539**	**124**	**98,663**
Profit for the period	-	3,437	-	-	-	-	-	**3,437**	483	**3,920**
Other comprehensive income	-	-	-	-	-	(4,225)	-	**(4,225)**	-	**(4,225)**
Total comprehensive income for the half year	-	**3,437**	-	-	-	**(4,225)**	-	**(788)**	**483**	**(305)**
Transactions with owners in their capacity as owners										
Transfer between reserves	-	(6)	-	-	6	-	-	-	-	-
Shares issued (net of transaction costs)	1,293	-	-	-	-	-	-	**1,293**	-	**1,293**
Purchase of treasury shares	(727)	-	-	-	-	-	-	**(727)**	-	**(727)**
Net issue of shares to employees	547	-	-	(547)	-	-	-	-	-	-
Share based payments	-	-	-	1,570	-	-	-	**1,570**	-	**1,570**
Dividends paid	-	-	-	-	(5,649)	-	-	**(5,649)**	-	**(5,649)**
Balance at 31 December 2010	**102,732**	**(14,937)**	**105**	**10,726**	-	**(4,388)**	-	**94,238**	**607**	**94,845**

Statement of Cash Flows

For the Half-Year ended 31 December 2011

		Consolidated	
		31 December 2011	31 December 2010
		$000	$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		175,901	163,876
Payments to suppliers and employees (inclusive of GST)		(174,127)	(152,642)
Interest received		132	161
Finance costs		(698)	(644)
Income tax paid		(6,986)	(3,692)
Income tax refund		94	95
Net cash flows (used in)/from operating activities		**(5,684)**	**7,154**
Cash flows from investing activities			
Purchase of plant and equipment		(2,150)	(1,561)
Payment for subsidiary		(4,931)	(2,019)
Purchase of intangible assets		(120)	-
Net cash flows used in investing activities		**(7,201)**	**(3,580)**
Cash flows from financing activities			
Proceeds from issue of shares		510	593
Payment of transaction costs relating to share issues		(26)	(20)
Acquisition of non-controlling interest		(1,210)	-
Proceeds from borrowings		6,203	-
Repayment of borrowings		(218)	(3,057)
Dividends paid		(7,973)	(5,649)
Net cash flows used in financing activities		**(2,714)**	**(8,133)**
Net decrease in cash and cash equivalents		(15,599)	(4,559)
Net foreign exchange differences		318	(1,401)
Cash and cash equivalents at beginning of period		20,595	24,090
Cash and cash equivalents at end of period		**5,314**	**18,130**

Notes to the Financial Statements

For the Half-Year ended 31 December 2011

Note 1: Basis of Preparation and Accounting Policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2011 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 2011 and considered together with any public announcements made by Talent2 International Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. An amount of $4,781,000 unbilled receivables have been reclassified from current assets under trade and other receivables to non-current assets under other receivables in the prior period balance sheet to ensure consistency with the current period disclosure.

Note 2: Dividends

No interim dividend is proposed (2010: Nil).

A 100% franked dividend of 5.5c per share for the year ended 30 June 2011 was declared on 10 August 2011 and paid 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 paid on 14 September 2010.

Note 3: Business Combination

Business acquired during the period

First Place International Pty Ltd Acquisition

On 1 July 2011 the consolidated entity acquired the business assets of First Place International Pty Ltd, a Brisbane based executive search company 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 and this is recorded as a non-current liability under other payables.

The consolidated entity has recognised the fair value of the identifiable assets and liabilities of the acquired business assets based upon the best information available as of the reporting date. The full purchase price of $1,000,000 was allocated to candidate database, intangible assets. This has been provisionally accounted for as the acquisition accounting was not completed at the reporting date. Acquisition costs directly relating to the acquisition amounted to $31,000.

Notes to the Financial Statements (continued)

Note 3: Business Combination (continued)

Origin HR Group Acquisition

The consolidated entity made a total earnout payment of $7,144,000 to Origin HR Group during the current financial period in respect to a prior year acquisition. The payment was satisfied by two cash payments made on 11 July 2011 ($1,051,000) and 31 August 2011 ($3,880,000), respectively and the issue of 1,581,044 ordinary shares at a fair value of A$1.40 each on 31 August 2011. An amount of $5,000,000 in relation of the Origin HR Group acquisition remains outstanding at 31 December 2011.

