

## ASX Release | 17 July 2012

### Court orders the convening of Scheme Meetings

Talent2 International Limited (Talent2) (ASX:TWO) is pleased to confirm that the Federal Court of Australia today ordered that a meeting of Talent2 Shareholders be convened to consider and, if thought fit, agree to the scheme of arrangement under which Perbec Pty Limited (**Perbec**)<sup>1</sup> will acquire all of the outstanding Talent2 shares not currently held by Morgan & Banks Investments Pty Limited<sup>2</sup> (**MBI**) for a cash consideration of \$0.78 per share (**Scheme**).

The Federal Court of Australia today also ordered that meetings of Talent2 optionholders be convened to consider and, if thought fit, agree to the scheme of arrangement under which all of the Scheme Options held by Talent2 optionholders on the Option Scheme Record Date will be cancelled in return for a cash payment (**Option Scheme**).

The Independent Expert, Lonergan Edwards & Associates, has concluded the Scheme and Option Scheme are, in the absence of a Superior Proposal, fair and reasonable and in the best interests of Talent2 Shareholders and Talent2 optionholders.

The independent committee of directors (the IBC) unanimously recommend that, in the absence of a Superior Proposal, Talent2 Shareholders and Talent2 optionholders vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them.

#### Talent2 EGM and Scheme Meetings

An extraordinary general meeting of Talent2 Shareholders will be held at 10:00am on Monday 20 August 2012 at Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 to approve the Talent2 EGM Resolutions which are incidental to the Scheme.

The meetings of Talent2 Shareholders and Talent2 optionholders (**Talent2 Securityholders**) to vote on the Scheme and Option Scheme respectively will be held from 10:15am on Monday 20 August 2012 at the same location (**Scheme Meetings**).

#### Scheme Booklet

A copy of the Scheme Booklet which includes the Notices for the Talent2 EGM and Scheme Meetings and the Independent Expert's Report, is expected to be despatched to Talent2 Securityholders by Friday 20 July 2012. A copy of the Scheme Booklet is attached to this announcement.

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**Note:** All capitalised terms used in this announcement have the same meaning as those contained in the Scheme Booklet attached and dated 17 July 2012.

<sup>1</sup>As at the date of this announcement, Perbec is a wholly owned subsidiary of MBI. If the Scheme becomes effective, it will be 50% directly or indirectly owned by MBI and 50% directly or indirectly owned by Allegis Group, Inc. (**Allegis**).

<sup>2</sup> MBI is a company controlled by Andrew Banks and Geoff Morgan, each of whom is a director of Talent2. MBI is the largest shareholder in Talent2 with a 21.8% interest.

Talent2 Securityholders are advised to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them. As detailed in the Scheme Booklet, the Schemes are conditional on Talent2 Securityholder and Court approvals.

### Key dates

Key events and the indicative timing in relation to the approval and implementation of the Schemes are set out in the table below:

Event	Indicative date
Scheme Booklet and notice of meetings despatched to shareholders	Friday, 20 July 2012
Talent2 EGM, Scheme Meeting and Option Scheme Meetings	Monday, 20 August 2012
Second Court Hearing for approval of the Scheme and Option Scheme	Thursday, 23 August 2012
Effective Date	Thursday, 23 August 2012
Special Dividend Record Date to identify shareholders entitled to the Special Dividend <i>(if the Special Dividend is announced, which is at the discretion of the Talent2 Board)</i>	Monday, 3 September 2012
Special Dividend Payment Date <i>(if the Special Dividend is announced, which is at the discretion of the Talent2 Board)</i>	Friday, 7 September 2012
Scheme and Option Scheme Record Date for determining entitlements	7.00pm on Monday, 10 September 2012
Implementation Date for despatching consideration	Thursday, 13 September 2012

All dates in the above timetable are indicative only and are subject to change. Any changes will be announced by Talent2 on ASX and published on Talent2's website at [www.talent2.com](http://www.talent2.com).

### Other Items

If, after reading the Scheme Booklet, a Talent2 Securityholder has any questions about their Talent2 securities or any other matter in the Scheme Booklet, they should contact the Talent2 information line on 1300 608 346 (within Australia) or +61 3 9415 4285 (outside Australia) Monday to Friday between 8:30am and 5:30pm (Sydney, Australia time).

Talent2 Securityholders should consult their stockbroker, accountant, tax, financial or other professional adviser about the impact of the Scheme and Option Scheme on their particular investment objectives before making any investment decision in relation to their Talent2 securities.

Talent2 will inform the market of any material developments at the appropriate time, including whether a Special Dividend is likely to be declared and paid.

The Independent Directors of Talent2 have engaged KPMG Corporate Finance as financial adviser and Freehills as legal adviser in relation to the Schemes.

### **About Talent2**

Talent2 was founded in 2003, is listed on the Australian Stock Exchange (ASX:TWO) and operates from 45 offices, delivering services in 31 countries across the Asia Pacific region, Middle East, UK and USA. It is the leading HR BPO organisation in the Asia Pacific region, working with clients across diverse organisation types and industries to deliver end-to-end talent management solutions that put people first. These include HR Advisory, Payroll, Recruitment and Learning. Talent2's end-to-end talent management solution gives it a unique capacity to fulfil the rapidly evolving business needs for talent management, to help organisations to improve the power and productivity of their people.

### **For further information please contact:**

#### **Investor**

Talent2

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# Scheme Booklet

This Scheme Booklet relates to the schemes of arrangement which, if implemented, will result in the transfer of all the Scheme Shares to Perbec Pty Limited (ABN 77 158 551 574) and the cancellation of all the Scheme Options.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Schemes and the Talent2 EGM Resolutions as relevant to you. If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

The Independent Directors unanimously recommend that you vote in favour of the Schemes and the Talent2 EGM Resolutions as relevant to you, in the absence of a Superior Proposal.

**Talent2 International Limited**  
(ABN 19 000 737 744)

Financial adviser



Corporate Finance

Legal adviser

Freehills

# Vote in favour



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# Important Notices

## Nature of this document

This document includes the explanatory statement for the Scheme and Option Scheme required by subsection 412(1) of the Corporations Act.

## Defined terms

A number of defined terms are used in this Scheme Booklet. These terms are capitalised and have the meanings set out in Section 12.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this booklet.

## Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting and Option Scheme Meetings be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting, Notice of Option Scheme Meeting 1 and Notice of Option Scheme Meeting 2 does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or Option Scheme or as to how eligible Talent2 Securityholders should vote (on this matter eligible Talent2 Securityholders must reach their own decision); or
- (b) has prepared, or is responsible for the content of, the explanatory statement.

## No endorsement

The fact that under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting and the Option Scheme Meetings be convened is not an endorsement of, or other expression of opinion on, the Scheme or the Option Scheme.

## ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme or Option Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

## No account of personal circumstances

This Scheme Booklet and the recommendations contained in it should not be taken as, and do not constitute, personal financial advice as they do not take into account your individual objectives, financial and taxation situation or particular needs. As such, the Independent Directors encourage you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Schemes as relevant to you.

## Not an offer

This Scheme Booklet does not constitute or contain an offer to Talent2 Securityholders, or a solicitation of an offer from Talent2 Securityholders, in any jurisdiction.

## Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

## Disclaimer as to forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. All forward looking statements in this Scheme Booklet (including in the Independent Expert's Report) reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of Talent2 or a Joint Bidder Group Member are or may be forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Talent2 and members of the Joint Bidder Group operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Talent2, any member of the Joint Bidder Group, their respective subsidiaries or their respective directors, officers and employees, any persons named in this Scheme Booklet with their consent, or any person involved in the preparation of this Scheme Booklet, makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place reliance on any forward looking statement.

## Responsibility statements

Talent2 has prepared, and is responsible for, the Talent2 Information in this Scheme Booklet. No member of the Joint Bidder Group assumes any responsibility for the accuracy or completeness of that information.

Allegis has prepared, and is responsible for, the Joint Bidders' Information to the extent such information relates to the Allegis Group. MBI has prepared and is responsible for the Joint Bidders' Information to the extent such information relates to the MBI Group. The Joint Bidders and Perbec are jointly and severally responsible for any Joint Bidders' Information not referred to above. Talent2 does not assume any responsibility for the Joint Bidders' Information.

Lonergan Edwards & Associates has prepared, and is responsible for, the Independent Expert's Report. None of Talent2, the Joint Bidders, Perbec or any of their respective subsidiaries, directors, officers, employees or advisers assume any responsibility for the Independent Expert's Report, except in the case of Talent2, the Joint Bidders and Perbec in relation to information given by them respectively to the Independent Expert.

PwC has prepared, and is responsible for, material on the Australian taxation consequences of the Schemes for Talent2 Securityholders set out in Section 9. None of Talent2, the Joint Bidders, Perbec or any of their respective subsidiaries, directors, officers, employees or advisers assume any responsibility for the material contained in Section 9, except in the case of Talent2, the Joint Bidders and Perbec in relation to information given by them respectively to PwC.

## Charts, maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the Last Practicable Date.

## References to time

Unless otherwise stipulated, all references to time in this Scheme Booklet are to Sydney time.

## Privacy

Talent2, the Joint Bidders and Perbec may collect personal information in the process of implementing the Schemes. The type of information that they may collect about you includes your name, contact details and information on your security holding in Talent2 and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Talent2 EGM, Scheme Meeting and Option Scheme Meetings as relevant to you. The primary purpose of the collection of personal information is to assist Talent2, the Joint Bidders and Perbec to conduct the Talent2 EGM, Scheme Meeting and Option Scheme Meetings and implement the Schemes. Without this information, Talent2, the Joint Bidders and Perbec may be hindered in their ability to issue this Scheme Booklet and implement the Schemes. Personal information of the type described above may be disclosed to the Talent2 Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate of Talent2 and the Joint Bidder Group. If you would like to obtain details of information about you held by Talent2, please contact Computershare Investor Services Pty Limited at Yarra Falls, 452 Johnston Street, Abbotsford Victoria 3067, Australia.

## Date

This Scheme Booklet is dated 17 July 2012.



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17 July 2012

Dear Talent2 Securityholders,

### Recommended schemes of arrangement

On 28 May 2012, Talent2 announced that it had entered into a Scheme Implementation Deed with MBI, Allegis and Perbec<sup>1</sup> in relation to Perbec's proposal to acquire all of the outstanding Talent2 Shares not held by MBI or its Associates via a scheme of arrangement.

It is also proposed that all Scheme Options will be cancelled in return for Perbec paying a cash amount to Scheme Optionholders via a separate scheme of arrangement.

### Scheme

On implementation of the Scheme, the Scheme Shareholders will be entitled to receive, for each Scheme Share held, cash from Perbec equal to \$0.78 less the cash amount of any Special Dividend paid by Talent2 (discussed below). The Scheme implies an equity value for Talent2 of approximately \$115 million, on an undiluted basis.

The aggregate cash amount of \$0.78 per Talent2 Share represents a premium of:

- » 64.2% to the closing price of a Talent2 Share of \$0.475 on 25 May 2012, being the last trading day prior to the Announcement Date;
- » 98.5% to the VWAP of a Talent2 Share of \$0.393 in the one month up to and including 25 May 2012; and
- » 77.7% to the VWAP of a Talent2 Share of \$0.439 in the three months up to and including 25 May 2012.

### Option Scheme

On implementation of the Option Scheme, all of the Scheme Options will be cancelled in exchange for a cash payment of between \$0.010 and \$0.260 per Scheme Option, depending on which tranche the relevant Scheme Options form part. The amount you will receive per Scheme Option that is out of the money has been calculated using the Black-Scholes option valuation model, and the amount you will receive per Scheme Option that is in the money has been calculated on the basis of the intrinsic value.

### Talent2 EGM

Immediately prior to the Scheme Meeting, there will be an extraordinary general meeting of Talent2 Shareholders to approve the following incidental matters relating to the Scheme:

<sup>1</sup> As at the date of this Scheme Booklet, Perbec is a wholly owned subsidiary of MBI. If the Scheme becomes Effective, on the Effective Date, it will be 50% indirectly owned by MBI and 50% indirectly owned by Allegis.



- » the acquisition by Perbec, Pergal and the members of Allegis Group of a Relevant Interest in the Talent2 Shares held by MBI as a result of the joint bidding arrangements with MBI; and
- » the giving of financial assistance by Talent2 to Perbec in connection with the acquisition of the Scheme Shares by Perbec under the Scheme, if the Special Dividend is declared and paid by Talent2.

#### **Independent Directors' recommendation**

For the reasons set out in this Scheme Booklet, the Independent Directors, being Ms Pam Laidlaw, Mr Hans Neilson and myself, Mr Ken Borda, unanimously recommend that you vote in favour of the Talent2 EGM Resolutions, the Scheme and the Option Scheme at the Talent2 EGM, Scheme Meeting and Option Scheme Meetings as relevant to you, in the absence of a Superior Proposal.

Each of the Independent Directors intends to vote all Talent2 Shares respectively held or controlled by them in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal.

#### **Independent Expert's conclusion on the Scheme and Option Scheme**

The Independent Expert, Lonergan Edwards & Associates, has concluded that the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders (other than the Excluded Shareholders),<sup>2</sup> in the absence of a Superior Proposal, and that the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders.

The Independent Expert has valued Talent2 Shares at between \$0.68 and \$0.85 per Talent2 Share and each Talent2 option subject to the Option Scheme at between \$0.00 and \$0.352, depending on which tranche the relevant Talent2 options form part. The Independent Expert's Report is included in Annexure B of this Scheme Booklet and the Independent Directors strongly encourage you to read it.

#### **Special Dividend**

If the Scheme becomes Effective, and Talent2 decides to pay a Special Dividend, the cash amount of \$0.78 for each Scheme Share will be reduced by the cash amount of the Special Dividend. Even if a Special Dividend is paid, Scheme Shareholders (who also hold their Talent2 Shares on the Special Dividend Record Date) will still be entitled to receive an aggregate amount of \$0.78 for each Scheme Share.<sup>3</sup>

<sup>2</sup> For simplicity of explanation, elsewhere in this Scheme Booklet when referring to the conclusion or opinion of the Independent Expert in relation to the Scheme, "Talent2 Shareholders other than the Excluded Shareholders" are referred to as "Talent2 Shareholders".

<sup>3</sup> Details of the availability and effect of the Special Dividend (including its effect on the payments to be made under the terms of the Scheme) are set out in Section 4.5.



The amount of any Special Dividend has yet to be determined. However, it could be up to \$0.10 per Talent2 Share. There is no guarantee that any Special Dividend will be paid. If a Special Dividend is paid, Talent2 Shareholders may be entitled to receive the benefit of any franking credits attached to the Special Dividend. The payment of any Special Dividend will be conditional on the Scheme becoming Effective, adoption of the Pergal Financial Assistance Resolution and the receipt (or expected receipt) of a favourable Australian Tax Office ruling.

#### **Voting and next steps**

Your vote is important. The Independent Directors strongly encourage you to vote either by attending the meeting(s) relevant to you in person at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000, by voting online or by appointing a proxy, attorney or corporate representative to attend the meeting(s) and vote on your behalf.

#### **Further information**

Please read this Scheme Booklet in its entirety before making your decision on how to vote at the meeting(s) relevant to you. I also encourage you to seek independent legal, financial or other professional advice before making any investment decision in relation to your Talent2 Securities.

Talent2 will keep Talent2 Securityholders informed of any material developments in relation to the transaction through releases to ASX (which will also be published on Talent2's website).

If you have any questions in relation to the Transaction, please contact the Talent2 Shareholder Information Line on 1300 608 346 (for callers within Australia) or +61 3 9415 4285 (for callers outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time), or visit [www.talent2.com](http://www.talent2.com).

Yours faithfully

A handwritten signature in black ink, appearing to read "Ken Borda".

**Ken Borda**

Chairman, Independent Board Committee  
Talent2 International Limited

# Key Dates Relating to the Transaction

Talent2's preliminary 2012 financial year results announcement to the ASX	On or about Tuesday, 7 August 2012 <sup>4</sup>
Latest time and date for online voting, receipt of proxy forms, powers of attorney or certificates of appointment of body corporate representative by the Talent2 Registry <sup>5</sup> for:	
1 the Talent2 EGM	10.00am on Saturday, 18 August 2012
2 the Scheme Meeting	10.15am on Saturday, 18 August 2012
3 Option Scheme Meeting 1	10.30am on Saturday, 18 August 2012
4 Option Scheme Meeting 2	10.45am on Saturday, 18 August 2012
Time and date for determining eligibility to vote at the Talent2 EGM, the Scheme Meeting and the Option Scheme Meetings	7.00pm on Saturday, 18 August 2012
Meetings to be held at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000:	
1 the Talent2 EGM	10.00am on Monday, 20 August 2012
2 the Scheme Meeting	10.15am on Monday, 20 August 2012 <sup>6</sup>
3 Option Scheme Meeting 1	10.30am on Monday, 20 August 2012 <sup>7</sup>
4 Option Scheme Meeting 2	10.45am on Monday, 20 August 2012 <sup>8</sup>

## If the Scheme and Option Scheme are agreed to by the requisite majorities:

Second Court Date (for approval of the Scheme and Option Scheme)	Thursday, 23 August 2012
Effective Date Option Scheme Effective Date	Thursday, 23 August 2012
Outcome of Second Court Hearing announced to ASX	Thursday, 23 August 2012
Talent2 Shares suspended from trading on ASX	Close of trading on Thursday, 23 August 2012
Special Dividend Record Date (to identify Talent2 Shareholders entitled to the Special Dividend)	Monday, 3 September 2012
Special Dividend Payment Date	Friday, 7 September 2012
Scheme Record Date (for determining entitlements to Scheme Consideration)	7.00pm on Monday, 10 September 2012
Option Scheme Record Date (for determining entitlements to Option Scheme Consideration)	
Implementation Date (for despatching Scheme Consideration to Scheme Shareholders)	Thursday, 13 September 2012
Option Scheme Implementation Date (for despatching Option Scheme Consideration to Scheme Optionholders)	

All dates in the above timetable are indicative only and are subject to change. Any changes will be announced by Talent2 on ASX and published on Talent2's website at [www.talent2.com](http://www.talent2.com).

4 Talent2 Securityholders are strongly encouraged to read the Talent2 preliminary 2012 financial year results when they are released to ASX on or about this date before deciding how to vote.

5 The latest time and date for hand delivery of proxy forms, powers of attorney or certificates of appointment of body corporate representative will be 5.00pm on Friday, 17 August 2012. However, for simplicity of explanation, elsewhere in this Scheme Booklet, when referring to the latest time and date for online voting, receipt of proxy forms, powers of attorney or certificates of appointment of body corporate representative, the relevant time is referred to as being 7.00pm on Saturday, 18 August 2012.

6 Or immediately following conclusion of the Talent2 EGM (whichever is later).

7 Or immediately following conclusion of the Scheme Meeting (whichever is later).

8 Or immediately following conclusion of Option Scheme Meeting 1 (whichever is later).

# Highlights of the Transaction

<b>Scheme Consideration</b>	If the Scheme becomes Effective, Scheme Shareholders will receive, for each Scheme Share, \$0.78 less the amount of any Special Dividend paid by Talent2.
<b>Potential Talent2 Special Dividend</b>	<p>Talent2 Shareholders may also be entitled to receive the Special Dividend from Talent2 of up to \$0.10 per Talent2 Share if the Scheme becomes Effective. To the extent a Special Dividend is paid, Talent2 Shareholders may be entitled (depending on their taxation position) to obtain the benefits of any franking credits attaching to the Special Dividend.</p> <p>If a Special Dividend is paid, the cash amount of \$0.78 per Scheme Share will be reduced by the cash amount of the Special Dividend. However, Scheme Shareholders who also held their Talent2 Shares on the Special Dividend Record Date will still be entitled to receive an aggregate cash amount of \$0.78 for each Scheme Share.</p>
<b>Independent Directors' recommendation</b>	The Independent Directors unanimously recommend that you vote in favour of the Talent2 EGM Resolutions and Schemes as relevant to you, in the absence of a Superior Proposal.
<b>Independent Expert's conclusion</b>	<p>The Independent Expert has concluded that:</p> <ol style="list-style-type: none"> <li>1 the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders, in the absence of a Superior Proposal; and</li> <li>2 the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders.</li> </ol>
<b>Substantial premium to recent historical share price</b>	The cash amount of \$0.78 for each Scheme Share represents a premium of 98.5 % to the VWAP of Talent2 Shares in the one month up to and including 25 May 2012, being the last trading day prior to the Announcement Date.
<b>Value realisation</b>	The Scheme Consideration provides Scheme Shareholders with the opportunity of timely and certain value realisation.
<b>Possible fall in share price</b>	If the Scheme does not become Effective, and no Competing Proposal or Superior Proposal emerges, Talent2's share price may fall significantly or Talent2 Shares may persistently trade at prices below \$0.78 per Talent2 Share.
<b>No Superior Proposal</b>	No Superior Proposal for Talent2 has emerged since the Schemes were announced by Talent2 on 28 May 2012.

# 1. Frequently Asked Questions

This Section 1 answers some frequently asked questions about the Schemes. It is not intended to address all relevant issues for Talent2 Securityholders. This Section 1 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More Information
<b>Schemes and scheme consideration</b>		
<b>What is being proposed?</b>	<p>On 25 May 2012, Talent2 entered into the Scheme Implementation Deed with the Joint Bidders and Perbec concerning the Schemes.</p> <p>If the Scheme becomes Effective, it will result in the acquisition by Perbec of all the Talent2 Shares not currently held by MBI. It is proposed that Perbec will be 50% indirectly owned by MBI and 50% indirectly owned by Allegis following the Scheme becoming Effective.</p> <p>If the Option Scheme becomes Effective, all Scheme Options will be cancelled and each Scheme Optionholder will receive the Option Scheme Consideration.</p>	<p>Section 4 contains a summary of the Scheme and a copy of the Scheme is contained in Annexure D.</p> <p>Section 5 contains a summary of the Option Scheme and a copy of the Option Scheme is contained in Annexure F.</p>
<b>What will I be entitled to receive if the Scheme becomes Effective?</b>	<p>If the Scheme becomes Effective, Scheme Shareholders will be entitled to receive \$0.78 cash for each Scheme Share less the amount of any Special Dividend.</p>	<p>Section 4.2 provides further information in relation to the Scheme Consideration.</p> <p>Section 4.5 provides further information in relation to the Special Dividend.</p>
<b>What will I be entitled to receive if the Option Scheme becomes Effective?</b>	<p>If the Option Scheme becomes Effective, Scheme Optionholders will receive a cash payment of between \$0.010 and \$0.260 per Scheme Option depending on (among other things) the expiry date and the exercise price of the relevant Scheme Option.</p>	<p>Section 5.6 provides further information in relation to the Option Scheme Consideration.</p>
<b>What is the Special Dividend?</b>	<p>A Special Dividend of up to \$0.10 per Talent2 Share may be paid to Talent2 Shareholders if, among other conditions, the Scheme becomes Effective and a favourable ruling is received (or expected to be received) from the Australian Tax Office.</p> <p>Depending on their specific taxation position, Talent2 Shareholders may be entitled to receive the benefit of any franking credits attached to the Special Dividend.</p> <p>If the Special Dividend is paid, the Scheme Consideration will be reduced by the cash amount of the Special Dividend. Talent2 Shareholders will still be entitled to receive an aggregate cash amount of \$0.78 for each Talent2 Share which would consist of the consideration payable under the Scheme and the Special Dividend.</p>	<p>Section 4.5 provides further information in relation to the Special Dividend.</p>

## 1. Frequently Asked Questions

Question	Answer	More Information
<b>What is the purpose of the Talent2 EGM?</b>	<p>An extraordinary general meeting of Talent2 Shareholders will be held immediately prior to the Scheme Meeting to vote on the resolutions set out in the Notice of Talent2 EGM.</p> <p>The purpose of the Talent2 EGM is to seek the approval of Talent2 Shareholders of certain incidental resolutions that are required to be approved in connection with the Scheme.</p>	A copy of the Notice of Talent2 EGM is contained in Annexure H.
<b>Who is entitled to receive the Scheme Consideration?</b>	Talent2 Shareholders (other than Excluded Shareholders) as at the Scheme Record Date are Scheme Shareholders and are entitled to receive the Scheme Consideration for each Scheme Share they hold.	
<b>Who is entitled to receive the Option Scheme Consideration?</b>	Talent2 Optionholders (other than Excluded Optionholders) as at the Option Scheme Record Date are Scheme Optionholders and are entitled to receive the Option Scheme Consideration for each Scheme Option they hold.	
<b>Why you should vote in favour of the Talent2 EGM Resolutions and Scheme</b>	<p>Reasons why you should vote in favour of the Talent2 EGM Resolutions and Scheme include:</p> <ul style="list-style-type: none"> <li>» the Independent Directors unanimously recommend you vote in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal;</li> <li>» the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders, in the absence of a Superior Proposal;</li> <li>» the Scheme Consideration represents a substantial premium to historical trading prices;</li> <li>» no Superior Proposal has emerged;</li> <li>» if the Scheme is not implemented, you will continue to be exposed to the risks associated with an investment in Talent2;</li> <li>» if the Scheme does not become Effective, and no Competing Proposal or Superior Proposal emerges, Talent2's share price may fall significantly or Talent2 Shares may persistently trade at prices below \$0.78 per Talent2 Share;</li> <li>» you may be entitled to receive the benefit of any franking credits attached to the potential Special Dividend;</li> <li>» if implemented, the Scheme provides you with immediate value and certainty of cash in this uncertain economic environment; and</li> <li>» no brokerage or stamp duty is payable on the disposal of Talent2 Shares under the Scheme.</li> </ul>	Section 2.1 contains further information on why you should vote in favour of the Talent2 EGM Resolutions and Scheme.
<b>Why you should vote in favour of the Option Scheme</b>	<p>Reasons why you should vote in favour of the Option Scheme include:</p> <ul style="list-style-type: none"> <li>» the Independent Directors unanimously recommend you vote in favour of the Option Scheme, in the absence of a Superior Proposal;</li> <li>» the Independent Expert has concluded that the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders;</li> <li>» if implemented, the Option Scheme provides you with an opportunity to receive certain and timely value realisation in respect of your Scheme Options; and</li> <li>» no brokerage or stamp duty is payable on the cancellation of Scheme Options under the Option Scheme.</li> </ul>	Section 2.4 contains further information on why you should vote in favour of the Option Scheme.

Question	Answer	More Information
<b>Why you may consider voting against the Talent2 EGM Resolutions and Scheme</b>	<p>Reasons why you may consider voting against the Talent2 EGM Resolutions and Scheme include:</p> <ul style="list-style-type: none"> <li>» you may disagree with the recommendation of the Independent Directors, and the conclusion of the Independent Expert that the Scheme is fair and reasonable and in your best interests;</li> <li>» you may prefer to participate in the future financial performance of the Talent2 business including the receipt of potential future dividends;</li> <li>» you may consider that there is the potential for a Superior Proposal to be made to Talent2 in the foreseeable future; and</li> <li>» the taxation consequences of the Scheme, including the potential Special Dividend, may not be optimal for your financial position.</li> </ul>	Section 2.2 contains further information on why you may consider voting against the Talent2 EGM Resolutions and Scheme.
<b>Why you may consider voting against the Option Scheme</b>	<p>Reasons why you may consider voting against the Option Scheme include:</p> <ul style="list-style-type: none"> <li>» you may disagree with the recommendation of the Independent Directors and the conclusion of the Independent Expert that the Option Scheme is fair and reasonable and in your best interests;</li> <li>» you may be of the view that your potential investment in Talent2 could be worth more than the amount offered for your Scheme Options under the Option Scheme; and</li> <li>» the taxation consequences of the Option Scheme may not be optimal for your financial position.</li> </ul>	Section 2.5 contains further information on why you may consider voting against the Option Scheme.
<b>What are the risks associated with an investment in Talent2 if the Scheme does not become Effective?</b>	<p>If the Scheme does not become Effective, the existing risks relating to Talent2's business and an investment in Talent2 will continue to be relevant.</p> <p>In addition, if the Scheme does not become Effective, and no Competing Proposal or Superior Proposal emerges, Talent2's share price may fall significantly or Talent2 Shares may persistently trade at prices below \$0.78 per Talent2 Share.</p>	Section 8 contains further information on the risk factors associated with an investment in Talent2.
<b>When will I be sent my Scheme Consideration?</b>	<p>If the Scheme becomes Effective, the Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently expected to be Thursday, 13 September 2012). Scheme Shareholders who have validly registered their bank account details with Talent2's Registry will have their Scheme Consideration sent directly to their bank account. Scheme Shareholders who have not registered their bank account details with Talent2's Registry will have their Scheme Consideration sent by cheque to the address shown on the Share Register.</p>	See clause 5.1 of the Scheme contained in Annexure D.
<b>When will I be sent my Option Scheme Consideration?</b>	<p>If the Option Scheme becomes Effective, the Option Scheme Consideration will be sent to Scheme Optionholders on the Option Scheme Implementation Date (currently expected to be Thursday, 13 September 2012). Scheme Optionholders will have their Option Scheme Consideration sent by cheque to the address shown on the Option Register.</p>	See clause 5.1 of the Option Scheme contained in Annexure F.
<b>What is required for the Scheme to become Effective?</b>	<p>The Scheme will become Effective if:</p> <ol style="list-style-type: none"> <li>1 the Scheme is agreed to by Talent2 Shareholders (other than Excluded Shareholders) at the Scheme Meeting;</li> <li>2 all of the Conditions Precedent are satisfied or waived; and</li> <li>3 the Court approves the Scheme at the Second Court Hearing.</li> </ol>	Section 4.9 contains further information on the Scheme approval requirements.
<b>What is required for the Option Scheme to become Effective?</b>	<p>The Option Scheme will be Effective if:</p> <ol style="list-style-type: none"> <li>1 the Scheme becomes Effective;</li> <li>2 the Option Scheme is agreed to by Talent2 Optionholders (other than Excluded Optionholders) at the Option Scheme Meetings; and</li> <li>3 the Court approves the Option Scheme at the Second Court Hearing.</li> </ol>	Section 4.9, 5.4 and 5.12 contain further information on the Option Scheme approval requirements.



## 1. Frequently Asked Questions (continued)

Question	Answer	More Information
<b>What is the Talent2 Shareholder approval threshold?</b>	<p>In order to become Effective, the Scheme must be agreed to by:</p> <ul style="list-style-type: none"> <li>» a majority in number (more than 50%) of Talent2 Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting; and</li> <li>» at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Talent2 Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting.</li> </ul> <p>Even if the Scheme is agreed to by Talent2 Shareholders (other than Excluded Shareholders) at the Scheme Meeting, the Scheme is still subject to the approval of the Court.</p>	Section 4.9 and the Notice of Scheme Meeting contained in Annexure I sets out further information on the Scheme approval requirements.
<b>What is the Talent2 Optionholder approval threshold?</b>	<p>In order to become Effective, the Option Scheme must be agreed to by:</p> <ul style="list-style-type: none"> <li>» a majority in number (more than 50%) of Talent2 Optionholders (other than Excluded Optionholders) present and voting at each of the Option Scheme Meetings; and</li> <li>» a majority whose Talent2 options amount in aggregate to at least 75% (by value) of the total of all Talent2 options voted by the Talent2 Optionholders (other than Excluded Optionholders) on the Resolution at each of the Option Scheme Meetings present and voting at the Option Scheme Meeting.</li> </ul> <p>Even if the Option Scheme is agreed to by Talent2 Optionholders (other than Excluded Optionholders) at the Option Scheme Meetings, the Option Scheme is still subject to the approval of the Court.</p>	Sections 5.4 and 5.12, the Notice of Option Scheme Meeting 1 contained in Annexure J and the Notice of Option Scheme Meeting 2 contained in Annexure K set out further information on the Option Scheme approval requirements.
<b>Are there any conditions to the Scheme?</b>	<p>There are a number of Conditions Precedent that will need to be satisfied or waived before the Scheme can become Effective.</p> <p>In summary, the Conditions Precedent include:</p> <ul style="list-style-type: none"> <li>» approval by the Court;</li> <li>» approval by eligible Talent2 Shareholders of the Talent2 EGM Resolutions;</li> <li>» approval by the Talent2 Shareholders (other than Excluded Shareholders) by the requisite majorities;</li> <li>» no Talent2 Prescribed Occurrences occurring;</li> <li>» no Talent2 Material Adverse Change occurring; and</li> <li>» the Talent2 Representations and Warranties being true and correct in all material respects.</li> </ul>	Section 4.4 contains further information on the Conditions Precedent to the Scheme.

### Recommendations

<b>What do the Independent Directors recommend?</b>	<p>The Independent Directors unanimously recommend that eligible Talent2 Securityholders vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them, in the absence of a Superior Proposal.</p> <p>The Independent Directors believe that the reasons for Talent2 Securityholders to vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them outweigh the reasons to vote against them.</p>	
<b>What are the intentions of the Independent Directors?</b>	Each Independent Director intends to vote in favour of the Talent2 EGM Resolutions at the Talent2 EGM and the Scheme at the Scheme Meeting, in relation to the Talent2 Shares held or controlled by them, in the absence of a Superior Proposal.	<p>Section 3 contains further information on the Independent Directors.</p> <p>Details of the Relevant Interests of each Independent Director in Talent2 Shares are set out in Section 10. No Independent Director holds any Talent2 Options.</p>

Question	Answer	More Information
<b>What is the opinion of the Independent Expert?</b>	Lonergan Edwards & Associates, as Independent Expert, has reviewed the terms of the Scheme and Option Scheme and considers that the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders in the absence of a Superior Proposal, and that the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders.	Annexure B contains the Independent Expert's Report.
<b>Meetings and voting</b>		
<b>When and where will the Talent2 EGM, Scheme Meeting and Option Scheme Meetings be held?</b>	<p>The Talent2 EGM will be held on Monday, 20 August 2012 at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 commencing at 10.00am (Sydney time).</p> <p>The Scheme Meeting will be held on Monday, 20 August 2012 at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 commencing at 10.15am (Sydney time) or immediately after the Talent2 EGM (whichever is later).</p> <p>The Option Scheme Meetings will be held on Monday, 20 August 2012 at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 commencing at 10.30am (Sydney time) or immediately after the Scheme Meeting (whichever is later), in the case of Option Scheme Meeting 1, and at 10.45am (Sydney time) or immediately after Option Scheme Meeting 1 (whichever is later), in the case of Option Scheme Meeting 2.</p>	<p>The Notice of Talent2 EGM contained in Annexure H sets out further information on the Talent2 EGM.</p> <p>The Notice of Scheme Meeting contained in Annexure I sets out further information on the Scheme Meeting.</p> <p>The Notice of Option Scheme Meeting 1 contained in Annexure J sets out further information on Option Scheme Meeting 1.</p> <p>The Notice of Option Scheme Meeting 2 contained in Annexure K sets out further information on Option Scheme Meeting 2.</p>
<b>Am I entitled to vote at the Talent2 EGM?</b>	You will be entitled to vote at the Talent2 EGM if you are registered as a Talent2 Shareholder on the Share Register at 7.00pm on Saturday, 18 August 2012.	The Notice of Talent2 EGM set out in Annexure H contains further details on your entitlement to vote and whose votes will be disregarded by Talent2 in relation to any votes cast on the Section 611 item 7 Resolution and Financial Assistance Resolution.
<b>Am I entitled to vote at the Scheme Meeting?</b>	If you are registered as a Talent2 Shareholder (except if you are an Excluded Shareholder) on the Share Register at 7.00pm on Saturday, 18 August 2012, you will be entitled to attend and vote at the Scheme Meeting.	The Notice of Scheme Meeting contained in Annexure I sets out further information on your entitlement to vote.
<b>Am I entitled to vote at the Option Scheme Meetings?</b>	<p>Talent2 Optionholders (other than Excluded Optionholders) on the Talent2 Option Register at 7.00pm on Saturday, 18 August 2012 may attend and vote at:</p> <ul style="list-style-type: none"> <li>» Option Scheme Meeting 1, if they are Out of the Money Optionholders; and/or</li> <li>» Option Scheme Meeting 2, if they are In the Money Optionholders.</li> </ul>	<p>The Notice of Option Scheme Meeting 1 contained in Annexure J sets out further information on your entitlement to vote at Option Scheme Meeting 1.</p> <p>The Notice of Option Scheme Meeting 2 contained in Annexure K sets out further information on your entitlement to vote at Option Scheme Meeting 2.</p>

## 1. Frequently Asked Questions (continued)

Question	Answer	More Information
<b>Should I vote?</b>	Voting is not compulsory. However, the Independent Directors encourage all eligible Talent2 Securityholders to vote at the Talent2 EGM, Scheme Meeting and Option Scheme Meetings as relevant to them.	Section 3 provides further information on the Independent Directors' recommendation and voting intentions.
<b>How can I vote if I can't attend the Talent2 EGM, Scheme Meeting or Option Scheme Meetings?</b>	If you would like to vote but cannot attend the Talent2 EGM, Scheme Meeting or Option Scheme Meetings in person, you can vote online or appoint a proxy or attorney to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	The notices of meeting contained in Annexure H Annexure I, Annexure J and Annexure K of this Scheme Booklet set out further detail on how to vote at the Talent2 EGM, Scheme Meeting and Option Scheme Meetings.
<b>Will any Joint Bidder Group member be voting?</b>	Andrew Banks, Geoff Morgan and MBI have confirmed to Talent2 that no Talent2 Shareholder who is a Joint Bidder Group Member will vote at the Talent2 EGM or Scheme Meeting.	Section 7 contains further information on the Joint Bidder Group's interests in Talent2 Securities.
<b>When will the results of the Talent2 EGM, Scheme Meeting and Option Scheme Meetings be known?</b>	The results of the Talent2 EGM, Scheme Meeting and Option Scheme Meetings are expected to be available shortly after the conclusion of the Option Scheme Meetings and will be announced to ASX once available.  Even if the Talent2 EGM Resolutions and Schemes are agreed to by the requisite majorities, the Schemes are still subject to the approval of the Court.	
<b>What happens if the Court does not approve the Scheme or the Scheme does not otherwise proceed?</b>	If the Scheme is not agreed to at the Scheme Meeting, or is agreed to at the Scheme Meeting but is not approved by the Court, then the Scheme will not be Effective and will not be implemented.  In such a scenario, Scheme Shareholders will not receive the Scheme Consideration but will retain their Talent2 Shares and be exposed to the risks set out in Section 8. Talent2 will, in the absence of a Superior Proposal, continue to operate as a stand alone company listed on ASX.	Section 4.7 contains further information on the implications for Talent2 Shareholders if the Scheme does not proceed.
<b>What happens to my Talent2 Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?</b>	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any Scheme Shares held by you on the Scheme Record Date will be transferred to Perbec and you will be sent the Scheme Consideration, notwithstanding that you may not have voted or voted against the Scheme.	Section 4.8 contains further information on the voting options of Talent2 Shareholders.
<b>What happens to my Talent2 options if I do not vote, or if I vote against the Option Scheme, and the Option Scheme becomes Effective?</b>	If you do not vote, or vote against the Option Scheme, and the Option Scheme becomes Effective, any Scheme Options you hold will be cancelled and you will be sent the Option Scheme Consideration, notwithstanding that you may not have voted or voted against the Option Scheme.	Section 5.8 contains further information on the voting options of Talent2 Optionholders.
<b>What happens to my Talent2 options if the Option Scheme does not become Effective but the Scheme becomes Effective?</b>	If the Scheme is implemented, Perbec will hold at least 90% of all the Talent2 Securities and will have the right to invoke the compulsory acquisition provisions in Part 6A.2 of the Corporations Act to acquire any Talent2 options that remain on issue after the Implementation Date or any Talent2 Shares that may be issued or transferred to Talent2 optionholders on exercise of those Talent2 options.  If Talent2 options (or Talent2 Shares issued or transferred on exercise of the Talent2 options) are compulsorily acquired, the persons holding those Talent2 options or Talent2 Shares could receive consideration for their Talent2 Securities considerably later than they would if their Scheme Options were cancelled under the Option Scheme (or otherwise exercised in accordance with their terms).	Section 5.10 contains further information on the compulsory acquisition process.

Question	Answer	More Information
<b>What happens to my Talent2 options if the Scheme does not become Effective?</b>	If the Scheme is not approved for whatever reason, Talent2 optionholders can still exercise their vested Talent2 options in accordance with their terms of grant.	
<b>Other questions</b>		
<b>What will happen to Talent2 if the Scheme proceeds?</b>	If the Scheme becomes Effective, Talent2 will be de-listed from ASX and become a wholly owned subsidiary of Perbec.  Perbec will be 50% indirectly owned by MBI and 50% indirectly owned by Allegis following the Scheme.	Section 7 sets out the Joint Bidder Group's current intentions for Talent2 if the Scheme becomes Effective.
<b>What happens if a Competing Proposal is received?</b>	If a Competing Proposal is received, the Independent Directors will carefully consider the proposal.  However, given that MBI owns 21.8% of Talent2's Shares, the view of the Independent Directors is that it is unlikely that a Competing Proposal will emerge prior to the Scheme Meeting.	
<b>Will I have to pay brokerage or stamp duty?</b>	You will not have to pay brokerage or stamp duty in relation to the implementation of the Scheme.	
<b>Can I sell my Talent2 Shares now?</b>	You can sell your Talent2 Shares on market at any time before the close of trading on ASX on the Effective Date at the then prevailing market price.  Talent2 intends to apply to ASX for Talent2 Shares to be suspended from official quotation on ASX from close of trading on the Effective Date. You will not be able to sell your Talent2 Shares on market after this time.	Section 4.8 contains a summary of the choices available to Talent2 Shareholders.
<b>Do I have to sign anything to transfer my Talent2 Shares?</b>	No. If the Scheme becomes Effective, Talent2 will automatically have authority to sign a transfer on your behalf, and the Scheme Consideration will then be paid to you. However, you should be aware that under the Scheme, you are deemed to have warranted to Perbec and Talent2 that (in summary):  » all your Scheme Shares which are transferred to Perbec under the Scheme are fully paid and free from all encumbrances on the date of transfer; and  » you have full power and capacity to transfer your Scheme Shares to Perbec.	See Section 4.17 for further information.
<b>Do I have to sign anything before my Talent2 options are cancelled under the Scheme?</b>	No. If the Option Scheme becomes Effective, Talent2 will automatically have authority to cancel your Scheme Options, and the Option Scheme Consideration will then be paid to you. However, you should be aware that under the Option Scheme, you are deemed to have warranted to Perbec and Talent2 that (in summary):  » all your Scheme Options which are cancelled under the Option Scheme are free from all encumbrances on the date of cancellation; and  » you have full power and capacity to agree to the cancellation of your Scheme Options.	See Section 5.15 for further information.
<b>What are the taxation implications of the Scheme?</b>	The taxation implications of the Scheme will depend on your personal facts and circumstances.  Section 9 contains a letter from PwC which provides an overview of the Australian taxation consequences for Scheme Shareholders and Scheme Optionholders.	Please refer to Section 9.
<b>When will the Scheme become Effective?</b>	Subject to satisfaction or waiver of the Conditions Precedent, the Scheme will become Effective on the Effective Date (currently expected to be Thursday, 23 August 2012) and will be implemented on the Implementation Date (currently expected to be Thursday, 13 September 2012).	Section 4.12 contains further information on when the Scheme will become Effective.

## 1. Frequently Asked Questions (continued)

Question	Answer	More Information
<b>When will the Option Scheme become Effective?</b>	If the Court approves the Scheme and Option Scheme, the Option Scheme will become Effective on the Option Scheme Effective Date (currently expected to be Thursday, 23 August 2012) and will be implemented on the Option Scheme Implementation Date (currently expected to be Thursday, 13 September 2012).	Section 5.13 contains further information on when the Option Scheme will become Effective.
<b>Can I exercise my Talent2 options now?</b>	<p>Talent2 optionholders can exercise any of their Talent2 options that are vested at any time before the Exercise Deadline so long as they comply with Talent2's Employee Share Trading Policy. Talent2 optionholders can not exercise any of their Talent2 options that have not vested.</p> <p>Talent2 optionholders who exercise their vested Talent2 options, and continue to hold the Talent2 Shares received on exercise of those options at the Scheme Record Date, will be entitled to receive the Scheme Consideration in respect of those Talent2 Shares if the Scheme becomes Effective.</p>	Section 5.1(b) contains further information on when you can exercise your Talent2 options.
<b>What will happen to my Talent2 performance rights?</b>	<p>All Talent2 performance rights which have not vested prior to the Scheme becoming Effective, will automatically lapse in accordance with the terms of the Talent2 Option Plan under which they were granted on the Effective Date. The holders of such performance rights will not be entitled to any consideration under the Scheme or Option Scheme for those performance rights.</p> <p>Talent2 performance rights which vest prior to the Scheme becoming Effective resulting in Talent2 Shares being issued (in respect of those Talent2 performance rights) will be subject to the Scheme.</p>	See Section 6.8(a) for the treatment of Talent2 performance rights in relation to the proposed Transaction. Section 7.5(a)(3) contains further information on the Joint Bidder Group's current intentions in relation to the creation of new employee incentive arrangements.
<b>Where can I get further information?</b>	<p>For further information, you can call the Talent2 Shareholder Information Line on 1300 608 346 (for callers within Australia) or +61 3 9415 4285 (for callers outside Australia).</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.</p>	

## 2. Key Reasons to Vote in Favour of or Against the Schemes

### 2.1 Key reasons to vote in favour of the Talent2 EGM Resolutions and Scheme

**(a) The Independent Directors unanimously recommend that you vote in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal**

The Independent Directors unanimously recommend that Talent2 Shareholders vote in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal.

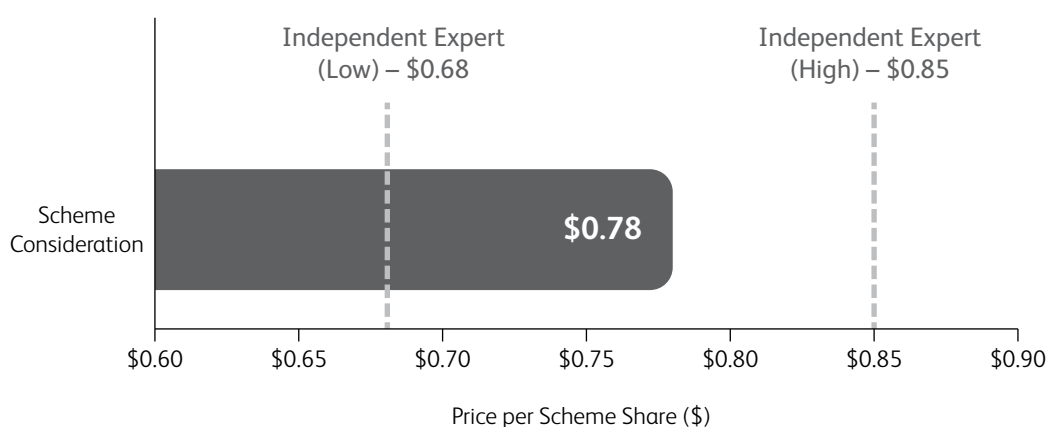
In reaching their recommendation, the Independent Directors have assessed the reasons set out in this Section 2.

