



**MANAGING DIRECTOR'S ADDRESS TO ANNUAL GENERAL MEETING,
Delivered by Andrew Banks, Sydney, 25th October 2006**

There's a revolution taking place all around us., Businesses all over the world are starting to wake up to new ways of doing things better and cheaper. Thanks to new ideas and new technologies, whether you are an institution, a retailer or a governmental department, the realisation is the same: The availability and utilisation of your workforce is critical to the performance of your business. And the new reality is that there is no better way to manage this than handing it to a team of experts in their field and giving them the responsibility to produce the outputs.

We call this new reality Business Process Outsourcing (BPO) and it allows you to focus your time on strategic benefits and less of your time on transactional processing. And Talent2 is at the cutting edge of the new Business Process Outsourcing services.

Strategically, one of the hottest areas of BPO at the moment is in the field of Human Resources: HR Outsourcing. Companies around the world are discovering that HR transaction processing such as recruitment and payroll should be handed to teams of experts who understand the legal and human intricacies of these specialist fields and who can deliver a better result, in compliance with complex things like Sarbanes Oxley and then deliver that result at a cheaper price.

HR Outsourcing has arrived on our shores and Talent2 is the only organisation in Australia/Asia focused in this area and providing a full service offering. We have built the organisation to address the 3 key HR Outsourcing areas in every organisation:

Talent Acquisition - Acquiring talent through traditional and new recruiting initiatives

Managed services - Managing the workforce with payroll or leave processing

Optimising Performance - Optimising workforce performance with training and consulting

What's more, as the blue horizontal band across the middle of the slide shows, not only does Talent2 assist customers improve their HR practices, but as specialists in our field we are already well equipped to actually do their HR for them. Last year Talent2 produced a quarter of its revenue in the blue band managed service area, and this year with 35% of last year's numbers already locked in for this year, we are already well placed to expand that even further.

Looking at last year's numbers, everything is tracking extremely well. Thanks to excellent performances from all major divisions, we increased our revenue 65% to almost \$100m. EBITDA profits rose 68% to \$10 million and pre-tax earnings rose 23% to more than \$5 million. Strong cash flows allowed us to pay our maiden dividend of 3c per share and with your authorisation at this meeting today, we could be paying another 3c per share in the form of a Capital Repayment.

But this is not a one-off. This is part of a familiar trend over a number of years. We are already 5 times larger than we were only 3 short years ago, and after a strong start to the current financial year there is every indication that this trend will continue again. NPS for example, the SME payroll business we acquired last year is already performing at record levels. We also know that not included in last year's numbers were significant HR outsourcing wins, worth millions of dollars each, to customers like ... Myer, Citigroup, PBL Melco and Jones Lang LaSalle. These are just some of the new Talent2 Customers acquired only in the last six months. And this list doesn't include our existing clients like Fosters and API from last year which continue to run well and profitably. What's more, some of these new projects won't go live until January or February, making our prospects in 2007 and 2008 even better. That's the beauty of annuity projects. We don't need to restart each year from scratch. Every one of these major projects sets us up for many years to come. Yes, some of these contracts have a duration of between 3 and 5 years, some of them even less. But as long as we deliver on our promises of better quality at a better



price, our customers will have no reason to go elsewhere and will continue to renew their contracts when their time comes.

This is one the reasons we have 35% of last year's revenue already locked into this year. For example our payroll ASP and managed services is already covering close to 2,200 customers and paying hundreds of thousands of people every month. Recent wins like Arnotts, Bond University and Brisbane Catholic Education just add more to the numbers. And it's sticky. Think of the cost to these customers if they ever wish to switch suppliers or try and do it themselves.

And look at the evidence we have generated already. These are TAM deals or Talent Acquisition Management. Some people refer to this as RPO or Recruitment Process Outsourcing. Client C is a relatively new client. Not only have we already reduced their time to fill by 50%, but we are saving them 35% by doing a better job cheaper. Look closely at Clients A and E. We have placed 100% of their vacancies. We never promise that. Yet the efficiency of our processing has allowed us to perform ahead of even our own expectations saving the client tens of thousands of dollars on external agency fees that they no longer use. Is this a threat to other recruitment organisations? Absolutely! Talent2 is driving a new revolution and our recruiting competitors are vulnerable to the change.

They can see what we are doing and they can see our results. Can they do anything about it? No not much. To embrace the revolution as we have they need to break their existing business models ... something they are unlikely to do without adversely affecting their existing revenue streams.