T2 Tokyo KK Acquisition

On 11 October 2011 the consolidated entity acquired the remaining 49% of the voting shares of T2 Tokyo KK, a company that provides executive search recruitment and recruitment managed services in Tokyo Japan. The purchase was satisfied through a cash payment of $1,210,000 and the issue of 679,242 ordinary shares at a fair value of A$1.20 each. Under the terms of the Share Purchase Agreement a total cash earnout amount of $1,936,000 will be payable over the period to 12 October 2013. This consideration liability is recorded as a current liability under trade and other payables ($1,355,000) and as a non-current liability under other payables ($581,000).

The difference between the carrying value of the non-controlling interest as at that date of $530,000 and the purchase consideration is recognised directly in equity attributable to the parent. Accordingly, a debit of $3,431,000 to the Acquisition Reserve is reflected in the statement of changes in equity.

Businesses acquired during the prior period

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 prior financial year and booked as other income in the consolidated statement of comprehensive income. The remaining fixed consideration liability is recorded at 30 June 2011 as a current liability under trade and other payables ($7,020,000) and as a non-current liability under other payables ($5,000,000).

Notes to the Financial Statements (continued)

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 includes Recruitment Managed Services (RMS), outsourced payroll and Human Resources Information Systems (HRIS), managed learning and training services, and specialised human resource consulting 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 is 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
- Income tax expense

Notes to the Financial Statements (continued)

Note 4: Operating Segments (continued)

The following table presents revenue and (loss)/profit information for reportable segments for the half-years ended 31 December 2011 and 31 December 2010.

	Managed Services		Recruitment Services		Total of Segments		Unallocated Interest		Eliminations		Consolidated Entity	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Sales revenue												
External sales	94,604	87,441	63,437	60,283	158,041	147,724	132	160	-	-	158,173	147,884
Inter-segment sales	188	240	1,046	383	1,234	623	-	-	(1,234)	(623)	-	-
Total revenue	**94,792**	**87,681**	**64,483**	**60,666**	**159,275**	**148,347**	**132**	**160**	**(1,234)**	**(623)**	**158,173**	**147,884**
Cost of rendering of services												
External sales	(35,404)	(30,763)	(31,001)	(23,820)	(66,405)	(54,583)	-	-	-	-	(66,405)	(54,583)
Inter-segment sales	(23)	(37)	(152)	(39)	(175)	(76)	-	-	175	76	-	-
Gross profit	**59,365**	**56,881**	**33,330**	**36,807**	**92,695**	**93,688**	**132**	**160**	**(1,059)**	**(547)**	**91,768**	**93,301**
EBITDA	5,782	9,862	(504)	3,115	5,278	12,977	-	-	-	-	5,278	12,977
Depreciation	(1,028)	(1,031)	(443)	(502)	(1,471)	(1,533)	-	-	-	-	(1,471)	(1,533)
Amortisation	(4,116)	(4,108)	(302)	(141)	(4,418)	(4,249)	-	-	-	-	(4,418)	(4,249)
EBIT/Segment results	**638**	**4,723**	**(1,249)**	**2,472**	**(611)**	**7,195**	**-**	**-**	**-**	**-**	**(611)**	**7,195**
Reconciliation of segment EBIT to (loss)/profit before income tax												
Interest income											132	160
Interest expense											(698)	(644)
(Loss)/profit before income tax per the statement of comprehensive income											**(1,177)**	**6,711**

Note 5: Commitments and Contingencies

Following a Comprehensive Review of the Group's income tax affairs, the Australian Taxation Office (ATO) commenced an audit of certain risk areas in the previous financial year. In December 2011, the ATO issued a Letter of Intent together with a document detailing the reasons for the decision. The Group, in conjunction with its advisors, is seeking clarification from the ATO on the way certain facts have been considered in reaching the decision, including the referencing of ATO precedence, with a view to challenging the intent. The Group has been advised that it remains possible, but not probable, that a liability will eventuate, and accordingly no provision has been recognised in these financial statements. 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 interest and penalties.

Note 6: Events Subsequent to Reporting Date

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

Directors' Declaration

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 2011 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

Andrew Banks

Dated 8 February 2012

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Independent auditor's review report to members of Talent2 International Limited

Report on the Condensed 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 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 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 of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

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 2011 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 directors' report.

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 2011 and of its performance for the half year 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
8 February 2012