Each Independent Director intends to vote the Talent2 Shares they hold or control in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal. The interests of the Independent Directors in Talent2 Shares are set out in Section 10.1.

**(b) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders, in the absence of a Superior Proposal**

The Independent Expert has assessed a value of 100% of Talent2, on a controlling interest basis, at between \$0.68 and \$0.85 per Talent2 Share, compared to the Scheme Consideration of \$0.78 per Talent2 Share.

As the Scheme Consideration for each Scheme Share is within the Independent Expert's range for Talent2 Shares, the Independent Expert has concluded the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders, in the absence of a Superior Proposal.



The Independent Expert's Report is included in Annexure B. The Independent Expert's Report should be read in its entirety as part of your assessment of the Talent2 EGM Resolutions and Scheme before casting your vote in relation to the Talent2 EGM Resolutions and Scheme.

## 2. Key Reasons to Vote in Favour of or Against the Schemes

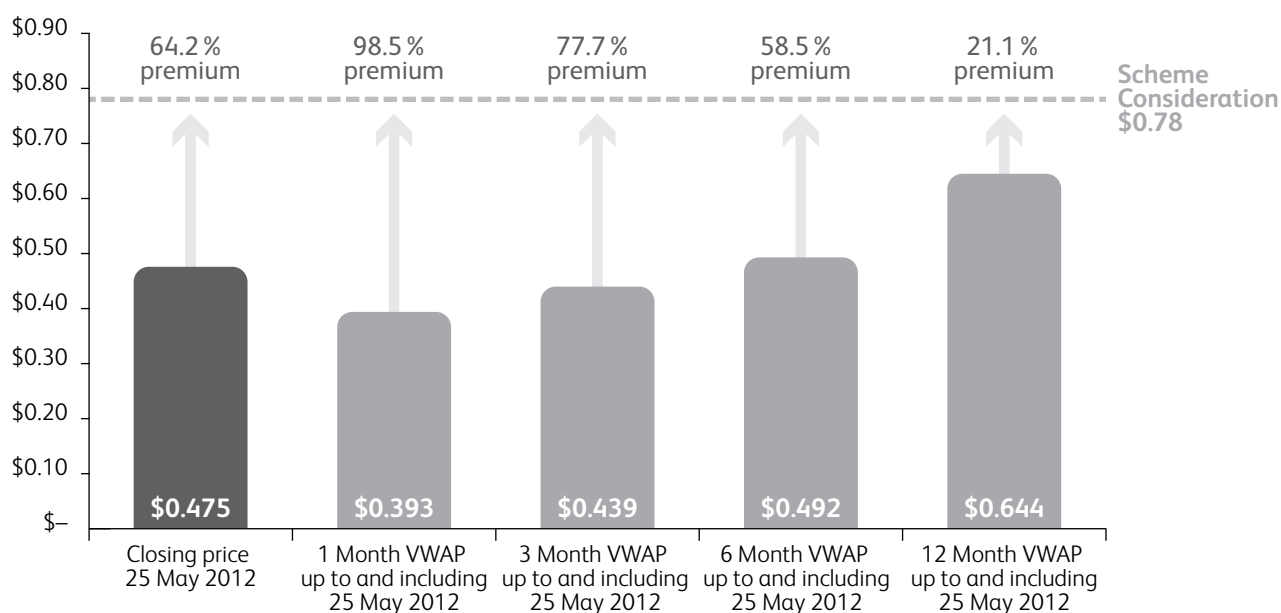
### (c) The Scheme Consideration represents a substantial premium to historical trading prices

The Scheme Consideration of \$0.78 per Scheme Share represents:

- » a premium of 64.2% to the closing price of Talent2 Shares on ASX of \$0.475 on 25 May 2012, being the last trading day prior to the Announcement Date;
- » a premium of 98.5% to the one month VWAP of Talent2 Shares on ASX of \$0.393 up to and including 25 May 2012;
- » a premium of 77.7% to the three month VWAP of Talent2 Shares on ASX of \$0.439 up to and including 25 May 2012;
- » a premium of 58.5% to the six month VWAP of Talent2 Shares on ASX of \$0.492 up to and including 25 May 2012; and
- » a premium of 21.1% to the twelve month VWAP of Talent2 Shares on ASX of \$0.644 up to and including 25 May 2012.

The chart below illustrates the premia implied by the Scheme Consideration relative to the last trading price of Talent2 Shares prior to the Announcement Date, and the VWAP of Talent2 Shares on ASX over a range of trading periods.

#### Implied premia



Source: IRESS<sup>9</sup>

In relation to the premia, the Independent Expert states that the “implied premium is significantly above the average premiums paid in successful takeovers generally”.

The historical prices of Talent2 Shares over the period from 1 July 2010 to 12 July 2012 (being the Last Practicable Date) are set out in Section 6.6.

### (d) If the Scheme does not become Effective, Talent2 Shareholders will continue to be exposed to the specific risks associated with an investment in Talent2

In forming their recommendation, the Independent Directors have taken into account the challenging trading position of Talent2 referred to in Section 6.4.

In the event the Scheme does not become Effective, Talent2 will be required to repay \$10 million to Westpac Banking Corporation (**Westpac**) within 60 days of the Scheme not proceeding. In this event, or in the absence of a Superior Proposal, Talent2 expects that it will be required to undertake a significant equity capital raising under which Talent2 would seek to raise approximately \$20 million. Further details in respect of Talent2’s arrangements with Westpac and the potential capital raising are contained in Section 11.5.

### (e) No Superior Proposal has emerged

No Superior Proposal has emerged since the Announcement Date.

Given that MBI (an entity controlled by Andrew Banks and Geoff Morgan, each of whom is a director of Talent2) owns approximately 21.8% of the Talent2 Shares, it is the view of the Independent Directors that a Superior Proposal is unlikely to be received in the foreseeable future.

<sup>9</sup> This Scheme Booklet contains various references to trading data prepared by IRESS Market Technology Limited (ACN 060 313 359) who has not consented to such use of references to that trading data in this Scheme Booklet.

**(f) You may be entitled to receive the benefit of any franking credits attached to the potential Special Dividend**

The Scheme Implementation Deed permits the Scheme Consideration to be structured to include a Special Dividend of up to \$0.10 per Talent2 Share. To the extent a Special Dividend is paid, Talent2 Shareholders may be entitled to receive (depending on their taxation position) the benefit of any franking credits attaching to the Special Dividend. Funding for any Special Dividend is expected to be provided by a loan from Perbec under the Loan Agreement.

If a Special Dividend is paid, the Scheme Consideration payable under the Scheme will be reduced by the cash amount of the Special Dividend. However, Scheme Shareholders will still have the opportunity to receive the aggregate cash amount of \$0.78 per Scheme Share (which would consist of the consideration payable under the Scheme and the Special Dividend if paid).

Talent2 Shareholders are reminded that the payment of the Special Dividend is subject to, among other conditions, the Scheme becoming Effective and the receipt or expected receipt of a favourable taxation ruling from the Australian Taxation Office. There is no guarantee that any Special Dividend will be paid.

The Australian taxation implications of the Special Dividend for Scheme Shareholders are discussed in Section 9. Each Talent2 Shareholder should obtain personal professional advice in relation to the taxation consequences of the Scheme and potential Special Dividend for their individual circumstances.

Further details in relation to the Special Dividend are contained in Section 4.5.

**(g) The Talent2 Share price may fall significantly if the Scheme does not become Effective and no Competing Proposal or Superior Proposal is received**

Talent2's share price rose significantly from \$0.475 to around \$0.75 following the announcement by Talent2 of the proposed Transaction on 28 May 2012.

If the Scheme does not become Effective, and no Competing Proposal or Superior Proposal emerges, Talent2's share price may fall significantly or Talent2 Shares may persistently trade at prices below \$0.78 per Talent2 Share.

The Independent Expert agrees with this conclusion, stating "if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Talent2 Shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings)".

**(h) The Scheme provides Talent2 Shareholders the opportunity of certain and timely value realisation**

If the Scheme becomes Effective, the opportunity to receive an aggregate cash amount of \$0.78 per Scheme Share (which would consist of the consideration payable under the Scheme and the Special Dividend) will provide certain and timely value realisation for Scheme Shareholders, with

Scheme Shareholders to be sent the Scheme Consideration on the Implementation Date, which is currently expected to be within three weeks of the Scheme becoming Effective.

In contrast, if the Scheme does not become Effective, the amount which Talent2 Shareholders will be able to realise for their Talent2 Shares is uncertain and is subject to the risk factors set out in Section 8, as well as the vagaries of the share market.

**(i) No brokerage or stamp duty**

Talent2 Shareholders will not incur any brokerage or stamp duty in connection with the Scheme.

## 2.2 Why you may consider voting against the Talent2 EGM Resolutions and Scheme

**(a) Talent2 Shareholders may disagree with the recommendation of the Independent Directors and conclusion of the Independent Expert**

Despite the unanimous recommendation of the Independent Directors to vote in favour of the Scheme, and the conclusion of the Independent Expert that the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders in the absence of a Superior Proposal, Talent2 Shareholders may believe that the opportunity to receive an aggregate cash amount of \$0.78 per Scheme Share (which would consist of the consideration payable under the Scheme and the Special Dividend) is inadequate or that the Scheme is not in their best interests.

**(b) Talent2 Shareholders may prefer to participate in the future financial performance of the Talent2 business**

If the Scheme becomes Effective, Talent2 Shareholders (other than Excluded Shareholders) will cease to hold Talent2 Shares and will no longer be able participate in the future performance of Talent2. This will mean that they cannot participate in any potential upside that may result from remaining as Talent2 Shareholders, and will forego the right to receive any potential future dividends paid by Talent2 or the benefit of any potential future increase in the price of Talent2 Shares.

If the Scheme is not implemented, and no Competing Proposal or Superior Proposal is received, the Talent2 Board may or may not continue with its existing business plan and may consider a number of strategic alternatives to the Scheme (taking into account the matters set out in Section 11.5) which may take time to formulate and implement.

As with all investments in securities, there can be no guarantee as to Talent2's future performance, share price or the level of dividends that Talent2 may pay in the future. Any potential future benefits associated with being a Talent2 Shareholder will accrue exclusively to Perbec as the owner of Talent2 after the Scheme becomes Effective.



## 2. Key Reasons to Vote in Favour of or Against the Schemes (continued)

### (c) The taxation consequences of the Scheme and potential Special Dividend

If the Scheme becomes Effective, it may trigger taxation consequences that are not optimal for individual Talent2 Shareholders.

Section 9 summarises the Australian taxation consequences of the Scheme and Special Dividend for Scheme Shareholders. Each Talent2 Shareholder should obtain personal professional advice in relation to the taxation consequences of the Scheme and potential Special Dividend for their individual circumstances.

### (d) Talent2 Shareholders may believe a Superior Proposal could emerge

Talent2 Shareholders may believe that there is potential for a Superior Proposal to emerge in the foreseeable future. However, as at the Last Practicable Date, no Superior Proposal has been received.

Given that MBI owns 21.8% of the Talent2 Shares, it is the view of the Independent Directors that a Superior Proposal is unlikely to be received in the foreseeable future.

Scheme and before casting your vote in relation to the Option Scheme.

### (c) Opportunity to receive certain cash consideration

If the Option Scheme becomes Effective, the Option Scheme Consideration of between \$0.010 and \$0.260 per Scheme Option will provide certain and timely value realisation for Scheme Optionholders, with Scheme Optionholders to be sent the Option Scheme Consideration on the Option Scheme Implementation Date, which is currently expected to be within three weeks of the Option Scheme becoming Effective.

In contrast, if the Option Scheme does not become Effective, the amount which Talent2 Optionholders (other than Excluded Optionholders) may be able to realise for their Talent2 Options is uncertain given that some Scheme Options may not become exercisable for some time or may not become exercisable at all if any vesting conditions remain unsatisfied and/or if they remain out of the money.

### (d) No brokerage or stamp duty is payable on the disposal of Scheme Options under the Option Scheme

Talent2 Optionholders will not incur any brokerage or stamp duty in connection with the Option Scheme.

## 2.3 Other considerations for Talent2 Shareholders

Talent2 Shareholders should take into account that they are able to sell their Talent2 Shares on ASX at any time prior to the suspension of Talent2 Shares from trading if they do not wish their Scheme Shares to be subject to the Scheme (although normal brokerage expenses on sale will be incurred). Talent2 Shares are expected to be suspended from trading on ASX from close of trading on the Effective Date. Certain Talent2 Shareholders' individual financial or taxation circumstances may make it preferable for them to sell all their Talent2 Shares on ASX. Talent2 Shareholders should seek their own professional advice regarding any decision with respect to their Talent2 Shares.

## 2.4 Key reasons to vote in favour of the Option Scheme

### (a) Independent Directors' recommendation

The Independent Directors unanimously recommend that Talent2 Optionholders (other than Excluded Optionholders) vote in favour of the Option Scheme. In reaching their recommendation, the Independent Directors have assessed the reasons set out in this Section 2.

### (b) The Independent Expert has concluded that the Option Scheme is in the best interests of Talent2 optionholders

The Independent Expert has concluded that the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders.

The Independent Expert's Report is included in Annexure B. The Independent Expert's Report should be read in its entirety as part of your assessment of the Option

## 2.5 Why you may consider voting against the Option Scheme

Despite the Independent Directors unanimously recommending that Talent2 Optionholders (other than Excluded Optionholders) vote in favour of the Option Scheme in the absence of a Superior Proposal, and although the Independent Expert has concluded that the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders, factors which Talent2 optionholders may consider as reasons to vote against the Option Scheme include:

### (a) Talent2 Optionholders may disagree with the recommendation of the Independent Directors and conclusion of the Independent Expert

Despite the recommendation of the Independent Directors to vote in favour of the Option Scheme, and the conclusion of the Independent Expert that the Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders, Talent2 optionholders may believe that the Option Scheme Consideration is inadequate and/or that the Option Scheme is not in their best interests.

### (b) The taxation consequences of the Option Scheme

If the Option Scheme becomes Effective, it may trigger taxation consequences that are not optimal for individual Scheme Optionholders.

Section 9 summarises the Australian taxation consequences of the Option Scheme. Each Talent2 Optionholder should obtain personal professional advice in relation to the taxation consequences of the Option Scheme.

## 3. Independent Directors

### 3.1 Independent Board Committee Terms of Reference

#### (a) Introduction

The Talent2 Board established the Independent Board Committee to consider the Transaction and adopted certain protocols (contained in the IBC Terms of Reference), relating to:

- » the membership of the IBC;
- » the roles and responsibilities of the IBC; and
- » the administrative and reporting matters associated with the IBC.

#### (b) Membership

Under the IBC Terms of Reference, the IBC must consist only of non-executive independent directors of Talent2 who do not have a potential conflict of interest concerning the matters to be considered by the IBC. The current members of the IBC are:

- » Ken Borda (IBC Chairman);
- » Pam Laidlaw; and
- » Hans Neilson.

Profiles of each of the Independent Directors are contained in Section 3.2.

#### (c) Roles and responsibilities

Under the IBC Terms of Reference, the roles and responsibilities of the IBC in connection with the Transaction include:

- » providing general oversight of Talent2's consideration of the Transaction;
- » engaging, liaising and dealing with advisers and experts;
- » liaising and dealing with members of Talent2's management;
- » ensuring the Talent2 Board has available to it sufficient information and external advice to ensure informed decision-making of all matters related to the Transaction;

- » supervising the preparation of Talent2 Securityholder communications including the Notice of Talent2 EGM, Notice of Scheme Meeting, Notice of Option Scheme Meeting 1, Notice of Option Scheme Meeting 2 and disclosure documents (including this Scheme Booklet); and
- » approving final terms of corporate transactions and documents.

In addition to its responsibilities in connection with the Transaction, the IBC is responsible for considering any potential, proposed or actual Competing Proposal that may emerge prior to the Implementation Date (subject to, and in accordance with, the exclusivity provisions set out in the Scheme Implementation Deed).

#### (d) Administrative and reporting matters

Under the IBC Terms of Reference, the IBC may meet as often as it deems necessary to fulfil its responsibilities. The IBC may seek the advice of Talent2's auditors, legal advisers or other independent advisers and experts about any matter in connection to its powers, duties or responsibilities.

### 3.2 Profiles of the Independent Directors

#### (a) Mr Ken Borda – Director (Non-Executive)

Ken's investment banking career spans more than 21 years in Australia, Asia, the Middle East and North Africa. He is now based in Asia. For 18 years, Ken held senior positions with Deutsche Bank, most recently in Dubai as Chief Executive of MENA (Middle East North Africa), before retiring in April 2007. From 1999 to 2002, Ken was Deutsche Bank's CEO Australia and New Zealand based in Sydney, before moving to Hong Kong as Deutsche Bank's CEO Asia Pacific. He has degrees in Arts and Law from the University of New South Wales.

### 3. Independent Directors

Ken was appointed to the Talent2 Board in August 2008 and he is a member of the Acquisitions Committee and the Nominations Committee. Ken is currently the Chairman of Leighton Contractors Pty Limited, a director of Santos Limited (appointed on 14 February 2007), Fullerton Funds Management (an Asian asset management fund owned by Temasek in Singapore) and a member of the Asia Pacific advisory board of Aviva Pte Limited including the Aviva board of directors and audit committees in Hong Kong and Singapore.

#### (b) Ms Pam Laidlaw – Director (Non-Executive)

Pam has extensive experience in finance, formerly as Group Finance Director of Morgan & Banks Pty Limited. Previous positions were with Ogilvy & Mather in Sydney and PricewaterhouseCoopers in Sydney and New York. Pam holds a Bachelor of Business Administration from the University of New York and is qualified as a Certified Public Accountant in New York, USA.

Pam joined the Talent2 Board in March 2008 and is Chair of the Audit and Risk Committee as well as a member of the Remuneration Committee, Nominations Committee and Acquisitions Committee. Pam is also on the Board of the Eye Foundation which is the medical eye specialists' foundation that is dedicated to restoring sight and preventing vision loss throughout Australasia. She has held no directorships in other listed companies in the past four years.

#### (c) Mr Hans Neilson – Director (Non-Executive)

Hans has extensive international information technology and human resource experience. He joined Hewlett Packard in 1976 and held numerous positions including Interim Managing Director Australia and Managing Director New Zealand. Prior to retiring from Hewlett Packard he was Vice President, leading its Human Resources function for the Technology Solutions Group in Asia Pacific. He was also a director for Hewlett Packard Australia and New Zealand from 1987 to 2006. For over ten years, Hans was an evaluator for the Australian Quality Awards and a member of the Victorian State Committee for the Australian Quality Council. Hans has participated in numerous community and industrial forums and holds a Bachelor of Engineering from Victoria University of Technology (Vic).

Hans joined the Talent2 Board in August 2006 and is the Chair of the Remuneration Committee and a member of the Nominations Committee and the Audit and Risk Committee. He has held no directorships in other listed companies in the past four years.

### 3.3 Independent Directors' recommendation

The Independent Directors unanimously recommend that eligible Talent2 Securityholders vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them, in the absence of a Superior Proposal.

The Independent Directors believe that the reasons for Talent2 Securityholders to vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them outweigh the reasons to vote against the Talent2 EGM Resolutions, Scheme and Option Scheme. See Section 2 for key reasons to vote in favour of the Scheme and Option Scheme and other relevant considerations for Talent2 Securityholders.

In considering whether to vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to you, the Independent Directors encourage you to:

- » carefully read the whole of this Scheme Booklet (including the Independent Expert's Report);
- » consider the choices available to you as outlined in Section 4.8 and Section 5.8;
- » have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- » obtain financial advice from your broker or financial adviser on the Schemes and obtain taxation advice on the effect of the Schemes becoming Effective.

In unanimously recommending that Talent2 Securityholders vote in favour of the Talent2 EGM Resolutions, Scheme and Option Scheme as relevant to them, in the absence of a Superior Proposal, the Independent Directors are not providing any recommendation to any Excluded Shareholder or Excluded Optionholder in respect of Talent2 Securities held or controlled by them.

### 3.4 Voting intentions of the Independent Directors

Each Independent Director intends to vote in favour of the Talent2 EGM Resolutions at the Talent2 EGM and Scheme at the Scheme Meeting in relation to the Talent2 Shares held or controlled by them, in the absence of a Superior Proposal.

Details of the Relevant Interests of each Independent Director in Talent2 Shares are set out in Section 10. No Independent Director holds any Talent2 Options.

## 4. Overview of the Transaction for Talent2 Shareholders

### 4.1 Background

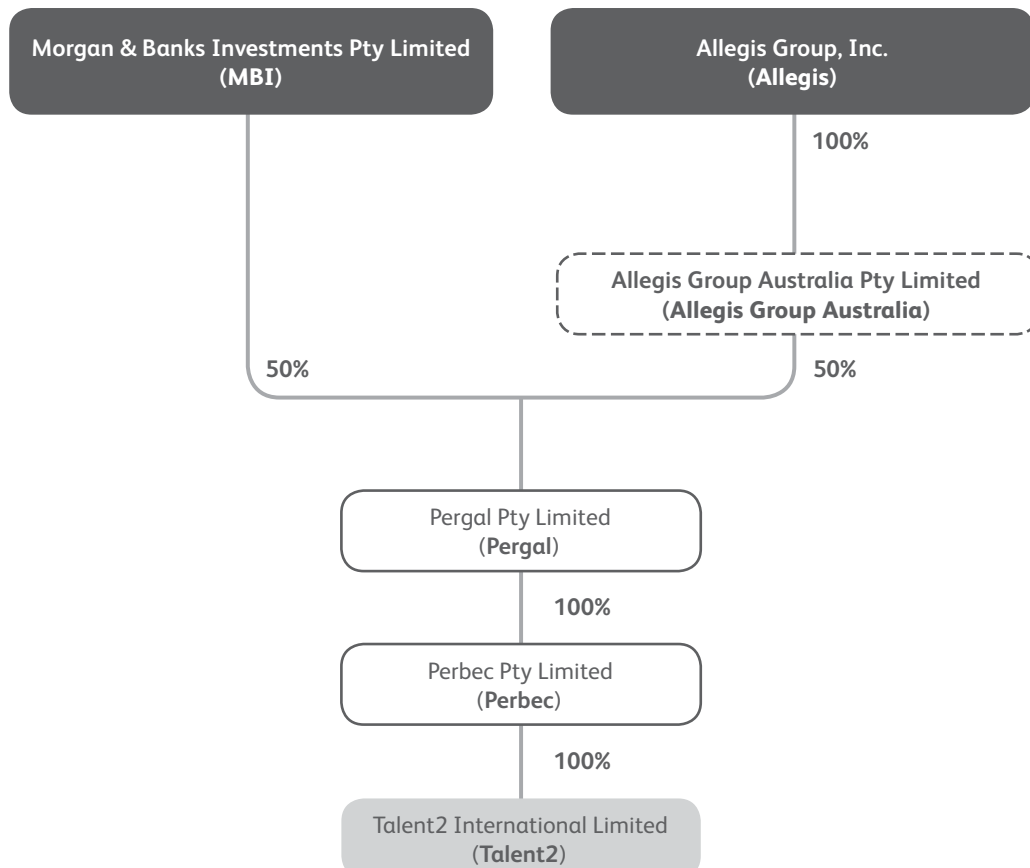
On 28 May 2012, Talent2 announced a proposal for the acquisition of all the Talent2 Shares (other than the Talent2 Shares held by MBI) by Perbec by way of a scheme of arrangement.

If the Scheme becomes Effective, Talent2 will be de-listed from ASX and become a wholly owned subsidiary of Perbec.

On 28 May 2012, Talent2 also announced a proposal for a separate scheme of arrangement between Talent2 and Scheme Optionholders which, if implemented, will result in the cancellation of all Scheme Options. The Option Scheme is conditional on implementation of the Scheme, but the Scheme is not conditional on implementation of the Option Scheme.

This Section 4 contains an overview of the Scheme. Section 5 contains an overview of the Option Scheme.

The following diagram shows the proposed ownership structure of Talent2 following implementation of the Transaction.



## 4. Overview of the Transaction for Talent2 Shareholders

### 4.2 Scheme Consideration

If the Scheme becomes Effective, Scheme Shareholders will have the opportunity to receive the aggregate cash amount of \$0.78 cash for each Scheme Share (which would consist of the consideration payable under the Scheme and the Special Dividend if paid).

The Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date. Scheme Shareholders who have validly registered their bank account details with Talent2's Registry will have their Scheme Consideration sent directly to their bank account. Scheme Shareholders who have not registered their bank account details with Talent2's Registry will have their Scheme Consideration sent by cheque to the address shown on the Share Register. See clause 5.1 of the Scheme contained in Annexure D for further details.

### 4.3 Independent Expert's conclusion

Talent2 commissioned the Independent Expert to prepare a report on whether the Scheme is, in the Independent Expert's opinion, fair and reasonable and in the best interests of Talent2 Shareholders.

The Independent Expert has assessed a value for 100% of Talent2, on a controlling interest basis, at between \$0.68 and \$0.85 per Talent2 Share. As the Scheme Consideration for each Scheme Share is within the Independent Expert's valuation range for Talent2 Shares, the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Talent2 Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is contained in Annexure B. The Independent Directors encourage Talent2 Shareholders to read the Independent Expert's Report in full before deciding whether to vote in favour of the Scheme.

In concluding that the Scheme is fair and reasonable and in the best interests of Talent2 Shareholders, in the absence of a Superior Proposal, the Independent Expert is not providing any conclusion as to whether the Scheme is in the best interests of Excluded Shareholders.

For details in relation to the Independent Expert's conclusion on the Option Scheme, see Section 5.2 of this Scheme Booklet.

### 4.4 Conditions of the Scheme

The Scheme is subject to a number of Conditions Precedent, including but not limited to:

- » approval of the Scheme by the Court;
- » agreement to the Talent2 EGM Resolutions by eligible Talent2 Shareholders at the Talent2 EGM by the requisite majorities;

- » agreement to the Scheme by Talent2 Shareholders (other than Excluded Shareholders) by the requisite majorities;
- » no restraints being imposed by any court or Government Agency;
- » no Talent2 Prescribed Occurrences occurring;
- » no Talent2 Material Adverse Change occurring; and
- » the Talent2 Representations and Warranties being true and correct in all material respects.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed.

As at the Last Practicable Date, none of the Talent2 Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

### 4.5 Special Dividend

#### (a) Overview

The Scheme Implementation Deed permits the Scheme Consideration to be structured to include the Special Dividend. The aggregate amount of any Special Dividend payments will not exceed \$15 million (or approximately \$0.10 per Talent2 Share). To the extent a Special Dividend is paid, Scheme Shareholders may be entitled to receive the benefit of any franking credits attached to the Special Dividend. The payment of any Special Dividend will be subject to the following conditions being satisfied or waived by 8.00am on the Second Court Date:

- (1) Talent2 has received or is reasonably expecting to receive the ATO Class Ruling in a form satisfactory to Talent2;<sup>10</sup>
- (2) Talent2's Shareholders at the Talent2 EGM approve the Financial Assistance Resolution; and
- (3) Pergal shareholders pass a special resolution at a general meeting of Pergal shareholders to approve the giving of financial assistance by Pergal in relation to the payment of the Special Dividend (**Pergal Financial Assistance Resolution**).

Condition (1) can only be waived with the consent of the Joint Bidders. Conditions (2) and (3) can be waived in the sole discretion of the IBC and are further described below in Sections 4.5(e) and 4.5(f) respectively.

Funding for any Special Dividend is expected to be provided by a loan facility from Perbec under the Loan Agreement. Further details on the Loan Agreement are set out in Section 11.4.

<sup>10</sup> Talent2 sent an application to the ATO on 4 June 2012 requesting such ATO Class Ruling.

**(b) Overview of entitlements in relation to the Special Dividend and the Scheme**

If a Special Dividend is paid, the consideration of \$0.78 per Talent2 Share otherwise payable under the terms of the Scheme will be reduced by the amount of the Special Dividend.

A Talent2 Shareholder's entitlement to receive the Special Dividend in respect of a Talent2 Share depends on whether that Talent2 Shareholder held that Talent2 Share on the Special Dividend Record Date. For the avoidance of doubt, Excluded Shareholders will be entitled to receive the Special Dividend in respect of a Talent2 Share if they held that Talent2 Share on the Special Dividend Record Date; however, Excluded Shareholders will not be entitled to receive any consideration under the terms of the Scheme in respect of that Talent2 Share even if they held that Talent2 Share on the Scheme Record Date.

Accordingly, if, for example, a Special Dividend of \$0.10 per Talent2 Share is paid:

- » all Talent2 Shareholders (including the Excluded Shareholders) who hold a Talent2 Share on the Special Dividend Record Date will be entitled to receive \$0.10 in respect of that Talent2 Share by way of Special Dividend;
- » Talent2 Shareholders (other than the Excluded Shareholders) who hold a Talent2 Share on the Scheme Record Date, and who also held that Talent2 Share on the Special Dividend Record Date, will be entitled to receive \$0.68 in respect of that Talent2 Share under the terms of the Scheme and will also be entitled to receive \$0.10 in respect of that Talent2 Share by way of Special Dividend (representing an aggregate amount payable in connection with the Transaction of \$0.78 in respect of that Talent2 Share); and
- » Talent2 Shareholders (other than the Excluded Shareholders) who hold a Talent2 Share on the Scheme Record Date, but who do not also hold that Talent2 Share on the Special Dividend Record Date, will be entitled to receive \$0.68 in respect of that Talent2 Share under the terms of the Scheme and nothing by way of Special Dividend (representing an aggregate amount payable in connection with the Transaction of \$0.68 in respect of that Talent2 Share). A Talent2 Shareholder may fall into this category if, for example, they purchase Talent2 Shares by way of an off-market transfer or exercise a Talent2 option after the Special Dividend Record Date and before the Scheme Record Date.

For simplicity of explanation, elsewhere in this Scheme Booklet (other than in the terms of the Scheme and Deed Poll), Talent2 Shareholders (other than the Excluded Shareholders) who hold Talent2 Shares on the Scheme Record Date (i.e. Scheme Shareholders), are assumed to also have held all of those Talent2 Shares on the Special Dividend Record Date. In other words, assuming the Special Dividend is \$0.10 per Talent2 Share, those Talent2 Shareholders will be entitled to an aggregate payment in connection with the Transaction of \$0.78 per Talent2 Share (i.e. comprising \$0.68 per Talent2 Share under the

terms of the Scheme and a Special Dividend of \$0.10 per Talent2 Share).

**(c) Fractional entitlements**

The aggregate amount that a Talent2 Shareholder is entitled to in regards to the Special Dividend for each Talent2 Share they hold will be rounded down to the nearest full cent to avoid fractions of a cent.

**(d) Update on status of Special Dividend**

Talent2 will update the market after a final decision is made as to whether a Special Dividend is likely to be paid.

There is no guarantee that:

- » any Special Dividend will be paid; or
- » if a Special Dividend is paid that it will be as high as \$0.10 per Talent2 Share.

**(e) Financial Assistance Resolution**

The Financial Assistance Resolution will be proposed at the Talent2 EGM.

Pursuant to subsection 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares in the company or a holding company of the company if the assistance is agreed to by shareholders under section 260B of the Corporations Act.

Under subsection 260B(1) of the Corporations Act, a company may financially assist a person to acquire shares in itself or a company of which it is a subsidiary if the financial assistance is agreed to by its shareholders by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares or by their associates.

Accordingly, your Independent Directors seek the approval of Talent2 Shareholders (other than Perbec (being the person who is being financially assisted as a result of Talent2 paying any Special Dividend) and its associates, including MBI) under subsection 260B(1) of the Corporations Act to the financial assistance to be given by Talent2 to Perbec (as the proposed acquirer of the Scheme Shares) as a result of Talent2 paying any Special Dividend.

If Talent2 Shareholders (other than Perbec (being the person who is being financially assisted to acquire the Talent2 Shares) and its associates, including MBI) do not approve the Financial Assistance Resolution, and the condition is not waived by the IBC, the Special Dividend cannot be paid by Talent2.

**(f) Financial assistance approval by Pergal, Perbec's sole shareholder**

Furthermore, pursuant to subsection 260B(3) of the Corporations Act, if, immediately after the acquisition, a company will be a subsidiary of another domestic corporation that is not listed in Australia and is not itself a subsidiary of another domestic corporation, then the financial assistance must also be agreed to by a special resolution passed at a general meeting of that corporation.

## 4. Overview of the Transaction for Talent2 Shareholders (continued)

Accordingly, Pergal has agreed to convene a general meeting of Pergal shareholders prior to the date of the Scheme Meeting, to approve in accordance with subsection 260B(3) of the Corporations Act, the financial assistance to be given by Talent2 to Pergal and Perbec (as the proposed acquirer of the Scheme Shares) as a result of Talent2 paying any Special Dividend. MBI and Allegis have agreed in the Scheme Implementation Deed to procure that such resolution be approved in accordance with subsection 260B(3) of the Corporations Act.

### 4.6 Section 611 item 7 Resolution

The Section 611 item 7 Resolution will be proposed at the Talent2 EGM.

It is a condition of the Scheme that the Section 611 item 7 Resolution is passed as an ordinary resolution, i.e. a majority (more than 50%) of votes cast in favour of the resolution, without any votes being cast in favour of that resolution by:

- » Perbec, Pergal and Allegis (and its Related Bodies Corporate), being the persons proposing to make the acquisition, and each of its Associates; or
- » MBI, being the person from whom the acquisition is to be made, and its Associates.

The Section 611 item 7 Resolution relates to the joint bidding arrangements between MBI, Allegis, Pergal and Perbec. Those arrangements are set out in the Joint Bid Framework Deed. Section 7.8 provides a summary, prepared by the Joint Bidders, of that deed.

Under the Joint Bid Framework Deed, Perbec, Pergal, Allegis and their respective Related Bodies Corporate will each acquire a Relevant Interest in the Talent2 Shares in which MBI has a Relevant Interest, if the Section 611 item 7 Resolution is passed.

Section 611 item 7 and subsection 609(7) of the Corporations Act allow the acquisition of a Relevant Interest in Talent2 Shares in the manner referred to above to take place without being in breach of the Corporations Act provided:

- » eligible Talent2 Shareholders approve that acquisition; and
- » such approval is given by not later than three months after the date of the Joint Bid Framework Deed.

If the Section 611 item 7 Resolution is passed, then Perbec, Pergal, Allegis and their respective Related Bodies Corporate will have a Relevant Interest in, and voting power over, 21.8% of all Talent2 Shares.

As the Scheme is conditional on the Section 611 item 7 Resolution being passed and given that the Independent Directors unanimously recommend the Schemes, in the absence of a Superior Proposal (see Section 3.3 for further details of their recommendation), they also unanimously recommend that the Talent2 Shareholders who are eligible to vote in respect of the Section 611 item 7 Resolution (which does not include Perbec, Pergal and Allegis and each of their Related Bodies Corporate), vote in favour of and approve the Section 611 item 7 Resolution.

### 4.7 If the Scheme does not become Effective

If the Scheme does not become Effective:

- » Talent2 Shareholders will continue to hold Talent2 Shares and will be exposed to the risks relating to the Talent2 business, including those set out in Section 8; and
- » Scheme Shareholders will not receive the Scheme Consideration or any Special Dividend.

In the absence of a Superior Proposal, Talent2 will continue as a stand alone entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to the announcement of the Transaction.

Prior to the Scheme Meetings, transaction costs will have been incurred, or will be committed, by Talent2 in relation to the Schemes. Those transaction costs will be payable by Talent2 regardless of whether or not the Schemes become Effective and are implemented.

The Independent Directors are of the opinion that if the Scheme does not proceed, the price of a Talent2 Share on ASX may fall significantly or Talent2 Shares could persistently trade at prices below \$0.78 per Talent2 Share, in the absence of a Competing Proposal or Superior Proposal.

### 4.8 Your choices as a Talent2 Shareholder

#### (a) Introduction

The Independent Directors unanimously recommend that Talent2 Shareholders vote in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal.

As a Talent2 Shareholder, you have three choices currently available to you. These choices are set out below.

#### (b) Vote in favour or vote against the Transaction

Talent2 Shareholders (other than Excluded Shareholders) may vote in favour of or against the Talent2 EGM Resolutions and Scheme in respect of some or all of their Talent2 Shares. Details of how to vote at the Talent2 EGM and Scheme Meeting are set out in the Notice of Talent2 EGM contained in Annexure H and the Notice of Scheme Meeting contained in Annexure I. Talent2 Shareholders (other than Excluded Shareholders) should note that if they vote against the Talent2 EGM Resolutions and Scheme, and the Talent2 EGM Resolutions are passed and the Scheme is approved and becomes Effective, then any Talent2 Shares held by such Talent2 Shareholders on the Scheme Record Date will be transferred to Perbec, and such Talent2 Shareholders will receive the Scheme Consideration, notwithstanding that they may have voted against the Talent2 EGM Resolutions or the Scheme.

In this Scheme Booklet Talent2 Shareholders who hold Talent2 Shares on the Share Register on the Scheme Record Date are referred to as “Scheme Shareholders” and the Talent2 Shares which they hold as “Scheme Shares” respectively.

**(c) Sell your Talent2 Shares on market**

Talent2 Shareholders may elect to sell some or all of their Talent2 Shares on market through ASX. The latest price for Talent2 Shares may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au). This price may vary from the Scheme Consideration.

Talent2 Shareholders who sell some or all of their Talent2 Shares on market may be liable for CGT on the disposal of their Talent2 Shares (see Section 9) and may incur a brokerage charge.

Talent2 Shareholders who wish to sell some or all of their Talent2 Shares on market should contact their broker for information on how to effect that sale.

**(d) Do nothing**

Talent2 Shareholders who do not wish to vote for or against the Talent2 EGM Resolutions or the Scheme or sell their Talent2 Shares on market should do nothing.

Talent2 Shareholders should note that if they do nothing and the Scheme is approved and becomes Effective, then any Scheme Shares held by Scheme Shareholders will be transferred to Perbec, and Scheme Shareholders will be sent the Scheme Consideration, notwithstanding that they may not have voted for or against the Talent2 EGM Resolutions or the Scheme.

Talent2 Shareholders who do nothing may be liable to pay taxation (see Section 9).

## 4.9 Scheme approval requirements

The Scheme will only become Effective and be implemented if it is:

- » agreed to by Talent2 Shareholders (other than Excluded Shareholders) at the Scheme Meeting; and
- » approved by the Court at the Second Court Hearing.

Agreement by Talent2 Shareholders (other than Excluded Shareholders) requires the Resolution to be agreed to by:

- » a majority in number (more than 50%) of Talent2 Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy) (the **Head Count Approval Requirement**); and
- » at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Talent2 Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy).

It should be noted that the Court has the power to waive the Head Count Approval Requirement.

## 4.10 Talent2 EGM, Scheme Meeting and how to vote

**(a) Talent2 EGM**

An extraordinary general meeting of Talent2 Shareholders will be held immediately prior to the Scheme Meeting to vote on the resolutions set out in the Notice of Talent2 EGM.

The purpose of the Talent2 EGM is to seek the approval of eligible Talent2 Shareholders of certain incidental resolutions that are required to be approved in connection with the Scheme. The terms of the Talent2 EGM Resolutions to be considered at the Talent2 EGM are contained in the Notice of Talent2 EGM in Annexure H.

**(b) Scheme Meeting**

The Court has ordered Talent2 to convene the Scheme Meeting at which Talent2 Shareholders (other than Excluded Shareholders) will be asked to approve the Scheme.

The terms of the Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure I.

The fact that the Court has ordered the Scheme Meeting to be convened and has approved this Scheme Booklet required to accompany the Notice of Scheme Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or has any view as to the merits of the Scheme or as to how Talent2 Shareholders should vote. On these matters Talent2 Shareholders (other than Excluded Shareholders) must reach their own decision.

**(c) What meetings are you able to attend?**

The entitlements of holders of Talent2 Shares to vote at the Talent2 EGM and Scheme are set out in the Notice of Talent2 EGM and Notice of Scheme Meeting.

Instructions on how to attend and vote at the Talent2 EGM and Scheme Meeting (in person, by proxy, online or in person through an attorney or body corporate representative) are set out in the Notice of Talent2 EGM and Notice of Scheme Meeting respectively.

Voting is not compulsory. However, the Independent Directors unanimously recommend that Talent2 Shareholders vote in favour of the Talent2 EGM Resolutions and Scheme, in the absence of a Superior Proposal.

The results of the Talent2 EGM and Scheme Meeting will be available as soon as possible after the conclusion of the Option Scheme Meetings and will be announced to ASX once available. The results will also be published on Talent2’s website at [www.talent2.com](http://www.talent2.com).



## 4. Overview of the Transaction for Talent2 Shareholders (continued)

### 4.11 Court approval of the Scheme

In the event that:

- » the Scheme is agreed to by the requisite majorities of Talent2 Shareholders (other than Excluded Shareholders) at the Scheme Meeting (see Section 4.9 for the Scheme approval requirements); and
- » all Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (if they are capable of being waived),

then Talent2 will apply to the Court for orders approving the Scheme.

Each Talent2 Shareholder has the right to appear at the Second Court Hearing.

### 4.12 Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Talent2 will, on the Scheme becoming Effective, give notice of that event to ASX.

Talent2 intends to apply to ASX for Talent2 Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

### 4.13 Scheme Record Date and entitlement to Scheme Consideration

Those Talent2 Shareholders (other than Excluded Shareholders) on the Share Register on the Scheme Record Date will be entitled to receive the Scheme Consideration in respect of the Talent2 Shares they hold at that time.

### 4.14 Implementation Date

Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date. Immediately after the Scheme Consideration is sent to Scheme Shareholders the Scheme Shares will be transferred to Perbec.

### 4.15 Deed Poll

Perbec and the Joint Bidders have each executed the Deed Poll, pursuant to which Perbec and the Joint Bidders have agreed in favour of Scheme Shareholders to provide, or to procure that Perbec provides, each Scheme Shareholder with the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming Effective.

### 4.16 Copy of Share Register

Under sections 169 and 173 of the Corporations Act, any Talent2 Shareholder has a right to inspect, and to ask for a copy of, the Share Register which contains details of the name and address of each Talent2 Shareholder. Talent2 may require a Talent2 Shareholder to provide reasons for their request prior to providing a copy of the Share Register, and a Talent2 Shareholder must not use any information obtained for an improper purpose. A copy of the Share Register will be given to any Talent2 Shareholder upon request and payment of the prescribed fee under the Corporations Act where Talent2 is satisfied that the details provided are not likely to be used for an improper purpose.

### 4.17 Warranty by Scheme Shareholders

The terms of the Scheme provide that each Scheme Shareholder is taken to have warranted to Talent2 and Perbec, and appointed and authorised Talent2 as its attorney and agent to warrant to Perbec, that:

- » all their Talent2 Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- » they have full power and capacity to transfer their Talent2 Shares to Perbec together with any rights attaching to those shares.

Under the terms of the Scheme, Talent2 undertakes that it will provide such warranty to Perbec as agent and attorney of each Scheme Shareholder.

# 5. Overview of the Transaction for Talent2 Optionholders

## 5.1 Overview of the Option Scheme

### (a) Key features

The Option Scheme is a scheme of arrangement between Talent2 and the Scheme Optionholders. If the Option Scheme is implemented, all of the Scheme Options held by Talent2 Optionholders on the Option Scheme Record Date will be cancelled in return for a cash payment.

The Option Scheme requires the agreement of the Talent2 Optionholders (other than Excluded Optionholders) and the approval of the Court and is conditional on the Scheme becoming Effective.

There are two classes of Talent2 Optionholders for the purposes of the Option Scheme. They are:

- » the class consisting of persons holding In the Money Options; and
- » the class consisting of persons holding Out of the Money Options.

The meetings of Talent2 optionholders to vote on the Option Scheme will be held at:

- » 10.30am or immediately after the Scheme Meeting (whichever is the later) in the case of Option Scheme Meeting 1; and
- » 10.45am or immediately after Option Scheme Meeting 1 (whichever is the later) in the case of Option Scheme Meeting 2,

on Monday, 20 August 2012 at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000.

The Independent Directors unanimously recommend that Talent2 Optionholders (other than Excluded Optionholders) vote in favour of the Option Scheme, in the absence of a Superior Proposal.

### (b) Vested Talent2 options

If you are a Talent2 optionholder, you can still exercise any of your Talent2 options that are already vested at any time before the Exercise Deadline in accordance with their terms of grant so long as you comply with Talent2's Employee Share Trading Policy. If you exercise your vested Talent2 options, the exercise of your Talent2 options will be effective regardless of whether the Scheme or Option Scheme becomes Effective.

If you exercise your vested Talent2 options and continue to hold the Talent2 Shares you received on exercise of those options at the Option Scheme Record Date, you will be entitled to receive the Scheme Consideration in respect of those Talent2 Shares if the Scheme becomes Effective.

If you do not exercise your vested Talent2 options, and hold any Scheme Options at the Option Scheme Record Date, you will be paid the Option Scheme Consideration for the cancellation of the vested Scheme Options if the Option Scheme becomes Effective. Holders of Talent2 options that have vested, have not been exercised and which expire before the Option Scheme Record Date will not be entitled to receive the Scheme Consideration or the Option Scheme Consideration for these Talent2 options under the Scheme or the Option Scheme.

### (c) Unvested Talent2 options

If the Scheme is approved and becomes Effective, all Talent2 options granted in a tranche of options which is listed in Schedule 1 of the Option Scheme and Section 5.6, which have not vested prior to the Scheme becoming Effective and which may otherwise automatically lapse, will not lapse in accordance with the terms of the Talent2 Option Plan under which they were granted. Talent2 optionholders who hold Scheme Options at the Option Scheme Record Date will be paid the Option Scheme Consideration for the cancellation of those unvested Scheme Options if the Option Scheme becomes Effective.