But its not only happening in Australia. During the past year we have been very pleased by our surprisingly early successes in Asia. Deals like PBL Melco and Merrill Lynch have justified our strategy and confirmed that the same revolution affecting Australia is happening in Asia too. It is only a matter of time that North American and European HRO providers will enter that space too. When they do, we will have already had first mover advantage. Our new joint venture operations undergoing due diligence in China and India are very exciting and will be the focus of our expansion attention during the next 12 months. The Indian business we are looking at already employs 100 people in 7 regional offices.

We will also open operations in the UK and USA to service this region. There is a growing shortage of talent in this part of the world, and we need to open channels in North America and Europe to satisfy the growing thirst for talent in our region.

Can we keep this momentum running? Yes we can. We have assembled an outstanding management team both in Australia and in Asia to sustain a company much larger than we are today. Most of these people have made significant contributions to organisations generating hundreds of millions of dollars and have the desire and capability to take us where we want to go. Paul Jury for example runs the Executive Recruitment business that's already generating \$60 million a year.

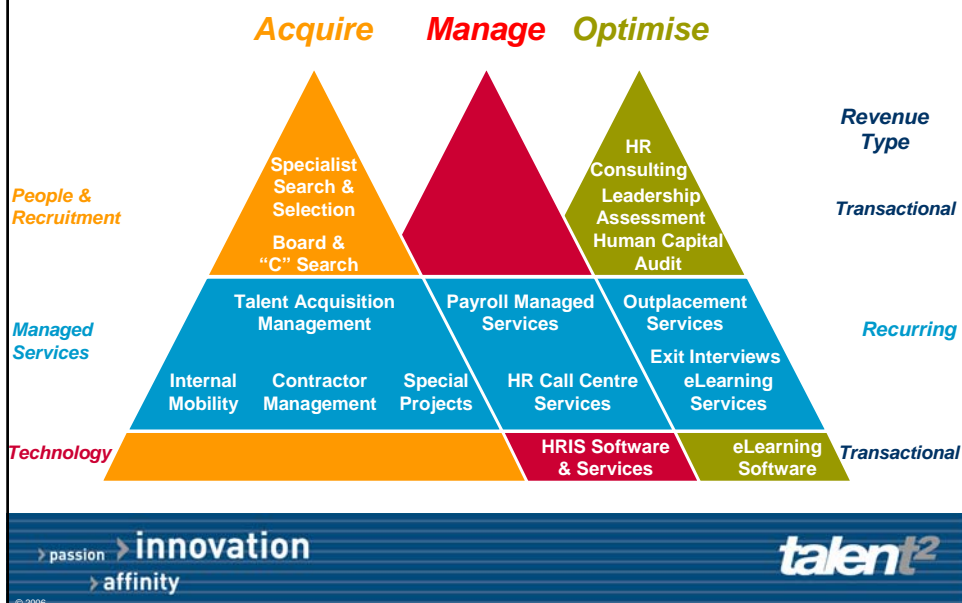
My personal thanks go to our CEO John Rawlinson and all the people who support him on a day to day basis servicing our customers, our candidates, and ultimately our shareholders. I would also like to add my personal welcome to Ken and Hans. I know their leadership will be invaluable to Talent2 as we head into our next exciting growth phase.

And let me end with a special thank you to Mary Beth Bauer, who has led the Board through the tense years, when our bottom line was not yet reflective at all of the massive growth platform we were putting in place. Under Mary Beth's guidance we never lost sight of shareholder value, and with her commitment and drive the business never lost confidence. We would do well to maintain that confidence and excitement, and I welcome her continued counsel on the Board. Thank you.

talent² 2006 Annual General Meeting



Talent2's Full Service Offering



2006 Financial Highlights

	FY 2006	FY 2005	Growth
Revenues	\$99.6 m	\$60.3 m	+65%
Gross profit	\$71.8 m	\$43.6 m	+65%
EBITDA	\$10.0 m	\$6.0 m	+68%
Return on Gross Profit	13.9%	13.8%	
Earnings before tax	\$5.16 m*	\$4.19 m	+23%
Reported earnings after tax	\$3.72 m	\$4.91 m**	(24%)
EPS	3.29c	5.13c	(36%)
Maiden Dividend	3.00c	-	

* FY 2006 result includes additional intangible asset amortisation for business acquisitions under AIFRS.