## 5. Overview of the Transaction for Talent2 Optionholders

### 5.2 Independent Expert's conclusion

Talent2 commissioned the Independent Expert to prepare a report on whether the Scheme is, in the Independent Expert's opinion, in the best interests of Talent2 Shareholders. The Independent Expert was also asked to provide an opinion on whether the Option Scheme is in the best interests of Talent2 optionholders.

The Independent Expert has concluded that the Option Scheme is fair and reasonable and, therefore, in the best interests of Talent2 optionholders.

The Independent Expert's Report is contained in Annexure B. The Independent Directors encourage Talent2 optionholders to read the Independent Expert's Report in full before deciding whether to vote in favour of the Option Scheme.

### 5.3 Relationship with the Scheme

For the Option Scheme to proceed, the Resolutions relating to the Option Scheme must be agreed to by the required majorities of Talent2 Optionholders (other than Excluded Optionholders) at each of the Option Scheme Meetings and subsequently approved by the Court. Importantly, the Option Scheme is also conditional on the Scheme proceeding, which means that the Option Scheme will not proceed unless:

- (a) the Scheme is also agreed to by the required majorities of Talent2 Shareholders (other than Excluded Shareholders) and subsequently approved by the Court; and
- (b) the Talent2 EGM Resolutions are agreed to by the required majority of eligible Talent2 Shareholders at the Talent2 EGM.

However, the Scheme is not conditional on the Option Scheme becoming Effective which means that the Resolutions relating to the Option Scheme do not have to be agreed to for the Scheme to proceed.

### 5.4 Option Scheme approval requirements

The Option Scheme will only become Effective and be implemented if the Scheme becomes Effective and if the Option Scheme is:

- » agreed to by Out of the Money Optionholders at Option Scheme Meeting 1;
- » agreed to by In the Money Optionholders at Option Scheme Meeting 2; and
- » approved by the Court at the Second Court Hearing.

Agreement by Talent2 optionholders (comprising Out of the Money Optionholders and In the Money Optionholders as applicable) requires the relevant Resolutions relating to the Options Scheme to be agreed to at each of Option Scheme Meeting 1 and Option Scheme Meeting 2 by:

- » a majority in number (more than 50%) of eligible Talent2 optionholders present and voting at the meeting (either in person or by proxy) (the **Head Count Approval Requirement**); and
- » a majority whose Talent2 options amount in aggregate to at least 75% (by value) of the total of all Talent2 options voted by the eligible Talent2 optionholders on the Resolutions (either in person or by proxy).

It should be noted that the Court has the power to waive the Head Count Approval Requirement.

## 5.5 Summary of key features of Talent2 options

The table set out below summarises some key features of the Talent2 options that were on issue as at the Last Practicable Date.

Option series	Expiry date	Exercise price (\$)	Vested Units	Non Vested Units	Total number of options
A	8 August 2012	3.01	546,000	–	546,000
B	10 September 2013	2.93	335,200	152,000	487,200
D	20 February 2013	2.25	49,000	–	49,000
E	23 April 2013	1.78	10,000	–	10,000
F	13 August 2013	1.25	7,500	2,500	10,000
H	22 October 2013	1.04	1,336,362	540,788	1,877,150
J	18 February 2014	0.63	42,000	14,000	56,000
K	20 April 2014	0.55	15,000	5,000	20,000
L	3 June 2014	0.68	2,506,500	918,000	3,424,500
N	21 October 2014	1.45	15,000	15,000	30,000
O	8 January 2015	1.42	137,500	137,500	275,000
P	15 February 2015	1.33	50,000	50,000	100,000
Q	21 April 2015	1.46	25,000	25,000	50,000
R	16 June 2015	1.41	10,000	10,000	20,000
A2	1 July 2015	1.42	12,500	37,500	50,000
B2	13 September 2015	1.45	41,250	123,750	165,000
C2	20 October 2015	1.51	2,500	7,500	10,000
D2	15 December 2015	1.48	6,250	18,750	25,000
E2	4 February 2016	1.53	18,750	56,250	75,000
F2	11 May 2016	1.67	18,750	56,250	75,000
G2	5 August 2016	1.38	–	165,000	165,000
H2	5 August 2016	1.38	–	100,000	100,000
I2	26 October 2016	1.17	–	1,085,000	1,085,000
J2	16 December 2016	1.01	–	70,000	70,000
K2	2 February 2017	0.52	–	600,000	600,000

## 5. Overview of the Transaction for Talent2 Optionholders (continued)

### 5.6 Option Scheme Consideration

If the Option Scheme is implemented, Talent2 optionholders will be paid a cash payment for each Scheme Option they hold on the Option Scheme Record Date in consideration for the cancellation of their Scheme Options. The amount of the cash payment for the cancellation of a particular Scheme Option differs depending on the terms, exercise price, the vesting status and, in some cases, the expiry date of that option.

The table below sets out the amounts to be paid under the Option Scheme for each option granted in a tranche of Scheme Options.

Tranche	ASX Code	Expiry Date	Exercise Price (\$)	Option Scheme Consideration per Talent2 option (\$)
B	TWOAH	10 September 2013	2.93	0.010
D	TWOAL	20 February 2013	2.25	0.010
E	TWOAI	23 April 2013	1.78	0.010
F	TWOAM	13 August 2013	1.25	0.012
H	TWOAM	22 October 2013	1.04	0.018
J	TWOAM	18 February 2014	0.63	0.150
K	TWOAM	20 April 2014	0.55	0.230
L	TWOAM	3 June 2014	0.68	0.100
N	TWOAM	21 October 2014	1.45	0.019
O	TWOAM	8 January 2015	1.42	0.022
P	TWOAM	15 February 2015	1.33	0.026
Q	TWOAM	21 April 2015	1.46	0.024
R	TWOAM	16 June 2015	1.41	0.028
A2	TWOAM	1 July 2015	1.42	0.028
B2	TWOAM	13 September 2015	1.45	0.030
C2	TWOAM	20 October 2015	1.51	0.029
D2	TWOAM	15 December 2015	1.48	0.032
E2	TWOAM	4 February 2016	1.53	0.032
F2	TWOAM	11 May 2016	1.67	0.031
G2	TWOAM	5 August 2016	1.38	0.046
H2	TWOAM	5 August 2016	1.38	0.046
I2	TWOAM	26 October 2016	1.17	0.063
J2	TWOAM	16 December 2016	1.01	0.081
K2	TWOAM	2 February 2017	0.52	0.260

## 5.7 Basis upon which the Option Scheme Consideration was determined

### (a) Introduction

The Option Scheme Consideration has been calculated having regard to whether a particular Talent2 option has:

- » an exercise price less than \$0.78; or
- » an exercise price equal to or greater than \$0.78.

### (b) In the Money Options

The Option Scheme Consideration to be paid in consideration for the cancellation of In the Money Options has been calculated on the basis of the intrinsic value of each option in that class, by deducting the exercise price of the option from \$0.78 (being the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder).

An intrinsic valuation values an option by reference to the current price of the underlying share and does not assign any value to the potential for future price gains of the underlying share, referred to as the time value.

The value of each In the Money Option granted in a tranche of options is listed in Schedule 1 of the Option Scheme and the table set out in Section 5.6.

### (c) Out of the Money Options

The Out of the Money Options have no intrinsic value. The Option Scheme Consideration to be paid in consideration for the cancellation of Out of the Money Options has therefore been calculated as the assessed theoretical fair value of each option in that class plus \$0.01 per Talent2 option.

The assessed theoretical fair value of each Out of the Money Option has been calculated using the Black-Scholes option valuation model which takes account of factors such as the option exercise price, the current level and volatility of the underlying Talent2 share price and the time to maturity of the option. The assumptions used in this valuation were:

- » a price for a Talent2 Share of \$0.475 (being the last traded price on 25 May 2012, the last trading day before the Announcement Date);
- » an annualised volatility for Talent2 Shares of 40.0%;
- » time to maturity calculated as the difference between the expiry date of each option and the valuation date of 25 May 2012 (being the last trading day prior to the Announcement Date);
- » for the purposes of determining the value of Out of the Money Options only, the Black-Scholes option value has not been reduced by the present value of future Talent2 dividends that may be paid prior to the exercise date of each individual Talent2 option; and

- » a risk free rate for each option interpolated from the Australian government rates on the valuation date of 25 May 2012 (the risk free rate used ranged from between 2.65% and 3.47% depending on the relevant option expiry date).

The Black-Scholes option valuation model recognises that the value of an option may vary up to its expiry date based on movements in the future price of the underlying share and seeks to assign a theoretical value for the option based on a number of inputs (including the current price of the underlying share and length of time until the option expires) and assumptions (including the estimated volatility of the future price of the underlying share during that time).

The value of each Out of the Money Option granted in a tranche of options is listed in Schedule 1 of the Option Scheme and the table set out in Section 5.6.

See section VIII of the Independent Expert's Report for an evaluation of the Option Scheme Consideration.

### (d) Fractional entitlements

Where the calculation of the Option Scheme Consideration could result in a Scheme Optionholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

## 5.8 Your choices as a Talent2 optionholder

### (a) Introduction

Talent2 optionholders have the choices set out in this Section 5.8 currently available to them.

### (b) Vote in favour of the Option Scheme or vote against the Option Scheme

Talent2 optionholders may vote in favour of or against the Option Scheme in respect of some or all of their Talent2 options (whether their Talent2 options have vested or not). Details of how to vote at the Option Scheme Meetings are set out in Notice of Option Scheme Meeting 1 contained in Annexure J and Notice of Option Scheme Meeting 2 contained in Annexure K.

Talent2 optionholders should note that if they vote against the Option Scheme and the Option Scheme is approved and becomes Effective, any Scheme Options held by Talent2 optionholders on the Option Scheme Record Date will be cancelled and Scheme Optionholders will be sent the Option Scheme Consideration, notwithstanding that they may have voted against the Option Scheme.

## 5. Overview of the Transaction for Talent2 Optionholders (continued)

### (c) Exercise your vested Talent2 options

Talent2 optionholders whose Talent2 options have vested may exercise their Talent2 options at any time before the Exercise Deadline in accordance with their terms of grant, so long as they comply with Talent2's Employee Share Trading Policy.

Talent2 optionholders who exercise their vested Talent2 options prior to the Exercise Deadline will be provided with Talent2 Shares (either through Talent2 issuing new Talent2 Shares to them or through Talent2 acquiring Talent2 Shares on market and transferring those shares to the former holder of Talent2 options). Holding Talent2 Shares will enable such Talent2 optionholders to participate in the Scheme as a Talent2 Shareholder (provided they continue to hold those Talent2 Shares at the relevant times) and:

- (1) they will be able to vote on the Talent2 EGM Resolutions;
- (2) they will be able to vote on the Scheme;
- (3) they will receive any Special Dividend; and
- (4) they will be provided the Scheme Consideration if the Scheme becomes Effective.

Talent2 optionholders who exercise their vested Talent2 options and become Talent2 Shareholders may elect to sell some or all of their Talent2 Shares on market through ASX. The latest price for Talent2 Shares may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au). This price may vary from the Scheme Consideration.

Talent2 optionholders who do not exercise their vested Talent2 options prior to the Exercise Deadline will be unable to exercise their vested Talent2 options, and such Talent2 options will be subject to the Option Scheme.

For further details on the choices available to you if you become a Talent2 Shareholder, see Section 4.8.

Talent2 optionholders whose Talent2 options have not vested will not be able to exercise their Talent2 Options, vote at the Talent2 EGM, or vote on the Scheme. However, they will be able to vote on the Option Scheme.

### (d) Do nothing

Talent2 optionholders who do not wish to vote for or against the Option Scheme and who do not wish, in the case of vested Talent2 options, to exercise those Talent2 options, should do nothing.

Talent2 optionholders should note that if they do nothing and the Option Scheme becomes Effective, then any Scheme Options held by such Talent2 optionholders on the Option Scheme Record Date will be cancelled, and Scheme Optionholders will be sent the Option Scheme Consideration, notwithstanding that they may not have voted for or against the Option Scheme.

## 5.9 How to exercise Talent2 options

### (a) Exercising vested Talent2 options

Talent2 optionholders can exercise their vested Talent2 options at any time before the Exercise Deadline in accordance with their terms of grant, so long as they comply with Talent2's Employee Share Trading Policy. The exercise of vested Talent2 options will be effective regardless of whether the Scheme or Option Scheme becomes Effective.

If a Talent2 optionholder elects to exercise any of their Talent2 options they will need to pay the exercise price associated with those Talent2 options (either directly or through the use of the cashless exercise facility referred to in Section 5.9(b)). Talent2 optionholders should note that the Scheme Consideration may be less than the exercise price of their Talent2 options.

### (b) Cashless Facility

Talent2 operates a cashless facility pursuant to which holders of Talent2 options granted under the Talent2 Employee Share Option Plan are not required to provide payment of the exercise price in respect of their Talent2 options to Talent2. If Talent2 optionholders exercise Talent2 options under the cashless facility, Talent2 will instruct Computershare to sell the resulting Talent2 Shares on the ASX with the difference between the sale price and the exercise price, less any costs charged by Computershare (in accordance with Computershare's Financial Services Guide), paid to the Talent2 optionholder.

Talent2 reserves in its sole discretion the right to determine whether a Talent2 optionholder will be able to use the cashless facility to exercise their vested Talent2 options.

## 5.10 Implications if the Option Scheme does not become Effective

### (a) Introduction

This Section 5.10 sets out the implications to Talent2 optionholders if the Option Scheme does not become Effective. Talent2 optionholders should also consider the risks outlined in Section 8.

### (b) Implications if the Option Scheme does not become Effective but the Scheme becomes Effective

If the Scheme becomes Effective but the Option Scheme does not become Effective, Perbec may cause the Talent2 options to be dealt with in accordance with:

- (1) the Talent2 Option Plans; or
- (2) Part 6A.2 of the Corporations Act, under which Perbec can compulsorily acquire all of the outstanding Talent2 options and any Talent2 Shares issued on the exercise of Talent2 options.

Talent2 optionholders should also see Section 4.7 for a summary of the implications if the Scheme does not proceed.

### (c) Compulsory Acquisition

Under Part 6A.2 of the Corporations Act, a person may compulsorily acquire all of the shares and securities convertible into shares in a company where the person holds at least 90% of all the securities of the company that are either shares or convertible into shares. The consideration paid under compulsory acquisition must represent fair value.

If the Scheme is implemented but the Option Scheme does not become Effective, Perbec will hold all the Talent2 Shares and will be able to invoke the above mentioned compulsory acquisition provisions to acquire (or cancel) any Talent2 options that remain on issue after the Implementation Date or any Talent2 Shares that may be issued or transferred to Talent2 optionholders on exercise of those Talent2 options.

Under Part 6A.2 of the Corporations Act, Perbec will have six months after implementation of the Scheme within which to start the compulsory acquisition process. The compulsory acquisition process takes a minimum period of one month. Accordingly, it is possible that if Talent2 options (or Talent2 Shares issued or transferred on exercise of the Talent2 options (if any)) are compulsorily acquired, the persons holding those Talent2 options or Talent2 Shares (if any) could receive consideration for their securities up to seven months later than they would if their Scheme Options were cancelled under the Option Scheme (or otherwise exercised in accordance with their terms before the Exercise Deadline).

Holders of Talent2 options or Talent2 Shares (as applicable) may object to the compulsory acquisition. If persons who in aggregate hold more than 10% of the Talent2 options or Talent2 Shares (as applicable) to be compulsorily acquired object to the compulsory acquisition, Perbec will need to seek Court approval for the compulsory acquisition. In accordance with the Corporations Act, Perbec is required to bear the legal costs of any proper and reasonable objection made by a Talent2 optionholder or Talent2 Shareholder (as applicable).

The Court must approve the compulsory acquisition if the consideration offered represents fair value for the holders of the Talent2 options or Talent2 Shares (as applicable). Fair value could be higher, lower or the same as the Option Consideration and Scheme Consideration (as applicable). Talent2 optionholders should note that where compulsory acquisition applies in these circumstances, Perbec may acquire the remaining Talent2 options or Talent2 Shares (as applicable) for a cash sum only.

### (d) Implications if the Option Scheme and Scheme do not become Effective

If the Option Scheme and Scheme do not become Effective for any reason:

- (1) you can still exercise your vested Talent2 options in accordance with their terms of grant; and
- (2) there will be no acceleration of the vesting of your unvested Talent2 Options and the performance hurdles attaching to those rights will continue to be assessed in accordance with their terms of grant.

### (e) Risks

Talent2 optionholders should have regard to the risks outlined in Section 8, particularly if they wish to exercise their Talent2 options, retain the underlying Talent2 Shares and be provided with the Scheme Consideration.

## 5.11 Option Scheme Meetings details and how to vote

### (a) Option Scheme Meetings

The Court has ordered Talent2 to convene two meetings of Talent2 optionholders at which Talent2 Optionholders (other than Excluded Optionholders) will be asked to approve the Option Scheme. The terms of the Resolutions to be considered at the Option Scheme Meetings are contained in the Notice of Option Scheme Meeting 1 contained in Annexure J and the Notice of Option Scheme Meeting 2 contained in Annexure K. The fact that the Court has ordered that the Option Scheme Meetings be convened and has approved this Scheme Booklet required to accompany the Notice of Option Scheme Meeting 1 and Notice of Option Scheme Meeting 2 does not mean that the Court has prepared or is responsible for the content of this Scheme Booklet or has any view as to the merits of the Option Scheme or as to how Talent2 optionholders should vote. On these matters Talent2 Optionholders (other than Excluded Optionholders) must reach their own decision.

Two Option Scheme Meetings are required to approve the Option Scheme because Talent2 optionholders are considered to comprise two different classes depending on whether a particular Talent2 option has:

- (1) an exercise price equal to or greater than \$0.78; or
- (2) an exercise price less than \$0.78.

The reason In the Money Optionholders and Out of the Money Optionholders are considered to comprise two different classes is that the Option Scheme Consideration for In the Money Options is calculated differently to the Option Scheme Consideration for Out of the Money Options.



## 5. Overview of the Transaction for Talent2 Optionholders (continued)

### (b) What meetings are you able to attend?

Each class of Talent2 optionholders will have the opportunity to meet and vote separately on the Option Scheme at:

- (1) Option Scheme Meeting 1 for Out of the Money Optionholders; and
- (2) Option Scheme Meeting 2 for In the Money Optionholders.

The entitlements of holders of Talent2 options to vote and instructions on how to attend and vote at the Option Scheme Meetings (in person, by proxy, online or in person through an attorney or body corporate representative) are set out in the Notice of Option Scheme Meeting 1 contained in Annexure J and the Notice of Option Scheme Meeting 2 contained in Annexure K.

If a Talent2 optionholder validly exercises their vested Talent2 options prior to the record date for the Talent2 EGM and Scheme Meeting and they continue to hold those Talent2 Shares, they may be able to attend and vote at the Talent2 EGM and Scheme Meeting. Instructions on how to attend and vote at the Talent2 EGM and Scheme Meeting (in person, by proxy, online or in person through an attorney or body corporate representative) are set out in the Notice of Talent2 EGM contained in Annexure H and Notice of Scheme Meeting contained in Annexure I.

Voting is not compulsory. However, the Independent Directors unanimously recommend that Talent2 optionholders vote in favour of the Option Scheme, in the absence of a Superior Proposal.

The results of the Option Scheme Meetings will be available as soon as possible after the conclusion of the Option Scheme Meetings and will be announced to ASX once available. The results will also be published on Talent2's website at [www.talent2.com](http://www.talent2.com).

### 5.12 Court approval of the Option Scheme

In the event that the Option Scheme is agreed to by the requisite majorities of Talent2 Optionholders (other than Excluded Optionholders) at each of Option Scheme Meeting 1 and Option Scheme Meeting 2 (see Section 5.4 for the Option Scheme approval requirements) then Talent2 will apply to the Court for orders approving the Option Scheme. Each Talent2 Optionholder (other than Excluded Optionholders) has the right to appear at the Second Court Hearing.

### 5.13 Option Scheme Effective Date

If the Court approves the Option Scheme and the Scheme becomes Effective, the Option Scheme will become Effective on the Option Scheme Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Option Scheme is lodged with ASIC. Talent2 will, on the Option Scheme becoming Effective, give notice of that event to ASX.

### 5.14 Implementation of the Option Scheme

#### (a) Option Scheme Deed Poll

Perbec and the Joint Bidders have each executed the Option Scheme Deed Poll, pursuant to which Perbec and the Joint Bidders have agreed in favour of Scheme Optionholders, to provide, or to procure that Perbec provides, each Scheme Optionholder with the Option Scheme Consideration to which they are entitled under the Option Scheme, subject to the Option Scheme becoming Effective.

A copy of the Option Scheme Deed Poll is contained in Annexure G.

#### (b) Key implementation steps for the Option Scheme

The key steps to implement the Option Scheme are:

- (1) at each of the Option Scheme Meetings, Talent2 optionholders must agree to the scheme of arrangement between Talent2 and Scheme Optionholders (under which Scheme Optionholders will be paid the Option Scheme Consideration in return for the cancellation of their Scheme Options) by agreeing to the option scheme Resolutions;
- (2) the scheme Resolution and the Talent2 EGM Resolutions must each be agreed to by the required majorities of eligible Talent2 Shareholders at the Scheme Meeting and the Talent2 EGM, respectively;
- (3) if each of the option scheme Resolutions, scheme Resolution and Talent2 EGM Resolutions are agreed to by the required majorities, Talent2 will apply to the Court for orders approving the Option Scheme. The Option Scheme and Scheme must be approved at the Second Court Hearing for the Option Scheme to proceed; and
- (4) the Option Scheme and the Scheme must become Effective. Accordingly, the Conditions Precedent to the Scheme are also relevant to the Option Scheme. See Section 4.4 for further information on the Conditions Precedent to the Scheme.

Any Talent2 Securityholder who wishes to oppose the approval of the Option Scheme at the Second Court Hearing may seek to do so by filing with the Court and serving on Talent2 a notice of appearance in the prescribed form together with any affidavit on which the Talent2 Securityholder will seek to rely at the Second Court Hearing.

On the Option Scheme Implementation Date, provided that the Option Scheme has become Effective and that Perbec and the Joint Bidders have complied with their obligations under the Option Scheme Deed Poll, Talent2 will provide (or procure the provision of) the Option Scheme Consideration to Scheme Optionholders, following which Talent2 will cancel all existing Scheme Options held by Scheme Optionholders. The expected dates for these key steps are set out in the Section “Key dates relating to the Transaction” of this Scheme Booklet.

Scheme Optionholders will have their Option Scheme Consideration sent by cheque to the address shown on the Option Register. See clause 5.1 of the Option Scheme contained in Annexure F for further details.

### 5.15 Warranty by Scheme Optionholders

The terms of the Option Scheme provide that each Scheme Optionholder is taken to have warranted to Talent2 and Perbec, and appointed and authorised Talent2 as its attorney and agent to warrant to Perbec, that:

- » all their Talent2 options (including any rights and entitlements attaching to those Talent2 Options) which are cancelled under the Option Scheme will, at the date of cancellation, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any ‘security interests’ within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and that, subject only to the relevant Talent2 Option Plan, restrictions on cancellation of any kind; and
- » subject only to the relevant Talent2 Option Plan, they have full power and capacity to agree to the cancellation of their Talent2 options together with any rights attaching to those Talent2 options.

Under the terms of the Option Scheme, Talent2 undertakes that it will provide such warranty to Perbec as agent and attorney of each Scheme Optionholder.

### 5.16 Copy of Talent2 Option Register

Under sections 170 and 173 of the Corporations Act, any Talent2 Optionholder has a right to inspect, and to ask for a copy of, the Talent2 Options Register which contains details of the name and address of each Talent2 Optionholder. Talent2 may require a Talent2 Optionholder to provide reasons for their request prior to providing a copy of the Talent2 Option Register, and Talent2 Optionholders must not use any information obtained for an improper purpose. A copy of the Talent2 Option Register will be given to any Talent2 Optionholder upon request and payment of the prescribed fee under the Corporations Act where Talent2 is satisfied that the details provided are not likely to be used for an improper purpose.

### 5.17 Certain taxation consequences of participating in the Option Scheme

See Section 9 for Australian taxation consequences of participating in the Option Scheme.

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## 6. Information about the Talent2 Group

### 6.1 Introduction

Talent2 was founded in 2003, is listed on ASX (ASX:TWO) and operates over 45 offices, providing services in 31 countries across the Asia Pacific region, Middle East and the UK.

Talent2 is a leading human resources organisation in the Asia Pacific region, working with clients across diverse organisation types and industries to deliver end-to-end talent management solutions. Talent2's principal activities include the development, sale and support of Human Resource advisory, payroll, recruitment and learning services. Talent2's end-to-end talent management solution gives it a capacity to fulfil the business needs for talent management and to help organisations to improve the power and productivity of their people.

### 6.2 Talent2 Board

The Talent2 Board comprises the following persons:

#### (a) Mr Andrew Banks – Chairman and Managing Director (Executive)

Mr Banks provides the Talent2 Board with more than 27 years experience in managing service businesses across the Asia Pacific region and is widely regarded as a dynamic thought leader in the area of human capital management. Mr Banks is an active principal of MBI, one of Talent2's significant shareholders.

Mr Banks has been a Talent2 Board member since September 2002. He is Talent2's Chairman and Managing Director and a member of the Nominations Committee and Acquisitions Committee. He has held no directorships in other listed companies in the past four years.

#### (b) Mr Ken Borda – Director (Non-Executive)

See Section 3.2 for a profile of Mr Borda.

#### (c) Ms Pam Laidlaw – Director (Non-Executive)

See Section 3.2 for a profile of Ms Laidlaw.

#### (d) Mr Geoff Morgan – Director (Non-Executive)

Mr Morgan has more than 31 years experience in sales and marketing as well as global experience in all aspects of human capital services. He is currently Chairman of MBI. Prior to this role, he was regional Chairman for TMP Worldwide. Mr Morgan and Mr Banks have co-authored four books on recruiting and in 2004 were the recipients of the Ernst & Young "Master Entrepreneur of the Year" Award for sustained success in business.

Mr Morgan has been a Talent2 Board member since September 2003. He is a member of the Audit and Risk Committee, Remuneration Committee and Nominations Committee. He is a director of several unlisted entities including The Australian Motor Sport Foundation and The World Scout Foundation (Australian Chapter). He has held no directorships in other listed companies in the past four years.

#### (e) Mr Hans Neilson – Director (Non-Executive)

See Section 3.2 for a profile of Mr Neilson.

### 6.3 Historical financial information

#### (a) Basis of presentation

The financial information set out below is a summary only. The full financial accounts for the Talent2 Group for the financial half years ended 31 December 2011 and 31 December 2010 and the financial years ended 30 June 2011 and 30 June 2010, including the notes to the accounts, can be found in Talent2's 2012 Half Yearly Report and Accounts (released to ASX on 8 February 2012), Talent2's 2011 Full Financial Report (released to ASX on 2 September 2011) and Talent2's 2011 Half Yearly Report and Accounts (released to ASX on 9 February 2011).

The financial statements of the Talent2 Group for the financial half years ended 31 December 2011 and 31 December 2010 were reviewed, and the financial statements of the Talent2 Group for the financial years ended 30 June 2011 and 30 June 2010 were audited in accordance with Australian auditing standards. The audit opinions relating to those financial statements were unqualified.

## 6. Information about the Talent2 Group

### (b) Consolidated statements of financial position

The summarised historical consolidated statements of financial position of the Talent2 Group which are set out:

- » in the second column of the table below have been extracted from the reviewed financial results of the Talent2 Group for the half year ended 31 December 2011, being the last reviewed financial statements prior to the date of this Scheme Booklet;
- » in the third column of the table below reflect the audited financial statements of the Talent2 Group for the year ended 30 June 2011, being the last audited financial statements prior to the date of this Scheme Booklet and have been extracted from Talent2's Half Yearly Report and Accounts for the half year ended 31 December 2011;
- » in the fourth column of the table below have been extracted from the reviewed financial results of the Talent2 Group for the half year ended 31 December 2010; and
- » in the fifth column of the table below reflect the audited financial statements of the Talent2 Group for the year ended 30 June 2010 and have been extracted from the Talent2 2011 Full Financial Report.

	As at 31 December 2011 \$000	As at 30 June 2011 \$000	As at 31 December 2010 \$000	As at 30 June 2010 \$000
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5,314	20,595	18,130	24,090
Trade and other receivables	52,775	56,968	46,177	44,487
Other current assets	5,347	6,163	6,587	6,428
<b>Total Current Assets</b>	<b>63,436</b>	<b>83,726</b>	<b>70,894</b>	<b>75,005</b>
<b>Non-Current Assets</b>				
Other receivables	8,936	4,781	–	–
Plant and equipment	7,469	6,891	6,968	7,330
Deferred tax assets	2,475	3,744	2,025	1,744
Intangible assets	99,051	101,611	105,046	93,714
<b>Total Non-Current Assets</b>	<b>117,931</b>	<b>117,027</b>	<b>114,039</b>	<b>102,788</b>
<b>Total Assets</b>	<b>181,367</b>	<b>200,753</b>	<b>184,933</b>	<b>177,793</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	34,209	43,443	43,714	29,977
Unearned income	7,342	6,999	7,765	6,713
Interest-bearing borrowings	2,734	2,811	1,711	1,908
Current tax liabilities	–	6,164	3,848	4,580
Short-term provisions	6,278	6,561	4,991	4,737
<b>Total Current Liabilities</b>	<b>50,563</b>	<b>65,978</b>	<b>62,029</b>	<b>47,915</b>
<b>Non-Current Liabilities</b>				
Other payables	3,861	5,000	2,400	–
Interest-bearing borrowings	28,524	21,997	24,890	30,457
Long-term provisions	845	845	769	758
<b>Total Non-Current Liabilities</b>	<b>33,230</b>	<b>27,842</b>	<b>28,059</b>	<b>31,215</b>
<b>Total Liabilities</b>	<b>83,793</b>	<b>93,820</b>	<b>90,088</b>	<b>79,130</b>
<b>Net Assets</b>	<b>97,574</b>	<b>106,933</b>	<b>94,845</b>	<b>98,663</b>
<b>Equity</b>				
<b>Equity Attributable to Equity Holders of the Parent</b>				
Issued capital	111,360	106,040	102,732	101,619
Reserves	3,908	16,381	6,443	15,288
Accumulated losses	(17,814)	(16,170)	(14,937)	(18,368)
<b>Parent interests</b>	<b>97,454</b>	<b>106,251</b>	<b>94,238</b>	<b>98,539</b>
Non-controlling interests	120	682	607	124
<b>Total Equity</b>	<b>97,574</b>	<b>106,933</b>	<b>94,845</b>	<b>98,663</b>
Net Tangible Asset Backing per ordinary share	(1.00)c	3.68c	(7.20)c	3.52c

**(c) Consolidated statements of financial performance**

The summarised historical consolidated statements of financial performance of the Talent2 Group which are set out:

- » in the second column of the table below have been extracted from the reviewed financial results of the Talent2 Group for the half year ended 31 December 2011, being the last reviewed financial statements prior to the date of this Scheme Booklet;
- » in the third column of the table below reflect the audited financial statements of the Talent2 Group for the year ended 30 June 2011, being the last audited financial statements prior to the date of this Scheme Booklet and have been extracted from Talent2's Half Yearly Report and Accounts for the half year ended 31 December 2011;
- » in the fourth column of the table below have been extracted from the reviewed financial results of the Talent2 Group for the half year ended 31 December 2010; and
- » in the fifth column of the table below reflect the audited financial statements of the Talent2 Group for the year ended 30 June 2010 and have been extracted from the Talent2 2011 Full Financial Report.

	31 December 2011 \$000 (6 months)	30 June 2011 \$000 (12 months)	31 December 2010 \$000 (6 months)	30 June 2010 \$000 (12 months)
<b>Revenue</b>	<b>158,173</b>	<b>306,138</b>	<b>147,884</b>	<b>242,591</b>
Cost of rendering of services:				
On hired labour and advertising costs	(34,045)	(54,823)	(25,831)	(46,786)
Outsourced services	(32,080)	(56,723)	(28,430)	(37,591)
Distributor commissions and licence fees	(280)	(640)	(322)	(1,710)
<b>Gross Profit</b>	<b>91,768</b>	<b>193,952</b>	<b>93,301</b>	<b>156,504</b>
Other income	131	2,011	10	9
Employee benefits expense	(68,794)	(137,043)	(65,943)	(111,182)
Operating lease rental expense	(8,169)	(15,314)	(7,649)	(13,878)
Advertising and marketing expense	(2,354)	(2,770)	(1,335)	(1,830)
Depreciation of plant and equipment	(1,471)	(3,031)	(1,533)	(3,206)
Amortisation of acquired intangible assets	(3,376)	(6,780)	(3,499)	(5,061)
Amortisation of software development	(1,042)	(1,798)	(750)	(492)
Impairment of acquired assets	–	(1,200)	–	–
Acquisition costs	(68)	(264)	(90)	(359)
Finance costs	(698)	(1,088)	(644)	(739)
Other expenses	(7,104)	(10,340)	(5,157)	(9,214)
<b>(Loss)/Profit Before Income Tax</b>	<b>(1,177)</b>	<b>16,335</b>	<b>6,711</b>	<b>10,552</b>
Income tax expense	(479)	(5,620)	(2,791)	(4,763)
<b>Net (Loss)/Profit For the Period</b>	<b>(1,656)</b>	<b>10,715</b>	<b>3,920</b>	<b>5,789</b>
<b>Other Comprehensive Income</b>				
Foreign currency translation	(154)	(4,318)	(4,225)	1,384
Other comprehensive income for the period, net of tax	(154)	(4,318)	(4,225)	1,384
<b>Total Comprehensive Income for the Period</b>	<b>(1,810)</b>	<b>6,397</b>	<b>(305)</b>	<b>7,173</b>
(Loss)/Profit for the period is attributable to:				
Non-controlling interest	(32)	558	483	38
Owners of the parent	(1,624)	10,157	3,437	5,751
	(1,656)	10,715	3,920	5,789
Total comprehensive income for the period is attributable to:				
Non-controlling interest	(32)	558	483	38
Owners of the parent	(1,778)	5,839	(788)	7,135
	(1,810)	6,397	(305)	7,173
Earnings per share for (loss)/profit attributable to the ordinary equity holders of the parent:				
Basic (cents per share)	(1.13)c	7.15c	2.43c	4.36c
Diluted (cents per share)	(1.13)c	6.86c	2.33c	4.16c
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	146,304,744	141,973,541	141,268,159	132,738,078
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Diluted EPS	150,289,105	148,099,906	147,724,474	139,223,492
Earnings before interest, tax, depreciation and amortisation	5,278	27,958	12,977	19,763

## 6. Information about the Talent2 Group (continued)

### (d) Consolidated cash flow statement

The summarised historical cash flow statements of the Talent2 Group which are set out:

- » in the second column of the table below have been extracted from the reviewed financial results of the Talent2 Group for the half year ended 31 December 2011, being the last reviewed financial statements prior to the date of this Scheme Booklet;
- » in the third column of the table below reflect the audited financial statements of the Talent2 Group for the year ended 30 June 2011, being the last audited financial statements prior to the date of this Scheme Booklet and have been extracted from Talent2's Half Yearly Report and Accounts for the half year ended 31 December 2011;
- » in the fourth column of the table below have been extracted from the reviewed financial results of the Talent2 Group for the half year ended 31 December 2010; and
- » in the fifth column of the table below reflect the audited financial statements of the Talent2 Group for the year ended 30 June 2010 and have been extracted from the Talent2 2011 Full Financial Report.

	31 December 2011 \$000 (6 months)	30 June 2011 \$000 (12 months)	31 December 2010 \$000 (6 months)	30 June 2010 \$000 (12 months)
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST)	175,901	318,041	163,876	255,226
Payments to suppliers and employees (inclusive of GST)	(174,127)	(298,377)	(152,642)	(241,239)
Interest received	132	274	161	287
Finance costs	(698)	(1,088)	(644)	(739)
Income tax paid	(6,986)	(6,931)	(3,692)	(3,791)
Income tax refund	94	164	95	229
<b>Net cash flows (used in)/from operating activities</b>	<b>(5,684)</b>	<b>12,083</b>	<b>7,154</b>	<b>9,973</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of plant and equipment	–	–	–	39
Purchase of plant and equipment	(2,150)	(3,096)	(1,561)	(2,169)
Payment for subsidiary	(4,931)	–	(2,019)	–
Purchase of intangible assets	(120)	(189)	–	–
Payment for business assets acquired, net of cash acquired	–	(1,972)	–	(19,216)
<b>Net cash flows used in investing activities</b>	<b>(7,201)</b>	<b>(5,257)</b>	<b>(3,580)</b>	<b>(21,346)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	510	1,543	593	1,428
Payment of transaction costs relating to share issues	(26)	(39)	(20)	(60)
Acquisition of non-controlling interest	(1,210)	–	–	–
Proceeds from borrowings	6,203	8	–	23,122
Repayment of borrowings	(218)	(4,552)	(3,057)	(10,394)
Dividends paid	(7,973)	(5,649)	(5,649)	–
<b>Net cash flows used in financial activities</b>	<b>(2,714)</b>	<b>(8,689)</b>	<b>(8,133)</b>	<b>14,096</b>
Net decrease in cash and cash equivalents	(15,599)	(1,863)	(4,559)	2,723
Net foreign exchange differences	318	(1,632)	(1,401)	390
Cash and cash equivalents at beginning of period	20,595	24,090	24,090	20,977
<b>Cash and cash equivalents at end of period</b>	<b>5,314</b>	<b>20,595</b>	<b>18,130</b>	<b>24,090</b>

## 6.4 Update in relation to Talent2's financial position and financial performance

### (a) Talent2's financial position

Talent2's latest published financial statements are the reviewed financial statements for the six months ended 31 December 2011. These statements are contained in Talent2's half-year report for that period, which was released to ASX on 8 February 2012. An electronic copy of this report can be downloaded from ASX's website at [www.asx.com.au](http://www.asx.com.au) under Talent2's name (ASX:TWO). Persons who would like a copy of this report can request one free of charge by contacting Talent2 before the Scheme becomes Effective.

As at 30 June 2012, the net indebtedness of the Talent2 Group was approximately \$25.5 million (compared to \$25.9 million as at 31 December 2011).

To the knowledge of the Talent2 Directors, there have been no material changes to the financial position of Talent2 since 31 December 2011, except as disclosed on ASX or in this Scheme Booklet.

### (b) Talent2's financial performance

As at the date of this Scheme Booklet, Talent2's audited financial statements for the financial year ended 30 June 2012 were not available.

On 21 June 2012, Talent2 announced that, based on its results for the eleven months to 31 May 2012 and its forecast for the month of June 2012, it estimates that for the twelve month period ending 30 June 2012:

- » consolidated revenue will be in the range of \$315 million to \$325 million; and
- » consolidated EBITDA will be in the range of \$9 million to \$10 million.

The above consolidated EBITDA figure excludes the costs associated with the Transaction.

Global and regional economic uncertainty and the volatility of financial markets has continued to adversely influence decision making, particularly in relation to recruiting new permanent hires in Asia and Australia as well as delaying decision making in the larger managed services contracts.

Talent2 Securityholders should be aware that actual audited final results may vary from those set out above if there are, for example, material adjustments that need to be made to take account of matters not known to Talent2 as at the Last Practicable Date.

Talent2 currently expects to release to ASX its preliminary (unaudited) financial statements for the financial year ended 30 June 2012 on or around Tuesday, 7 August 2012.

Following the release of these financial statements, the IBC will confirm with the Independent Expert that the financial results do not change the Independent Expert's opinion that the Scheme is fair and reasonable and in

the best interests of Talent2 Shareholders in the absence of a Superior Proposal, and that the Option Scheme is fair and reasonable and in the best interest of Talent2 optionholders. This confirmation will be announced to ASX in advance of the Talent2 EGM, Scheme Meeting and Option Scheme Meetings. Talent2 Securityholders are strongly encouraged to read those financial statements before deciding how to vote at the Talent2 EGM, Scheme Meeting and Option Scheme Meetings as relevant to them.

### (c) Finance facilities

Talent2 relies on its existing finance facilities to conduct its business operations. Further information on current arrangements between Talent2 and Westpac in relation to its primary finance facility is contained in Section 11.5.

## 6.5 Forecast financial information for the Talent2 Group

The Talent2 Directors have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information beyond that contained in Section 6.4(b). The Talent2 Directors have concluded that, as at the Last Practicable Date, it would be misleading to provide forecast financial information for the Talent2 Group (beyond that contained in Section 6.4), as a reasonable basis does not exist for providing forecast financial information that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Talent2 Group in any period will be influenced by various factors that are outside the control of the Talent2 Directors that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Talent2 Group will be materially affected by:

- » future economic conditions and sentiment in regions in which Talent2 and its clients or potential clients operate, which can be impacted by both global and local events, and which may have an impact on the hiring intentions of Talent2's clients and potential clients;
- » the material dislocation, change or loss of Talent2's existing clients;
- » competitive forces and changes in client demand for Talent2's services amongst existing and potential clients;
- » labour markets and the ability to retain key personnel and to attract suitable replacements;
- » any changes in government legislation, regulations or imposts, profitability or prospects of Talent2's operations, which at the present time are not possible to quantify; and
- » the other risk factors referred to in Section 8.



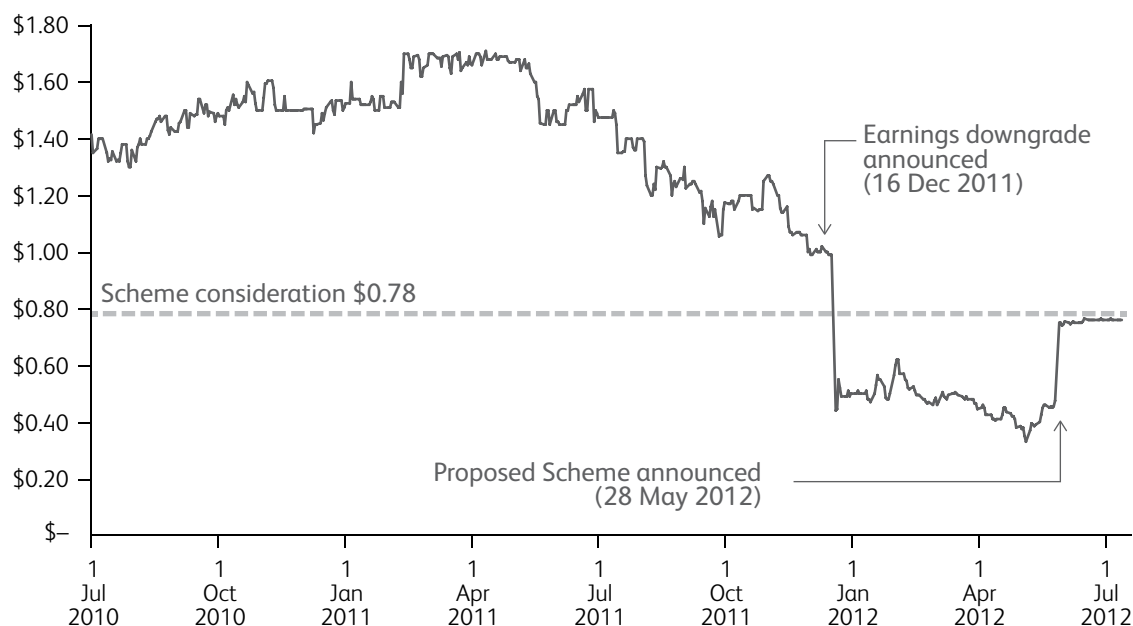
## 6. Information about the Talent2 Group (continued)

### 6.6 Talent2 share price

In the period from 1 July 2010 to 12 July 2012 the daily price of Talent2 Shares has fluctuated between a low of \$0.33 and a high of \$1.71. The Talent2 share price increased on 28 May 2012 following announcement of the proposed Scheme.

The following chart highlights the movements in the Talent2 share price over that period:

Talent2 Share Price



Source: IRESS<sup>11</sup>

### 6.7 Summary of the Talent2 equity plans

#### (a) Talent2 Long Term Incentive Plan

Under the Talent2 Long Term Incentive Plan, awards are made to executives and employees and have historically been delivered in the form of both performance rights and options. Since 11 September 2007 awards under this plan have only been delivered in the form of performance rights and Talent2 does not currently intend to issue any more Talent2 options under this plan. Each performance right entitles the holder to one fully paid ordinary share in Talent2, subject to satisfaction of any vesting conditions.

There are two plans: the Executive Plan and the Retention Plan.

##### (1) Executive Plan

Under the Executive Plan, the number of performance rights granted is based on the executive's achievement of individual performance measures. The performance rights will vest based on tenure and Talent2 achieving compound growth in adjusted earnings per share over the three financial years up to the vesting date.

##### (2) Retention Plan

Under the Retention Plan, the number of performance rights granted is based on the employee's achievement of individual performance measures. The performance rights will vest at the end of a three year period from the date of grant, subject to tenure.

<sup>11</sup> This Scheme Booklet contains various references to trading data prepared by IRESS Market Technology Limited (ACN 060 313 359) who has not consented to such use of references to that trading data in this Scheme Booklet.

**(b) Talent2 Employee Share Option Plan**

Under the Talent2 Employee Share Option Plan, awards to executives are made and delivered in the form of share options. Each Talent2 option entitles the holder to one fully paid ordinary share in Talent2, subject to satisfaction of any vesting conditions. The number of options granted is based on the executive's target long term incentive structure. Generally, the options will vest over a period of four years subject to the executive remaining an employee of the Talent2 Group. Executives are able to exercise the options up to the fifth anniversary of the grant before they will lapse.

**(c) Talent2 Deferred Employee Share Plan**

Under the Talent2 Deferred Employee Share Plan all permanent full-time and part-time employees can contribute a minimum amount of \$100 per month and up to 10% of their before-taxation salary (or after-taxation salary in the case of international employees) and 100% of their bonus into the plan in any financial year. Talent2 contributes a further \$1 for each \$4 (up to a maximum Talent2 contribution of \$1,000 per annum) contributed under the plan by each participant. Computershare uses plan contributions to acquire Talent2 Shares on market which are then held by the Talent2 Employee Share Trust (which is managed by CPU Share Plans Pty Limited) on behalf of the plan participant. All plan contributions made after 1 February 2010 are restricted from being sold by the employee until the earlier of five years from the end of the financial year in which they were purchased or the termination of that employee's employment with Talent2. Employees who participate in Talent2's Deferred Employee Share Plan cannot participate in the Talent2 Exempt Employee Share Plan during the same financial year.

**(d) Talent2 Exempt Employee Share Plan**

Under the Talent2 Exempt Employee Share Plan all permanent full-time and part-time employees can contribute \$500 per annum from their before-taxation salary (or after-taxation salary in the case of international employees) by way of an effective salary sacrifice to acquire Talent2 Shares under the plan. Talent2 contributes a further \$500 per annum for each contribution under the plan by each participant. The plan contributions are used to acquire Talent2 Shares on market which are then held in a plan which is managed by Computershare Plan Managers Pty Limited. There is a three year restriction period on selling, transferring or otherwise dealing with Talent2 Shares held under the plan. Employees who participate in Talent2's Exempt Employee Share Plan cannot participate in the Talent2 Deferred Employee Share Plan during the same financial year.

**6.8 Talent2 equity plans – relationship with the Scheme****(a) Talent2 Long Term Incentive Plan and Talent2 Employee Share Option Plan**

In the event of a change of control in Talent2, the Talent2 Board has discretion under the Talent2 Long Term Incentive Plan and Talent2 Employee Option Plan to cause any unvested Talent2 Options to fully vest, regardless of satisfaction of any hurdles that may exist. As directed by the Joint Bidders and Perbec, the Independent Directors have:

- (1) made a determination pursuant to the rules of the Talent2 Option Plans that all Talent2 options granted under the Talent2 Option Plans that are the subject of the Option Scheme which may otherwise automatically lapse under the rules of the Talent2 Option Plan as a result of the Scheme becoming Effective, will not lapse;
- (2) not made any determination under the rules of the Talent2 Option Plans in respect of the Talent2 performance rights, thus having the result that:
  - » all performance rights granted under the Talent2 Option Plans will automatically lapse upon the Scheme becoming Effective, in accordance with the rules of the relevant Talent2 Option Plan; and
  - » holders of such performance rights will not be entitled to receive any consideration for those performance rights under the Scheme, Option Scheme or otherwise; and
- (3) not caused any options or performance rights granted under the Talent2 Option Plans to vest before their vesting date.

For further information in relation to the treatment of the Talent2 options in connection with the Transaction, see Section 5.

For further information on the Joint Bidders' current intentions in relation to the creation of new employee incentive arrangements, see Section 7.5(a)(3).

**(b) Talent2 Deferred Employee Share Plan and Talent2 Exempt Employee Share Plan**

The Talent2 Exempt Employee Share Plan and Deferred Employee Share Plan were suspended with effect from 1 July 2012 pending approval of the Scheme. If the Scheme is approved and becomes Effective, any Talent2 Shares acquired pursuant to either the Talent2 Exempt Employee Share Plan or the Deferred Employee Share Plan will vest in accordance with the terms of the Talent2 Employee Share Trust Deed and the rules of the relevant plan.

Upon vesting of the Talent2 Shares held under the Talent2 Exempt Employee Share Plan and Deferred Employee Share Plan, plan participants will be entitled to participate in the Scheme as holders of Talent2 Shares. For further information in relation to the treatment of the Talent2 Shares in connection with the Scheme, see Section 4.

## 6. Information about the Talent2 Group (continued)

### 6.9 Publicly available information about Talent2

Talent2 is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Talent2 is subject to the Listing Rules which require continuous disclosure of any information Talent2 has that a reasonable person would expect to have a material effect on the price or value of Talent2 Shares.

ASX maintains files containing publicly disclosed information about all listed companies. Information disclosed to ASX by Talent2 is available on ASX's website at [www.asx.com.au](http://www.asx.com.au).

In addition, Talent2 is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Talent2 may be obtained from an ASIC office.

On request to Talent2, and free of charge, Talent2 Securityholders may obtain a copy of:

- » the Talent2 2011 Full Financial Report (being the full financial report most recently lodged with ASIC before the registration of this Scheme Booklet with ASIC); and
- » any announcements given to ASX by Talent2 after the lodgment by Talent2 of the Talent2 2011 Full Financial Report and before the date of this Scheme Booklet.

A list of announcements made by Talent2 to ASX from 2 September 2011 (being the date on which Talent2 lodged the Talent2 2011 Full Financial Report with ASX) to the Last Practicable Date is contained in Annexure A to this Scheme Booklet.

A substantial amount of information about Talent2, including financial information and releases to ASX, is available in electronic form on the Talent2 website at [www.talent2.com](http://www.talent2.com).

# 7. Information about the Joint Bidder Group

## 7.1 Overview

### (a) MBI

Information contained in Sections 7.1(a), 7.2(a) and 7.3(a) has been prepared by MBI. The information concerning MBI and its intentions, views and opinions contained in these Sections is the responsibility of MBI.

MBI is a private company indirectly controlled by Andrew Banks and Geoff Morgan.

Since the establishment of Talent2, MBI has been the major shareholder in Talent2, and as at the Last Practicable Date, MBI has voting power in Talent2 of 21.8%. See Section 7.6 for further details of MBI's interest in Talent2 Securities.

Andrew Banks is the Chairman and Managing Director of Talent2 and Geoff Morgan is a non-executive director of Talent2.

In addition to its stake in Talent2, MBI holds ownership rights in real estate, private equity investments and securities.

### (b) Allegis Group, Inc.

Information contained in Sections 7.1(b), 7.2(b) and 7.3(b) has been prepared by Allegis. The information concerning Allegis and its intentions, views and opinions contained in these Sections is the responsibility of Allegis.

Allegis was founded in 1983 and is a privately-held company incorporated in Maryland, United States of America. Allegis is ultimately controlled by the trustees of two trusts established for the benefit of the family members of one of its founders, James C. Davis. Allegis is the parent company of the Allegis Group staffing and human capital management businesses and serves its customers through

several business units that provide staffing services and solutions to a wide range of industries. These business units include Aerotek, a provider of technical, professional and industrial staffing services; TEKsystems, a provider of IT staffing and consulting services; MarketSource, a provider of outsourced sales and marketing solutions; Major, Lindsey & Africa, a legal staffing and search firm; Aston Carter, an IT recruitment company; and Allegis Group Services, a provider of human capital consulting and workforce management solutions. Allegis is the largest staffing company in North America, is headquartered in Hanover, Maryland, and has offices in over 300 cities throughout North America, Europe and Asia.

### (c) Perbec and Pergal

Perbec was incorporated under the laws of New South Wales on 25 May 2012 for the purpose of acquiring the Scheme Shares.

Perbec is a wholly owned subsidiary of Pergal. Pergal was incorporated under the laws of New South Wales on 15 May 2012 for the purpose of holding 100% of the issued capital in Perbec. As at the Last Practicable Date, the issued share capital of Pergal comprises 100 shares, all of which are held by MBI.

If the Scheme becomes Effective, MBI and Allegis Group Australia, an Australian wholly owned subsidiary of Allegis, will each hold 50% of the issued capital in Pergal in accordance with the Joint Bid Framework Deed. See Section 7.8 for further details.

The relationship between MBI and Allegis Group Australia as the sole proposed shareholders of Pergal including with respect to the management and control of Perbec and the management and control of the Talent2 business will be regulated by the Shareholders Deed. See Section 7.8 for further details.

## 7. Information about the Joint Bidder Group

### 7.2 Principal activities

#### (a) MBI

MBI is an investment company which as at the Last Practicable Date owns 21.8% of Talent2's ordinary share capital and a number of investments unrelated to Talent2.

#### (b) Allegis Group, Inc.

Allegis provides its staffing and human capital management services through its Aerotek, TEKsystems, MarketSource, Major, Lindsey & Africa, Aston Carter and Allegis Group Services business units:

- (1) **Aerotek** focuses on a broad spectrum of the staffing market, including the engineering, professional, scientific, technical, accounting and finance, and office and clerical segments;
- (2) **TEKsystems** specialises in IT staffing and consulting, placing technical professionals to work at client sites, and also provides IT outsourcing and managed IT services;
- (3) **MarketSource** focuses on providing outsourced sales and marketing solutions to retail and business-to-business clients primarily in the automotive, consumer, electronics, IT and telecommunications industries;
- (4) **Major, Lindsey & Africa** specialises in the placement of lawyers and legal professionals at law firms and in-house legal departments;
- (5) **Aston Carter** provides IT recruitment services in Europe and parts of Asia with a focus on clients in the banking and financial services sectors; and
- (6) **Allegis Group Services** provides business process outsourcing services, including a managed service offering to assist clients in managing their use of temporary contract labour and a recruitment process outsourcing service to assist clients in managing their recruitment of permanent employees, as well as consulting and executive search services.

Information about Allegis may also be obtained from the Allegis website at [www.allegisgroup.com](http://www.allegisgroup.com).

### 7.3 Directors

#### (a) MBI

The directors of MBI as at the Last Practicable Date are:

- (1) Andrew Banks;
- (2) Geoff Morgan; and
- (3) Graham Brand.

#### (b) Allegis Group, Inc.

The directors of Allegis Group, Inc. as at the Last Practicable Date are:

- (1) James C. Davis;
- (2) Stephen J. Bisciotti;
- (3) John T. Carey;
- (4) Michael W. Salandra;
- (5) James R. Novick; and
- (6) Thomas M. Thornton.

#### (c) Pergal and Perbec

The directors of each of Perbec and Pergal as at the Last Practicable Date are:

- (1) Andrew Banks; and
- (2) Geoff Morgan.

With effect from the Effective Date, in accordance with the Shareholders Deed, the directors of each of Perbec and Pergal will be:

- (1) Paul Bowie;
- (2) Christopher Hartman;
- (3) Andrew Banks; and
- (4) Geoff Morgan.

Paul Bowie and Christopher Hartman are Allegis director nominees and Andrew Banks and Geoff Morgan are MBI director nominees.

### 7.4 Joint Bidder funding arrangements

#### (a) Scheme funding requirements

If the Scheme becomes Effective, Scheme Shareholders will have the opportunity to receive the aggregate cash amount of \$0.78 per Scheme Share (being the sum of the Scheme Consideration and the amount of any Special Dividend).

Based on Talent2's issued share capital as at the Last Practicable Date and the maximum number of performance rights which may vest prior to the Scheme Record Date the maximum amount of cash required to be paid by Perbec to Scheme Shareholders under the Scheme is approximately \$90.2 million (assuming no Special Dividend is paid by Talent2 and no holders of Talent2 options exercise their Talent2 options).<sup>12</sup>

<sup>12</sup> Assuming there are 115,298,475 Talent2 Shares on issue as at the date of this Scheme Booklet (excluding the 32,105,226 Talent2 Shares held by Excluded Shareholders) and 395,700 performance rights vest prior to the Scheme Record Date, the maximum number of Scheme Shares would be 115,694,175. This assumes no vested Talent2 options are exercised prior to the Scheme Record Date.

**(b) Special Dividend funding requirements**

If a Special Dividend is paid by Talent2, the maximum amount of cash required to be paid by Perbec to Scheme Shareholders under the Scheme will be reduced by the aggregate amount of the Special Dividend payable to Scheme Shareholders. Perbec has agreed to loan Talent2 (under the Loan Agreement) an aggregate amount of up to \$15 million to enable Talent2 to fund the Special Dividend (if declared). If the Scheme becomes Effective, and a Special Dividend of \$0.10 is paid, the total amount required under this loan would be approximately \$14.8 million.<sup>13</sup> See Section 4.5 for further details.

**(c) Option Scheme funding requirements**

If the Option Scheme becomes Effective, Scheme Optionholders will receive the Option Scheme Consideration in consideration for the cancellation of their Scheme Options. Based on the Talent2 options outstanding at the Last Practicable Date, the maximum amount of cash required to be paid by Perbec to Scheme Optionholders under the Option Scheme is approximately \$0.66 million.

**(d) Example of funding timetable**

If the Scheme and Option Scheme become Effective and the IBC approves a Special Dividend of \$0.10, Perbec will make three tranches of cash payments in connection with the Transaction to Talent2 who will hold these funds for distribution. These will be made as follows:

- (1) by no later than the Business Day prior to the Special Dividend Payment Date, Perbec will loan Talent2 the aggregate amount payable in respect of the Special Dividend (of approximately \$14.8 million) under the Loan Agreement to facilitate Talent2's payment of the Special Dividend;
- (2) by no later than the Business Day before the Implementation Date, Perbec will pay to Talent2 an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, being \$0.68 per Scheme Share, up to approximately \$78.7 million (assuming no holders of Talent2 options exercises their Talent2 options); and
- (3) by no later than the Business Day before the Option Scheme Implementation Date, Perbec will pay to Talent2 an amount equal to the aggregate amount of the Option Scheme Consideration payable to each Scheme Option, totalling approximately \$0.66 million (assuming no holder of Talent2 options exercises their Talent2 options).

**(e) Source of funds – Perbec and Pergal**

Perbec will loan funds to Talent2 to pay the Special Dividend (if any) under the Loan Agreement. Perbec will fund the Scheme Consideration, the Option Scheme Consideration and the amount payable under the Loan Agreement relating to the Special Dividend using cash provided by Pergal and Allegis.

Pergal will fund its cash investment in Perbec from equity subscriptions by each of Allegis and MBI. Perbec will fund the balance from a loan that will be provided directly to Perbec by Allegis.

Pergal and Allegis will provide Perbec with sufficient cash to satisfy its potential obligations under the Transaction to make payments totalling up to approximately \$94.2 million as outlined in Sections 7.4(a), 7.4(b) and 7.4(c) above.

As outlined in Sections 7.4(f) and 7.4(g) below, the total funds committed by Allegis and MBI in connection with the Transaction equal up to approximately \$97.1 million, more than sufficient to satisfy Perbec's funding requirements in relation to the Scheme, the Option Scheme and the Special Dividend.

**(f) Source of funds – Allegis**

Allegis intends to fund its equity investment in Pergal and its loan to Perbec, in aggregate up to approximately \$84.6 million, from cash on hand and/or drawings under its bank credit agreement.

As at 9 July 2012 Allegis had cash on hand of approximately US\$83 million and also had approximately US\$494 million of available undrawn capacity under a US\$600 million credit agreement with a syndicate of eight banks. There are no unusual conditions precedent to drawdown under the credit agreement.

**(g) Source of funds – MBI**

MBI intends to fund its cash equity investment of up to \$12.5 million in Pergal from cash currently on hand and drawing down shareholder loans from entities associated with Mr Andrew Banks and Mr Geoff Morgan.

As at the Last Practicable Date, MBI had approximately \$13.5 million cash at bank and there is more than \$15 million immediately available to be drawn down as shareholder loans from available cash funds held on deposit. There are no unusual conditions precedent to drawdown under these deposit arrangements.

<sup>13</sup> Assuming there are 147,799,401 Talent2 Shares on issue on the Special Dividend Record Date (being 147,403,701 Talent2 Shares on issue on the date of this Scheme Booklet plus the 395,700 performance rights that are expected to vest before the Special Dividend Record Date).

## 7. Information about the Joint Bidder Group (continued)

### 7.5 Joint Bidder Group intentions

If the Scheme becomes Effective and is implemented, Perbec will hold all the shares in Talent2. Perbec is a wholly-owned subsidiary of Pergal and from the Effective Date each of Allegis and MBI will hold 50% of the shares in Pergal.

This section sets out the intentions of the Joint Bidders in relation to:

- » the continuation of the business of Talent2;
- » any major changes to be made to the business of the Talent2 Group, including redeployment of the fixed assets of the Talent2 Group; and
- » the future employment of the present employees of the Talent2 Group.

The intentions set out in this Section 7.5 have been formed on the basis of facts and information concerning the Talent2 Group and the general business environment which is known to the Joint Bidders at the Last Practicable Date, based on publicly available information and information that Talent2 made available to the Joint Bidders as part of the due diligence investigations of the Joint Bidders and the personal knowledge of Mr Andrew Banks and Mr Geoff Morgan. Final decisions will only be made by the Joint Bidders in light of all material facts and circumstances at the relevant time and after conducting a detailed review of the Talent2 Group's business. Accordingly, the statements set out in this section are statements of present intention only, which may change as new information becomes available.

#### (a) Corporate matters

##### (1) Head office

No changes expected. It is intended that the head office of Talent2 will remain in Sydney.

##### (2) Directors

The Talent2 Board following the implementation of the Scheme will comprise two nominees of MBI, being Andrew Banks and Geoff Morgan, and two nominees of Allegis, being Paul Bowie and Christopher Hartman. Andrew Banks will remain chairman of the Talent2 Board.

##### (3) Employee incentive arrangements

Through its history, Talent2 has placed a high importance on incentivisation of staff. It is proposed that this philosophy will continue under the new ownership regime following implementation of the Scheme. The Joint Bidder Group intends to implement a new staff incentivisation programme (which will replace the existing incentive plans), and will seek to provide for appropriate rewards for productivity, profitability and excellence in performance.

#### (b) Business continuity

Talent2's business operations will largely be unaffected by the ownership change following implementation of the Scheme, and its status changing from a publicly listed entity to an unlisted one. The Joint Bidders believe that taking Talent2 private will allow it more flexibility to meet its strategic plans.

#### (c) Employees

There are no current plans to change Talent2's management team or to make any changes to the employees as a result of and following successful implementation of the Schemes.

## 7.6 Talent2 Securities

#### (a) Interests in Talent2 Securities

As at the Last Practicable Date:

- (1) MBI's and Allegis' voting power in Talent2 is 21.8%; and
- (2) MBI has a Relevant Interest in 32,105,226 Talent2 Shares (Allegis will have a Relevant Interest in 32,105,226 Talent2 Shares if and when the Section 611 item 7 Resolution is approved).

#### (b) No purchase or agreement

Except as set out below and in Section 7.8 and other than the Scheme Consideration and the Option Scheme Consideration, neither Perbec, MBI nor Allegis nor any of their associates have provided, or agreed to provide consideration for, any Talent2 Securities under any purchase or agreement during the four months before the Last Practicable Date.

On 6 June 2012, the following Talent2 Shares were transferred to MBI:

- (1) A.R. Banks Investments Pty Limited (ACN 082 269 314) transferred 215,739 Talent2 Shares;
- (2) Andrew Banks & Associates Pty Limited (ACN 001 951 199) transferred 200,000 Talent2 Shares;
- (3) Andrew Banks transferred 80,000 Talent2 Shares; and
- (4) Geoff Morgan transferred 60,000 Talent2 Shares.

MBI paid \$0.78 per Talent2 Share in consideration for each transfer referred to above.

**(c) No pre-Schemes benefits**

Except as set out in Section 7.8, during the 4 months before the Last Practicable Date, neither Perbec, Pergal, MBI nor Allegis nor any of their associates gave, or offered to give, or agreed to give a benefit to any person which is likely to induce the other person, or an associate of the other person, to:

- (1) vote in favour of the Talent2 EGM, Scheme or Option Scheme; or
- (2) dispose of Talent2 Securities,

and which benefit was not offered to all Talent2 Shareholders or Talent2 Optionholders as applicable.

**(d) Voting intention**

Andrew Banks, Geoff Morgan and MBI have informed Talent2 that they will procure that no Talent2 Shareholder who is a Joint Bidder Group Member will vote at either the Talent2 EGM or the Scheme Meeting.

**7.7 MBI Talent2 Shares**

As at the Last Practicable Date, MBI is the registered holder of 32,105,226 Talent2 Shares (representing approximately 21.8% of the total number of Talent2 Shares). Subject to the Section 611 item 7 Resolution being passed, on the Effective Date MBI will transfer all of these Talent2 Shares to Perbec.

**7.8 Description of Joint Bidder arrangements****(a) Joint Bid Framework Deed**

On 25 May 2012, Allegis, MBI, Pergal and Perbec entered into a Joint Bid Framework Deed for the purposes of agreeing, as between the parties:

- » the terms on which the Schemes would be structured, proposed and implemented;
- » the terms on which the Joint Bidders would co-operate in order to meet their objectives; and
- » the rights and obligations of each party in relation to these matters.

A copy of the Joint Bid Framework Deed was released to ASX on 29 May 2012. The key terms of the Joint Bid Framework Deed are summarised below:

**(1) Restrictions**

The parties have agreed that they will not do any of the following without the prior written consent of the other parties:

- » dispose of any Talent2 Shares;
- » acquire or agree to acquire all or any part of Talent2's assets;
- » directly or indirectly solicit, initiate, participate in or encourage any enquiries, negotiations or discussions with any other person (other than each other) with respect to a competing transaction; and
- » enter into a reconstruction, rearrangement, merger, joint venture or similar transaction which may prejudice the successful implementation of the Scheme or Option Scheme.

The restrictions above are in place for an initial period that commenced on the date of the Joint Bid Framework Deed and will end on:

- » the date that is four months after the date of the Joint Bid Framework Deed;
- » if the Section 611 item 7 Resolution is put to Talent2 Shareholders for approval at the Talent2 EGM but is not approved, the conclusion of that meeting; or
- » the date the Joint Bid Framework Deed is terminated, whichever is the first to occur.

If, however, the Section 611 item 7 Resolution is passed at the Talent2 EGM, then (irrespective of whether the Scheme and Option Scheme are approved) the restrictions set out above will continue to apply until:

- » the time the Shareholders Deed comes into effect; or
- » the date of termination of the Joint Bid Framework Deed,

whichever is the first to occur (referred to as the **Ongoing Restriction Period**).

MBI and Allegis have also undertaken that, from the date of the Joint Bid Framework Deed:

- » until the Joint Bid Framework Deed is terminated, neither MBI and Allegis nor any of their Related Bodies Corporate will take part in any action which would put another party in breach of the Corporations Act, or put another party in breach of, or affect or require any variation of, any of the Scheme Implementation Deed, Scheme, Option Scheme, Deed Poll and Option Scheme Deed Poll (collectively the **Scheme Documents**);



## 7. Information about the Joint Bidder Group (continued)

- » until the Joint Bid Framework Deed is terminated, or the Ongoing Restriction Period ends, whichever occurs last, neither it nor any of its Related Bodies Corporate will acquire, agree to acquire or make any offer to acquire a Relevant Interest in any Talent2 Share other than by reason of the Joint Bid Framework Deed, the Shareholders Deed or in accordance with the Scheme or Option Scheme; and
- » until the Joint Bid Framework Deed is terminated, or the Ongoing Restriction Period ends, whichever occurs last, if MBI or Allegis or any of their Related Bodies Corporate are approached by any other person to discuss a competing proposal, they will immediately inform the other parties and disclose to the other parties the name of that person, the details of the competing transaction and the substance of discussions with such person regarding the competing proposal.

### (2) Acquisition under the Schemes

If the Scheme and Option Scheme become Effective, the Scheme Shares will be transferred to Perbec on the Implementation Date and the Scheme Options will be cancelled on the Option Scheme Implementation Date. Perbec will be responsible for funding the consideration payable in respect of the acquisition of the Scheme Shares under the Share Scheme (including the amount of any Special Dividend that may be paid by Talent2 to Talent2 Shareholders in connection with the Scheme) and in respect of the cancellation of the Scheme Options under the Option Scheme. In connection with this obligation, Perbec has entered into the Loan Agreement. See Section 7.4 for further details.

### (3) Conduct of the Schemes

The Joint Bid Framework Deed requires that Perbec, with the consent of both Allegis and MBI, must agree the terms of any proposal:

- » to perform any obligation imposed on Perbec or exercise any right or discretion conferred on Perbec under a Scheme Document;
- » to change the consideration, or form of it, to be offered to the Scheme Shareholders in respect of the Share Scheme and the Talent2 optionholders in respect of the Option Scheme;
- » to reach any agreement, arrangement or understanding with, or proposal in relation to Talent2 or with any Talent2 Shareholder (in either case, in addition to, or in substitution of, a Scheme Document);
- » to waive any Condition Precedent of the Scheme Implementation Deed;
- » to amend or assign, or terminate a Scheme Document;

- » to commence Takeover Panel proceedings in relation to the Schemes;
- » to make any submission or application by Perbec;
- » to give any consent or notice under the Joint Bid Framework Deed or any Scheme Document;
- » to purchase Talent2 Shares or otherwise acquire a Relevant Interest in Talent2 outside the Scheme; or
- » to reach any agreement, arrangement or understanding with any third party in relation to dealing in the assets of Talent2 or Talent2 Shares.

### (4) Public announcements and communications

Allegis is required to provide information to Talent2 in relation to the Allegis Group, and MBI is required to provide information to Talent2 in relation to MBI, in each case to the extent required by the various documents that the parties will deliver in connection with the Schemes (collectively the **Disclosure Documents**).

The parties are required to ensure, in relation to the information they provide, that the Disclosure Documents are not misleading or deceptive and that the Disclosure Documents comply with the Corporations Act, the Listing Rules and applicable ASIC Regulatory Guides. This includes an obligation to update that information to the extent necessary.

### (5) Costs

All costs and expenses directly incurred by the parties in conducting the Scheme and Option Scheme which are agreed by the parties or by the Pergal board will be shared by the Joint Bidders. All other costs incurred are to be borne by the party that incurred them.

### (6) Subscription arrangements

If the Scheme becomes Effective, the parties have agreed the terms on which MBI and Allegis Group Australia will each subscribe for and Pergal will issue to MBI and Allegis Group Australia Pergal shares. Under the subscription arrangements:

- » Allegis Group Australia will subscribe for 37,500,100 ordinary shares in Pergal; and
- » MBI will subscribe for 37,500,000 ordinary shares in Pergal (which, when added to the 100 ordinary shares it currently holds, will give it an equivalent number of ordinary shares as Allegis).

It is the parties' intention that if the Scheme becomes Effective, shares in Pergal will be issued to Allegis Group Australia and MBI such that all Talent2 Shares will be held indirectly by MBI as to 50% and Allegis Group Australia as to 50%.

## (7) Termination

The Joint Bid Framework Deed will terminate automatically:

- » if the Section 611 item 7 Resolution has not been passed within four months of the date of the Joint Bid Framework Deed;
- » if the Scheme Implementation Deed is terminated;
- » on the first Business Day after the Implementation Date; or
- » if there is a bona fide competing proposal which involves the acquisition of Talent2 Shares and Perbec does not match the consideration offered under that proposal within five days of that proposal becoming unconditional.

Additionally, the Joint Bid Framework Deed may be terminated at any time if a party is in material breach. Certain specified provisions and obligations of the Joint Bid Framework Deed survive termination.

### (b) Shareholders Deed

On or about the Effective Date, Pergal, MBI and Allegis Group Australia will enter into a Shareholders Deed. Where an obligation is stated to be an obligation on Allegis Group Australia, this obligation is supported by a guarantee provided by Allegis.

The key terms of the Shareholders Deed on which consensus has been reached include the following:

#### (1) Board of Directors

The board of directors of Pergal (**Pergal Board**) will initially consist of not less than two and not more than four directors. The initial directors of Pergal will be two directors appointed by Allegis Group Australia and two directors appointed by MBI. See Section 7.3(c) for details. The initial chairperson of the Pergal Board is Andrew Banks, a director appointed by MBI.

Allegis Group Australia and MBI may each remove any director appointed by it and replace that director or fill any vacancy in respect of any of its appointees with another nominee of it by notice in writing to Pergal and each other.

Meetings of the Pergal Board will be held no less frequently than four times per year. Resolutions of the Pergal Board will be passed by simple majority decision of the directors, including the approval by at least one of the directors appointed by MBI and one of the directors appointed by Allegis Group Australia (while MBI and Allegis Group Australia are both entitled to appoint a director).

## (2) Shareholder meetings

Pergal must hold a meeting of its shareholders at least once every 12 months unless otherwise agreed between MBI and Allegis Group Australia. At shareholder meetings:

- » the quorum will be the shareholders of Pergal who collectively hold a majority of the Pergal shares. As at the Effective Date, this will be MBI and Allegis Group Australia; and
- » each Pergal share will entitle the holder to one vote.

Pergal must adopt a business plan and budget for each financial year and Allegis Group Australia and MBI must use their best endeavours to procure that Pergal and any of its subsidiaries (after the Implementation Date, this will include Perbec and Talent2) conduct the business of Pergal in accordance with such approved business plans and budgets.

### (3) Pre-emptive rights

Pre-emptive rights provisions will apply in relation to the issue of any new securities in Pergal after the date of the Shareholders Deed.

Transfer provisions will apply in respect of a “default event” by a shareholder under the Shareholders Deed. Default events will include standard matters such as insolvency, change of control and breach of the Shareholders Deed.

### (4) Non-compete in Areas of Interest

MBI and each of Andrew Banks and Geoff Morgan will provide protective covenants to Allegis Group Australia and to Pergal including that they will not, amongst other things, whilst MBI holds shares in Pergal and for a period of up to 60 months following the date on which MBI ceases to hold shares in Pergal, disclose confidential information of Pergal or its business to any person and will not engage in or in any way be involved in any business that is substantially similar to the business of Talent2 and its group companies or which competes with the business of Talent2 and its group companies.

## 7. Information about the Joint Bidder Group (continued)

### (c) MBI put and call option arrangements

If the Scheme becomes Effective, Allegis, Allegis Group Australia and MBI intend to enter into put and call option arrangements in respect of MBI's shareholding in Pergal. The key terms of the option arrangements will include the following:

- (1) MBI will have the right to put all of its shares in Pergal to Allegis Group Australia prior to the expiry of the period that is two months after the date on which the 2014 financial year accounts for the Talent2 group of companies are delivered to the Talent2 Board;
- (2) Allegis Group Australia will have the right to purchase all of the shares in Pergal held by MBI after the date on which the 2014 financial year accounts for the Talent2 Group are delivered to the Talent2 Board; and
- (3) the price for the exercise of the option by either MBI or Allegis Group Australia will be determined at the time of the exercise of the option on the basis of the financial performance and financial position of the Talent2 Group over a preceding 12 month period (subject to adjustments and a minimum and maximum purchase price).

Both of Mr Banks and Mr Morgan will benefit in their capacity as indirect owners of all of the shares in MBI.

### 7.9 Other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information regarding Perbec, MBI or Allegis that is material to the making of a decision in relation to the Scheme or Option Scheme that is within the knowledge of any director of Perbec, MBI or Allegis as at the date of this Scheme Booklet, which has not been previously disclosed to Talent2 Securityholders.

## 8. Risk Factors

### 8.1 Introduction

In considering the Scheme, Talent2 Shareholders should be aware that there are a number of risk factors, general and specific, which may affect the future operating and financial performance of Talent2 and the price and/or value of Talent2 Shares. Many of these risk factors are currently relevant to Talent2 Shareholders and may continue to be relevant to Talent2 Shareholders who remain as Talent2 Shareholders if the Scheme does not become Effective.

Many of these risk factors are outside the control of Talent2. For example, there can be no certainty that Talent2 will achieve its business and commercial objectives or goals or that any forward looking statements in this Scheme Booklet will eventuate.

Additional risks and uncertainties not currently known to Talent2 may have a material adverse effect on Talent2's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect Talent2.

In deciding whether to vote in favour of the Scheme, Talent2 Shareholders should carefully consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Talent2 Shareholders.

These risk factors are also relevant to Talent2 optionholders in deciding whether to vote in favour of the Option Scheme.

- » causing Talent2's clients not to renew their contracts, renewing them on less favourable terms, or other loss of clients;
- » causing the failure of Talent2's clients to meet their obligations under their contracts; and
- » prohibiting or deterring the provision of Talent2's general services.

#### (b) Macro economic risks

Changes to the general economic conditions both in Australia and internationally may result in a material adverse effect on the assets and liabilities, financial position, profits and prospects of Talent2 and the price and/or value of Talent2 Shares. These general economic conditions could include any or all of the following:

- » fluctuations in the international and domestic economic conditions (including fluctuations in interest rates, exchange rates and the level of inflation) which may affect Talent2's business directly or indirectly by affecting the recruitment industry;
- » increases in expenses (including wage inflation);
- » changes in law and government policy affecting the recruitment, learning and human resource industry generally; and
- » changes to accounting standards which affect the financial performance and position reported in Talent2's financial statements.

### 8.2 General risks

#### (a) Overview of general risks

Talent2 is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, profits and prospects and the price and/or value of Talent2 Shares. General risks may impact on Talent2 in a number of ways, including, for example, by:

- » increasing the costs associated with the provision of Talent2's general services;

### 8.3 Specific risks relating to Talent2

#### (a) Commercial environment

Talent2 is exposed to general commercial risks including the risks of the loss of major clients, competition and other causes of business interruption, which may have a material effect on the performance of Talent2. The development of new products or services which compete with those of Talent2 may also have a material adverse effect on the performance of Talent2.

## 8. Risk Factors

### (b) Dependence upon key personnel

Talent2 depends on the talent and experience of its management and employees. It is essential that appropriately skilled people be available in sufficient numbers to support the operations of Talent2. Talent2 requires people that are skilled in many areas, some of which may be difficult to recruit. While Talent2 has initiatives to mitigate this risk, any loss of key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a materially adverse effect on Talent2. The loss of key people to a competitor may enlarge this effect.

### (c) Project risk

At any point in time, Talent2 may have a number of new projects (or corporate opportunities) at various stages of development.

With any project undertaken by Talent2, there is always a risk that any services required to be provided by Talent2 in connection with the project will not:

- » be able to be delivered at the cost initially expected by Talent2; or
- » commence at the scheduled time, and that this may lead to additional costs being incurred by Talent2 that may not be recoverable and also to costs that have been incurred to be written-off.

### (d) Regulatory risk

Changes to key regulatory regimes affecting the business of Talent2, including those in the areas of industrial relations, training, occupational health and safety and taxation, in any of the jurisdictions in which Talent2 operates, may have a material adverse effect on Talent2.

### (e) Litigation risk

Talent2 is from time to time involved in litigation and disputes with third parties such as clients, regulators, employees or business associates, which may have a material adverse effect on the performance of Talent2 through increased costs, payments for damages and reputational damage.

### (f) Foreign operation

As Talent2 has operations outside Australia, investors should be aware of the possibility of risks inherent in doing business on an international level. These include changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations and monetary exchange rates, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation, terrorism and war.

### (g) Finance

Talent2 has relied upon and, if the Scheme does not become Effective, will continue to rely on existing finance facilities provided by third parties in the future. No assurance can be given that those finance facilities will always be available or available on commercially acceptable terms. However, Talent2's continued ability to implement its business plans effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds over and above that currently available to Talent2 will be available in the future and/or be secured on acceptable terms. If adequate funds are not available on acceptable terms in the future then Talent2 may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.

### (h) Capital raising

If, as noted in Section 11.5, Talent2 seeks to raise future equity, there is no guarantee that any such fundraising will be supported by an underwriter, or as to the price at which any such fundraising may be undertaken. It is possible that any fundraising may be undertaken at a significant discount to the then market price of Talent2 Shares, such that a Talent2 Shareholder who did not participate in the fundraising may have their holding in Talent2 significantly diluted.

## 9. Tax Considerations

## 9. Tax Considerations



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

17 July 2012

Dear Directors

### **Proposed schemes of arrangement**

#### **Overview of Australian Taxation Consequences for Talent2 International Limited Securityholders**

We refer to the request by the Independent Board Committee of Talent2 International Limited ("Talent2") to prepare a taxation opinion outlining the Australian taxation implications for Talent2 Securityholders in relation to the proposed Schemes, involving the acquisition by Perbec Pty Ltd ("Perbec") of all of the outstanding Talent2 Shares not currently held by Morgan & Banks Investments Pty Limited ("MBI") or its associates, and the cancellation of all the Scheme Options ("Taxation Opinion").

Set out at Section 1 we address the Australian tax consequences for Scheme Shareholders, and at Section 2 we address the Australian tax consequences for Scheme Optionholders.

We understand that this Taxation Opinion will be included in Talent2's Scheme Booklet to be dated on or about 17 July 2012 in relation to the proposed Schemes.

Any capitalised terms in this Taxation Opinion have the same meaning as defined terms in the Scheme Booklet unless otherwise defined in this Taxation Opinion.

This Taxation Opinion reflects the tax law in effect in Australia as at the date of this Taxation Opinion. It does not take into account or anticipate any changes in the tax law or future judicial interpretations of the law after this time, nor does it take into account the tax law of countries other than Australia.

The information contained in this Taxation Opinion does not constitute "financial product advice" within the meaning of the Corporations Act. The PricewaterhouseCoopers partnership which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

\* \* \* \* \*

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If you wish to discuss any aspect of this Taxation Opinion, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Derek Ivers", written in a cursive style.

Derek Ivers  
Partner



## 9. Tax Considerations (continued)



### Section 1: Overview of Australian Taxation Consequences for Scheme Shareholders

#### *Scope of Taxation Opinion*

We have provided a general outline of the Australian taxation consequences for Scheme Shareholders who:

- receive the Special Dividend; and
- have their Scheme Shares transferred to Perbec pursuant to the proposed Scheme.

This Taxation Opinion does not cover all possible Australian taxation considerations that could apply to Scheme Shareholders with respect to the proposed Scheme. In particular:

- the following discussion is only relevant to Scheme Shareholders who hold their Scheme Shares on capital account and not as revenue assets or trading stock (unless otherwise specified below); and
- the following discussion is intended to apply to Talent2 Shareholders who both receive the Special Dividend and have their Scheme Shares transferred to Perbec pursuant to the proposed Scheme, and is not intended to apply to Talent2 Shareholders who either: (1) receive the Special Dividend and do not have their Scheme Shares transferred to Perbec pursuant to the proposed Scheme; or (2) who do not receive the Special Dividend but do have their Scheme Shares transferred to Perbec pursuant to the proposed Scheme.

This Taxation Opinion does not deal with Scheme Shareholders who may be subject to special taxation rules, such as banks, insurance companies, managed investment trusts, taxation exempt organisations, or dealers in securities.

For the purposes of the discussion below:

- a **Resident** means a resident of Australia for Australian income taxation purposes;
- a **Non-Resident** means a Scheme Shareholder who is not a Resident and who does not hold their Scheme Shares through a permanent establishment in Australia;
- a **PE Resident** means a Scheme Shareholder who is not a Resident and who holds their Scheme Shares as an asset of a business carried on through a permanent establishment in Australia.

The following discussion does not constitute taxation advice. Each Talent2 Shareholder should obtain their own taxation advice regarding the Australian taxation consequences that may arise in connection with the Scheme.

#### *ATO Class Ruling*

Talent2 has lodged a class ruling application with the Australian Taxation Office (“ATO”) requesting the Commissioner of Taxation’s views on the Australian income taxation implications for Scheme



Shareholders who participate in the Transaction. The ATO Class Ruling has not been finalised as at the date of the Scheme Booklet. Talent2 anticipates that the ATO Class Ruling will be published by the ATO after the implementation of the Scheme and should be consistent with this Taxation Opinion. When published, the ATO Class Ruling will be available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au). The ATO will initially release a draft ATO Class Ruling and Talent2 will notify Scheme Shareholders at that time.

There is no guarantee at the date of this Taxation Opinion that the ATO will concur with the positions put forward in the ATO Class Ruling application.

### ***Australian Taxation Implications: Residents and PE Residents***

#### Receipt of Special Dividend

For Scheme Shareholders that are Residents or PE Residents, the amount of the Special Dividend must be included in assessable income in the income year it is received. As the Special Dividend will be fully franked, Scheme Shareholders will also be required to include in their assessable income an amount equal to the franking credits attached to the Special Dividend if they are a “qualified person” (see below).

The franking credits attaching to the Special Dividend may be used to offset the amount of taxation that the Scheme Shareholder is required to pay. In order to obtain this taxation offset, the Scheme Shareholder must be a “qualified person”, which means that the Scheme Shareholder must hold their Scheme Shares “at-risk” for a period of at least 45 days during the period between 21 July 2012 and 9 September 2012 (inclusive) for the Special Dividend.

The holding period dates above are based on the dates set out in this Scheme Booklet. Any change to any of the dates associated with the Scheme will be notified to ASX by announcement and will be placed on the Talent2 website. Any taxation implications of any change to any of these dates will also be advised.

A Scheme Shareholder who satisfies the “holding period” tests and is an individual, a complying superannuation fund or registered charity (in certain circumstances) will generally be entitled to a refund to the extent that the franking credits attached to the Special Dividend exceed the Scheme Shareholder’s taxation liability for the income year.

A Scheme Shareholder who satisfies the “holding period” tests and is a company will generally be entitled to a carry forward taxation loss to the extent that the franking credit attached to the Special Dividend exceeds the Scheme Shareholder’s taxation liability for the income year. Receipt of a fully franked Special Dividend will also give rise to a credit to the franking account of a Scheme Shareholder that is a company.

#### Disposal of Scheme Shares

For Scheme Shareholders that are Residents or PE Residents, a CGT event will occur when they dispose of their Scheme Shares in accordance with the Scheme.

Scheme Shareholders will realise a capital gain if the amount received in connection with this disposal (called the “capital proceeds”) is more than the cost base in the Scheme Shares. A capital loss will be

## 9. Tax Considerations (continued)



realised to the extent that the capital proceeds received in connection with this disposal is less than the reduced cost base in the Scheme Shares. Capital losses can generally be offset only against capital gains realised in the same income year or later income years, subject to satisfying the relevant loss utilisation rules.

### *Capital Proceeds*

The capital proceeds received for the disposal of the Scheme Shares will be equal to the Scheme Consideration (expected to be \$0.78 per Scheme Share less the amount of the Special Dividend) paid by Perbec to Scheme Shareholders. It is expected that the Special Dividend of up to \$0.10 per Scheme Share will form part of the capital proceeds received in connection with the disposal of Scheme Shares. The ATO has been asked to confirm these points in the ATO Class Ruling.

An anti-double counting rule will apply to reduce any capital gain made by a Scheme Shareholder by the amount of the Special Dividend included in the Scheme Shareholder's assessable income. However, a capital gain made by a Scheme Shareholder will not be reduced by the amount of the franking credits included in the Scheme Shareholder's assessable income.

The anti-double counting rule will not apply to any capital loss made by a Scheme Shareholder, such that the amount of the Special Dividend will be included as capital proceeds where a Scheme Shareholder makes a capital loss in respect of the disposal of Scheme Shares.

### *Cost Base/Reduced Cost Base*

Scheme Shareholders should obtain taxation advice to confirm the cost base or reduced cost base of their Scheme Shares.

The cost base of the Scheme Shares will generally be the sum of the amount paid for the Scheme Shares, acquisition costs and other costs relating to the holding and disposal of Scheme Shares, but only to the extent a deduction has not been claimed for such costs. The reduced cost base is usually determined in a similar, but not identical manner. There are a number of circumstances which may result in the cost base or reduced cost base being calculated in a different manner to that outlined above.

### *Discount CGT Concession*

Scheme Shareholders that are individuals, trusts or complying superannuation entities may be entitled to reduce their capital gain (after taking into account capital losses) by the CGT discount if they have held their Scheme Shares for at least 12 months prior to the time of the relevant CGT event (excluding the acquisition and disposal dates).

Individuals and trusts are entitled to reduce any capital gain remaining after the application of capital losses by 50% and complying superannuation funds are entitled to reduce any capital gain remaining after the application of any capital losses by 33 1/3%. Companies are not eligible for discount CGT treatment.



#### *PE Residents*

Scheme Shareholders that are PE Residents may be entitled to disregard a portion of their capital gain that relates to a period when they did not hold their Scheme Shares through a permanent establishment in Australia. We recommend that relevant PE Residents contact their taxation adviser to obtain further advice in this regard.

#### ***Australian Taxation Implications: Non-Residents***

##### Receipt of Special Dividend

For Scheme Shareholders that are Non-Residents, no Australian dividend withholding taxation will be deducted from the Special Dividend when paid to Scheme Shareholders, as the Special Dividend will be fully franked.

Scheme Shareholders will not be liable for any Australian income taxation in respect of the receipt of the Special Dividend.

##### Disposal of Scheme Shares

Scheme Shareholders that are Non-Residents will not have to pay Australian income taxation on any capital gain that arises when they dispose of their Scheme Shares in accordance with the Scheme, unless both of the following requirements are satisfied:

- the Scheme Shareholder holds a “non-portfolio interest” in Talent2; and
- Talent2 passes the “principal asset test”.

Broadly, Scheme Shareholders will hold a “non-portfolio interest” in Talent2 if they (together with their associates) own, or owned, throughout a 12 month period during the two years preceding the sale of the Scheme Shares, 10% or more of the shares in Talent2.

If Scheme Shareholders do not hold such an interest in Talent2, they should not be subject to CGT on disposal of their Scheme Shares. If they do hold such an interest, they should consult their taxation adviser in relation to the second requirement.

##### ***Stamp Duty and Goods and Services Tax***

No Australian stamp duty or GST will be payable by a Scheme Shareholder on the disposal of their Scheme Shares in accordance with the Scheme.

## 9. Tax Considerations (continued)



### **Section 2: Overview of Australian Taxation Consequences for Talent2 Optionholders**

#### ***Scope of Taxation Opinion***

This summary has been prepared to provide a high-level overview of the Australian income taxation implications that apply to Talent2 Options granted under the Talent2 Option Plan as a result of the Option Scheme.

As the taxation of Talent2 Options is complex and each employee's circumstances will be different, it is strongly recommended that employees seek professional taxation advice in relation to their own specific circumstances. PwC, Talent2 and its related companies shall not be held responsible to employees who act solely on the information provided in this summary.

The summary below has been prepared based on the following assumptions:

- On the Effective Date, all unvested performance rights will lapse for no consideration in accordance with the terms of the Talent2 Options Plan under which they were granted.
- On the Effective Date, all options, vested and unvested, will not lapse in accordance with the Talent2 Option Plan under which they were granted, and on the Option Scheme Implementation Date, Scheme Options will be cancelled for consideration in accordance with the Option Scheme and the Option Scheme Deed Poll.
- Talent2 employees are, and remain, Residents for taxation purposes and are not temporary residents. There are special rules in connection with individuals who are temporary residents of Australia or whose residency status changes during the holding period for performance rights and Talent2 Options and these are not addressed in this summary.
- Performance rights and Talent2 Options are eligible for a "deferred taxing point" under Division 83A of the *Income Tax Assessment Act 1997* (Cth) ("ITAA 1997") and former Division 13A of the *Income Tax Assessment Act 1936* (Cth) ("ITAA 1936").
- For each Talent2 Option, the cancellation of the Talent2 Option does not occur within 30 days of the ESS deferred taxing point for that Option. Further advice regarding the calculation of the taxable discount should be obtained for Talent2 Options which are cancelled within 30 days of the ESS deferred taxing point.
- The taxable discount in relation to the performance rights and Talent2 Options is solely Australian sourced income.
- Employees and parties to the Option Scheme are dealing with each other at arm's length in relation to the determination of the Option Scheme Consideration.
- All employees who hold Talent2 Options where the taxable discount on the Talent2 Options has previously been subject to income taxation under the employee share scheme taxation rules, hold their Talent2 Options on capital account and not on revenue account or as part of a share trading business.