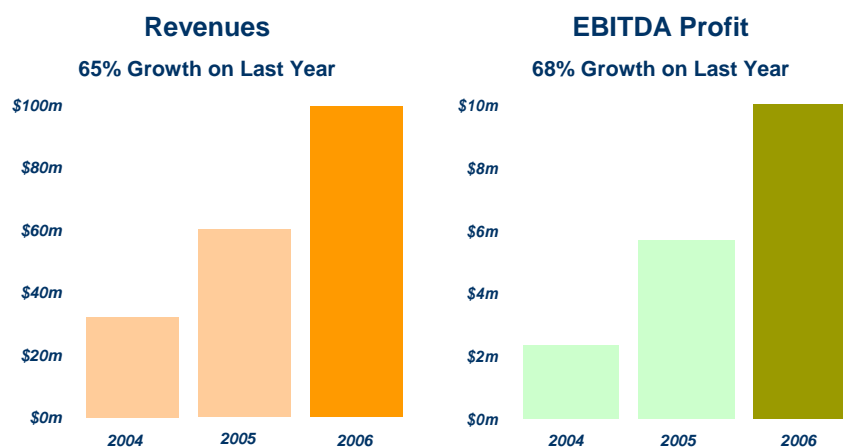
** FY 2005 result includes a positive taxation adjustment to account for historical tax losses and timing differences.

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Another Year of Strong Growth



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New Clients

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Recruitment Outsourcing Case Studies

	Client A	Client B	Client C	Client D	Client E
Duration	20 months	6 months	15 months	20 months	15 months
Volume of roles (12 months)	269	1500	345 external and 420 internals	120 perm and 94 contract	140
Pre-TAM Solution time-to-fill (approximate)	32 days	50-70 days	40-60 days	28 days	45 days
Average time-to-fill (across all role types)	16 days	35 days (tracking down)	30 days (tracking down)	16 days	8 days
Cost savings achieved	>30%	30%	>35%	34%	33%
% roles placed by on-site team	100%	80%	88%	84%	100%

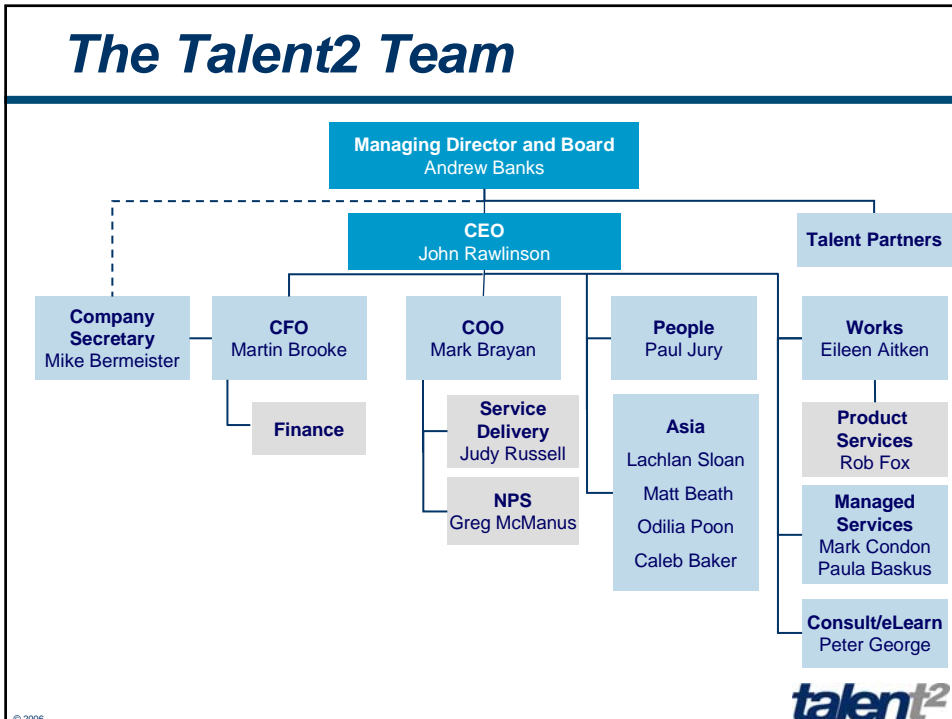
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Expanding the Region



The Talent2 Team



talent² *Leading the Revolution*



“The future of Talent2 is driven by the worldwide HRO mega trends and the needs of our customers. We are growing fast and capitalising our advantage.”

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