- All employees have provided Talent2 with their Tax File Number (“TFN”).

***Income taxation implications for performance rights which lapse on the Effective Date***

There should be no Australian income taxation implications as a result of the lapse of performance rights.

However, for performance rights granted prior to 1 July 2009, employees who elected under former section 139E of the ITAA 1936 to pay income taxation on grant of their performance right may be eligible to obtain a refund of the income taxation previously paid on their performance rights. This refund can be claimed through lodgment of an amended income taxation return for the year in which the relevant performance rights were granted.

***Income taxation implications for vested performance rights granted prior to 1 July 2009 where the Scheme Shares remain within the Talent2 Employee Share Trust***

Employees who were granted performance rights prior to 1 July 2009 which have already vested but the associated Scheme Shares remain held within the Talent2 Employee Share Trust (“the EST”) can request for their Scheme Shares to be released from the EST and participate in the proposed Scheme. However, employees should be aware that the release of their Scheme Shares from the EST may trigger an ESS deferred taxing point under the employee share scheme tax rules.

If an ESS deferred taxing point is triggered on withdrawal of the Scheme Shares from the EST, the market value of the Scheme Shares on the date of withdrawal from the EST will be subject to income tax at the employee’s marginal rate of tax up to 46.5% (including the Medicare levy but excluding the flood levy for the year ending 30 June 2013) in the income tax year in which the withdrawal occurs. However, if the Scheme Shares are disposed of within 30 days of being withdrawn from the EST, the amount subject to income tax will be the sales proceeds received for the Scheme Shares in the income tax year in which the disposal occurs.

***Income taxation implications for employees as a result of the cancellation of their Scheme Options for cash consideration***

There will be income taxation implications for employees as a result of the cancellation of their Scheme Options for cash consideration.

Employees will be subject to income taxation in relation to an amount as a result of the cancellation of their Scheme Options. However, the calculation of the amount subject to income taxation will be different for Scheme Options where the taxable discount has been previously subject to income taxation under the employee share scheme (“ESS”) taxation rules (“Taxed Options”) and Scheme Options where the taxable discount has not yet been subject to income taxation under the ESS rules (“Untaxed Options”).

Employees may hold Taxed Options in situations where:

- The Talent2 Options were granted prior to 1 July 2009 and the employee elected to be taxed at grant;

## 9. Tax Considerations (continued)



- The Talent2 Options were granted on or after 1 July 2009 and an ESS deferred taxing point (e.g. vesting) has already occurred; or
- The participant has previously terminated employment with Talent2 and was able to retain their Talent2 Options on termination of employment.

### Taxed Options

Where employees hold Taxed Options, the cancellation of the Scheme Options as a result of the Option Scheme should be considered to be a CGT event and will result in either a capital gain or a capital loss.

The capital gain or loss will be calculated as the cash consideration received for the cancellation of the Scheme Options less the cost base of the Scheme Options. The cost base of the Scheme Options will be equal to the market value of the Scheme Options on the date that the taxable discount in relation to the Scheme Options was previously subject to income taxation under the ESS rules.

If an employee realises a capital gain, the gain (after first offsetting any available capital losses) will be subject to taxation at the employee's marginal rate of taxation (plus 1.5% Medicare levy). A 50% discount may be available on the gain (after first offsetting any available capital losses) if the employee has held the Scheme Options for more than 12 months since the ESS deferred taxing point for the Scheme Options.

If the sale proceeds are less than the reduced cost base of the Scheme Options, then the employee will make a capital loss which can be offset first against any current year capital gains and then carried forward for offset against capital gains in future years.

The employee will need to disclose the capital gain or capital loss in their Australian income taxation return for the year in which cancellation occurs.

### Untaxed Options

Where employees have not previously been subject to income taxation on their Talent2 Options under the ESS rules, the cancellation of their Scheme Options as a result of the Option Scheme should be considered to be an ESS deferred taxing point and employees should be subject to income taxation on the taxable discount on their Talent2 Options.

The taxable discount will be equal to the cash consideration received by employees and will be subject to income taxation at the employee's marginal rate of taxation up to 46.5% (including the Medicare levy) in the income taxation year in which cancellation occurs.

### ***Tax withholding from the Option Scheme Consideration***

Talent2 will not withhold any taxation on the Option Scheme Consideration.

Employees are solely responsible for reporting the cash payment in their Australian income taxation returns and paying any taxes due upon assessment of their taxation return by the ATO.



### ***Income taxation reporting requirements for employees***

#### Performance rights

There should be no income taxation reporting requirements for employees in relation to the lapse of performance rights.

However, as noted above, employees who previously elected under former section 139E of the ITAA 1936 to pay income taxation on grant of their performance rights may be eligible to obtain a refund of the income taxation previously paid on their performance rights. This refund can be claimed through lodgment of an amended income taxation return for the year in which the relevant performance rights were granted.

#### Talent2 Options – Taxed and Untaxed

Employees are required to report the income arising from the cancellation of their Scheme Options in their annual income taxation return. For Taxed Options, this means a capital gain or loss being included in the employee's taxation return. For Untaxed Options, this means including income under the ESS rules.

Income taxation returns are due by 31 October following the end of the income taxation year on 30 June (unless the return is prepared by a registered taxation agent, in which case an extended filing date may apply). Any income taxation due will generally be payable within 21 days of receiving a notice of assessment from the ATO which is issued after an income taxation return has been assessed, or 21 days after the employee's due date for lodgment – whichever is the earlier.

### ***Talent2 reporting requirements***

#### Performance rights

There should be no income taxation reporting requirements for Talent2 in relation to the lapse of performance rights.

#### Taxed Options

Talent2 should not have any income taxation reporting requirements in relation to the cancellation of Scheme Options which have previously been subject to income taxation under the ESS rules.

#### Untaxed Options

Talent2 is required to provide employees with an annual ESS statement (by no later than 14 July following the end of the income year on 30 June) which will include an estimate of the taxable discount relating to an employee's Talent2 Options for the relevant income taxation year.

Talent2 is also required to provide this information to the ATO in the form of an ESS Annual Report (by no later than 14 August following the end of the income year taxation year on 30 June).



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# 10. Information Relating to Talent2 Directors

## 10.1 Interests of Talent2 Directors

### (a) Talent2 Directors' Relevant Interests in Talent2 Securities

As at the Last Practicable Date, the Talent2 Directors had the following Relevant Interests in Talent2 Shares:

Talent2 Director	Number of Talent2 Shares	Number of Talent2 Options
Mr Andrew Banks	32,105,226*	Nil
Mr Ken Borda	152,871	Nil
Ms Pam Laidlaw	28,460	Nil
Mr Geoff Morgan	32,105,226*	Nil
Mr Hans Neilson	50,000	Nil

\* These Talent2 Shares are held by MBI, a company controlled by Mr Andrew Banks and Mr Geoff Morgan.

No Talent2 Director held any Talent2 Options as at the Last Practicable Date.

### (b) Talent2 Directors' dealings in Talent2 Shares

No Talent2 Director acquired or disposed of a Relevant Interest in any Talent2 Shares in the four month period ending on the Last Practicable Date, other than as set out in Section 7.6(b).

## 10.2 Interests and dealings in Joint Bidder securities

### (a) Interests in Joint Bidder securities

As at the date immediately before the date of this Scheme Booklet, no Talent2 Director had a Relevant Interest in any securities in Allegis, MBI, Perbec or Pergal, other than as set out below:

Talent2 Director	Nature of Relevant Interest
Mr Andrew Banks	Relevant Interest in 50% of the shares in MBI.  Relevant Interest in 50% of the Pergal shares as a result of his Relevant Interest in MBI shares and the Joint Bidder arrangements outlined in Section 7 of this Scheme Booklet (Pergal is the sole shareholder of Perbec as set out in Section 7.1(c) of this Scheme Booklet). <sup>14</sup>
Geoff Morgan	Relevant Interest in 50% of the shares in MBI.  Relevant Interest in 50% of the Pergal shares as a result of his Relevant Interest in MBI shares and the Joint Bidder arrangements outlined in Section 7 of this Scheme Booklet (Pergal is the sole shareholder of Perbec as set out in Section 7.1(c) of this Scheme Booklet). <sup>15</sup>

<sup>14</sup> This reflects Andrew Banks' Relevant Interest in Pergal shares if the Scheme becomes Effective. As at the date immediately before the date of this Scheme Booklet, Andrew Banks has a Relevant Interest in 100% of the Pergal shares as Pergal is a wholly owned subsidiary of MBI (see Section 7.1(c) of this Scheme Booklet).

<sup>15</sup> This reflects Geoff Morgan's Relevant Interest in Pergal shares if the Scheme becomes Effective. As at the date immediately before the date of this Scheme Booklet, Geoff Morgan has a Relevant Interest in 100% of the Pergal shares as Pergal is a wholly owned subsidiary of MBI (see Section 7.1(c) of this Scheme Booklet).

## 10. Information Relating to Talent2 Directors

### (b) Dealings in Joint Bidder securities

No Talent2 Director acquired or disposed of a Relevant Interest in any securities in Allegis, MBI, Perbec or Pergal in the four month period ending on the date immediately before the date of this Scheme Booklet, other than as set out below:

Talent2 Director	Date	Nature of dealing
Mr Andrew Banks	15 May 2012	MBI was issued shares in Pergal on the date Pergal was incorporated.
	25 May 2012	Pergal was issued shares in Perbec on the date Perbec was incorporated.  Mr Banks has a Relevant Interest in the above shares by virtue of his Relevant Interest in MBI shares as set out above in Section 10.2(a) and the joint bidding arrangements outlined in Section 7.
Mr Geoff Morgan	15 May 2012	MBI was issued shares in Pergal on the date Pergal was incorporated.
	25 May 2012	Pergal was issued shares in Perbec on the date Perbec was incorporated.  Mr Morgan has a Relevant Interest in the above shares by virtue of his Relevant Interest in MBI shares as set out above in Section 10.2(a) and the joint bidding arrangements outlined in Section 7.

## 10.3 Benefits and agreements

### (a) Benefits in connection with retirement from office

No payment or other benefit is proposed to:

- » be made or given to any director, company secretary or executive officer of Talent2 as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Talent2 or in a Related Body Corporate of Talent2; or
- » be made or given to any director, company secretary or executive officer of any Related Body Corporate of Talent2 as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that Related Body Corporate of Talent2 or in Talent2,

in connection with the Scheme or Option Scheme, other than in his or her capacity as a Talent2 Securityholder.

### (b) Agreements connected with or conditional on the Scheme

There are no agreements or arrangements made between any Talent2 Director and any other person in connection with, or conditional on, the outcome of the Scheme or Option Scheme, other than in their capacity as a Talent2 Securityholder, except for the interests of Mr Andrew Banks and Mr Geoff Morgan as disclosed and described in further detail in Section 7.

### (c) Interests of Talent2 Directors in contracts with the Joint Bidder Group

None of the Talent2 Directors has any interest in any contract entered into by a member of the Joint Bidder Group, or any Related Body Corporate of any member of the Joint Bidder Group, other than in their capacity as a Talent2 Securityholder, except for the interests of Mr Andrew Banks and Mr Geoff Morgan as disclosed and described in further detail in Section 7.

### (d) Benefits from the Joint Bidder Group

None of the Talent2 Directors has agreed to receive, or is entitled to receive, any benefit from any member of the Joint Bidder Group or any Related Body Corporate of a member of the Joint Bidder Group which is conditional on, or is related to, the Scheme or Option Scheme, other than in their capacity as a Talent2 Securityholder, except for the interests of Mr Andrew Banks and Mr Geoff Morgan as disclosed and described in further detail in Section 7.

# 11. Additional Information

## 11.1 Scheme Implementation Deed

### (a) Overview

Talent2, Perbec and the Joint Bidders entered into the Scheme Implementation Deed on 25 May 2012. The key terms of the Scheme Implementation Deed are summarised below.

A full copy of the Scheme Implementation Deed is set out in Annexure C.

### (b) Conditions Precedent

Implementation of the Scheme is subject to the Conditions Precedent which must be satisfied or waived.

For full details of the Conditions Precedent, see Section 4.4 of this Scheme Booklet and clause 3.1 of the Scheme Implementation Deed.

### (c) Exclusivity arrangements

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Perbec and the Joint Bidders.

Those exclusivity arrangements are set out in full in clause 10 of the Scheme Implementation Deed.

In summary, Talent2 has granted the following exclusivity rights during the Exclusivity Period:

- (1) **No talk** – Talent2 must not participate in discussions or provide information that may lead to an actual, proposed or potential Competing Proposal, unless the IBC determines in good faith after receiving written advice from its legal advisers that failing to respond would be likely to be considered a breach of the fiduciary or statutory duties of the Talent2 Directors;
- (2) **No shop** – Talent2 must not solicit any enquiries, discussions or proposals that may lead to an actual, proposed or potential Competing Proposal;

- (3) **Notification of approaches** – if Talent2 becomes aware of an approach in relation to an actual, proposed or potential Competing Proposal, the IBC must notify the Joint Bidders and Perbec of any such approach within two Business Days of becoming aware of such a matter, however it is not required to provide the identity of the relevant person making or proposing the Competing Proposal; and

- (4) **Matching right** – Talent2 is prohibited from entering into any arrangement in connection with a Competing Proposal unless the IBC has given the Joint Bidders and Perbec the material terms and conditions of the Competing Proposal (including price and the identity of the person that has proposed the Competing Proposal) and has given the Joint Bidders and Perbec at least three Business Days to provide a matching or superior proposal. If the Joint Bidders provide a matching or superior proposal, and Talent2 subsequently receives a further Competing Proposal that is, or may reasonably be expected to be, superior to the Joint Bidders' matching or superior proposal, the Joint Bidders will have two Business Days to provide a matching or superior proposal to that subsequent Competing Proposal.

### (d) Change in recommendation

Talent2 must use its best endeavours to ensure that the IBC unanimously recommend that Talent2 Shareholders vote in favour of the Talent2 EGM Resolutions and Scheme and must not change, withdraw or modify their recommendation, unless:

- » Talent2 has received, other than as a result of a breach of the exclusivity arrangements, a Superior Proposal; or
- » the IBC has determined that continuing to recommend the Talent2 EGM Resolutions and Scheme would be likely to be considered a breach of its fiduciary or statutory duties.

Talent2's obligations regarding the IBC's recommendation of the Scheme are set out in clause 5.4 of the Scheme Implementation Deed.

## 11. Additional Information

### (e) Reimbursement fee arrangements

Talent2 has agreed to pay Allegis (but not MBI) a reimbursement fee if, during the Exclusivity Period, a Competing Proposal is announced by a third party, and within one year of such announcement, the Competing Proposal results in the relevant third party gaining control of Talent2, or the relevant third party acquires a Relevant Interest in more than 50% of the Talent2 Shares.

The amount of any such reimbursement fee will be the lesser of:

- » \$1,149,000; and
- » the aggregate amount of Allegis' (but not MBI's) external adviser costs (other than success fees) and out of pocket expenses in connection with the Transaction.

The reimbursement arrangements are set out in clause 11 of the Scheme Implementation Deed.

### (f) Conduct of business

The Scheme Implementation Deed sets out in clause 5.3 the obligations of Talent2 from the date of the Scheme Implementation Deed up to and including the Implementation Date in relation to the conduct of its business.

Broadly, Talent2 has agreed to conduct its business in the ordinary and proper course of business in a manner generally consistent with the manner in which it was conducted in the 12 month period prior to the date of the Scheme Implementation Deed.

Talent2 has also agreed to notify and consult with the Joint Bidders in good faith before:

- » Talent2, or a financier, proposes to increase or decrease the size of any existing Talent2 facilities; or
- » materially amending a Material Contract.

These provisions are set out in full in clause 5.3 of the Scheme Implementation Deed.

### (g) Special Dividend

The IBC may in its absolute and sole discretion approve the Special Dividend discussed in Section 4.5.

### (h) Termination rights

Either Talent2 or each of the Joint Bidders may terminate the Scheme Implementation Deed in the following circumstances:

- » at any time before 8.00am on the Second Court Date, if a court or Government Agency permanently restrains or otherwise prohibits the Transaction, or refuses to do anything necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed;
- » if a majority of the members of the IBC withdraws or varies its recommendation; or
- » unless waived, one or more Conditions Precedent cannot be satisfied within the relevant time specified in the Scheme Implementation Deed.

Perbec or the Joint Bidders may terminate the Scheme Implementation Deed if before 8.00am on the Second Court Date:

- » a Talent2 Material Adverse Change occurs; or
- » Talent2 commits a material breach of the Scheme Implementation Deed and such breach continues to exist 10 Business Days from being provided notice of such breach by Perbec or a Joint Bidder.

Talent2 may terminate the Scheme Implementation Deed if, before 8.00am on the Second Court Date either of the Joint Bidders or Perbec commits a material breach of the Scheme Implementation Deed and such breach continues to exist 10 Business Days from being provided notice of such breach by Talent2.

Each of Perbec and the Joint Bidders has made certain representations and warranties to Talent2 (see Schedule 1 of the Scheme Implementation Deed). Before 8.00am on the Second Court Date, Talent2 may terminate the Scheme Implementation Deed for breach by Perbec or either of the Joint Bidders of its representations and warranties and such breach continues to exist five Business Days from being provided notice of such breach by Talent2.

The termination rights are set out in clause 12 of the Scheme Implementation Deed.

## 11.2 Andrew Banks and Geoff Morgan confirmations

Andrew Banks and Geoff Morgan have confirmed to Talent2 that each of them will not take any action or omit to do any thing that would, or would reasonably be likely to, result in:

- » a Talent2 Prescribed Occurrence;
- » a Talent2 Material Adverse Change;
- » a breach by Talent2 of any of its obligations under the Scheme Implementation Deed;
- » any of the Joint Bidders or Perbec having a termination right under the Scheme Implementation Deed; or
- » any Conditions Precedent not being satisfied or being or becoming incapable of satisfaction.

## 11.3 Standstill Deeds

Talent2 entered into the Standstill Deeds with each of MBI and Allegis on 4 May 2012.

Under the Standstill Deeds, MBI and Allegis have agreed that, until the later of 4 September 2012 and the date on which the Talent2 full financial report (containing audited financial statements) for the financial year ended 30 June 2012 is released on ASX, they will not acquire a Relevant Interest in any Talent2 Shares.

The standstill arrangements are subject to a number of exceptions, including permitting any acquisitions:

- (a) which occur after the date on which a third party publicly proposes to make a takeover bid for Talent2 Shares (this is a reference to a proposal that would attract the operation of section 631 of the Corporations Act);
- (b) which occur after the date on which a third party publicly proposes to acquire all of the Talent2 Shares under a scheme of arrangement, provided that the IBC has publicly unanimously recommended that scheme of arrangement in the absence of a superior proposal; or
- (c) which are approved in writing by Talent2, acting through the IBC.

## 11.4 Loan Agreement

On 25 May 2012, Talent2, Perbec, MBI and Allegis entered into the Loan Agreement under which Perbec agreed to make available to Talent2 an interest-free loan of an amount requested in writing by Talent2, which amount will not exceed \$15 million, for the sole purpose of funding the aggregate amount of any Special Dividend to be paid by Talent2 (the **Loan Amount**).

The obligation of Perbec to provide the Loan Amount to Talent2 is conditional upon the IBC approving any Special Dividend and the Scheme becoming Effective.

Perbec must provide the Loan Amount to Talent2 by no later than the Business Day before the Special Dividend Payment Date, in immediately available funds, if Talent2 provides a drawdown notice to Perbec for the Loan Amount at least five Business Days before the Special Dividend Payment Date.

Talent2 must repay the Loan Amount immediately:

- (a) if Talent2 does not pay the Special Dividend to eligible Talent2 Shareholders on the Special Dividend Payment Date; or
- (b) the Scheme is not implemented on the Implementation Date.

Allegis and MBI guarantee the obligations of Perbec under the Loan Agreement.

## 11.5 Standstill Agreement and potential capital raising

As a result of the difficult trading conditions referred to in Section 6.4, in the absence of the Scheme the Talent2 Board was likely to have undertaken a capital raising to reduce Talent2's debt levels and fund future growth. Since the announcement of the Scheme, Talent2 has entered into a Standstill and Facilities Amendment Agreement with Westpac (**Standstill Agreement**) whereby Westpac will, amongst other things, refrain from accelerating Talent2's obligations and taking any other enforcement action against Talent2, under the various facilities pending the outcome of the Scheme.

In the event the Scheme does not become Effective, Talent2 will be required to repay \$10 million to Westpac within 60 days of the Scheme not proceeding. In this event, or in the absence of a Superior Proposal, Talent2 expects that it will be required to undertake a significant equity capital raising under which Talent2 would seek to raise approximately \$20 million in order to:

- » repay \$10 million to Westpac;
- » fund the deferred consideration commitments payable in respect of prior acquisitions; and
- » further reduce its current levels of net indebtedness so as to establish a platform for resumed growth and a more conservative capital structure.

MBI has informed Talent2 that it would support any such capital raising and would consider a partial underwriting of the amount to be raised (if required).

## 11.6 Disputes and litigation

Talent2 is from time to time involved in disputes and litigation.

As previously noted in Talent2's financial statements for the half year ended 31 December 2011, during the 2010 financial year, the ATO commenced an audit of certain risk areas of the Talent2 Group's income taxation affairs. Following a comprehensive review of the income taxation affairs of the Talent2 Group in December 2011, the ATO issued a Draft Reasons for Decision Paper to Talent2 outlining the ATO's interpretation of the income taxation law as it applies to Talent2's facts and circumstances. The Talent2 Group, in conjunction with its advisers, is seeking clarification from the ATO on the way certain facts have been considered in reaching their position and the application of the income taxation law to those facts, with a view to challenging the position. The Talent2 Group has been advised that it remains possible, but not probable, that a liability will eventuate and accordingly, no provision has been recognised in Talent2's financial statements. No assessment or amended assessments have been issued by the ATO. As at the Last Practicable Date, it has been estimated that the potential income taxation expense exposure associated with the ATO audit could be in the range of zero to an amount less than \$4 million, excluding interest and penalties.

The Talent2 Directors do not believe that any member of the Talent2 Group is involved in any ongoing litigation or dispute which is material in the context of Talent2 and its subsidiaries taken as a whole.

## 11. Additional Information (continued)

### 11.7 New Zealand Ministry of Education project

Talent2 has a material contract to implement an outsourced payroll solution for the New Zealand Ministry of Education (**MOE Project**), which was originally announced to ASX on 4 August 2008. The MOE Project is expected to be one of Talent2's largest contracts (generating an expected NZ\$84 million of revenue over an eight year period). The implementation of the MOE Project is well advanced following a protracted implementation process. Talent2 currently expects to commence providing payroll services pursuant to the MOE Project in August 2012. As at 30 June 2012, Talent2 had recorded on its balance sheet a receivable from the New Zealand Ministry of Education of approximately NZ\$18.5 million, for work performed but not yet billable under the contract.

#### (b) Talent2 options

Talent2 options have historically been issued to certain senior executives and employees of Talent2 under the Talent2 Option Plans. However, since 11 September 2007, Talent2 options have only been issued under the Talent2 Employee Share Option Plan. For further information in relation to the treatment of the Talent2 options in connection with the Transaction (including the key features of the Talent2 options that were on issue as at the Last Practicable Date) see Section 5.

#### (c) Talent2 performance rights

Talent2 performance rights have been issued to certain senior executives and employees of Talent2 under the Talent2 Long Term Incentive Plan. The table set out below summarises some key features of the Talent2 performance rights that were on issue as at the Last Practicable Date.

Holders of Talent2 performance rights that have not vested prior to the date that the Scheme becomes Effective will not be entitled to receive any consideration for those performance rights. For information on the effect of the Transaction on the performance rights see Section 6.8(a). Section 7.5(a)(3) contains information on the Joint Bidder Group's current intentions in relation to the creation of new employee incentive arrangements.

### 11.8 Talent2 Securities

#### (a) Issued securities

As at the Last Practicable Date, Talent2 had on issue:

- » 147,403,701 Talent2 Shares;
- » 9,374,850 Talent2 options; and
- » 4,831,017 Talent2 performance rights.

Performance right grant date	Total number of unvested performance rights	Potential vesting date
10 September 2007	348,200	1 August 2012
13 February 2009	47,500	1 August 2012
	22,500	1 August 2013
	80,000	1 August 2014
9 December 2009	50,000	1 August 2013
	50,000	1 August 2014
	100,000	1 August 2015
1 July 2010	16,667	1 August 2013
8 November 2010	1,214,650	1 November 2013
1 March 2011	71,900	1 March 2014
26 October 2011	278,200	26 October 2014
26 October 2011	36,500	15 February 2013
1 December 2011	2,485,600	1 December 2014
16 December 2011	29,300	16 December 2014

### 11.9 Substantial holders

Based on filings to the ASX made prior to the Last Practicable Date, the following persons were substantial holders of Talent2 Shares:

Substantial holder	Number of Talent2 Shares	Voting power (%)
Morgan and Banks Investments Pty Limited/Allegis Group, Inc.	32,105,226	21.80
National Australia Bank Limited	10,384,543	7.05

## 11.10 Consents

Each of Andrew Banks, Geoff Morgan, MBI, Allegis, Allegis Group Australia, Pergal and Perbec has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are so named and to the inclusion of the Joint Bidders' Information in this Scheme Booklet.

Loneragan Edwards & Associates has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context it is so named and to the inclusion of its Independent Expert's Report as an Annexure B to this Scheme Booklet. Loneragan Edwards & Associates has not caused or authorised the issue of this Scheme Booklet, does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and the Independent Expert's Report contained in Annexure B.

Computershare Investor Services Pty Limited has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Scheme Booklet other than being named. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Scheme Booklet.

Computershare Plan Managers Pty Limited and CPU Share Plans Pty Limited have given, and have not withdrawn before the registration of this Scheme Booklet with ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are so named. Computershare Plan Managers Pty Limited and CPU Share Plans Pty Limited have had no involvement in the preparation of any part of this Scheme Booklet other than being named. Computershare Plan Managers Pty Limited and CPU Share Plans Pty Limited have not authorised or caused the issue of, and expressly disclaim and take no responsibility for, any part of this Scheme Booklet.

KPMG Corporate Finance consents to being named in this Scheme Booklet as the financial adviser to Talent2 in the form and context in which it is named and has not withdrawn its consent before the registration of this Scheme Booklet with ASIC. KPMG Corporate Finance does not make, or purport to make, any statement in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. To the maximum extent permitted by law, KPMG Corporate Finance expressly disclaims and takes no responsibility for any part of the Scheme Booklet other than a reference to its name.

PwC has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context it is so named and to the inclusion of the material on the Australian taxation consequences for Talent2 Securityholders in Section 9. PwC has not caused or authorised the issue of this Scheme Booklet and PwC does not make or purport to make any statement in this Scheme Booklet (other than Section 9) or any statement on which a statement in this Scheme Booklet is based. PwC has not been involved in the preparation of this Scheme Booklet and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and Section 9.

Freehills has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet as Talent2's Australian legal adviser in the form and context it is so named. Freehills has not advised on the laws of any foreign jurisdiction. Freehills has not provided taxation advice in relation to any jurisdiction. Freehills has not caused or authorised the issue of this Scheme Booklet, does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name.

## 11.11 Intentions of Independent Directors

If the Scheme becomes Effective, the existing Talent2 Board will be reconstituted in accordance with the instructions of the Joint Bidder Group after the Implementation Date. Accordingly, it is not possible for the Independent Directors to provide a statement of their intentions regarding:

- » the continuation of the business of Talent2 or how Talent2's existing business will be conducted;
- » any major changes to be made to the business of Talent2, including any redeployment of the fixed assets of Talent2; or
- » the future employment of the present employees of Talent2,

in each case, after the Scheme is implemented.

If the Scheme is implemented, Perbec will own 100% of the Talent2 Shares and will control Talent2. The Independent Directors have been advised that the intentions of the Joint Bidder Group (which includes Perbec) are as set out in Section 7.5.



## 11. Additional Information (continued)

### 11.12 Regulatory relief

#### (a) ASIC modifications

Paragraphs 8201(a), (b), (c), (d) and (e) and 8203(a) and (b) of Part 2 of Schedule 8 of the Corporations Regulations set out various disclosure requirements in connection with a creditors' scheme of arrangement. ASIC has waived these requirements in relation to the Option Scheme (which is a creditors' scheme of arrangement).

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires an explanatory statement to set out whether, within the knowledge of Talent2 directors, the financial position of Talent2 has materially changed since the date of the last balance sheet laid before Talent2 Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 30 June 2011. ASIC has allowed Talent2 to depart from complying with this requirement so that this Scheme Booklet only need set out whether, within the knowledge of Talent2 Directors, the financial position of Talent2 has materially changed since 31 December 2011, being the date of its reviewed half year financial statements for the six months ended 31 December 2011.

ASIC has also made a declaration pursuant to paragraph 655A(1)(b) of the Corporations Act. The effect of the declaration is to modify subsection 609(7) of the Corporations Act to increase the three month disposal restriction in that subsection (as it will apply to the provisions of clause 2.1 of the Joint Bid Framework Deed) to a period of four months to account for the timeframe that can be required to implement a members' scheme of arrangement under Part 5.1 of the Corporations Act.

#### (b) ASX waiver

Listing Rule 6.23.2 requires that a change which has the effect of cancelling an option for consideration can only be made if shareholders approve the change.

ASX has granted Talent2 a waiver from ASX Listing Rule 6.23.2 to the extent necessary to permit Talent2 to cancel for consideration, and without shareholder approval, the Scheme Options pursuant to the Option Scheme (as referred to in Section 5). The waiver is conditional on the Scheme becoming Effective.

### 11.13 No unacceptable circumstances

The Talent2 Directors believe that the Schemes do not involve any circumstances in relation to the affairs of Talent2 that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

### 11.14 No other material information

Except as set out in this Scheme Booklet, so far as the Talent2 Directors are aware, there is no information material to the making of a decision by a Talent2 Shareholder in relation to the Scheme or a Talent2 optionholder in relation to the Option Scheme, being information that is, within the knowledge of any Independent Director at the date of this Scheme Booklet, with ASIC for registration, which has not previously been disclosed to Talent2 Securityholders.

### 11.15 Supplementary disclosure

Talent2 will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- » a material statement in this Scheme Booklet is false or misleading in a material respect;
- » a material omission from this Scheme Booklet;
- » a significant change affecting a matter included in this Scheme Booklet; or
- » a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Talent2 may circulate and publish any supplementary document by:

- » making an announcement to ASX;
- » placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- » posting the supplementary document to Talent2 Securityholders at their registered address as shown in the Share Register or Option Register (as applicable); and/or
- » posting a statement on Talent2's website at [www.talent2.com](http://www.talent2.com),

as Talent2 in its absolute discretion considers appropriate.

# 12. Glossary and Interpretation

## 12.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below.

Term	Meaning
<b>\$</b>	Australian dollar.
<b>Allegis</b>	Allegis Group, Inc. of 7301 Parkway Drive, Hanover, MD, 21076, United States of America.
<b>Allegis Group</b>	Allegis and each of its Related Bodies Corporate (other than Perbec) and a reference to an <b>Allegis Group Member</b> or a <b>member of the Allegis Group</b> is to Allegis or any of its Related Bodies Corporate (other than Perbec).
<b>Allegis Group Australia</b>	Allegis Group Australia Pty Limited (ACN 159 406 523), an Australian wholly owned subsidiary of Allegis.
<b>Announcement Date</b>	28 May 2012, being the date of the ASX announcement of the proposed Transaction.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in section 12 of the Corporations Act.
<b>ASX</b>	as the context requires, the ASX Limited (ACN 008 624 691) or the securities market conducted by it.
<b>ATO Class Ruling</b>	a public determination by the Commissioner of Taxation in respect of a particular class of taxpayers, and pertaining to the Australian income taxation implications of the payment of the Special Dividend.
<b>Business Day</b>	a business day as defined in the Listing Rules.
<b>CGT</b>	Australian Capital Gains Tax.
<b>Competing Proposal</b>	<p>any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) may:</p> <ol style="list-style-type: none"> <li>1 acquire a Relevant Interest in, or have the right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Talent2 Shares or the securities of any subsidiary of Talent2;</li> <li>2 acquire Control of Talent2 or any subsidiary of Talent2;</li> <li>3 acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a material part of the business of the Talent2 Group;</li> <li>4 otherwise acquire or merge with Talent2 or any subsidiary of Talent2; or</li> <li>5 enter into any agreement, arrangement or understanding requiring Talent2 to abandon, or otherwise fail to proceed with, the Transaction, <p>whether by way of takeover bid, scheme of arrangement, share approved acquisition, capital reduction or buy back, sale or purchase of shares, securities or assets, global assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), or other transaction or arrangement.</p> </li></ol>

## 12. Glossary and Interpretation

Term	Meaning
<b>Conditions Precedent</b>	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
<b>Controller</b>	has the meaning given in section 9 of the Corporations Act.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia (New South Wales registry).
<b>Deed Poll</b>	a deed poll substantially in the form of Annexure E under which the Joint Bidders and Perbec covenant in favour of the Scheme Shareholders to perform the obligations attributed to them under the Scheme.
<b>Effective</b>	when used in relation to a Scheme or Option Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme or Option Scheme (as relevant).
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>End Date</b>	seven months after the date of the Scheme Implementation Deed or such other date as is agreed in writing between Perbec and Talent2.
<b>Excluded Optionholder</b>	any holder of a Talent2 Option granted in a tranche of performance rights or a tranche of options which is not listed in Schedule 1 of the Option Scheme.
<b>Excluded Shareholder</b>	any Talent2 Shareholder who is a Joint Bidder Group Member and any Talent2 Shareholder who holds a Talent2 Share on behalf of, or for the benefit of (a) a Joint Bidder Group Member, (b) Andrew Banks, (c) Geoff Morgan or (d) any entity controlled by Andrew Banks and/or Geoff Morgan.
<b>Exclusivity Period</b>	the period from and including the date of the Scheme Implementation Deed to the earlier of: <ol style="list-style-type: none"> <li>1 the termination of the Scheme Implementation Deed; and</li> <li>2 the End Date.</li> </ol>
<b>Exercise Deadline</b>	5.00pm on the Business Day immediately before the Option Scheme Record Date.
<b>Financial Adviser</b>	any financial adviser retained by Talent2 in relation to the Scheme or a Competing Proposal from time to time.
<b>Financial Assistance Resolution</b>	the "Financial Assistance Resolution" as set out in the Notice of Talent2 EGM as contained in Annexure H.
<b>Government Agency</b>	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.
<b>GST</b>	has the meaning given in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>IBC or Independent Board Committee</b>	the independent committee of the Talent2 Board from time to time and which, as at the date of this Scheme Booklet, consisted of Ken Borda, Pam Laidlaw and Hans Neilson.
<b>IBC Terms of Reference</b>	the terms of reference of the IBC adopted by the Talent2 Board on 8 February 2012.
<b>Implementation Date</b>	the third Business Day after the Scheme Record Date or such other date as agreed in writing by Perbec and Talent2.
<b>In the Money Option</b>	a Talent2 option, with an exercise price less than \$0.78, which confers the right to acquire one issued or unissued Talent2 Share pursuant to a Talent2 Option Plan or contractual right.
<b>In the Money Optionholder</b>	each holder of an In the Money Option.
<b>Independent Directors</b>	the non-executive independent directors of Talent2 who do not have a potential conflict of interest in the proposed Transaction, being Ken Borda, Pam Laidlaw and Hans Neilson.
<b>Independent Expert</b>	the independent expert in respect of the Scheme appointed by Talent2.
<b>Independent Expert's Report</b>	the report to be issued by the Independent Expert in connection with the Scheme.

Term	Meaning
<b>Insolvent</b>	a person is insolvent if: <ol style="list-style-type: none"> <li>1 it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);</li> <li>2 it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property;</li> <li>3 it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to the Scheme Implementation Deed);</li> <li>4 an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), in connection with that person, which could reasonably result in any of (1), (2) or (3) above;</li> <li>5 it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;</li> <li>6 it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to the Scheme Implementation Deed reasonably deduces it is so subject);</li> <li>7 it is otherwise unable to pay its debts when they fall due; or</li> <li>8 something having a substantially similar effect to 1 to 7 happens in connection with that person under the law of any jurisdiction.</li> </ol>
<b>IRESS</b>	IRESS Limited (ACN 060 313 359).
<b>Joint Bid Framework Deed</b>	the deed dated 25 May 2012 between Pergal, MBI, Allegis and Perbec that records the agreement between the parties in relation to the Joint Bidder arrangements.
<b>Joint Bidder</b>	each of MBI and Allegis.
<b>Joint Bidder Group</b>	the Joint Bidders, each of their respective Related Bodies Corporate and Perbec, and a reference to <b>Joint Bidder Group Member</b> or a <b>member of the Joint Bidder Group</b> is to either of the Joint Bidders, Perbec or any Related Body Corporate of either of the Joint Bidders or of Perbec.
<b>Joint Bidders' Information</b>	information regarding Perbec, the MBI Group and the Allegis Group prepared by the Joint Bidders for inclusion in this Scheme Booklet being Section 7, Section 11.2 and the final paragraph of Section 11.5.
<b>KPMG Corporate Finance</b>	KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Limited (ACN 007 363 215).
<b>Last Practicable Date</b>	12 July 2012, being the date prior to the provision of this Scheme Booklet to the Court.
<b>Listing Rules</b>	the official listing rules of ASX.
<b>Loan Agreement</b>	the loan agreement substantially in the form agreed between Talent2, MBI, Allegis and Perbec, subject to any amendments that may be required by Talent2's financier.
<b>Loan Amount</b>	has the meaning in Section 11.4.
<b>Lonergan Edwards &amp; Associates</b>	Lonergan Edwards & Associates Limited (ACN 095 445 560).
<b>Material Contract</b>	each of the contracts which is agreed in writing by Talent2, the Joint Bidders and Perbec to be a "Material Contract" for the purpose of this definition.
<b>MBI</b>	Morgan & Banks Investments Pty Limited (ACN 001 689 381) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia.
<b>MBI Group</b>	MBI and each of its Related Bodies Corporate (other than Perbec) and a reference to a <b>MBI Group Member</b> or a <b>member of the MBI Group</b> is to MBI or any of its Related Bodies Corporate (other than Perbec).
<b>Notice of Option Scheme Meeting 1</b>	the notice of meeting relating to Option Scheme Meeting 1 which is contained in Annexure J of this Scheme Booklet.
<b>Notice of Option Scheme Meeting 2</b>	the notice of meeting relating to Option Scheme Meeting 2 which is contained in Annexure K of this Scheme Booklet.
<b>Notice of Option Scheme Meetings</b>	the Notice of Option Scheme Meeting 1 and Notice of Option Scheme Meeting 2.
<b>Notice of Scheme Meeting</b>	the notice of meeting relating to the Scheme Meeting which is contained in Annexure I of this Scheme Booklet.
<b>Notice of Talent2 EGM</b>	the notice of meeting relating to the Talent2 EGM which is contained in Annexure H of this Scheme Booklet.

## 12. Glossary and Interpretation (continued)

Term	Meaning
<b>Option Register</b>	the register of Talent2 Options maintained by Talent2 or the Talent2 Registry.
<b>Option Scheme</b>	the scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Optionholders, in the form contained in Annexure F, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Perbec and Talent2.
<b>Option Scheme Consideration</b>	the consideration to be provided to each Scheme Optionholder for the cancellation of each Scheme Option, being the amount set out in Schedule 1 of the Option Scheme for each Scheme Option held by each Scheme Optionholder.
<b>Option Scheme Deed Poll</b>	the deed poll, substantially in the form contained in Annexure G, under which the Joint Bidders and Perbec covenant in favour of the Scheme Optionholders to perform certain obligations attributed to them under the Option Scheme.
<b>Option Scheme Effective Date</b>	the date on which the Option Scheme becomes Effective.
<b>Option Scheme Implementation Date</b>	the third Business Day after the Option Scheme Record Date, or such other date as agreed in writing by Perbec and Talent2.
<b>Option Scheme Meeting 1</b>	the class meeting of the Out of the Money Optionholders ordered by the Court to be convened under section 411(1) of the Corporations Act at which Out of the Money Optionholders will vote on the Option Scheme.
<b>Option Scheme Meeting 2</b>	the class meeting of the In the Money Optionholders ordered by the Court to be convened under section 411(1) of the Corporations Act at which In the Money Optionholders will vote on the Option Scheme.
<b>Option Scheme Meetings</b>	Option Scheme Meeting 1 and Option Scheme Meeting 2.
<b>Option Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Option Scheme Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Option Scheme Effective Date,</li> </ol> or such other date as agreed in writing by Perbec and Talent2.
<b>Out of the Money Option</b>	a Talent2 option, with an exercise price equal to or greater than \$0.78, which confers the right to acquire one issued or unissued Talent2 Share pursuant to a Talent2 Option Plan or contractual right.
<b>Out of the Money Optionholder</b>	each holder of an Out of the Money Option.
<b>Perbec</b>	Perbec Pty Limited (ACN 158 551 574) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia.
<b>Pergal</b>	Pergal Pty Limited (ACN 158 366 155) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia.
<b>Pergal Financial Assistance Resolution</b>	has the meaning in Section 4.5(a)(3).
<b>PwC</b>	PricewaterhouseCoopers (ACN 780 433 757).
<b>Related Bodies Corporate</b>	has the meaning given in section 9 of the Corporations Act.
<b>Related Person</b>	<ol style="list-style-type: none"> <li>1 a Related Body Corporate of Talent2;</li> <li>2 an adviser or consultant of Talent2 or an adviser or consultant of a Related Body Corporate of Talent2; or</li> <li>3 a director, officer or employee of Talent2 or of any entity referred to in paragraphs 1 or 2 of this definition, other than Andrew Banks and Geoff Morgan.</li> </ol>
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Resolution</b>	the resolution set out in the Notice of Scheme Meeting to agree to the terms of the Scheme, or the Notice of Option Scheme Meeting 1 and the Notice of Option Scheme Meeting 2 to agree to the terms of the Option Scheme, as the context requires.
<b>Scheme</b>	the share scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Shareholders, substantially in the form contained in Annexure D, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Perbec and Talent2.
<b>Schemes</b>	the Scheme and the Option Scheme.
<b>Scheme Booklet</b>	this scheme booklet, including the annexures to it.

<b>Term</b>	<b>Meaning</b>
<b>Scheme Consideration</b>	the cash consideration to be provided to each Scheme Shareholder for the transfer to Perbec of each Scheme Share, being the amount of \$0.78 for each Scheme Share (less the amount of any Special Dividend paid or payable) held by each Scheme Shareholder, in accordance with clause 5 of the Scheme Implementation Deed and the terms of the Scheme.
<b>Scheme Implementation Deed</b>	the scheme implementation deed dated 25 May 2012 (as amended) between Talent2, the Joint Bidders and Perbec relating to the implementation of the Scheme and the Option Scheme. A copy of the scheme implementation deed is contained in Annexure C.
<b>Scheme Meeting</b>	the meeting of Talent2 Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1) of the Corporations Act at which Talent2 Shareholders (other than Excluded Shareholders) will vote on the Scheme.
<b>Scheme Meetings</b>	the Scheme Meeting and Option Scheme Meetings.
<b>Scheme Optionholder</b>	each holder of a Talent2 Option granted in a tranche of options which is listed in Schedule 1 of the Option Scheme, who is recorded in the Option Register on the Option Scheme Record Date.
<b>Scheme Options</b>	all Talent2 Options held by the Scheme Optionholders as at the Option Scheme Record Date.
<b>Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Effective Date, or such other date as agreed in writing by Perbec and Talent2.</li> </ol>
<b>Scheme Share</b>	a Talent2 Share held by a Scheme Shareholder as at the Scheme Record Date.
<b>Scheme Shareholders</b>	Talent2 Shareholders (other than Excluded Shareholders) as at the Scheme Record Date.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme and/or the Option Scheme is heard.
<b>Second Court Hearing</b>	the hearing of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme and/or the Option Scheme is heard.
<b>Section 611 item 7 Resolution</b>	the "Section 611 item 7 Resolution" set out in the Notice of Talent2 EGM as contained in Annexure H.
<b>Share Register</b>	the register of members of Talent2 maintained in accordance with the Corporations Act.
<b>Shareholders Deed</b>	the deed to be dated on or about the Effective Date between Pergal, MBI and Allegis Group Australia that records the shareholders agreement as to the ownership, management and control of Pergal and the business of Pergal, as well as the relationship between and obligations to, each other.
<b>Special Dividend</b>	the aggregate amount of any special dividend contemplated by and determined under clause 4.9 of the Scheme Implementation Deed, divided by the number of Talent2 Shares on issue on the Special Dividend Record Date.
<b>Special Dividend Payment Date</b>	the payment date for the Special Dividend determined by the Independent Directors and communicated to ASX, which date must be after the Effective Date.
<b>Special Dividend Record Date</b>	the record date for the Special Dividend determined by the Independent Directors and communicated to ASX, which date must be after the Effective Date.
<b>Standstill Deeds</b>	the: <ol style="list-style-type: none"> <li>1 standstill deed between Talent2 and MBI dated 4 May 2012; and</li> <li>2 standstill deed between Talent2 and Allegis dated 4 May 2012.</li> </ol>
<b>Superior Proposal</b>	a bona fide Competing Proposal of the kind referred to in any of paragraphs 2, 3 (provided that such Competing Proposal contemplates the acquisition of all or substantially all of the business or assets of the Talent2 Group) or 4 of the definition of Competing Proposal (and not resulting from a breach by Talent2 of its obligations under clause 10 of the Scheme Implementation Deed (it being understood that any actions by a Related Person in violation of clause 10 of the Scheme Implementation Deed shall be deemed to be a breach by Talent2 for the purposes hereof)) which the IBC, acting in good faith, and after receiving written legal advice from its legal advisers and written advice from its Financial Advisers, determines: <ol style="list-style-type: none"> <li>1 is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal including any timing considerations and any conditions precedent; and</li> <li>2 would, if completed substantially in accordance with its terms, be more favourable to Talent2 Shareholders (as a whole) than the Transaction taking into account all terms and conditions of the Competing Proposal.</li> </ol>
<b>Sydney time</b>	the local time in Sydney, New South Wales, Australia.

## 12. Glossary and Interpretation (continued)

Term	Meaning
<b>Talent2</b>	Talent2 International Limited (ACN 000 737 744) of Level 4, 77 Pacific Highway, North Sydney, NSW 2060, Australia.
<b>Talent2 Board</b>	the board of directors of Talent2 from time to time.
<b>Talent2 Directors</b>	each member of the Talent2 Board.
<b>Talent2 EGM</b>	a general meeting of Talent2 Shareholders (other than a member of the Joint Bidder Group who holds Talent2 Shares and each of their associates) to be held immediately prior to the Scheme Meeting.
<b>Talent2 EGM Resolutions</b>	the resolutions set out in the Notice of Talent2 EGM as contained in Annexure H.
<b>Talent2 2011 Full Financial Report</b>	the Talent2 Full Financial Report for the financial year ended 30 June 2011, released to the ASX on 2 September 2011.
<b>Talent2 Group</b>	Talent2 and each of its Related Bodies Corporate and a reference to a <b>Talent2 Group Member</b> or a <b>member of the Talent2 Group</b> is to Talent2 or any of its Related Bodies Corporate.
<b>Talent2 Information</b>	information regarding the Talent2 Group prepared by Talent2 for inclusion in this Scheme Booklet, being all the contents of this Scheme Booklet other than the Joint Bidders' Information, the Independent Expert's Report and the information contained in Section 9.
<b>Talent2 Material Adverse Change</b>	has the meaning given in clause 3.1(h) of the Scheme Implementation Deed.
<b>Talent2 Option</b>	an option, a performance right or a contractual right to be granted an option or performance right, which option or performance right confers the right to acquire one issued or unissued Talent2 Share pursuant to a Talent2 Option Plan.
<b>Talent2 Option Plan</b>	the: <ol style="list-style-type: none"> <li>1 Talent2 Long Term Incentive Plan as amended and restated on 16 June 2010; and</li> <li>2 Talent2 Employee Share Option Plan as amended and restated on 13 September 2011.</li> </ol>
<b>Talent2 Optionholder</b>	each person recorded as the holder of Talent2 Options in the Option Register.
<b>Talent2 Prescribed Occurrence</b>	has the meaning given in clause 1.1 of the Scheme Implementation Deed as contained in Annexure C.
<b>Talent2 Registry</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Talent2 Representations and Warranties</b>	the representations and warranties of Talent2 as set out in Schedule 2 of the Scheme Implementation Deed.
<b>Talent2 Security</b>	a Talent2 Share or a Talent2 Option.
<b>Talent2 Securityholder</b>	a Talent2 Shareholder or a Talent2 Optionholder.
<b>Talent2 Share or Share</b>	a fully paid ordinary share in the capital of Talent2.
<b>Talent2 Shareholder</b>	each person who is registered in the Share Register as the holder of Talent2 Shares.
<b>Transaction</b>	the acquisition of Talent2 by Perbec through implementation of the Scheme and Option Scheme.
<b>VWAP</b>	volume weighted average price.

### 12.2 Interpretation

In this Scheme Booklet, unless the context otherwise requires or appears:

- (a) Other words and phrases not in the glossary have the same meaning (if any) given to them in the Corporations Act.
- (b) Words of any gender include all genders.
- (c) Words importing the singular include the plural and vice versa.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) A reference to a Section or Annexure is a reference to a section or annexure of this Scheme Booklet as relevant.
- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) Headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet.
- (h) A reference to time is a reference to Sydney time.
- (i) A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

**Annexure A –  
ASX Announcements  
by Talent2 since  
the Talent2 2011  
Full Financial Report**



## Annexure A – ASX Announcements by Talent2 since the Talent2 2011 Full Financial Report

This table does not contain announcements on the ASX relating to substantial holder notices.

<b>Date</b>	<b>Announcement</b>
29/06/2012	Voluntary Escrow Update
29/06/2012	Appendix 3B – Employee Share Options
21/06/2012	Market Update
13/06/2012	Change of Director's Interest Notice
28/05/2012	Talent2 announces recommended cash scheme at \$0.78 per share
11/05/2012	Appendix 3B – Employee Share Options
17/02/2012	Talent2 wins new outsourcing deal with Queensland Government
10/02/2012	Change of Director's Interest Notices
08/02/2012	Half Year Results Q and A
08/02/2012	Half Year Results Presentation
08/02/2012	Half Yearly Report and Accounts
03/02/2012	Change of Director's Interest Notices
27/01/2012	Change of Director's Interest Notice
24/01/2012	Market Update
13/01/2012	Updated Talent2 International Securities Trading Policy
21/12/2011	Voluntary Escrow Update
16/12/2011	Market Update
05/12/2011	Appendix 3B – Employee Share Options
25/11/2011	Appendix 3B
11/11/2011	Appendix 3B – Employee Share Options
01/11/2011	Change of Director's Interest Notice
01/11/2011	Final Director's Interest Notice
26/10/2011	Results of Meeting
26/10/2011	MD Presentation to Shareholders
26/10/2011	Chairman's Address to Shareholders
24/10/2011	Talent2 Strengthens Global Leadership Team
11/10/2011	Appendix 3B – T2 Tokyo
23/09/2011	Appendix 3B – Employee Share Options
23/09/2011	Business Review 2011
23/09/2011	Notice of Annual General Meeting/Proxy Form
19/09/2011	Appendix 3B – Employee Share Options
09/09/2011	Andrew Banks Appointed Chairman

# **Annexure B – Independent Expert’s Report**

## Annexure B – Independent Expert’s Report

# LONERGAN EDWARDS & ASSOCIATES LIMITED

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The Independent Directors  
Talent2 International Limited  
Level 4  
77 Pacific Highway  
North Sydney NSW 2060

17 July 2012

### **Subject: Proposed acquisition by way of Scheme**

Dear Independent Directors

#### **Introduction**

- 1 On 28 May 2012 Talent2 International Limited (Talent2) announced that it and Morgan & Banks Investments Pty Limited (MBI) and Allegis Group, Inc. (Allegis) had entered into a Scheme Implementation Deed (the Agreement) under which MBI and Allegis<sup>1</sup> would acquire all of the issued shares in Talent2 that they did not own<sup>2</sup> for an offer consideration of \$0.78 cash per share (the Scheme Consideration).
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Talent2 and its shareholders (other than the Excluded Shareholders<sup>3</sup>) (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the Scheme is approved by Talent2 shareholders (other than the Excluded Shareholders) and the Court, Talent2 shareholders (other than the Excluded Shareholders) will receive the Scheme Consideration<sup>4</sup>.
- 4 The proposed transaction values all the shares in Talent2 (on an undiluted basis) at approximately \$115 million.

<sup>1</sup> Under the Agreement the outstanding shares in Talent2 are proposed to be acquired by Perbec Pty Limited (Perbec), a wholly owned subsidiary of MBI. If the Scheme becomes effective, Perbec will be 50% directly or indirectly owned by MBI and 50% directly or indirectly owned by Allegis.

<sup>2</sup> MBI owns approximately 21.8% of Talent2 shares. Allegis does not own any Talent2 shares.

<sup>3</sup> Excluded Shareholders are MBI, Perbec and their related body corporates. A more detailed definition is contained in the Scheme Booklet.

<sup>4</sup> The Agreement permits the Scheme Consideration to be structured to include a fully franked special dividend (Special Dividend). To the extent a Special Dividend is paid, shareholders may be entitled to receive the benefit of any franking credits attached to the Special Dividend. The payment of any Special Dividend will be conditional on, among other things, the Scheme becoming effective and the receipt of a favourable Australian Tax Office ruling. Funding for any Special Dividend is expected to be provided through a loan from Perbec. If a Special Dividend is paid, the consideration payable under the Scheme will be reduced by the cash amount of the Special Dividend.

- 5 The Scheme is subject to the Court convening a meeting of Talent2 shareholders other than the Excluded Shareholders<sup>5</sup>. Under the *Corporations Act 2001 (Cth)* (Corporations Act), the Scheme is approved by Talent2 shareholders if a resolution in favour of the Scheme is passed by a majority in number of the Talent2 shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution. If this occurs a second Court hearing will be held to approve the Scheme, which if approved, will become binding on all Talent2 shareholders who hold Talent2 shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

### **Talent2**

- 6 Talent2 is a recruitment and managed services company (human resources (HR) advisory, payroll and learning services), operating over 45 offices and providing services in 31 countries across the Asia Pacific, Middle East and United Kingdom (UK) markets. It is a leading human resources business process outsourcing (HR BPO) organisation in the Asia Pacific region, working with clients across diverse organisation types and industries to deliver end-to-end talent management solutions.

### **MBI**

- 7 MBI is a company controlled by Mr Andrew Banks and Mr Geoff Morgan, each of whom is a director of Talent2. MBI is the largest shareholder in Talent2 with a 21.8% interest.

### **Allegis**

- 8 Allegis Group, Inc., a private company founded in 1983, is the largest staffing company in North America. Allegis serves its customers through several business units that provide staffing services and solutions to a wide range of industries. Business units include Aerotek, a provider of technical, professional and industrial staffing services; TEKsystems, a provider of IT staffing and consulting services; MarketSource, a provider of outsourced sales and marketing solutions; Major, Lindsey & Africa, a legal staffing and search firm; Aston Carter, an IT recruitment company; and Allegis Group Services, a provider of human capital consulting and workforce management solutions. Headquartered in Hanover, Maryland, Allegis has offices in over 300 cities throughout the Americas, Europe, and Asia.

### **Purpose of report**

- 9 As each of Mr Banks and Mr Morgan are directors on the board of Talent2, there is a regulatory requirement for an independent expert's report (IER) to be prepared for Talent2 shareholders pursuant to s412 of the Corporations Act, and Regulation 5.1.01 and Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations).
- 10 Further, the Scheme is subject to a number of conditions precedent, including an independent expert concluding that the Scheme is in the best interests of Talent2 shareholders.
- 11 In addition, the Independent Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Talent2 shareholders.

---

<sup>5</sup> For ease of reporting we have referred to "Talent2 shareholders other than the Excluded Shareholders" as "Talent2 shareholders" in the remainder of our report.

## Annexure B – Independent Expert’s Report (continued)



- 12 Accordingly, the Independent Directors of Talent2 have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Talent2 shareholders and the reasons for that opinion<sup>6</sup>.
- 13 LEA is independent of Talent2 and MBI and Allegis and has no other involvement or interest in the proposed Scheme.

### Summary of opinion

- 14 In our opinion, the Scheme is fair and reasonable and in the best interests of Talent2 shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

### Value of Talent2

- 15 We have assessed the value of Talent2 shares on a 100% controlling interest basis at \$0.68 to \$0.85 per share, as shown below:

Talent2 – valuation summary			
	Paragraph	Low \$m	High \$m
Enterprise value	143	127.0	150.0
Cash from option exercise	152	2.7	2.7
MOE contract	146 - 148	7.8	8.8
Net debt	151	(27.3)	(27.3)
Deferred consideration payable	149 - 150	(6.6)	(5.9)
Value of Talent2 equity		103.6	128.3
Effective shares on issue	152 - 153	151.5	151.5
Value per share		\$0.68	\$0.85

### Fair and reasonable opinion

- 16 Pursuant to Regulatory Guide 111 – *Content of Expert Reports* (RG 111) a scheme is “fair” if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the Scheme. This comparison for Talent2 shares is shown below:

Position of Talent2 shareholders			
	Low \$ per share	High \$ per share	Mid-point \$ per share
Value of Scheme Consideration	0.78	0.78	0.78
Value of 100% of Talent2	0.68	0.85	0.77
Extent to which the Scheme Consideration exceeds (or is less than) the value of Talent2	0.10	(0.07)	0.01

<sup>6</sup> Our opinion also refers to the Section 611 Item 7 resolution to be considered by Talent2 shareholders at the Talent2 EGM, approval of which by the requisite majority is a condition of the Scheme.

- 17 As the Scheme Consideration lies within our assessed valuation range for Talent2 shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Talent2 shareholders when assessed based on the guidelines set out in RG 111.
- 18 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.
- 19 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Talent2 shareholders in the absence of a superior proposal.

### **Assessment of the Scheme**

- 20 We summarise below the likely advantages and disadvantages of the Scheme for Talent2 shareholders.

#### **Advantages**

- 21 The Scheme has the following benefits for Talent2 shareholders:
- (a) the Scheme Consideration of \$0.78 cash per share is consistent with our assessed value range of Talent2 shares on a 100% controlling interest basis
  - (b) the Scheme Consideration represents a significant premium to the recent market prices of Talent2 shares prior to the announcement of the proposed transaction on 28 May 2012
  - (c) furthermore, the premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances (although this is primarily because Talent2 shares were significantly undervalued prior to the announcement of the Scheme)
  - (d) in the absence of the Scheme (or a comparable proposal) Talent2 has indicated that it expects to undertake a significant equity capital raising to reduce Talent2’s debt levels and fund future growth. Such an equity raising is likely to be priced at a significant discount to the market price of Talent2 shares at the time, and would be dilutive to those existing Talent2 shareholders that do not participate in the capital raising
  - (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Talent2 shares is likely to trade at a discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings).
- 22 Further, it should be noted that as MBI (an entity controlled by Mr Banks and Mr Morgan, each of whom is a director of Talent2) owns approximately 21.8% of Talent2 shares, there are limited prospects that a superior proposal for Talent2 shares will be received prior to the Scheme meeting.

#### **Disadvantages**

- 23 Talent2 shareholders should note that if the Scheme is approved they will no longer hold an interest in Talent2. Talent2 shareholders will therefore not participate in any future value created by the company as a result of on-going operations over and above that reflected in the Scheme Consideration.

## Annexure B – Independent Expert’s Report (continued)



- 24 In this regard, Talent2 has achieved levels of profitability in prior years (most recently in FY11) above those on which our assessed valuation has been based. However, in our opinion, the current value of this future earnings potential is reasonably reflected in the Scheme Consideration.

### Conclusion

- 25 Given the above analysis, we consider the acquisition of Talent2 shares by MBI and Allegis under the Scheme is fair and reasonable and in the best interests of Talent2 shareholders in the absence of a superior proposal.
- 26 We note that Talent2 shareholders (other than the Excluded Shareholders) must pass a number of resolutions in order for the Scheme to proceed (including the Scheme resolution and the Section 611 Item 7 resolution). In our opinion, the advantages of the Scheme outweigh the disadvantages and the proposals the subject of both resolutions are fair and reasonable for the reasons stated above.

### Option Scheme

- 27 In addition to the above share Scheme, there is also a separate option scheme for Talent2 options (the Option Scheme), details of which are set out in Section VIII.

### General

- 28 In preparing this report we have considered the interests of Talent2 shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.
- 29 The impact of the Scheme on the tax position of Talent2 shareholders depends on the individual circumstances of each investor. Talent2 shareholders should read Section 9 of the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 30 The ultimate decision whether to approve the Scheme should be based on each Talent2 shareholder’s assessment of their own circumstances. If Talent2 shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Talent2 shareholders read the remainder of our report.

Yours faithfully

Craig Edwards  
Authorised Representative

Martin Holt  
Authorised Representative

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## I Key terms of the Scheme

### Terms

- 31 On 28 May 2012 Talent2 International Limited (Talent2) announced that it and Morgan & Banks Investments Pty Limited (MBI) and Allegis Group, Inc. (Allegis) had entered into a Scheme Implementation Deed (the Agreement) under which MBI and Allegis<sup>7</sup> would acquire all of the issued shares in Talent2 that they did not own<sup>8</sup> for an offer consideration of \$0.78 cash per share (the Scheme Consideration).
- 32 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Talent2 and its shareholders (other than the Excluded Shareholders) (the Scheme) and is subject to a number of conditions precedent as summarised below.
- 33 If the Scheme is approved by Talent2 shareholders (other than the Excluded Shareholders) and the Court, Talent2 shareholders (other than the Excluded Shareholders) will receive the Scheme Consideration<sup>9</sup>.

### Conditions

- 34 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between Talent2 and MBI and Allegis dated 25 May 2012:
- (a) respective regulatory approvals from the Australian Securities & Investments Commission (ASIC) and the Australian Securities Exchange (ASX), together with such other Government agency approvals as considered desirable by the parties
  - (b) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
  - (c) Talent2 shareholder approval by the requisite majorities under the Corporations Act at both the Scheme meeting and related Talent2 EGM<sup>10</sup>
  - (d) no temporary restraining order, preliminary or permanent injunction or other order issued by any Court of competent jurisdiction or other legal restraint or prohibition preventing the transaction is in effect at 8.00am on the Second Court Date
  - (e) no "Talent2 Prescribed Occurrence" (as defined in clause 1.1 of the Agreement) occurs in respect of Talent2 on or before 8.00am on the Second Court Date

<sup>7</sup> Under the Agreement the outstanding shares in Talent2 are proposed to be acquired by Perbec, a wholly owned subsidiary of MBI. If the Scheme becomes effective, Perbec will be 50% directly or indirectly owned by MBI and 50% directly or indirectly owned by Allegis.

<sup>8</sup> MBI owns approximately 21.8% of Talent2 shares. Allegis does not own any Talent2 shares.

<sup>9</sup> The Agreement permits the Scheme Consideration to be structured to include a fully franked special dividend (Special Dividend). To the extent a Special Dividend is paid, shareholders may be entitled to receive the benefit of any franking credits attached to the Special Dividend. The payment of any Special Dividend will be conditional on, among other things, the Scheme becoming effective and the receipt of a favourable Australian Tax Office ruling. Funding for any Special Dividend is expected to be provided through a loan from Perbec. If a Special Dividend is paid, the consideration payable under the Scheme will be reduced by the cash amount of the Special Dividend.

<sup>10</sup> A resolution will be proposed at the EGM seeking Talent2 shareholder approval for the joint bidding arrangements between MBI and Allegis, in accordance with the requirements of Section 611 Item 7 of the Corporations Act.

## Annexure B – Independent Expert’s Report (continued)



- (f) no “Talent2 Material Adverse Change” (as defined in clause 1.1 of the Agreement) occurs in respect of Talent2 on or before 8.00am on the Second Court Date
  - (g) the “Talent2 Representations and Warranties” (as defined in clause 1.1 of the Agreement) are true and correct in all material respects as at the time they are given
  - (h) an independent expert issues a report which concludes that the Scheme is in the best interests of Talent2 shareholders.
- 35 In addition Talent2 has agreed that up until 25 December 2012 it will not:
- (a) solicit, invite, encourage or initiate any competing transaction
  - (b) participate in any discussions or negotiations which may reasonably be expected to lead to a competing transaction
  - (c) enter into any agreement, arrangement or understanding in relation to a competing transaction or any agreement, arrangement or understanding which may reasonably be expected to lead to the completion of a competing transaction
  - (d) provide any information to a third party for the purposes of enabling that party to table a competing transaction.
- 36 The exclusivity obligations do not apply if Talent2 has complied with the various obligations set out in the Agreement and the Talent2 Independent Board Committee (IBC) determines:
- (a) the proposed competing transaction is a superior proposal or the steps which the Talent2 IBC proposes to take may reasonably be expected to lead to a competing transaction which is a superior proposal<sup>11</sup>; and
  - (b) based on written advice from its legal advisers, that compliance with exclusivity obligations would involve a breach of fiduciary duties or would otherwise be unlawful.
- 37 A reimbursement fee of the lesser of \$1.15 million or the aggregate of all external adviser costs incurred is payable by Talent2 to Allegis (but not MBI) in certain circumstances as specified in the Agreement.

### Resolution

- 38 Talent2 shareholders will be asked to vote on the Scheme in accordance with the Scheme resolution contained in the relevant notice of meeting accompanying the Scheme Booklet.
- 39 If the Scheme resolution is passed by the requisite majorities, Talent2 must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Talent2 shareholders who hold Talent2 shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

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<sup>11</sup> Subject to any potential breach of fiduciary duties, Talent2 must notify MBI and Allegis if it receives a superior competing proposal and give MBI and Allegis three business days to match that competing proposal.

## II Scope of our report

### Purpose

- 40 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the Corporations Regulations prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act.
- 41 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 42 MBI (an entity controlled by Mr Banks and Mr Morgan) owns approximately 21.8% of the ordinary shares on issue in Talent2, and each of Mr Banks and Mr Morgan are directors on the Board of Talent2. In addition, both a condition precedent to the Scheme and the Talent2 Independent Directors' recommendation of the Scheme are subject to an independent expert concluding that the Scheme is in the best interests of Talent2 shareholders.
- 43 Furthermore, as the Scheme (if approved and implemented) will result in 100% of the securities in Talent2 being held by an entity (Perbec) that will indirectly be owned by MBI and Allegis, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is fair and reasonable to the shareholders of Talent2.
- 44 The Independent Directors of Talent2 have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Talent2 by Perbec under the Scheme is fair and reasonable and in the best interests of Talent2 shareholders and the reasons for that opinion<sup>12</sup>.
- 45 This report has been prepared by LEA for the benefit of Talent2 shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Scheme Booklet to be sent to Talent2 shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Talent2 shareholders.
- 46 The ultimate decision whether to approve the Scheme should be based on each Talent2 shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

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<sup>12</sup> Our opinion also refers to the Section 611 Item 7 resolution to be considered by Talent2 shareholders at the EGM, approval of which by the requisite majority is a condition of the Scheme.

## Annexure B – Independent Expert’s Report (continued)



### **Basis of assessment**

- 47 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, Regulatory Guide 111 – *Content of expert reports* (RG 111).
- 48 RG 111 distinguishes “fair” from “reasonable” and considers:
- (a) the Scheme to be fair if the value of the Scheme Consideration is equal to or greater than the value of the securities that are the subject of the Scheme. A comparison must be made assuming 100% ownership of the target company
  - (b) the Scheme to be reasonable if it is fair. The Scheme may also be reasonable if, despite not being fair but after considering other significant factors, there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.
- 49 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a Scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for securityholders to vote in favour of the Scheme in the absence of a higher offer.
- 50 In our opinion, if the Scheme is fair and reasonable under RG 111 it must also be in the best interests of Talent2 shareholders.
- 51 Our report has therefore considered:
- (a) the market value of 100% of the shares in Talent2
  - (b) the value of the consideration offered by MBI and Allegis i.e. \$0.78 cash per share
  - (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
  - (d) the extent to which a control premium is being paid to Talent2 shareholders
  - (e) the extent to which Talent2 shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
  - (f) the listed market price of Talent2 shares, both prior to and subsequent to the announcement of the proposed Scheme
  - (g) the likely market price of Talent2 shares if the proposed Scheme is not approved
  - (h) the value of Talent2 to an alternative offeror and the likelihood of a higher alternative offer being made for Talent2 prior to the date of the Scheme meeting
  - (i) the advantages and disadvantages of the Scheme from the perspective of Talent2 shareholders
  - (j) other qualitative and strategic issues associated with the Scheme.

### **Limitations and reliance on information**

- 52 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 53 Our report is also based upon financial and other information provided by Talent2 and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 54 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Talent2 shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 55 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.
- 56 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 57 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 58 In forming our opinion, we have also assumed that:
- (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
  - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

## Annexure B – Independent Expert’s Report (continued)



### III Profile of Talent2

#### Overview

- 59 Talent2 is a recruitment and managed services company (HR advisory, payroll and learning services), operating over 45 offices and providing services in 31 countries across the Asia Pacific, Middle East and UK markets. It is a leading human resources business process outsourcing (HR BPO) organisation in the Asia Pacific region, working with clients across diverse organisation types and industries to deliver end-to-end talent management solutions.

#### History

- 60 The company was founded in December 2003 when Mr Morgan and Mr Banks<sup>13</sup> combined Australian human resources and information systems (HRIS) and payroll software company Concept Systems International (Concept) to create a new recruiting and outsourcing venture Talent2. It was one of the first HR BPO companies in the Asia Pacific region. The HRIS and payroll expertise provided by Concept enabled Talent2 to become a complete HR outsourcing services company.
- 61 Talent2 has grown over the years both organically and by way of acquisition. As demand for its services has grown Talent2 has also expanded its network, opening offices throughout Asia Pacific, Europe and the Middle East.
- 62 Recent acquisitions by the company have added scale to its various business units, with a summary of the largest of these as follows:
- (a) on 6 January 2010 Talent2 acquired Zapper Services Pty Ltd (Zapper), a provider of outsourced payroll and HR administration services across 14 countries, including China, Hong Kong, Japan, Malaysia, Philippines, Singapore, Thailand and Vietnam. The consideration included a mixture of cash and Talent2 shares totalling \$23.6 million
  - (b) Sugar International Ltd (Sugar) was purchased by Talent2 on 27 January 2010 for approximately \$15.5 million in cash and Talent2 shares. Sugar is a leading provider of education and training services to organisations across Australia and New Zealand, offering a comprehensive range of workplace training courses to a variety of industries; and
  - (c) on 23 July 2010 Talent2 acquired Origin Human Resources Pty Ltd and Origin HR Holdings Pty Ltd (Origin), a leading provider of online vocational education and training to the financial services, banking, legal and accounting sectors. Talent2 paid a combination of cash and shares totalling \$17.8 million.
- 63 During April 2010 Talent2 formed an alliance with Allegis Group Services (a subsidiary of Allegis Group, Inc.) to provide integrated global HR outsourcing (HRO) solutions for large global corporations. The alliance commenced with the win of a multi-content deal with a global financial services firm, with other contracts having since been secured.

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<sup>13</sup> Mr Morgan and Mr Banks established Morgan and Banks in 1985, which grew to be one of the leading HR and recruiting firms across Australia and Asia. Morgan and Banks was sold to TMP for \$380 million in 1998.

**Current operations**

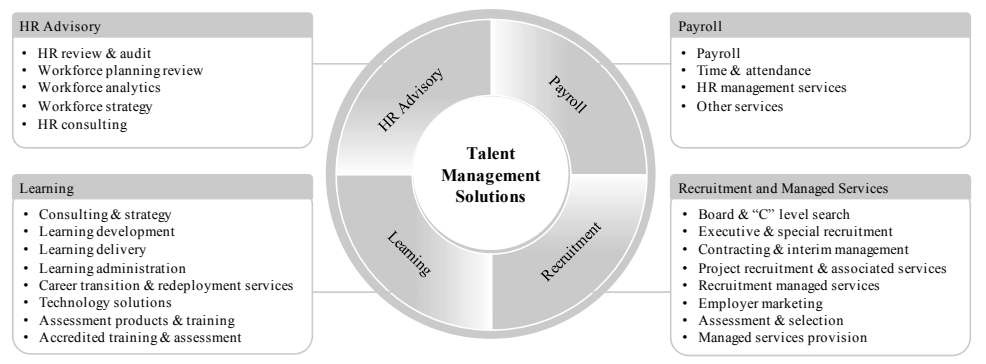
64 While Talent2’s operations service 31 countries, its primary market is Australia, where approximately two-thirds of company revenues are derived. The company’s overseas network however is scalable and generally grows at a faster rate than the Australian operations, an underlying trend which is expected to continue. Talent2’s head office is in Sydney and the company employs around 1,700 staff. Its network is primarily focused on the Asia Pacific region, as shown below:

**Talent2 – global network**



65 Talent2’s integrated end-to-end talent management solutions are provided through its HR Advisory, Payroll, Recruitment and Managed Services and Learning divisions. An overview of the functions of these divisions is shown below:

**Talent2 – operational breakdown**





## Annexure B – Independent Expert’s Report (continued)



### **Managed Services**

#### ***Human Resources Advisory***

- 66 HR Advisory provides an outsourced HR and recruitment function, which includes examination of a company’s organisational recruitment, performance management and HR policies and procedures to draw on best practice HRIS, Payroll and Learning solutions. This tailored offering provides Talent2 with the ability to meet the HR and people requirements of its clients, whilst in the process increasing efficiency and productivity.

#### ***Payroll***

- 67 Payroll services are provided to small to large enterprises, government departments and large multi-national corporations. Talent2’s multi-currency and multi-language capabilities enable it to provide one of the most comprehensive service of its kind to the Asia Pacific region. The company currently provides payroll services for 1.2 million client employees in the Asia Pacific region, through 10 operation hubs servicing 29 countries. The business provides an annuity style income, with current levels of annuity income around 83% of payroll revenue.
- 68 During August 2008 the New Zealand Ministry of Education (MOE) confirmed the appointment of Talent2 as payroll provider to the government department from 2010. Upon completion of the development phase and related subsequent rollout the contract will cover around 110,000 people in New Zealand, or approximately 5% of the New Zealand workforce. The project has suffered delays due primarily to the general complexities associated with large contracts of this kind, with the commencement of payroll services now expected to be in August 2012.
- 69 The MOE project has been accounted for under the stage of completion method, with no profit or loss recognised to date. As at 31 May 2012 Talent2 had recorded a receivable from the MOE of NZ\$16.7 million, for work performed but not yet billable under the contract terms.

#### ***Learning***

- 70 Talent2 provides end-to-end learning and support solutions in a number of languages. The core focus of the Learning business is to develop the capabilities of its clients’ people and ensure their alignment with internal business processes and technology. The division’s capabilities were significantly enhanced with the acquisitions of Sugar and Origin in 2010. A range of formats are provided including on-site, one-on-one coaching and seminars, as well as virtual classroom and video conferencing.

#### ***Recruitment***

- 71 Talent2 provides a comprehensive suite of recruitment solutions, including all general placement services such as executive search and selection (for permanent, contract and interim placements). Recruitment derives approximately two-thirds of its revenues from the Australian and New Zealand markets and the remainder overseas. Traditionally the company’s primary clientele have been the management and executive segments of the market, which have been particularly impacted recently by weak demand.

## Financial performance

72 The financial performance of Talent2 for the three years ended 30 June 2011 (FY11), as well as the six month period to 31 December 2011 (1H FY12), is set out below:

Talent2 – financial performance				
	Audited FY09	Audited FY10	Audited FY11	Reviewed 1H FY12
	\$m	\$m	\$m	\$m
Managed Services	114.3	134.8	181.2	94.6
Recruitment	114.4	107.5	124.7	63.4
Operating revenue	228.7	242.3	305.9	158.0
Cost of rendering of services	(77.6)	(86.1)	(112.2)	(66.4)
Gross profit	151.1	156.2	193.7	91.6
Operating expenses	(140.6)	(136.5)	(165.7)	(86.4)
EBITDA <sup>(1)</sup> – Managed Services	12.9	12.6	21.9	5.8
EBITDA – Recruitment	(2.4)	7.1	6.0	(0.5)
<b>EBITDA – total</b>	10.6	19.8	28.0	5.3
Depreciation	(4.6)	(3.7)	(4.8)	(2.5)
<b>EBIT</b>	6.0	16.1	23.1	2.8
Net interest expense	(0.4)	(0.5)	(0.8)	(0.6)
<b>Operating profit before tax</b>	5.6	15.6	22.3	2.2
Significant items <sup>(2)</sup>	(11.0)	(5.1)	(6.0)	(3.4)
<b>Reported profit / (loss) before tax</b>	(5.5)	10.6	16.3	(1.2)
Income tax expense	(2.1)	(4.7)	(5.6)	(0.5)
<b>Reported profit / (loss) after tax</b>	(7.6)	5.8	10.7	(1.7)

### Note

- 1 Earnings before interest tax depreciation and amortisation (EBITDA).
- 2 Net significant items and intangible asset amortisation / impairments.
- 3 Revenue by geography is shown below:

Australia and New Zealand	176.9	175.9	206.9	112.4
Asia	32.6	39.1	58.6	28.6
Europe, Middle East, Africa (EMEA)	19.3	27.3	40.4	17.1
	228.7	242.3	305.9	158.0

Rounding differences may exist.

## Year ended 30 June 2010

73 FY10 revenue and EBITDA increased by 6% and 87% respectively compared to FY09, with the increase largely attributable to a turnaround in the Recruitment division. Reported earnings also benefited from partial contributions from the Sugar and Zapper acquisitions made at the beginning of H2 FY10. The results by division were as follows:

- (a) **Recruitment** – revenue decreased 6% to \$107.5 million while EBITDA increased from a loss of \$2.4 million in FY09 to \$7.1 million in FY10. The result reflected improved trading conditions across almost all of the geographies in which the company operates following the poor global financial crisis (GFC) related economic conditions of the previous year

## Annexure B – Independent Expert’s Report (continued)



- (b) **Managed Services** – revenue was up 18%, however EBITDA was flat due to the lag in converting new Managed Services revenue to profit.

### Year ended 30 June 2011

- 74 FY11 was a record year for Talent2, with revenue and EBITDA increasing 26% and 42% respectively over FY10, as companies invested in human capital ahead of an expected recovery in the global economy<sup>14</sup>.
- 75 The FY11 results by division were as follows:
- (a) **Recruitment** – EBITDA decreased by 16% compared to FY10 notwithstanding revenue growth of 16%, which reflected a continued investment in its Asia Pacific operations
- (b) **Managed Services** – EBITDA increased 74% over FY10 due to growth in its new and existing client base. The company also benefited from a full year contribution from the Zapper and Sugar businesses, as well as contributions from the Origin business acquired in July 2010<sup>15</sup>.

### Half year ended 31 December 2011

- 76 In H1 FY12 revenue grew by 7% (based on the corresponding period in FY11), but cash costs increased by 13.3% which reduced EBITDA by 59% compared to H1 FY11. The reported performance reflected the following:
- (a) soft employment market conditions and the deferral of hiring decisions by clients due to economic uncertainty associated with the European debt crisis amongst other factors
- (b) strategic investments (\$2 million) in marketing and systems for long-term growth, including a rebranding exercise
- (c) an increase in the total headcount by 20% in anticipation of continued growth
- (d) reduced demand for permanent recruitment due to a general level of uncertainty, particularly financial services sector related, combined with an increased headcount in the Recruitment division resulted in a 21% fall in productivity per consultant in this division
- (e) an investment in Managed Services and a changing revenue mix which resulted in lower margins for that division.

### Guidance for FY12 / FY13

- 77 On 21 June 2012 Talent2 announced its estimated results for FY12 (incorporating the 11 months to 31 May 2012 and its forecast for the month of June 2012):

<sup>14</sup> One negative however was an impairment charge of \$1.2 million made in respect of the Middle East operations and attributable to slower than previously forecast earnings from the region.

<sup>15</sup> The Learning business in particular benefited from these acquisitions (Sugar and Origin are education related), with Learning EBITDA increasing 64% over FY10.

“• consolidated revenue will be in the range of A\$315 million to A\$325 million; and

• consolidated EBITDA will be in the range of A\$9 million to A\$10 million.

*Global and regional economic uncertainty and the volatility of financial markets has continued to adversely influence decision making, particularly in relation to recruiting new permanent hires in Asia and Australia as well as delaying decision making in the larger managed services contracts.”*

- 78 Talent2 has not released performance guidance for FY13. Consensus forecasts for the year available from the four brokers that presently cover Talent2<sup>16</sup> reflect sales of \$342 million and EBITDA and EBIT of \$18.1 million and \$8.7 million respectively<sup>17</sup>.

### Cash conversion ratio

- 79 The historical cash conversion ratio for Talent2 (a comparison of ungeared pre-tax cash flow to EBITDA) is set out below:

Talent2 – cash conversion				
	Audited FY09	Audited FY10	Audited FY11	Reviewed 1H FY12
	\$m	\$m	\$m	\$m
Reported operating cash flow	12.7	10.0	12.1	(5.7)
Income tax (net)	3.7	3.6	6.8	6.9
Finance costs (net)	0.4	0.5	0.8	0.6
Adjusted operating cash flow	16.7	14.0	19.7	1.8
EBITDA	10.6	19.8	28.0	5.3
Cash conversion ratio	158.4%	70.8%	70.3%	33.6%

**Note:**  
Rounding differences may exist.

- 80 As noted above Talent2’s cash conversion ratio has reduced significantly in the latest half year period, which has been attributed to its investment in working capital and new staff, a temporary deterioration in debtors days receivable and the continued investment in the MOE project in New Zealand.

### Financial position

- 81 The financial position of Talent2 as at 30 June 2011 and 31 December 2011 is set out below:

<sup>16</sup> Broker forecasts are sourced from the Institutional Brokers’ Estimate System (IBES).

<sup>17</sup> Based on historical depreciation rates and the above forecast EBITDA, EBIT before acquisition intangible amortisation would be around \$13.1 million.

## Annexure B – Independent Expert’s Report (continued)



<b>Talent2 – financial position</b>		
	<b>Audited 30 Jun 11 \$m</b>	<b>Reviewed 31 Dec 11 \$m</b>
Cash and cash equivalents	20.6	5.3
Trade and other receivables	57.0	52.8
Other current assets	6.2	5.3
<b>Total current assets</b>	<b>83.7</b>	<b>63.4</b>
Plant and equipment	6.9	7.5
Other receivables	4.8	8.9
Deferred tax assets	3.7	2.5
Intangible assets	101.6	99.1
<b>Non-current assets</b>	<b>117.0</b>	<b>117.9</b>
<b>Total assets</b>	<b>200.8</b>	<b>181.4</b>
Trade and other payables and employment liabilities	36.4	30.4
Deferred consideration	7.0	3.9
Unearned income	7.0	7.3
Interest bearing borrowings	2.8	2.7
Current tax liabilities	6.2	-
Short-term provisions	6.6	6.3
<b>Total current liabilities</b>	<b>66.0</b>	<b>50.6</b>
Deferred consideration	5.0	3.9
Interest bearing borrowings	22.0	28.5
Long term provisions	0.8	0.8
<b>Total non-current liabilities</b>	<b>27.8</b>	<b>33.2</b>
<b>Total liabilities</b>	<b>93.8</b>	<b>83.8</b>
<b>Net assets</b>	<b>106.9</b>	<b>97.6</b>
<b>Note:</b>		
Rounding differences may exist.		

**Net interest bearing debt**

82 A summary of Talent2’s net debt position is shown below:

<b>Talent2 – net debt</b>		
	<b>Audited 30 Jun 11 \$m</b>	<b>Reviewed 31 Dec 11 \$m</b>
Cash and cash equivalents	(20.6)	(5.3)
Interest bearing liabilities – current	2.8	2.7
Interest bearing liabilities – non-current	22.0	28.5
<b>Net debt</b>	<b>4.2</b>	<b>25.9</b>

83 As at 31 May 2012 net debt had increased to \$27.3 million.

84 As a result of difficult trading conditions, Talent2 is currently operating with limited capacity for additional borrowing under its existing debt financing arrangements. Talent2’s principal lender, Westpac Banking Corporation (Westpac), has indicated that in the absence of the

Scheme it will be seeking to reduce Talent2's current debt funding levels in the near term by \$10 million. As such, Talent2 has entered into a Standstill and Facilities Amendment Agreement with Westpac (Standstill Agreement) pending the outcome of the Scheme.

### Intangible assets

85 A breakdown of intangible assets is set out below:

Talent2 – intangible assets		
	Audited 30 Jun 11 \$m	Reviewed 31 Dec 11 \$m
Goodwill	82.4	82.2
Acquired software intellectual property	10.1	7.8
Acquired candidate databases	0.6	1.2
Acquired customer contracts	0.7	0.7
Acquired customer relationships	7.5	6.9
Acquired brand name	0.3	0.3
	<u>101.6</u>	<u>99.1</u>

86 As indicated above the major component of intangible assets represents goodwill recognised upon the acquisition of various entities. With the exception of goodwill (which is tested annually for impairment), the various intangible assets recognised on acquisition are amortised over their estimated finite lives.

### Deferred consideration

87 As at 31 December 2011 potential deferred consideration payable in respect of recent acquisitions totalled \$7.7 million. Since then \$0.6 million (net) has been paid to the vendors, leaving \$7.1 million outstanding as at 31 May 2012.

### Share capital and performance

88 As at 15 June 2012, Talent2 had approximately 147.4 million fully paid ordinary shares on issue. In addition 9.4 million options had been issued to Talent2 employees (which vest upon the satisfaction of certain vesting criteria), of which approximately 4.1 million options are currently in the money<sup>18</sup>. Options on issue are subject to a separate scheme (the Option Scheme), details of which are set out in Section VIII.

### Significant shareholders

89 As at 15 June 2012 there was one significant shareholder in Talent2, being MBI with a holding of approximately 32.1 million Talent2 shares (representing 21.8% of the Talent2 shares on issue).

### Share price performance

90 The price of Talent2 shares from 1 July 2009 to 25 May 2012 (being the last trading day prior to the announcement of the Scheme) is summarised below:

<sup>18</sup> 1.6 million of these options had vested at the date of our report. Vesting conditions for the remaining non-vested options can be waived by management in the event of a takeover offer (or equivalent proposal).

## Annexure B – Independent Expert’s Report (continued)



## Talent2 – share price performance

	High \$	Low \$	Close \$	Monthly volume <sup>(1)</sup> 000
<b>Quarter ended</b>				
September 2009	1.46	0.77	1.35	2,325
December 2009	1.66	1.17	1.41	2,059
March 2010	1.49	1.26	1.40	1,446
June 2010	1.59	1.25	1.42	2,164
September 2010	1.54	1.30	1.49	1,393
December 2010	1.64	1.41	1.53	1,311
March 2011	1.75	1.50	1.67	1,331
June 2011	1.74	1.44	1.49	1,533
September 2011	1.50	1.04	1.18	2,151
<b>Month ended</b>				
October 2011	1.27	1.13	1.27	1,005
November 2011	1.27	0.95	1.01	1,021
December 2011	1.05	0.43	0.50	12,971
January 2012	0.60	0.47	0.60	7,950
February 2012	0.64	0.46	0.49	5,448
March 2012	0.52	0.45	0.45	6,207
April 2012	0.47	0.38	0.39	5,130
May 2012 <sup>(2)</sup>	0.76	0.33	0.48	4,692

**Note:**

1 Monthly volumes for each quarter represent average monthly volumes.

2 Up to 25 May 2012.

Source: Bloomberg.

- 91 The following graph illustrates the movement in the Talent2 share price over the four years to 25 May 2012 (being the last trading day prior to the announcement of the Scheme):

## Talent2 – share price history



Source: Bloomberg.

- 92 The Talent2 share price fell significantly from mid-2008 to May 2009, primarily due to the onset of the GFC and its related impact on earnings and trading multiples for businesses generally. Based on high expectations for robust earnings growth (given its exposure to Asia and the major shareholders' previous success in the industry) the share price subsequently recovered to pre-GFC levels<sup>19</sup>. An earnings downgrade announced on 16 December 2011, due primarily to difficult market conditions, prompted a sharp fall in the Talent2 share price.

#### Liquidity in Talent2 shares

- 93 The liquidity in Talent2 shares based on trading on the ASX over the 12 month period preceding the announcement of the Scheme is set out below:

Talent2 – liquidity of shares					
	Start date	End date	Value \$000	Volume 000	As a % of issued capital
3 months	26 Feb 12	25 May 12	7,641	17,361	11.8
6 months	26 Nov 11	25 May 12	21,111	42,825	29.1
12 months	26 May 11	25 May 12	33,670	52,484	35.8

Source: Bloomberg.

- 94 In the 12 month period prior to the announcement of the Scheme total share turnover equalled 35.8% of the issued shares in Talent2, indicating a reasonable level of market liquidity. However, since the profit downgrade announcement on 16 December 2011, Talent2 shares have exhibited significantly higher trading volumes.

<sup>19</sup> The share price performance in the period late 2009 to mid 2011 implied trading multiples significantly higher than comparable companies and the market generally, which we have attributed to high investor expectations as to the future earnings growth of the company.



## Annexure B – Independent Expert’s Report (continued)



### IV Industry overview

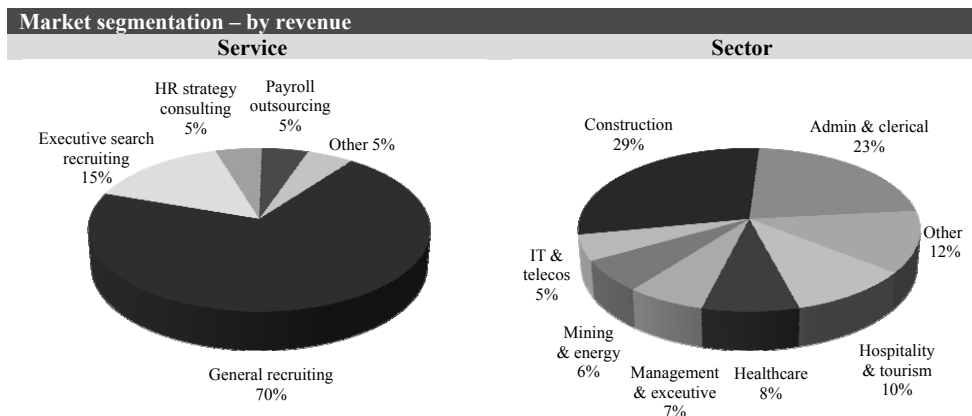
#### Overview

95 Talent2 is a recruitment and managed services company (HR outsourcing, payroll and learning services) and a leading HR BPO organisation in the Asia Pacific region. Approximately two-thirds of Talent2’s revenues are derived from Australia. This section therefore focuses on the employment and temporary staff services sectors of the Australian recruitment industry as well as the Asia Pacific HR BPO industry<sup>20</sup>.

#### Employment placement services

96 The employment placement services sector provides human resource services to employers and employees, involving personnel search, selection, referral and placement for permanent positions. Industry revenue in Australia was \$2.4 billion in FY11 with the largest segment being general recruiting, which represents approximately 70% of sector revenue. Other segments include executive search recruiting, human resource strategy consulting, training and testing, outplacement, payroll outsourcing and other administrative duties (which are largely managed services).

97 Another key segmentation is the distinction between the various sources from which the industry derives its revenue. The following charts provide a breakdown of these segments:



Source: IBISWorld, Employment Placement Services in Australia (March 2012).

98 The largest source of sector revenue is derived from the construction sector. Businesses seeking administration and clerical staff also account for a significant proportion of the demand in the industry (22% of industry revenue). Management and executive staff (Talent2’s primary focus) represents a relatively small proportion of the overall market, however in recent periods Talent2 has increased its focus to other industry segments.

<sup>20</sup> Including Australia and New Zealand.

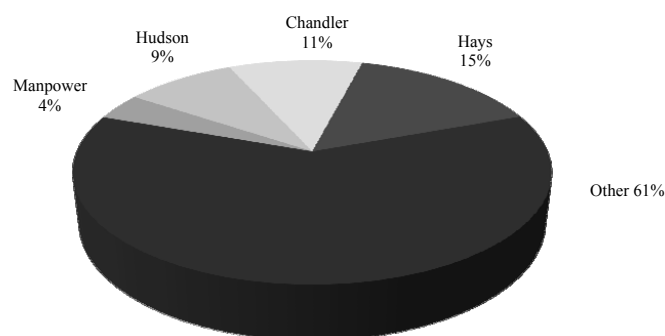
### Demand

- 99 The level of activity in the recruitment and other employment placement services sector generally provides a good indication of the health of an economy, as the industry follows the broad economic cycle. Movements in the labour market as well as levels of unemployment can also impact demand, which is also sensitive to:
- (a) changes in government employment and job programs
  - (b) outsourcing of employment related functions such as hiring contract staff and training and other personnel functions formerly undertaken in-house
  - (c) technological changes, particularly the use of the internet by both job seekers and employers, with the latter being able to maintain or access a database of potential employees; and
  - (d) changes to industrial relations and working conditions regulations.

### Competition

- 100 Barriers to entry in the employment placement sector are low, providing for high levels of competition. Price based competition is prevalent. However service based competition, such as client satisfaction, service quality and the development and maintenance of personal relationships with clients is also present. Recruitment firms also face competition from companies with in-house HR departments, which carry out internal recruitment and related functions<sup>21</sup>.
- 101 The following chart provides the composition of market share in Australia by revenue for the employment placement services sector:

Market share – 2012



Source: IBISWorld, Employment Placement Services in Australia (March 2012).

<sup>21</sup> However, the trend to outsource the HR function has underpinned growth in the sector to date and is expected to continue.

## Annexure B – Independent Expert’s Report (continued)

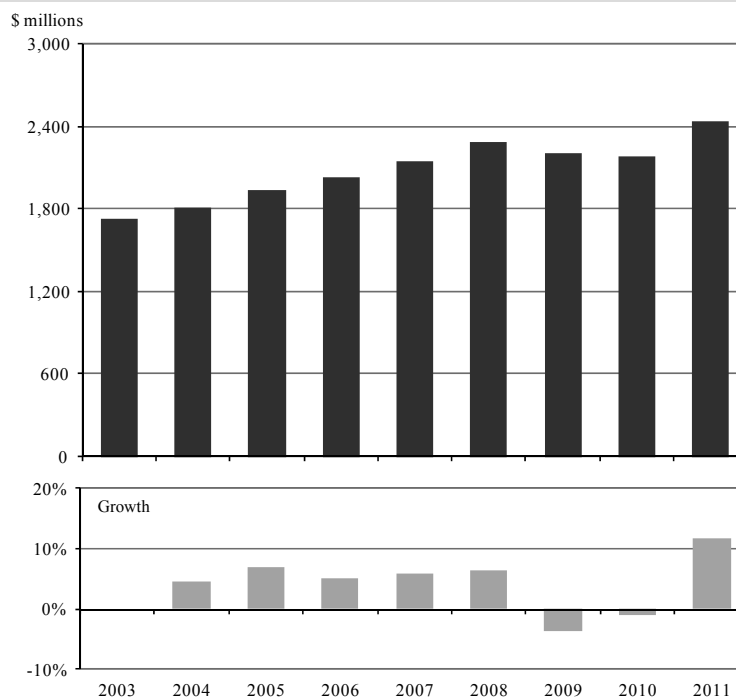


- 102 Whilst concentration has increased due to acquisitions as well as organic growth, the top four industry participants account for only approximately 39% of sector revenue. This relatively low industry concentration is reflective of high levels of competition, with many small and medium-size companies operating in the sector and targeting niche segments of the market, while the larger firms generally offer a full range of services.

### Historical performance

- 103 Since the mid-1990s, governments and businesses have increasingly opted for outsourced recruitment over in-house, which has fuelled industry growth. In particular, the Federal Government’s initiative in May 1998 to outsource employment services to private operators was a positive for the industry. Strong economic conditions and a low unemployment rate, provided the foundations for the sector’s robust performance throughout 2003 to 2008, as illustrated by the following graph:

**Employment placement services sector revenue**  
**Year ended 30 June**

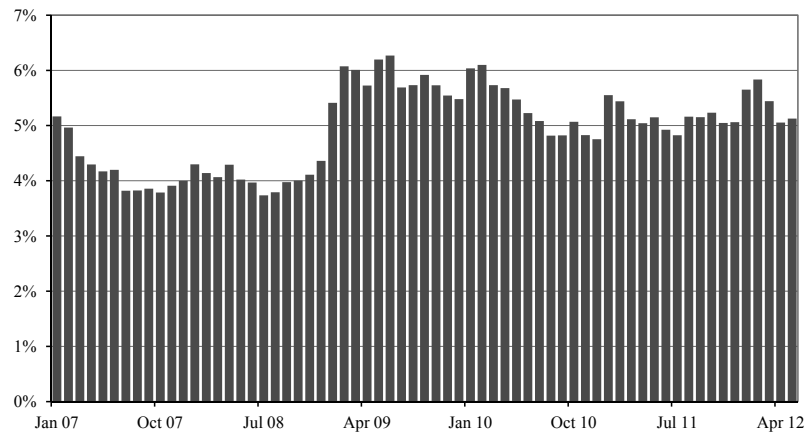


Source: IBISWorld, Employment Placement Services in Australia (March 2012 constant prices).

- 104 Prior to 2008 and the onset of the GFC, the Australian labour market was characterised by skills shortages and workers switching between jobs frequently. Low unemployment rates and a tight labour market led to high competition for quality employees and resulted in businesses turning to employment placement service operators for their recruitment needs.

However the GFC significantly impacted labour markets, with the unemployment rate rising from historical lows of around 4% to just above 6%<sup>22</sup>, as shown below:

**Australian unemployment rate**  
**1 January 2007 to 31 May 2012**



Source: Australian Bureau of Statistics (ABS).

- 105 The GFC altered the landscape of the employment placement services sector significantly, with revenue declining in both the years that followed (i.e. FY09 and FY10). Australian businesses sought to protect profit margins through redundancies and branch closures, which increased the number of workers seeking out a scarce number of jobs. In addition, the uncertainty surrounding economic conditions resulted in businesses opting for temporary over permanent staff to fill positions, which reduced employment placement service sector revenue in favour of temporary staff services sector revenue<sup>23</sup>. Employment placement services operators lowered prices to remain competitive, leading to lower profit margins. In an effort to protect profit margins many operators also resorted to cost cutting, via reducing wage expenses through headcount reduction, while several of the larger operators also closed branches.
- 106 During FY11 companies that had previously held back on hiring decisions in FY09 and FY10 began investing in their workforces again, with industry revenues surging on the back of this and higher prices implemented by operators. More recently, however, the level of anxiety in Australia and Asia surrounding the European debt crisis, coupled with reports that growth in China is beginning to slow significantly have increased uncertainty and lowered risk appetite. This has led to companies taking a more cautious approach in their investment and hiring decisions. At the same time Australia's two speed economy (mining versus non-mining) has led to a downturn in white collar jobs, while employment for mining and resources companies (a relatively small portion of the white collar labour market and an area which Talent2 does not have a large focus on) has grown significantly.

<sup>22</sup> On a comparative basis with other Western economies Australia's unemployment rate was, and still is, very low.

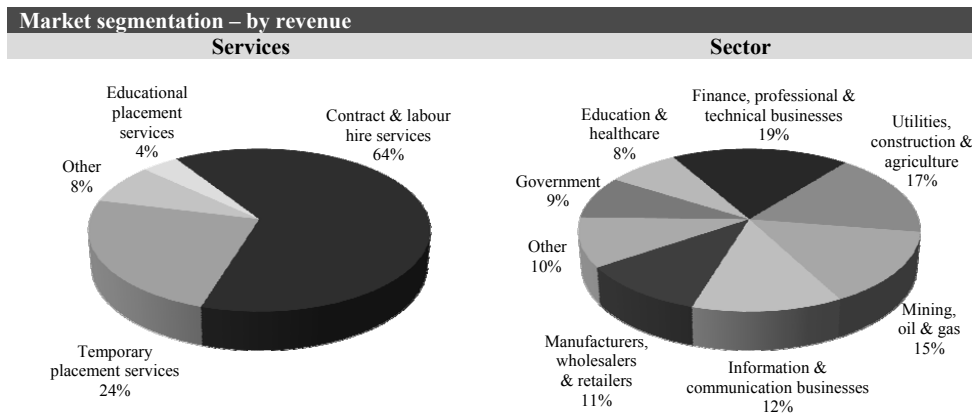
<sup>23</sup> However, as most employment placement service operators also operate in the temporary staff services sector, this provided some natural hedging of earnings.

## Annexure B – Independent Expert’s Report (continued)



### Temporary staff services

- 107 The temporary staff services sector provides temporary employees, either via the recruitment of staff who are employed by the client organisation on a temporary basis, or via the leasing of staff to clients. In the latter case the employee is under the control of the client for operational purposes but remains legally employed and paid by the provider.
- 108 Contract and labour hire services are the largest source of income for the industry (representing 64% of total revenue), while financial, professional and technical businesses are the single largest drivers of demand by industry segment, as shown below:



Source: IBISWorld, Temporary Staff Services in Australia (May 2012).

### Demand

- 109 Demand for temporary staff services is impacted by similar factors to the employment placement services sector, in that its performance tends to be cyclical in nature and fluctuates with economic performance, growth of labour markets and the unemployment rate. However, temporary staff services fared better than employment placement services during the GFC due to employers' preference for temporary over permanent staff at the time.

### Competition

- 110 The barriers to entry in the temporary staff services sector are relatively low, the most significant being the working capital requirements to fund the wages of temporary staff until the corresponding revenue is received. The sector is highly fragmented with a large number of small operators. IBISWorld estimate that the top four industry participants currently account for only around 22% of total industry revenue<sup>24</sup>. Skilled Group is the market leader with 11.2% market share, followed by Chandler Macleod with 5.9%.

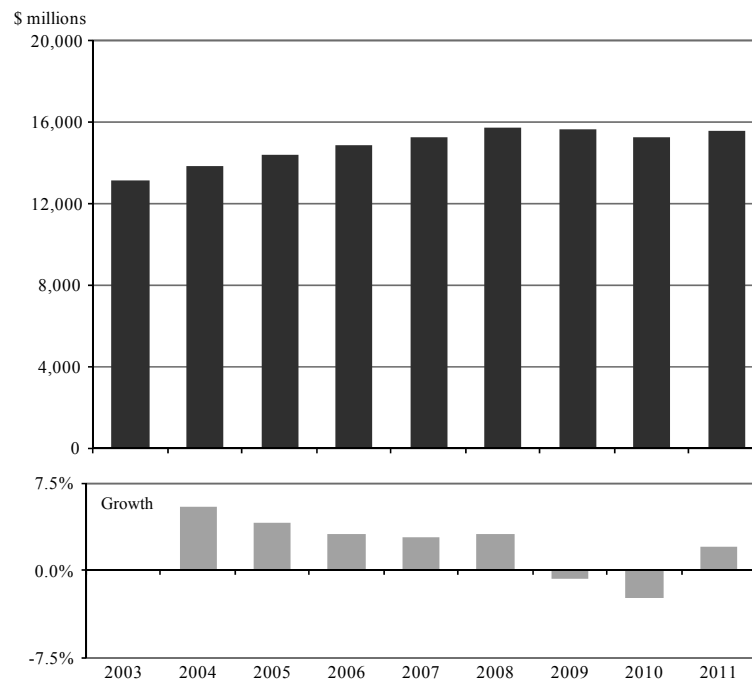
### Historical performance

- 111 Similar to the employment placement services sector, the temporary staff services sector benefited from strong economic conditions between 2003 and 2008. In addition, the sector

<sup>24</sup> IBISWorld, Temporary Staff Services in Australia, May 2012.

benefited from the strength of the resources sector and consequently high production levels, which has historically required high levels of temporary staff. Sector performance over the past 10 years is displayed below:

**Temporary staff services industry revenue**  
**Year ended 30 June**



Source: IBISWorld, Temporary Staff Services in Australia (May 2012).

- 112 Similar to the employment placement service industry, the temporary staff services sector was unable to avoid the impact of the GFC, with profit margins squeezed further over the period. This led to a decline in revenue of 0.7 % in FY09 and 2.5% in FY10. However, the sector recovered in 2011, leading to an increase in revenue of 2.1%.

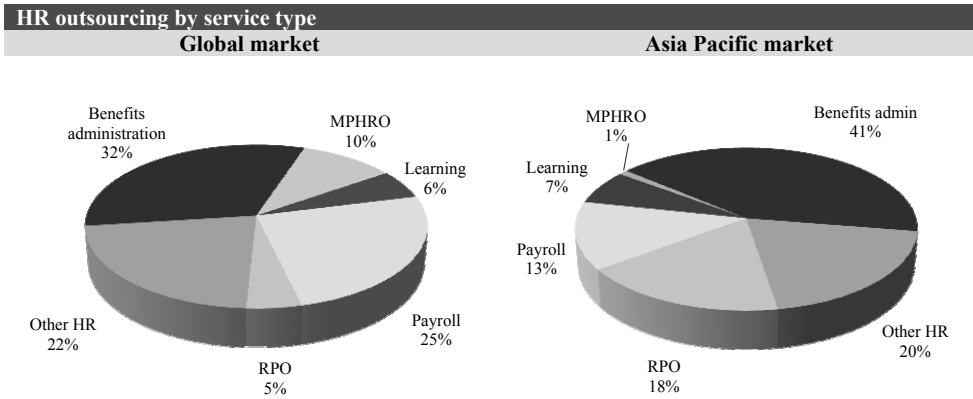
### HR BPO

- 113 HR BPO involves the operation of the HR processes for an organisation by a third party supplier. It can involve single services such as recruitment, payroll and learning as well as a combination of services (multi-process HRO).
- 114 On a global basis the addressable HR BPO market is very large, with industry revenues estimated by NelsonHall<sup>25</sup> at US\$53 billion in 2011. Revenues for Asia Pacific were US\$3.2 billion<sup>26</sup>, with a breakdown of the global and Asia Pacific markets shown below:

<sup>25</sup> NelsonHall is a specialist Business Process Outsourcing analyst company.

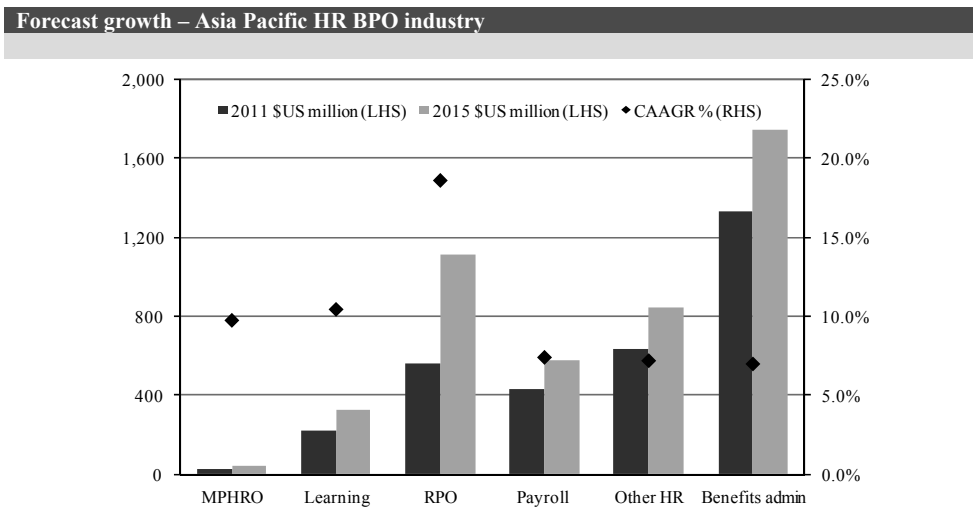
<sup>26</sup> Source: NelsonHall – HR Outsourcing Market Forecasts: 2011 – 2015 (Market Assessment, dated October 2011).

Annexure B – Independent Expert’s Report (continued)



MPHRO – multi process human resources outsourcing, RPO – recruitment process outsourcing.  
 Source: NelsonHall, HR Outsourcing Market Forecast: 2011 to 2015.

- 115 Based on research undertaken by NelsonHall the industry is fragmented, with the top 10 international companies representing just 28% of the global market. Talent2 ranks as the 21<sup>st</sup> largest company on a global basis. In the Asia Pacific region however, Talent2 is the largest HR BPO company with a 5.6% share of this market. Talent2 also boasts the largest payroll outsourcing and learning BPO operations in the Asia Pacific region<sup>27</sup>.
- 116 NelsonHall are forecasting high levels of growth for the Asia Pacific HR BPO industry (as shown in the chart below), which details estimated revenues in 2011 compared to those forecast for 2015, for each industry sub-segment:



<sup>27</sup> Source: NelsonHall – HR Outsourcing Market Forecasts: 2011 to 2015 (Market Assessment, dated October 2011 and May 2012).

- 117 Australia currently represents around 50% of the Asian Pacific market, which is a reflection of the high level of outsourcing taking place in Australian companies presently. However, the compound average forecast annual growth rates (CAAGR) for developing countries (i.e. China, India and other Asian countries) estimated by NelsonHall are significantly higher than those for developed economies (e.g. Australia and Japan). Notwithstanding these forecast growth levels, the Asia Pacific market is also experiencing the negative side effects from the current debt and related economic issues in Europe as well as a slowdown in white collar employment and as such there may be some downside risk inherent in these forecasts.

### Outlook

- 118 At present there are negative headwinds in the global economy due to debt problems in Europe, the possibility of lower growth from China (which would particularly impact Australia and Asia) and the related potential for a world recession. Domestically the Reserve Bank of Australia (RBA) has quoted soft labour market conditions at present, with concerns about unemployment remaining elevated (aside from mining)<sup>28</sup>. All of these factors are inherently negative for recruitment and managed services companies.
- 119 However, the RBA is forecasting that Australian gross domestic product (GDP) will grow 3.0% in 2012 and 2013, rising to 3.5% in 2014<sup>29</sup> (although some market commentators consider these projections to be optimistic). IBISWorld estimates that employment placement services industry revenue will increase at an average annual rate of 3% for the five years to FY17, and that temporary staff services industry revenue will increase 1% per annum to \$15.5 billion over the same period. IBISWorld also expects competition to remain high, which is likely to keep profit margins constrained.
- 120 As both recruitment and HR BPO services are highly sensitive to economic conditions (i.e. cyclical), the outlook for these industries should reasonably reflect the economic outlook. However given negative global headwinds, forecast economic growth levels may not eventuate.

<sup>28</sup> RBA, Statement on Monetary Policy – May 2012.

<sup>29</sup> RBA, Statement on Monetary Policy – May 2012.



## Annexure B – Independent Expert’s Report (continued)



### V Valuation approach

- 121 Regulatory Guide 111 – *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
  - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
  - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
  - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
  - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 122 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 123 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 124 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest, tax and amortisation (EBITA), earnings before interest and tax (EBIT) or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

- 125 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

### Methodologies selected

- 126 The market value of Talent2 has been assessed by aggregating the market value of the business divisions (i.e. Managed Services and Recruitment), together with the realisable value of any surplus assets and deducting net borrowings and deferred consideration payable in respect of prior acquisitions.
- 127 The valuation of the business has been made on the basis of market value as a going concern. The primary valuation method used to value Talent2's business has been the capitalisation of future maintainable EBITDA. Under this methodology the value of the business is represented by its core underlying maintainable EBITDA capitalised at a rate (or EBITDA multiple) reflecting the risk inherent in those earnings.
- 128 In our opinion the capitalisation of EBITDA method is the most appropriate methodology for Talent2's business divisions. This is because:
- (a) Talent2's business divisions operate in a relatively mature industry and have well established market positions<sup>30</sup>
  - (b) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken. Further, we note that it is difficult to reliably predict (on a year-by-year basis) the quantum and timing of any recovery in the recruitment and HR outsourcing markets
  - (c) the EBITDA multiples for listed companies exposed to similar industry sectors as Talent2's business divisions can be derived from publicly available information
  - (d) transaction evidence in the sector is generally expressed in terms of EBITDA (and EBIT) multiples
  - (e) given the low capital intensive nature of Talent2's activities, in our view a capitalisation of EBITDA approach (which capitalises operating profit before depreciation expenses) is more appropriate than a capitalisation of EBIT approach.

### Cross check

- 129 The resulting values have also been cross-checked by reference to the capitalisation of EBIT and net profit after tax (or price earnings (PE)) methods.

<sup>30</sup> While the market position in Asia is not as established as Australia, NelsonHall has estimated that Talent2's has the largest HR BPO network in the Asia Pacific region.

**Annexure B – Independent Expert’s Report (continued)**

- 130 While we consider the above approaches to be the most appropriate valuation methodologies in the circumstances, it is important to also cross-check the assessed Talent2 equity valuation against other valuation methodologies used in equity markets to assess the price that might be paid for 100% of Talent2. Accordingly, we have also considered the value of Talent2 by reference to the listed market price of Talent2 shares prior to 25 May 2012, being the last day of trading prior to the announcement of the Scheme, adjusted for an appropriate takeover premium.

## VI Valuation of Talent2

### Valuation methodology

131 As stated in Section V, we have adopted the capitalisation of EBITDA method as our primary valuation method. Under this method the EBITDA (before non-recurring items) is capitalised at an appropriate EBITDA multiple. The value of the shares in Talent2 is then derived by adding the net realisable value of surplus and other assets and deducting net interest bearing debt and the deferred consideration payable in respect of prior acquisitions. The resulting values have also been cross-checked by reference to the capitalisation of EBIT and net profit after tax (or PE) methods and by reference to the listed market price of Talent2 shares prior to the announcement of the Scheme, adjusted for a control premium.

### Assessment of normalised EBITDA

132 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historical results of each business unit, and have discussed each business unit's financial performance, operating environment and prospects with Talent2 management. A summary of Talent2's net sales revenue and operating EBITDA (by segment) for the three years ended 30 June 2012 is set out below<sup>31</sup>:

Revenue and EBITDA by segment			
	Actual 30 Jun 10 \$m	Actual 30 Jun 11 \$m	Forecast 30 Jun 12 \$m
<b>Operating revenue</b>			
Managed Services <sup>(1)</sup>	134.8	181.2	n/a
Recruitment	107.5	124.7	n/a
<b>Total</b>	<b>242.3</b>	<b>305.9</b>	<b>320.0<sup>(2)</sup></b>
<b>EBITDA</b>			
Managed Services <sup>(1)</sup>	12.6	21.9	n/a
Recruitment	7.1	6.0	n/a
<b>Total</b>	<b>19.8</b>	<b>28.0</b>	<b>9.5<sup>(2)</sup></b>

**Note:**

- 1 FY10 includes Zapper and Sugar business contributions from January 2010. FY11 and FY12 includes full year profit contributions from the Zapper, Sugar and Origin businesses.
- 2 Midpoint of guidance range provided for FY12 in the ASX announcement dated 21 June 2012. Round differences may exist.

133 As noted above and discussed in Section III, the trading performance of Talent2 has varied significantly over the period reflecting a combination of both favourable and adverse market conditions, together with the beneficial impact on earnings of a number of acquisitions.

<sup>31</sup> Earlier years are not as relevant given several Talent2 subsequent acquisitions particularly in FY10 and FY11.

## Annexure B – Independent Expert’s Report (continued)



- 134 For valuation purposes we have taken a medium term “through the cycle” view of the businesses and have adopted operating EBITDA (before non-recurring items) as follows:

<b>EBITDA assumed for valuation purposes</b>		
	<b>Low \$m</b>	<b>High \$m</b>
Managed Services	17.0	18.0
Recruitment	5.0	6.0

- 135 The level of earnings adopted for valuation purposes reflects in particular:
- on-going annual earnings contributions from the various businesses acquired in the period FY10 to FY12 (in particular Zapper, Sugar and Origin)
  - the level of historic earnings achieved in more favourable market conditions than those currently prevailing
  - the current cost structure of the businesses and the inherent productive capacity therein
  - the established nature of the business “footprint”, in particular as regards the operations established in the expected higher growth Asian region.

### EBITDA multiple

- 136 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

#### EBITDA multiple considerations

- The stability and quality of earnings
- The quality of the management and the likely continuity of management
- The nature and size of the business
- The spread and financial standing of customers
- The financial structure of the company and gearing level
- The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors
- The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors
- The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc
- The cyclical nature of the industry
- Expected changes in interest rates
- The asset backing of the underlying business of the company and the quality of the assets
- The extent to which a premium for control is appropriate
- Whether the assessment is consistent with historical and prospective earnings

- 137 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for Talent2’s Managed Services and Recruitment divisions.

### Listed company multiples

138 The EBITDA multiples for the Australian listed companies operating in the recruitment and HR sectors, as well as international companies operating in the HR BPO sector, are set out in Appendix C and summarised below. The multiples are based on each company's average broker forecasts (or actual results if available) for the 2012 and 2013 financial years:

Listed company multiples	EBITDA multiples	
	Forecast 2012	Forecast 2013
<b>Australian recruitment / HR companies</b>		
Range	5.7 – 12.2	4.7 – 6.4
Simple average	8.3	5.5
Median	7.6	5.5
<b>International HR BPO / recruitment companies</b>		
Range	3.1 – 7.4	3.0 – 5.5
Simple average	4.8	4.4
Median	4.4	4.7

139 In relation to the above, we note that:

- (a) the above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company
- (b) none of the above listed companies are directly comparable to Talent2's individual businesses. The majority of these companies are larger and have more diverse operations than Talent2's business divisions
- (c) with regard to the Australian listed companies we note that:
  - (i) with the possible exception of Chandler Macleod Group Ltd, the Australian companies are more focused on recruitment as opposed to HR BPO; and
  - (ii) the Australian companies are generally exposed to the same industry drivers and market trends (e.g. employment growth and business confidence etc) as Talent2
- (d) while the operations of the international listed companies are more comparable to those of Talent2's Managed Services division, we note that:
  - (i) these companies operate in different geographic regions and are therefore subject to different economic cycles. Accordingly, caution must be had in considering the usefulness of these multiples; and
  - (ii) Talent2's Managed Services division is exposed to the Asia Pacific market (the international listed companies are not overly exposed to this region), where higher growth levels are expected generally.

## Annexure B – Independent Expert’s Report (continued)

**Transaction evidence**

140 There have been a number of transactions in the Australian recruitment and HR sector. A summary of the EBITDA multiples implied by these transactions (which in most cases reflected the acquisitions of controlling interests) is shown below:

Transaction multiples			Enterprise value \$m	EBITDA multiples		EBIT multiples	
Date <sup>(1)</sup>	Target	Acquirer		Historical	Forecast	Historical	Forecast
Feb 12	AHS Services Group	Chandler Macleod Group	31.5	n/a	3.7	n/a	4.2
Jun 11	Total Recruitment Group	Humanis Group	16.9	4.0	3.6	4.2	3.7
Nov 10	Healthcare Australia Holdings	Healthcare Locums Plc	119.3	6.9	n/a	n/a	n/a
Nov 10	Ross Human Directions	Chandler Macleod Group	64.6	5.0	4.6	6.3	5.7
Jan-Jul 10	Origin / Sugar / Zapper	Talent2 International	56.9	n/m	3.9-5.7	n/a	n/a
Aug 09	Peoplebank Australia	Navis Capital Partners	108.1	5.7	n/a	6.0	n/a
Feb 08	Gemteq Executive	Rubicor Group	31.9	n/a	n/a	n/a	4.0
Dec 07	Ambit Group	Peoplebank Australia	100.0	9.7	6.8	10.0	7.0
Dec 07	Witan Jardine	Ambition Group	29.3	5.4	n/a	5.6	n/a
Aug 07	Offshore Marine Services	Skilled Group	121.0	n/a	6.2	n/a	n/a
Jul 07	Challenge Recruitment	Rubicor	19.0	6.6	6.6	7.5	7.4
Feb 07	Integrated Group	Programmed Maintenance Services	212.2	9.8	8.6	11.5	10.0
Jan 07	Swan Contract Personnel	Skilled Group	44.0	n/a	n/a	6.4	6.0
Aug 06	Tesa Group	Skilled Group	61.9	7.3	n/a	n/a	n/a
Aug 06	Catalyst Recruitment Systems	Skilled Group	49.5	8.1	n/a	n/a	n/a

**Note:**

1 Date of announcement.

**Source:** LEA analysis using data from ASX announcements, broker reports and company annual reports.

141 In relation to the transaction evidence it should be noted that:

- (a) except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- (b) none of the above businesses<sup>32</sup> are directly comparable to the businesses owned by Talent2
- (c) the companies acquired differ materially in terms of their size and nature of operations. Accordingly, in our view, the median or average multiples implied by these transactions are not necessarily representative of the multiples which should be applied to Talent2’s businesses
- (d) due to the significant impact of the GFC on the world economy and capital values generally, in our opinion, more regard should be had to the transaction multiples post December 2008
- (e) Talent2’s acquisition of Origin, Sugar and Zapper in 2010 (refer Section III) included total purchase consideration of approximately \$57 million and implied forecast EBITDA multiples ranging from 3.9 to 5.7 times. However, these businesses were also significantly smaller than Talent2’s Managed Services division (of which they now form a part) and as such, we would expect Talent2’s Managed Services business to trade on higher multiples

<sup>32</sup> Other than those acquired by Talent2.

- (f) the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings.

**Conclusion on appropriate EBITDA multiples**

- 142 Based on the above, in our opinion, an EBITDA multiple range of 6.0 to 6.5 is appropriate for the Managed Services business and 5.0 to 5.5 for the Recruitment business. In our view the higher multiple range for the Managed Services division is attributable to the higher growth prospects expected from the division (particularly from the Asian region), as well as lower implied earnings volatility (as compared to the Recruitment division).

**Value of core businesses**

- 143 On this basis the value of Talent2's core operating businesses (before debt) is as follows:

<b>Talent2 – valuation by division</b>		
	<b>Low \$m</b>	<b>High \$m</b>
<b>Managed Services</b>		
EBITDA	17.0	18.0
EBITDA multiple	6.0	6.5
	102.0	117.0
<b>Recruitment</b>		
EBITDA	5.0	6.0
EBITDA multiple	5.0	5.5
	25.0	33.0
<b>Total</b>	<b>127.0</b>	<b>150.0</b>

**Implied EBIT and PE multiples**

- 144 The EBIT (adjusted for acquisition intangibles) and PE multiples implied by our assessed value range are shown below:



## Annexure B – Independent Expert’s Report (continued)



Implied multiples		
	Low	High
<b>EBIT multiple</b>		
Enterprise value (\$m)	127.0	150.0
LEA assessed EBIT (normalised) (\$m)	17.0	19.0
EBIT multiple (x)	7.5	7.9
<b>PE ratio</b>		
Equity value (\$m)	103.6	128.3
LEA assessed profit after tax (\$m)	10.2	11.6
PE ratio (x)	10.2	11.1

**Note:**

1 LEA has assessed EBIT and profit after tax as follows:

	Low \$m	High \$m
EBITDA (Managed Services and Recruitment)	22.0	24.0
Depreciation	(5.0)	(5.0)
EBITA	17.0	19.0
Interest on debt (9% interest rate assumed)	(2.5)	(2.5)
Earnings before tax	14.5	16.5
Notional tax (30%)	(4.4)	(5.0)
Profit after tax	10.2	11.6

**Note:**

Rounding differences may exist.

- 145 Based on our review of the EBIT multiples and PE ratios for the listed comparables (refer Appendix C) and the implied EBIT multiples based on industry transactions, together with our assessment of the characteristics of Talent2’s businesses, we consider these cross-check multiples implied by our assessed valuation range to be reasonable.

**MOE contract**

- 146 As set out in Section III Talent2 is undertaking a significant project for the MOE in New Zealand. Talent2 has had to fund a proportion of the development stage, with these costs to be recouped over the remaining period of the contract subsequent to a successful implementation.
- 147 We have reviewed the projected cash flows anticipated to arise over the remaining period of the contract (FY13 to FY20) and have discounted these cash flows at equity discount rates of 15% to 20% per annum. The discount rate range reflects the remaining risks and uncertainties associated with the project, in particular the timing and likely success of implementation.
- 148 Accordingly, we have assessed the value of the project net cash flows in the range of \$7.8 million to \$8.8 million<sup>33</sup>.

<sup>33</sup> This reflects an underlying valuation range of NZ\$10.0 million to NZ\$11.3 million, converted at a rate of A\$1.00 = NZ\$1.28.

### Deferred consideration

- 149 As set out in Section III Talent2 has a number of outstanding commitments in respect of deferred consideration payable in connection with prior acquisitions. As at 31 May 2012 the liability totalled \$7.1 million.
- 150 We have had regard to the timing and terms (in particular the basis of potential earn-out payments) of the outstanding commitments and for valuation purposes have assessed the present value of these liabilities in the range of \$5.9 million to \$6.6 million.

### Net debt

- 151 As at 31 May 2012, Talent2 had net debt (being cash less interest bearing liabilities) of \$27.3 million.

### Effective shares on issue

- 152 Talent2 currently has approximately 147.4 million shares on issue. In addition there are approximately 4.1 million in the money options on issue<sup>34</sup>, which are both vested and unvested. In the event of a takeover or other control event, Talent2's Board can waive the performance hurdles and accelerate the vesting of those options. However, the Talent2 Board has not waived the performance hurdles nor accelerated the vesting of any unvested options. Given that intrinsic value is being offered for both vested and unvested in the money options in the Option Scheme, when valuing 100% of the shares in Talent2, in our opinion, it is appropriate to assume that additional shares in respect of all in the money options will be issued<sup>35</sup>.
- 153 For valuation purposes we have therefore assumed 151.5 million shares on issue.

### Value of Talent2

- 154 On this basis, the value of 100% of Talent2 on a controlling interest basis is as follows:

Talent2 – valuation summary			
	Paragraph	Low \$m	High \$m
Enterprise value	143	127.0	150.0
Cash from option exercise	152	2.7	2.7
MOE contract	146 - 148	7.8	8.8
Net debt	151	(27.3)	(27.3)
Deferred consideration payable	149 - 150	(6.6)	(5.9)
Value of Talent2 equity		<u>103.6</u>	<u>128.3</u>
Effective shares on issue	152 - 153	<u>151.5</u>	<u>151.5</u>
Value per share		<u>\$0.68</u>	<u>\$0.85</u>

<sup>34</sup> Talent2 also has 5.3 million out of the money options on issue.

<sup>35</sup> Notional cash raised from the issue of these shares is \$2.7 million.

## Annexure B – Independent Expert’s Report (continued)



### Comparison with listed market price

- 155 Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover).
- 156 In the one month and three months prior to the announcement of the Scheme, the volume weighted average price (VWAP) of Talent2 shares was \$0.39 and \$0.44 respectively. Adjusting these share prices for a 30% to 35% control premium would therefore result in a “theoretical” control value of \$0.51 to \$0.59 per share<sup>36</sup>. This theoretical value range is significantly below our assessed valuation range of Talent2 of \$0.68 to \$0.85 per share.
- 157 However, in our view, the listed market price of Talent2 shares prior to the announcement of the Scheme is, at best, only a limited value reference point upon which to derive the value of Talent2 shares on a 100% controlling interest basis. This is because:
- (a) prior to the announcement of the Scheme shares in Talent2 were trading at depressed levels subsequent to the announcement of the FY12 earnings downgrade in December 2011, which prima facie had not been anticipated by market analysts and investors in the company
  - (b) following release of the 1H FY12 results in February 2012 some market analysts formed a view that having regard to the increased level of indebtedness disclosed by Talent2, the company was likely to need to undertake an equity capital raising. Based on observed share market trading generally, potential capital raisings give rise to downward pressure on company share prices
  - (c) given the prevailing economic conditions generally in the sectors to which Talent2 provides its services, market analysts and investors are likely to have formed a view that earnings were unlikely to recover in the short-term sufficient to provide a reasonable basis for a recovery in the Talent2 share price.

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<sup>36</sup> We note that in the period subsequent to the announcement of the Scheme, the S&P/ASX 300 Index has increased by some 0.7% (from 4,022.3 to 4049.7 on 15 June 2012). However, the extent of the impact of the market movement and other recent announcements made by Talent2 on the Talent2 share price cannot (in the absence of the Scheme) be measured.

## VII Evaluation of the Scheme

158 In our opinion, the Scheme is fair and reasonable and in the best interests of Talent2 shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

### Assessment of the Scheme

#### Fairness

159 Pursuant to RG 111 the Scheme is “fair” if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Scheme Consideration to value of Talent2			
	Low	High	Mid-point
	\$ per share	\$ per share	\$ per share
Value of Scheme Consideration	0.78	0.78	0.78
Value of 100% of Talent2	0.68	0.85	0.77
Extent to which the Scheme Consideration exceeds (or is less than) the value of Talent2	0.10	(0.07)	0.01

160 As the Scheme Consideration lies within our assessed valuation range for Talent2 shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Talent2 shareholders when assessed based on the guidelines set out in RG 111.

#### Other qualitative factors

- 161 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.
- 162 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Talent2 shareholders in the absence of a superior proposal.
- 163 In assessing whether the Scheme is reasonable and in the best interests of Talent2 shareholders LEA has also considered, in particular:
- the extent to which a control premium is being paid to Talent2 shareholders
  - the extent to which Talent2 shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
  - the current funding position of Talent2
  - the listed market price of the shares in Talent2, both prior to and subsequent to the announcement of the proposed Scheme
  - the likely market price of Talent2 shares if the proposed Scheme is not approved, including the impact of a substantial capital raising which Talent2 expects to undertake if the proposed Scheme is not approved
  - MBI’s current shareholding in Talent2

## Annexure B – Independent Expert’s Report (continued)



- (g) the value of Talent2 to an alternative offeror and the likelihood of a higher alternative offer being made for Talent2 prior to the date of the Scheme meeting
- (h) the advantages and disadvantages of the Scheme from the perspective of Talent2 shareholders
- (i) other qualitative and strategic issues associated with the Scheme.

164 These issues are discussed in detail below.

### Extent to which a control premium is being paid

165 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company’s shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:

- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

166 We have calculated the premium implied by the Scheme Consideration by reference to the market prices of Talent2 shares (as traded on the ASX) for periods up to and including 25 May 2012 (being the last trading day prior to the announcement of the Scheme). Prior to the opening of trading on 28 May 2012 Talent2 announced they had entered into the Agreement in relation to the proposed Scheme.

167 The implied offer premium relative to Talent2 share prices is shown below:

Implied offer premium relative to recent Talent2 share prices		
	Talent2 share price	Implied offer premium
	\$	%
Closing share price on 25 May 2012 <sup>(1)</sup> :	0.475	64.3
1 month VWAP <sup>(2)</sup> to 25 May 2012	0.393	98.5
3 months VWAP <sup>(2)</sup> to 25 May 2012	0.439	77.7

**Note:**

- 1 Being the last day of trading prior to the announcement of the Scheme.
- 2 Volume weighted average price.

- 168 As indicated above, the Scheme Consideration represents a significant premium to the market price of Talent2 shares prior to the announcement of the Scheme on 28 May 2012. The implied premium is significantly above the average premiums paid in successful takeovers generally.
- 169 We consider the quantum of the implied premium reflects the depressed levels at which Talent2 shares have traded subsequent to the announcement of the FY12 earnings downgrade in December 2011, which prima facie had not been anticipated by market analysts and investors in the company. As noted in Section III, prior to this announcement Talent2 shares had consistently traded in excess of \$1.00 per share for a period of over 24 months (albeit reflecting high market expectations of the company).

**Extent to which Talent2 shareholders are being paid a share of synergies**

- 170 If the Scheme is approved by Talent2 shareholders, MBI will increase its interest in the company from approximately 21.8% to 50% and Allegis will acquire a 50% interest in the company. We understand Mr Morgan and Mr Banks will retain their existing roles in the company and that no changes of significance are planned as regards the operations of Talent2. The major change will therefore be ownership related.
- 171 In the circumstances we have assumed that the business impact of the proposed transaction will be limited to costs associated with the existing public company status of Talent2, which will no longer be incurred. We consider the synergy benefits associated with such cost savings to be reflected in the Scheme Consideration payable.

**Potential equity capital raising**

- 172 As at 31 May 2012 Talent2 had net debt of \$27.3 million. In addition, the company had short to medium term funding commitments in respect of deferred consideration of \$7.1 million payable in relation to prior acquisitions, together with working capital funding requirements for the MOE project in New Zealand.
- 173 Given the significant decline in earnings in FY12, in the absence of the proposed transaction, Talent2 has indicated that it expects to undertake an equity capital raising of approximately \$20.0 million to reduce debt levels and fund future growth. We understand the proposed capital raising has the support of MBI, the largest shareholder in Talent2<sup>37</sup>.
- 174 If the Scheme is not implemented, existing Talent2 shareholders may therefore need to increase their investment in the company or be significantly diluted.
- 175 A capital raising of approximately \$20.0 million would be significant for Talent2, given the prevailing market capitalisation of the company in the absence of the Scheme<sup>38</sup>.
- 176 Large capital raisings are generally priced at a discount to the prevailing share market price. The size of discount is dependent on the circumstances of the particular issue, having regard to factors such as the amount of money being raised, the purpose of the issue and the size of the raising (as a percentage of existing issued shares). The typical range of observed

<sup>37</sup> We have been advised that if the equity capital raising proceeds, MBI will consider a partial underwriting of the amount to be raised.

<sup>38</sup> The market capitalisation of Talent2 prior to the announcement of the Scheme on 28 May 2012 was around \$65.0 million.

## Annexure B – Independent Expert’s Report (continued)



discounts is between 5% and 20% (but can be higher or lower depending on market conditions and the above factors)<sup>39</sup>.

- 177 In the circumstances of a potential capital raising we consider it unlikely that existing Talent2 shareholders would be willing or in a position to provide all the required level of equity funding and that a successful capital raising would likely require a significant component of institutional funding. The interests of existing shareholders in Talent2 that did not participate in the capital raising would therefore be significantly diluted.
- 178 In contrast the Scheme:
- (a) provides Talent2 shareholders with consideration of \$0.78 per share rather than seek additional investment monies from them
  - (b) implicitly avoids the dilution associated with any future equity capital raising.

### **Recent share prices subsequent to the announcement of the Scheme**

- 179 Shareholders should note that Talent2 shares have traded on the ASX in the range of \$0.735 to \$0.765 per share in the period since the Scheme was announced up to 15 June 2012. The VWAP for the period was \$0.749 per share, and on 15 June 2012 Talent2 shares last traded at \$0.765 per share. These share prices are lower than the Scheme Consideration and suggest that the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Scheme is likely to be successful.

### **Likelihood of an alternative offer**

- 180 We have been advised by the Independent Directors of Talent2 that no formal alternative offer or proposal has been received subsequent to the announcement of the Scheme on 28 May 2012.
- 181 In our opinion, there are limited prospects of a higher offer or superior proposal to the Scheme being received prior to the Scheme meeting. This is because:
- (a) MBI (an entity controlled by Mr Banks and Mr Morgan, each of whom are directors of Talent2) owns approximately 21.8% of the Talent2 shares on issue, which is likely to deter alternative offerors
  - (b) any alternative offer by another party for 100% of Talent2 could not succeed unless MBI agreed to sell its shareholding
  - (c) MBI has held a significant shareholding in Talent2 since the company’s inception and has not indicated any intention of selling
  - (d) the Talent2 business is highly complementary to the existing business of Allegis and consistent with the growth strategy of the company.

### **Likely price of Talent2 shares if the Scheme is not approved**

- 182 If the Scheme is not approved by Talent2 shareholders and the Court, and no higher offer or alternative proposal emerges, we would expect that, at least in the short-term, Talent2 shares

<sup>39</sup> Based on empirical evidence undertaken by LEA.



would trade at a significant discount to our valuation and the Scheme Consideration (consistent with the difference between the value of Talent2 on a portfolio basis and the value on a 100% controlling interest basis).

- 183 If the Scheme is not implemented those Talent2 shareholders who wish to sell their Talent2 shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than will be payable under the Scheme.

**Other considerations**

- 184 The nature of the business operations undertaken by Talent2 is that they are inherently subject to prevailing economic conditions. In periods where these conditions deteriorate markedly the earnings of the business(es) can decline significantly, with corresponding significant declines in the price at which Talent2 shares trade on the ASX. A graphic illustration of the above is set out in Section III of our report.

- 185 We have assessed the current value of Talent2 having regard to the medium to longer term prospects of the company. As the Scheme Consideration lies within our assessed value range for Talent2, we consider these prospects are reasonably reflected in the Scheme Consideration payable. However, individual shareholders in Talent2 with a longer term investment horizon may prefer not to support the Scheme in order to seek to realise a higher underlying value over time.

**Summary of opinion on the Scheme**

- 186 We summarise below the likely advantages and disadvantages for Talent2 shareholders if the Scheme proceeds.

**Advantages**

- 187 The Scheme has the following benefits for Talent2 shareholders:

- (a) the Scheme Consideration of \$0.78 cash per share is consistent with our assessed value range of Talent2 on a 100% controlling interest basis
- (b) the Scheme Consideration represents a significant premium to the recent market prices of Talent2 shares prior to the announcement of the proposed transaction on 28 May 2012
- (c) furthermore, the premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances (although this is primarily because Talent2 shares were significantly undervalued prior to the announcement of the Scheme)
- (d) in the absence of the Scheme (or a comparable proposal) Talent2 has indicated that it expects to undertake a significant equity capital raising to reduce debt levels and fund future growth. Such an equity raising is likely to be priced at a significant discount to the market price of Talent2 shares at the time, and would be dilutive to those existing Talent2 shareholders that did not participate in the capital raising
- (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Talent2 shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings).



## Annexure B – Independent Expert’s Report (continued)



188 Further, it should be noted that as MBI owns approximately 21.8% of the Talent2 shares there are limited prospects that a competing offer for Talent2 shares will be received prior to the Scheme meeting.

### **Disadvantages**

189 Talent2 shareholders should note that if the Scheme is approved they will no longer hold an interest in Talent2. Talent2 shareholders will therefore not participate in any future value created by the company as a result of on-going operations over and above that reflected in the Scheme Consideration.

190 In this regard, Talent2 has achieved levels of profitability in prior years (most recently in FY11) above those on which our assessed valuation has been based. However, in our opinion, the current value of this future earnings potential is reasonably reflected in the Scheme Consideration.

### **Conclusion**

191 Given the above analysis, we consider that the acquisition of Talent2 shares by MBI and Allegis under the Scheme is fair and reasonable and in the best interests of Talent2 shareholders in the absence of a superior proposal.

192 We note that Talent2 Shareholders (other than the Excluded Shareholders) must pass a number of resolutions in order for the Scheme to proceed (including the Scheme resolution and the Section 611 Item 7 resolution). In our opinion, the advantages of the Scheme outweigh the disadvantages and the proposals the subject of both resolutions are fair and reasonable for the reasons stated above.

## VIII Evaluation of the Option Scheme

### The Option Scheme

- 193 There is also proposed a scheme of arrangement with option holders in Talent2 which, if approved<sup>40</sup>, will result in all outstanding options being cancelled in return for a cash payment (the Option Scheme).
- 194 Details of outstanding options and the proposed consideration for each option under the Option Scheme are set out below:

Tranche	ASX Code	Expiry Date	Exercise Price \$	No. of Talent2 options	Vested Talent2 options	Non-vested Talent2 options	Consideration per Talent2 option \$
B	TWOAH	10 Sep 13	2.93	487,200	335,200	152,000	0.010
D	TWOAL	20 Feb 13	2.25	49,000	49,000	-	0.010
E	TWOAI	23 Apr 13	1.78	10,000	10,000	-	0.010
F	TWOAM	13 Aug 13	1.25	10,000	7,500	2,500	0.012
H	TWOAM	22 Oct 13	1.04	1,877,150	1,336,362	540,788	0.018
J	TWOAM	18 Feb 14	0.63	56,000	42,000	14,000	0.150
K	TWOAM	20 Apr 14	0.55	20,000	15,000	5,000	0.230
L	TWOAM	3 Jun 14	0.68	3,424,500	2,506,500	918,000	0.100
N	TWOAM	21 Oct 14	1.45	30,000	15,000	15,000	0.019
O	TWOAM	8 Jan 15	1.42	275,000	137,500	137,500	0.022
P	TWOAM	15 Feb 15	1.33	100,000	50,000	50,000	0.026
Q	TWOAM	21 Apr 15	1.46	50,000	25,000	25,000	0.024
R	TWOAM	16 Jun 15	1.41	20,000	10,000	10,000	0.028
A2	TWOAM	1 Jul 15	1.42	50,000	12,500	37,500	0.028
B2	TWOAM	13 Sep 15	1.45	165,000	41,250	123,750	0.030
C2	TWOAM	20 Oct 15	1.51	10,000	2,500	7,500	0.029
D2	TWOAM	15 Dec 15	1.48	25,000	6,250	18,750	0.032
E2	TWOAM	4 Feb 16	1.53	75,000	18,750	56,250	0.032
F2	TWOAM	11 May 16	1.67	75,000	18,750	56,250	0.031
G2	TWOAM	5 Aug 16	1.38	165,000	-	165,000	0.046
H2	TWOAM	5 Aug 16	1.38	100,000	-	100,000	0.046
I2	TWOAM	26 Oct 16	1.17	1,085,000	-	1,085,000	0.063
J2	TWOAM	16 Dec 16	1.01	70,000	-	70,000	0.081
K2	TWOAM	2 Feb 17	0.52	600,000	-	600,000	0.260

### Methodology

- 195 There are a number of accepted valuation methodologies available with which to value options over shares in a company. The two most commonly used of these models are the Black-Scholes option valuation model and the Binomial option pricing model. These models value an option based on a model (log normal variation) of the behaviour of the value of the asset (shares) over which options are held. The value of an option is then calculated as an output of the following fundamental determinants of option value:

- the current market value of the underlying asset (share)
- the exercise price of the option

<sup>40</sup> The Option Scheme meeting to approve the Option Scheme will not proceed unless the Share Scheme resolution is first approved by Talent2 shareholders.

## Annexure B – Independent Expert’s Report (continued)



- (c) the time to expiry of the option
- (d) the prevailing level of the risk-free interest rate
- (e) the expected volatility of the value of the underlying asset (share) over the period until the expiry of the option
- (f) the level of dividends expected to be paid on the asset (share) in the period until the expiry of the option and their timing.

196 The Black & Scholes option valuation model is not designed to take into account dividends expected to be received on the underlying shares. Given Talent2’s current situation, we have assumed that no dividends will be paid in respect of FY12 and that subsequent dividends would be reduced below prior market expectations to a level of some 2.0 cents per share for FY13 (payable in September 2013). We have therefore considered the value of the options using the Binomial option pricing model.

197 We comment below on each of the fundamental determinants of an option’s value.

### **The current market value of the underlying asset**

198 The underlying asset is Talent2 shares. This is because, for every option exercised, the holder will receive one new ordinary share in Talent2.

199 Consistent with the opinion expressed in Section VI, we have assessed the value of Talent2 shares (on a 100% controlling interest basis) at \$0.68 to \$0.85 per share<sup>41</sup>.

### **The exercise prices and expiry dates of the options**

200 The exercise prices and the expiry dates of all options are set out in paragraph 194 above.

201 There is a range of vesting periods, including variations within several tranches. In each case vesting is only dependent on continuation of service to the vesting date.

### **The risk-free interest rate**

202 The risk-free rate used to value an option is generally defined to be the interest rate on government bonds of a maturity equivalent to the term of the option. This rate is used to take into account the fact that a call option holder will not have to pay the exercise price until the call option (being the right, but not the obligation to buy an asset at a specified price) is exercised, and the fact that the present value of the exercise price is therefore less than the exercise price due to the time value of money. Instead, the call option holder can invest the cash (which he would otherwise need to exercise the option) “risk-free” until expiry or exercise of the option.

203 For the purposes of our valuation we have adopted the yield to maturity at the close of business on 14 June 2012 on the treasury bonds whose maturity date provides the closest approximation to the expiry date of the option being valued. On this basis the following risk-free rates have been adopted:

<sup>41</sup> In our opinion, it is appropriate to adopt a share value assessed on a controlling interest basis (rather than on a portfolio basis) as the purchaser of the shares and options under the Share and Option Schemes will obtain 100% control of Talent2.

Tranche	Expiry date	Risk free rate %
B	10 September 2013	2.675
D	20 February 2013	2.865
E	23 April 2013	2.675
F	13 August 2013	2.675
H	22 October 2013	2.675
J	18 February 2014	2.360
K	20 April 2014	2.360
L	3 June 2014	2.370
N	21 October 2014	2.355
O	8 January 2015	2.355
P	15 February 2015	2.355
Q	21 April 2015	2.270
R	16 June 2015	2.270
A2	1 July 2015	2.270
B2	13 September 2015	2.325
C2	20 October 2015	2.325
D2	15 December 2015	2.325
E2	4 February 2016	2.350
F2	11 May 2016	2.350
G2	5 August 2016	2.350
H2	5 August 2016	2.350
I2	26 October 2016	2.350
J2	16 December 2016	2.350
K2	2 February 2017	2.375

### Volatility

- 204 Option pricing models require estimation of the future volatility of the underlying asset price (in this case shares in Talent2).
- 205 Volatility is a measure of the level of fluctuation in the value of the underlying asset. The volatility is measured as the standard deviation of the underlying asset's returns. The more volatile the underlying asset's returns the higher the value of the option<sup>42</sup>.
- 206 In order to estimate the future volatility of a share, its historical volatility is often used as a guide to the future volatility over the term of the option. This approach is necessary as it is often not possible to measure future volatility. However, volatility measured on an historical basis will not necessarily reflect future volatility and different investors may have different expectations about future volatility. In the current situation, the most appropriate measure of volatility would be the expected future volatility of Talent2 shares in the eyes of potential purchasers of the option.
- 207 In the case of Talent2 there was a major discontinuity in share price following the announcement of a profit downgrade on 16 December 2011. Accordingly we have primarily based our assessment on volatility prior to 16 December 2011.

<sup>42</sup> This is because the more volatile the underlying asset's returns, the greater the value associated with the outcomes where the option is in the money, i.e. share price exceeds exercise price at expiry.

## Annexure B – Independent Expert’s Report (continued)



- 208 The historical volatility of Talent2 shares traded on the ASX over various periods is shown below:

Talent2 – share price volatility		
	Weekly %	Monthly %
17 December 2011 to 25 May 2012	123.9	108.4
1 year to 16 December 2011	31.8	30.7
2 years to 16 December 2011	34.6	24.0
5 years to 16 December 2011	59.5	46.2
7 years to 16 December 2011	53.6	41.3

- 209 The above volatility rates are very high and the most recent period appears to have been impacted by uncertainty following the profit downgrade. The longer periods include the volatility associated with the GFC. Furthermore, these measured volatilities are for minority interests, rather than for the whole entity on a controlling interest basis.
- 210 The level of debt and other fixed liabilities in Talent2 increases the volatility of the equity to changes in business value. Accordingly, we have adopted a volatility rate of 30% for valuation purposes. In our view this is an appropriate volatility rate to apply when valuing the options, having regard to both Talent2’s historical share price volatility and the volatility of other listed HR companies.

### Dividends

- 211 As discussed above, we have assumed no dividend will be payable in respect of FY12 and that a dividend of some 2.0 cents per share would be payable in respect of FY13 with subsequent dividends at a similar yield.

### Valuation of options

- 212 In valuing each series we have calculated values for each vesting term, then determined average value for the series weighted by the number of outstanding options. We note that due to no dividend being expected in respect of FY12 and low subsequent dividends, the calculated values differs by relatively small amounts with vesting status or vesting dates.
- 213 Based on the above, the value of each option series compared with the consideration payable under the Option Scheme is as set out below:

Option series	Value of Options		Consideration \$	Excess / (Shortfall)	
	Low \$	High \$		Low \$	High \$
B	-	-	0.010	0.010	0.010
D	-	-	0.010	0.010	0.010
E	-	-	0.010	0.010	0.010
F	0.001	0.012	0.012	0.011	0.000
H	0.009	0.045	0.018	0.009	(0.027)
J	0.111	0.241	0.150	0.039	(0.091)
K	0.160	0.306	0.230	0.070	(0.076)
L	0.097	0.214	0.100	0.003	(0.114)
N	0.006	0.023	0.019	0.013	(0.004)
O	0.008	0.029	0.022	0.014	(0.007)
P	0.012	0.040	0.026	0.014	(0.014)
Q	0.009	0.032	0.024	0.015	(0.008)
R	0.014	0.043	0.028	0.014	(0.015)
A2	0.013	0.039	0.028	0.015	(0.011)
B2	0.014	0.041	0.030	0.016	(0.011)
C2	0.014	0.041	0.029	0.015	(0.012)
D2	0.016	0.046	0.032	0.016	(0.014)
E2	0.014	0.041	0.032	0.018	(0.009)
F2	0.012	0.035	0.031	0.019	(0.004)
G2	0.026	0.066	0.046	0.020	(0.020)
H2	0.026	0.065	0.046	0.020	(0.019)
I2	0.044	0.102	0.063	0.019	(0.039)
J2	0.066	0.140	0.081	0.015	(0.059)
K2	0.211	0.352	0.260	0.049	(0.092)

## Opinion on Option Scheme

### Fairness

- 214 As indicated above the respective consideration payable under the Option Scheme exceeds our assessed value of the Talent2 options for all series. Accordingly in our opinion the Option Scheme is fair.
- 215 We note that in the case of vested options within the J, K and L series<sup>43</sup>, option holders could achieve the same consideration by exercising into the Share Scheme if this proceeds, however this may have disadvantageous tax consequences (option holders should take tax advice in respect of their individual situation).
- 216 It should be noted that our calculated option values do not reflect any discount to reflect their lack of marketability, on the basis that our valuation is being prepared in response to a proposal to cancel the options for a cash payment. However, option holders should note that, in the absence of the Option Scheme (or an alternative proposal):
- (a) it is likely that most option holders could not sell their options as there is no secondary market for them and most exercise prices are significantly above the current value of Talent2 shares

<sup>43</sup> There are no vested K2 options.

**Annexure B – Independent Expert’s Report (continued)**

- (b) as a result of (a), option holders are likely to have to exercise the options in order to crystallise any value for them. This would be valuable for some options but might have adverse tax consequences, as noted above.

**Reasonableness**

- 217 Since the consideration offered is fair, under ASIC guidelines it necessarily must also be reasonable.
- 218 Furthermore, we have not applied any discount to our calculated option values for the risk that the continuation in service requirement for vesting would not be met.
- 219 Given that there is no market for these options, a potential uncertainty as to whether unvested options will vest and a high risk that the Talent2 share price will fall below our controlling interest valuation range if the Share Scheme does not proceed, in our view it would be reasonable to accept the Option Scheme even if the consideration were slightly below fair value.

**Conclusion**

- 220 The Option Scheme is fair and reasonable and in the best interests of Talent2 optionholders.



## Appendix A

### Financial Services Guide

#### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

#### Financial Services Guide

- 3 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Talent2 shareholders in connection with the Scheme.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

#### Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

#### General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$90,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.



## Annexure B – Independent Expert’s Report (continued)



### Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm’s profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

#### **Complaints**

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

#### **Contact details**

- 14 LEA can be contacted by sending a letter to the following address:

Level 27  
363 George Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)

## Appendix B

### Qualifications, declarations and consents

#### Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared many hundred independent expert's reports.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 18 years and 26 years experience respectively in the provision of valuation advice.

#### Declarations

- 3 This report has been prepared at the request of the Independent Directors of Talent2 to accompany the Scheme Booklet to be sent to Talent2 shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Talent2 shareholders.

#### Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 LEA has had no prior business or professional relationship with Talent2 or MBI and Allegis prior to the preparation of this report.

#### Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Talent2 agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Talent2 which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

#### Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

## Annexure B – Independent Expert’s Report (continued)



## Appendix C

## Listed company multiples

- The value of Talent2 is based, inter-alia, on observed sharemarket trading multiples for similar or comparable ASX listed companies with recruitment and HR operations. We note that there are differences between the listed companies and Talent2 in terms of size (in particular), growth profile, types of industry sectors targeted (for example recruitment and HR BPO) and types of operations. Given the Australian companies are generally more recruitment focused we have also had regard to international companies operating in the global HR BPO sector.
- The implied EBITDA, EBIT and PE multiples for the listed recruitment / HR and HR BPO companies based on share market trading are set out below, as well as a description of their activities. These multiples provide some guidance as to the enterprise and equity values for Talent2.

Listed company multiples <sup>(1)</sup>							
Company / sector	EV <sup>(2)</sup> A\$m	EBITDA multiple		EBIT multiple <sup>(4)</sup>		PE multiple	
		Forecast FY12 <sup>(3)</sup>	Forecast FY13 <sup>(3)</sup>	Forecast FY12 <sup>(3)</sup>	Forecast FY13 <sup>(3)</sup>	Forecast FY12 <sup>(3)</sup>	Forecast FY13 <sup>(3)</sup>
		x	x	x	x	x	x
<b>Australian recruitment / HR companies</b>							
Skilled Group	628.5	6.9	6.4	8.2	7.5	11.3	10.1
Chandler Macleod Group	246.0	5.7	4.7	7.3	5.9	9.2	7.3
Rubicor Group	91.4	12.2	n/a	12.7	n/a	n/m	n/a
Clarius Group	40.2	8.2	5.5	9.6	6.1	14.8	8.7
<b>International HR BPO / recruitment companies</b>							
USG People	900.9	5.7	5.2	9.2	6.4	n/a	7.4
Insperty	500.3	6.1	5.1	7.8	6.3	16.2	14.3
Kelly Services	471.6	4.4	3.6	6.4	5.0	8.0	8.4
Korn/Ferry International	341.9	3.5	4.7	4.1	5.9	10.3	8.9
Barrett Business Services	213.9	7.4	5.5	8.2	5.9	23.9	14.1
Synergie	102.1	3.4	3.0	3.7	3.5	7.9	7.9
Harvey Nash Group	47.9	3.1	3.4	4.0	4.5	6.4	6.0

**Note:**

- Multiples and enterprise value calculated as at 15 June 2012.
- Enterprise value includes net debt (interest bearing liabilities less cash), net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution and share placements.
- The Australian companies all have a 30 June financial year end and are based on analyst forecast results for FY12 and FY13. With the exception of Korn/Ferry International which has an April year end (and is based on actual results for FY12), the international companies are based on calanderised earnings for the year ended 30 June 2012 which includes actual and expected results (Harvey Nash Group with a 31 January year end has been calanderised to 31 July). FY13 for the international companies is based on calanderised analyst forecasts for the year to 30 June 2013. Forecast earnings are based on Bloomberg and Reuters broker average forecast (excluding outliers and outdated forecasts).
- Adjusted for non-cash intangible amortisation expenses that relate to previously acquired businesses.

**Source:** Bloomberg, latest statutory accounts, company announcements, LEA analysis.

n/a – not available. n/m – not meaningful.

## Appendix C

### Australian recruitment companies

#### Skilled Group Limited

- 3 Skilled Group is the Australian industry leader in specialist workforce solutions operating across a network of 170 offices in Australia, New Zealand, UK, Malta and the United Arab Emirates. The company provides services such as temporary labour, total workforce management and project based workforce solutions including shut downs, installations and relocations. It operates predominately in the oil, gas, mining and resources sectors, but also offers services across a number of other industries. Brands include TESA Mining, Swan Contract Personnel and Excelior.

#### Chandler Macleod Group Limited

- 4 Chandler Macleod is one of Australia's largest providers of HR solutions, operating 60 branches across Australia, New Zealand and Europe. The company provides recruitment for temporary and permanent staffing, consulting and workforce management services. These services include general recruitment, psychometric testing, leadership development, coaching and mentoring, HR outsourcing as well as payroll and learning services.

#### Rubicor Group Limited

- 5 Rubicor Group is a provider of recruitment services, including permanent, contract and temporary recruitment, human capital solutions and a range of organisational development and training services in Australia and New Zealand. The company consists of 23 operating businesses in 46 office locations with the majority of earnings derived from temporary staffing services and permanent staffing services.

#### Clarius Group Limited

- 6 Clarius Group (formerly Candle) is a specialist in the employment services market providing recruitment, contractor and staff services for architecture, banking, commercial accounting, construction, engineering, finance, and IT services across Asia Pacific. Brands include Alliance recruitment, Candle, Lloyd Morgan, the One Umbrella and SouthTech. The majority of the company's gross margin is from contract and temporary hire, with permanent recruitment and IT making up the remainder.

### International HR BPO / recruitment companies

#### USG People NV

- 7 USG People is a provider of staffing, secondment, HR and customer care services with operations in the Netherlands, Germany, Belgium, France, Italy, Poland and Austria. The company's activities are divided into three segments, being general staffing, specialist staffing and technical services. USG People also provides management support staff and professional staff in sectors such as engineering, energy, legal, finance, and marketing and communication.

## Annexure B – Independent Expert’s Report (continued)



### Appendix C

#### **Insperty Inc**

- 8 Insperty is a US based provider of HR and employment services solutions. The company offers HR services that provide its clients access to resources normally found in the HR departments of large companies. Other services provided by the company include, performance management, expense management, time and attendance, organisational planning, recruiting services, employment screening, retirement services and insurance services.

#### **Kelly Services Inc**

- 9 Kelly Services is a global workforce solutions provider, offering services such as recruitment, HR management, vendor management and outplacement. It provides search-based recruitment, in addition to traditional staffing on a temporary, temporary-to-hire and direct-hire basis. Its outsourcing and consulting functions include payroll, learning and other HR functions for operational management of non-core functions.

#### **Korn/Ferry International**

- 10 Korn/Ferry International is a global provider of talent management solutions such as executive recruitment, leadership and talent consulting. The company employs around 2,500 people and had 76 offices in 35 countries across the globe. Executive recruitment (the company’s largest business segment) focuses on recruitment of board-level, chief executive and senior executive positions. The company’s RPO function operating under the Futurestep brand, spans 15 countries and combines a range of HR functions that aim to align people, processes and technology.

#### **Barrett Business Services Inc**

- 11 Barrett Business Services is a provider of business management solutions in the United States. The company offers a wide range of HR management services designed to assist small and medium-sized businesses in managing the costs and complexities of employment-related issues. The company assists its clients by leveraging their investment in human capital, as well as producing a range of staffing services and payroll systems.

#### **Synergie SA**

- 12 Synergie is an HR management company based in France with approximately 550 agencies in 13 countries across Europe and Canada. Synergie provides temporary employment, outplacement, recruitment and training services. The company’s core business is temporary staffing and training although some of its subsidiaries specialise in other areas including professional placement and medical staffing.

#### **Harvey Nash Group Plc**

- 13 Harvey Nash Group is a professional recruitment and outsourcing consulting services provider with operations in the UK, Ireland, Europe, United States and Asia Pacific. The company provides executive leadership services such as executive search, strategic leadership consulting and interim management in sectors such as technology, finance and engineering. Its outsourcing services include, a managed and strategic consultancy services.

## Appendix D

### Glossary

Term	Meaning
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
Agreement	Scheme Implementation Deed
Allegis	Allegis Group, Inc.
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAAGR	Compound average forecast annual growth rates
Concept	Concept Systems International
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax depreciation and amortisation
EGM	Extraordinary General Meeting
EMEA	Europe, Middle East, Africa
Excluded Shareholders	Perbec and its related body corporate. A more detailed definition is contained in the Scheme Booklet.
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
GDP	Gross domestic product
GFC	Global Financial Crisis
HR	Human resources
HR BPO	Human resources business process outsourcing
HRIS	Human resources and information systems
HRO	HR outsourcing
IBC	Independent Board Committee
IER	Independent expert's report
LEA	LonerGAN Edwards & Associates Limited
MBI	Morgan & Banks Investments Pty Limited
MOE	Ministry of Education
MPHRO	Multi process human resources outsourcing
NPV	Net present value
Option Scheme	Separate option scheme for Talent2 options (the Option Scheme), details of which are set out in Section VIII
Origin	Origin HR Holdings Pty Ltd
PE	Price earnings
Perbec	Perbec Pty Limited
RBA	Reserve Bank of Australia
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
RPO	Recruitment process outsourcing
Scheme	Scheme of arrangement between Talent2 and its shareholders (other than the Excluded Shareholders)
Scheme Consideration	\$0.78 cash per share, less the amount of any Special Dividend
Special Dividend	The Agreement permits the Scheme Consideration to be structured to include a fully franked dividend
Standstill Agreement	Standstill and Facilities Amendment Agreement with Westpac

**Annexure B – Independent Expert’s Report (continued)****Appendix D**

<b>Term</b>	<b>Meaning</b>
Sugar	Sugar International Ltd
Talent2	Talent2 International Limited
UK	United Kingdom
VWAP	Volume weighted average price
Westpac	Westpac Banking Corporation
Zapper	Zapper Services Pty Ltd

**Annexure C –  
Scheme  
Implementation  
Deed**



## Annexure C – Scheme Implementation Deed

**Conformed copy**

**Deed**

# Scheme Implementation Deed

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**Freehills**

## The Deed

## Scheme Implementation Deed

Date ► 25 May 2012 (as amended on 29 June 2012)

Between the parties

---

**Talent2 International Limited**

(ACN 000 737 744) of Level 4, 77 Pacific Highway, North Sydney, NSW, 2060, Australia

(Talent2)

---

**Morgan & Banks Investments Pty Ltd**

(ACN 001 689 381) of Suite1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia

(MBI)

---

**Allegis Group, Inc.**

of 7301 Parkway Drive, Hanover, MD, 21076, United States of America

(Allegis)

---

**Perbec Pty Ltd**

(ACN 158 551 574) of Suite1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia

(Bidco)

---

**Recitals**

- 1 The parties have agreed that Bidco will, subject to the satisfaction of certain conditions, acquire all of the ordinary shares in Talent2 (other than the Talent2 Shares held by an Excluded Shareholder) by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Shareholders.
- 2 MBI has informed Talent2 that it is proposed that MBI will acquire all of the Talent2 Shares held by an Excluded Shareholder that it does not hold as soon as practicable after the date of this deed and, in any event, on or before the Effective Date. It is also proposed that Bidco will subsequently acquire all of the Talent2 Shares held by MBI after the Effective Date and before the Scheme Record Date.
- 3 Talent2 intends to propose the scheme of arrangement and issue the Scheme Booklet.
- 4 The Talent2 Board has established the IBC and adopted certain

## Freehills

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protocols under the IBC Terms of Reference pursuant to which the IBC is authorised to, amongst other things, cause Talent2 to enter into this deed.

- 5 As at the date of this deed, Bidco is a wholly owned subsidiary of MBI. If the Scheme becomes Effective, it will be 50% directly or indirectly owned by MBI and 50% directly or indirectly owned by Allegis.
- 6 The Joint Bidders have agreed to guarantee the performance of Bidco's obligations under this deed.
- 7 The parties have agreed to proceed with the scheme of arrangement on the terms of this deed.

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This deed witnesses as follows:

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## Annexure C – Scheme Implementation Deed (continued)

### Freehills

## Operative part

### 1 Definitions and interpretation

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#### 1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
<b>Allegis Group</b>	Allegis and each of its Related Bodies Corporate (other than Bidco) and a reference to an <b>Allegis Group Member</b> or a <b>member of the Allegis Group</b> is to Allegis or any of its Related Bodies Corporate (other than Bidco).
<b>Allegis Representations and Warranties</b>	the representations and warranties set out in Part A of Schedule 1.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in section 12 of the Corporations Act.
<b>ASX</b>	as the context requires, ASX Limited ACN (008 624 691) or the securities market conducted by it.
<b>Bidco Representations and Warranties</b>	the representations and warranties set out in Part C of Schedule 1.
<b>Business Day</b>	a business day as defined in the Listing Rules.
<b>Competing Proposal</b>	any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) may: <ol style="list-style-type: none"> <li>1 acquire a Relevant Interest in, or have the right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Talent2 Shares or the securities of any subsidiary of Talent2;</li> <li>2 acquire Control of Talent2 or any subsidiary of Talent2;</li> <li>3 acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a material part of the business of the Talent2 Group;</li> <li>4 otherwise acquire or merge with Talent2 or any subsidiary of Talent2; or</li> </ol>

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
	<p>5 enter into any agreement, arrangement or understanding requiring Talent2 to abandon, or otherwise fail to proceed with, the Transaction,</p> <p>whether by way of takeover bid, scheme of arrangement, share approved acquisition, capital reduction or buy back, sale or purchase of shares, securities or assets, global assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), or other transaction or arrangement.</p>
<b>condition precedent</b>	each of the conditions set out in clause 3.1.
<b>Confidentiality Deeds</b>	<p>the:</p> <ol style="list-style-type: none"> <li>1 confidentiality deed between Talent2 and MBI dated 17 February 2012; and</li> <li>2 confidentiality deed between Talent2 and Allegis dated 24 February 2012.</li> </ol>
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
<b>Controller</b>	has the meaning given in section 9 of the Corporations Act.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia (New South Wales registry).
<b>Deed Poll</b>	a deed poll substantially in the form of Attachment 1 to the Scheme under which the Joint Bidders and Bidco covenant in favour of the Scheme Shareholders to perform the obligations attributed to them under the Scheme.
<b>Effective</b>	when used in relation to the Scheme or Option Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme or Option Scheme (as relevant).
<b>Effective Date</b>	the date on which the Scheme becomes Effective.



## Annexure C – Scheme Implementation Deed (continued)

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
<b>End Date</b>	seven months after the date of this deed or such other date as is agreed in writing between Bidco and Talent2.
<b>Excluded Shareholder</b>	any Talent2 Shareholder who is a Joint Bidder Group Member and any Talent2 Shareholder who holds a Talent2 Share on behalf of, or for the benefit of (a) a Joint Bidder Group Member, (b) Andrew Banks, (c) Geoff Morgan or (d) any entity controlled by Andrew Banks and/or Geoff Morgan.
<b>Exclusivity Period</b>	the period from and including the date of this deed to the earlier of: <ol style="list-style-type: none"> <li>1 the termination of this deed; and</li> <li>2 the End Date.</li> </ol>
<b>Fairly Disclosed</b>	a reference to 'Fairly Disclosed' means disclosed to both of the Joint Bidders or any of their respective Representatives or professional consultants, to the extent that, and in sufficient detail so as to enable, a reasonable buyer (or one of its Representatives or professional consultants) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Talent2 Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
<b>Financial Adviser</b>	any financial adviser retained by Talent2 in relation to the Scheme or a Competing Proposal from time to time.
<b>First Court Date</b>	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.
<b>Government Agency</b>	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.
<b>IBC or Independent Committee</b>	the independent committee of the Talent2 Board from time to time, and which, as at the date of this deed, consisted of Ken Borda, Pam Laidlaw and Hans Neilson.
<b>IBC Terms of Reference</b>	the terms of reference of the IBC adopted by the Talent2 Board on 8 February 2012.

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
<b>Implementation Date</b>	the third Business Day after the Scheme Record Date or such other date as agreed in writing by Bidco and Talent2.
<b>Independent Expert</b>	the independent expert in respect of the Scheme appointed by Talent2.
<b>Independent Expert's Report</b>	the report to be issued by the Independent Expert in connection with the Scheme.
<b>Insolvent</b>	<p>a person is insolvent if:</p> <ol style="list-style-type: none"> <li>1 it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);</li> <li>2 it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property;</li> <li>3 it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this deed);</li> <li>4 an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), in connection with that person, which could reasonably result in any of (1), (2) or (3) above;</li> <li>5 it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;</li> <li>6 it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this deed reasonably deduces it is so subject);</li> <li>7 it is otherwise unable to pay its debts when they fall due; or</li> <li>8 something having a substantially similar effect to 1 to 7 happens in connection with that person under the law of any jurisdiction.</li> </ol>
<b>Joint Bidder Indemnified Parties</b>	<p>Each of:</p> <ol style="list-style-type: none"> <li>1 each member of the MBI Group and their respective directors, officers and employees;</li> <li>2 each member of the Allegis Group and their respective directors, officers and employees; and</li> <li>3 Bidco and its directors, officers and employees.</li> </ol>
<b>Joint Bidder</b>	each of MBI and Allegis.
<b>Joint Bidder Group</b>	the Joint Bidders, each of their respective Related Bodies Corporate

## Annexure C – Scheme Implementation Deed (continued)

**Freehills**

Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
	and Bidco, and a reference to <b>Joint Bidder Group Member</b> or a <b>member of the Joint Bidder Group</b> is to either of the Joint Bidders, Bidco or any Related Body Corporate of either of the Joint Bidders or of Bidco.
<b>Joint Bidder Representations and Warranties</b>	the representations and warranties set out in Schedule 1.
<b>Joint Bidders Information</b>	information regarding Bidco, the MBI Group and the Allegis Group prepared by the Joint Bidders for inclusion in the Scheme Booklet in accordance with clause 5.2(a), being: <ol style="list-style-type: none"> <li>1 information about each of them, their Related Bodies Corporate, businesses and interests and dealings in Talent2 Shares, their intentions for Talent2 and Talent2's employees, and their respective funding arrangements; and</li> <li>2 any other information required under the Corporations Act, the Corporations Regulations or RG 60 to enable the Scheme Booklet to be prepared that the parties agree is "Joint Bidders Information" and that is identified in the Scheme Booklet as such.</li> </ol>
<b>Listing Rules</b>	the official listing rules of the ASX.
<b>Loan Agreement</b>	the loan agreement substantially in the form agreed between Talent2, MBI, Allegis and Bidco, subject to any amendments that may be required by Talent2's financier.
<b>Loan Amount</b>	the amount of the advance, which amount will not exceed \$15 million, that may be requested by Talent2 as borrower and made available by Bidco as lender to Talent2 as borrower, pursuant to the terms of the Loan Agreement.
<b>Material Contract</b>	each of the contracts which is agreed in writing by Talent2, the Joint Bidders and Bidco to be a "Material Contract" for the purpose of this definition.
<b>MBI Group</b>	MBI and each of its Related Bodies Corporate (other than Bidco) and a reference to a <b>MBI Group Member</b> or a <b>member of the MBI Group</b> is to MBI or any of its Related Bodies Corporate (other than Bidco).
<b>MBI Representations and Warranties</b>	the representations and warranties set out in Part B of Schedule 1.

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
<b>Option Register</b>	the register of Talent2 Options maintained by Talent2 or the Talent2 Registry.
<b>Option Scheme</b>	the scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Optionholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.
<b>Option Scheme Consideration</b>	the consideration to be provided to each Scheme Optionholder for the cancellation of each Scheme Option, being the amount set out in Schedule 1 of the Option Scheme for each Scheme Option held by each Scheme Optionholder.
<b>Option Scheme Deed Poll</b>	a deed poll substantially in the form of Attachment 5 under which the Joint Bidders and Bidco covenant in favour of the Scheme Optionholders to perform certain obligations attributed to them under the Option Scheme.
<b>Option Scheme Implementation Date</b>	the third Business Day after the Option Scheme Record Date, or such other date as agreed in writing by Perbec and Talent2.
<b>Option Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Option Scheme Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Option Scheme Effective Date,</li> </ol> or such other date as agreed in writing by Bidco and Talent2.
<b>Pergal</b>	Pergal Pty Ltd (ACN 158 366 155) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia.
<b>Registered Address</b>	in relation to a Talent2 Shareholder, the address shown in the Share Register.
<b>Regulator's Draft</b>	the draft of the Scheme Booklet in a form acceptable to Talent2 and Bidco which is provided to ASIC for its review pursuant to section 411(2) of the Corporations Act.
<b>Regulatory Review Period</b>	means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

## Annexure C – Scheme Implementation Deed (continued)

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
<b>Reimbursement Fee</b>	means an amount determined under clause 11.4.
<b>Related Bodies Corporate</b>	has the meaning given in section 9 of the Corporations Act.
<b>Related Person</b>	<ol style="list-style-type: none"> <li>1 a Related Body Corporate of Talent2;</li> <li>2 an advisor or consultant of Talent2 or an advisor or consultant of a Related Body Corporate of Talent2; or</li> <li>3 a director, officer or employee of Talent2 or of any entity referred to in paragraphs 1 or 2 of this definition, other than Andrew Banks and Geoff Morgan.</li> </ol>
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Representative</b>	<ol style="list-style-type: none"> <li>1 in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and</li> <li>2 in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.</li> </ol>
<b>RG 60</b>	Regulatory Guide 60 issued by ASIC.
<b>Scheme</b>	the share scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Shareholders, substantially in the form of Attachment 2, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.
<b>Scheme Booklet</b>	the information described in clause 5.1(a) to be approved by the Court and despatched to the Talent2 Shareholders and which must include the Scheme, an explanatory statement (complying with the requirements of the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules), an independent expert's report, notices of meeting and proxy form.
<b>Scheme Consideration</b>	the cash consideration to be provided to each Scheme Shareholder for the transfer to Bidco of each Scheme Share, being the amount of \$0.78 for each Scheme Share (less the amount of any Special Dividend paid or payable) held by each Scheme Shareholder, in accordance with clause 5 and the terms of the Scheme.
<b>Scheme Meeting</b>	the meeting of Talent2 Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
	section 411(1) of the Corporations Act at which Talent2 Shareholders (other than Excluded Shareholders) will vote on the Scheme.
<b>Scheme Option</b>	all Talent2 Options held by the Scheme Optionholders as at the Options Scheme Record Date.
<b>Scheme Optionholders</b>	each holder of a Talent2 Option granted in a tranche of options which is listed in Schedule 1 of the Option Scheme, who is recorded in the Option Register on the Option Scheme Record Date.
<b>Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Effective Date,</li> </ol> or such other date as agreed in writing by Bidco and Talent2.
<b>Scheme Share</b>	a Talent2 Share held by a Scheme Shareholder as at the Scheme Record Date.
<b>Scheme Shareholders</b>	Talent2 Shareholders (other than Excluded Shareholders) as at the Scheme Record Date.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme and/or the Option Scheme is heard.
<b>Senior Manager</b>	<ol style="list-style-type: none"> <li>1 the chief executive officer of Talent2;</li> <li>2 an employee of any member of the Talent2 Group reporting directly to the chief executive officer of Talent2; and</li> <li>3 any director (whether executive or non-executive) of a member of the Talent2 Group and each of the individuals as agreed in writing by Talent2, the Joint Bidders and Bidco to be a "Senior Manager" for the purpose of this definition.</li> </ol>
<b>Share Register</b>	the register of members of Talent2 maintained in accordance with the Corporations Act.
<b>Special Dividend</b>	the aggregate amount of any special dividend contemplated by and determined under clause 4.9, divided by the number of Talent2 Shares on issue on the Special Dividend Record Date.
<b>Special Dividend</b>	the payment date for the Special Dividend determined by the IBC and

## Annexure C – Scheme Implementation Deed (continued)

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
<b>Payment Date</b>	communicated to the ASX, which date must be after the Effective Date.
<b>Special Dividend Record Date</b>	the record date for the Special Dividend determined by the IBC and communicated to the ASX, which date must be after the Effective Date.
<b>Specified Event</b>	has the meaning given in clause 3.1(h).
<b>Standstill Deeds</b>	the: <ol style="list-style-type: none"> <li>1 standstill deed between Talent2 and MBI dated 4 May 2012; and</li> <li>2 standstill deed between Talent2 and Allegis dated 4 May 2012.</li> </ol>
<b>Superior Proposal</b>	<p>a bona fide Competing Proposal of the kind referred to in any of paragraphs 2, 3 (provided that such Competing Proposal contemplates the acquisition of all or substantially all of the business or assets of the Talent2 Group) or 4 of the definition of Competing Proposal (and not resulting from a breach by Talent2 of its obligations under clause 10 (it being understood that any actions by a Related Person in violation of clause 10 shall be deemed to be a breach by Talent2 for the purposes hereof)) which the IBC, acting in good faith, and after receiving written legal advice from its legal advisers and written advice from its Financial Advisers, determines:</p> <ol style="list-style-type: none"> <li>1 is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal including any timing considerations and any conditions precedent; and</li> <li>2 would, if completed substantially in accordance with its terms, be more favourable to Talent2 Shareholders (as a whole) than the Transaction taking into account all terms and conditions of the Competing Proposal.</li> </ol>
<b>Talent2 Board</b>	the board of directors of Talent2 from time to time.
<b>Talent2 Disclosure Materials</b>	<ol style="list-style-type: none"> <li>1 the documents and information contained in the data room and made available to both Joint Bidders and its Representatives prior to entry into this deed, the index of which has been initialled by or on behalf of the parties for the purposes of identification; and</li> <li>2 the written answers prior to entry into this deed and in response to requests for further information made by any of the Joint Bidders and its Representatives the index of which has been initialled by or on behalf of the parties for the purposes of identification.</li> </ol>
<b>Talent2 EGM</b>	a general meeting of Talent2 Shareholders (other than a member of the Joint Bidder Group who holds Talent2 Shares and each of their Associates) to be held immediately prior to the Scheme Meeting.

**Freehills**

## Definitions and interpretation

<b>Term</b>	<b>Meaning</b>
<b>Talent2 EGM Resolutions</b>	the resolutions set out in Schedule 4.
<b>Talent2 Group</b>	Talent2 and each of its Related Bodies Corporate and a reference to a <b>Talent2 Group Member</b> or a <b>member of the Talent2 Group</b> is to Talent2 or any of its Related Bodies Corporate.
<b>Talent2 Indemnified Parties</b>	each member of the Talent2 Group and their respective directors, officers and employees (other than Andrew Banks and Geoff Morgan).
<b>Talent2 Information</b>	information regarding the Talent2 Group prepared by Talent2 for inclusion in the Scheme Booklet, being all the contents of the Scheme Booklet other than the Joint Bidders Information and the Independent Expert's Report.
<b>Talent2 Material Adverse Change</b>	has the meaning given in clause 3.1(h).
<b>Talent2 Option</b>	an option, a performance right or a contractual right to be granted an option or performance right, which option or performance right confers the right to acquire one issued or unissued Talent2 Share granted pursuant to a Talent2 Option Plan.
<b>Talent2 Option Plan</b>	the: <ol style="list-style-type: none"> <li>1 Talent2 Long Term Incentive Plan as amended and restated on 16 June 2010; and</li> <li>2 Talent2 Employee Share Option Plan as amended and restated on 13 September 2011.</li> </ol>
<b>Talent2 Prescribed Occurrence</b>	the occurrence of any of the following between the date of this deed and 8.00am on the Second Court Date: <ol style="list-style-type: none"> <li>1 Talent2 converting all or any of its shares into a larger or smaller number of shares;</li> <li>2 any member of the Talent2 Group (other than a direct or indirect wholly owned subsidiary of Talent2) resolving to reduce its share capital in any way or reclassifying, combining or redeeming or repurchasing directly or indirectly any of its share capital, other than pursuant to or following the vesting and/or exercise of a Talent2 Option;</li> <li>3 any member of the Talent2 Group (other than a direct or indirect wholly owned subsidiary of Talent2): <ul style="list-style-type: none"> <li>• entering into a buy-back agreement; or</li> <li>• resolving to approve the terms of a buy-back agreement under the Corporations Act;</li> </ul> </li> </ol>



## Annexure C – Scheme Implementation Deed (continued)

**Freehills**

## Definitions and interpretation

Term	Meaning
	4 other than the Special Dividend, any member of the Talent2 Group (other than a direct or indirect wholly owned subsidiary of Talent2) declaring, paying or distributing any distribution, special dividend, bonus or other extraordinary share of its profits or assets or returning or agreeing to return any capital to its members;
	5 a member of the Talent2 Group issuing securities, including without limitation shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than: <ul style="list-style-type: none"> <li>• to Talent2 or to a direct or indirect wholly owned subsidiary of Talent2; or</li> <li>• pursuant to or following the vesting and/or exercise of a Talent2 Option;</li> </ul>
	6 a member of the Talent2 Group issuing or agreeing to issue securities convertible into shares or any debt securities (other than to Talent2 or a direct or indirect wholly owned subsidiary of Talent2);
	7 a member of the Talent2 Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
	8 a member of the Talent2 Group grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
	9 a member of the Talent2 Group (other than Hills Payroll & Accounting Services Pty Ltd and GME International Pty Ltd) resolves to be wound up;
	10 a liquidator, provisional liquidator or administrator of a member of the Talent2 Group (other than Hills Payroll & Accounting Services Pty Ltd and GME International Pty Ltd) being appointed;
	11 the making of an order by a court for the winding up of a member of the Talent2 Group (other than Hills Payroll & Accounting Services Pty Ltd and GME International Pty Ltd);
	12 any member of the Talent2 Group executing a deed of company arrangement;
	13 a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of Talent2 or any of its subsidiaries being appointed;
	14 a member of the Talent2 Group: <ul style="list-style-type: none"> <li>• acquiring, leasing or disposing of; or</li> <li>• agreeing to acquire, lease or dispose of,</li> </ul> any assets, the value of which exceeds \$5 million (individually or in aggregate);
	15 a member of the Talent2 Group: <ul style="list-style-type: none"> <li>• acquiring or disposing of; or</li> <li>• agreeing to acquire or dispose of,</li> </ul> any share capital of any third party other than any share capital in a member of the Talent2 Group or any business of a third party, the value of which exceeds \$5 million (individually or in

**Freehills**

## Definitions and interpretation

Term	Meaning
	aggregate);
	16 any member of the Talent2 Group (a) entering into a new contract requiring payments by the Talent2 Group in excess of \$5 million over the life of the contract or (b) terminating an existing contract, which termination would require payments by the Talent2 Group to the counterparty of such contract in excess of \$5 million;
	17 any member of the Talent2 Group waiving, releasing or transferring any rights, or accepting as a compromise of a matter or matters less than the full compensation due to the Talent2 Group, in any such case where the financial impact on the Talent2 Group will be in excess of \$5 million, other than pursuant to the terms of a Talent2 Option Plan (including as a result of the Talent2 Board exercising any discretions in relation to a Talent2 Option under a Talent2 Option Plan);
	18 a member of the Talent2 Group entering into a contract which materially restrains a member of the Talent2 Group from competing with any person or conducting activities in any material market;
	19 Talent2 making any change to its constitution,
	excluding, in the case of each of paragraphs 1 to 19 above, any such occurrence that:
	<ul style="list-style-type: none"> <li>• is required to be done in order to implement the Scheme or Option Scheme;</li> <li>• is contemplated by this deed;</li> <li>• was the subject of the prior written consent of Bidco and the Joint Bidders;</li> <li>• was Fairly Disclosed by Talent2 in an announcement made to the ASX or a document lodged with ASIC in the 2 years prior to the date of this deed;</li> <li>• was Fairly Disclosed in the Talent2 Disclosure Materials; or</li> <li>• which relates to any Talent2 Group Member entering into a replacement lease or renewing or extending an existing lease in the ordinary course of business and on arm's length terms, in any such case being a lease in respect of real property.</li> </ul>
<b>Talent2 Registry</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Talent2 Representations and Warranties</b>	the representations and warranties of Talent2 set out in Schedule 2.
<b>Talent2 Share</b>	a fully paid ordinary share in the capital of Talent2.
<b>Talent2 Shareholder</b>	each person who is registered in the Share Register as the holder of Talent2 Shares.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Definitions and interpretation

Term	Meaning
<b>Tax Act</b>	the <i>Income Tax Assessment Act 1997</i> (Cth).
<b>Third Party</b>	a person other than the Joint Bidders, Bidco and each of their respective Associates.
<b>Timetable</b>	the indicative timetable for the implementation of the Transaction set out in Attachment 1.
<b>Transaction</b>	the acquisition of Talent2 by Bidco through implementation of the Scheme and Option Scheme.

### 1.2 Interpretation

In this deed, headings are for convenience only and do not affect interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any Government Agency;
- (e) a reference to a clause, party, attachment, exhibit or schedule is a reference to a clause of, and a party, attachment, exhibit and schedule to this deed, and a reference to this deed includes any attachment, exhibit and schedule;
- (f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) a reference to any document (including this deed) is to that document as varied, novated, ratified or replaced from time to time;
- (h) the word "includes" in any form is not a word of limitation;
- (i) a reference to "\$", "A\$" or "dollar" is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to the time in Sydney, New South Wales;
- (k) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (l) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (m) a term defined in the purposes of the Corporations Act has the same meaning when used in this deed;

## Freehills

Agreement to proceed with the Transaction

- (n) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (o) a reference to the date of this deed, or the date on which this deed was entered into or executed means 25 May 2012; and
- (p) a reference to an event occurring or required to occur before or after the execution of or entry into this deed means the execution of or entry into this deed on 25 May 2012.

### 1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

### 1.4 Next day

If an act under this deed to be done by a party on or by a given day is done after 5.00 pm on that day, it is taken to be done on the next day.

### 1.5 Contra proferentem excluded

No term or condition of this deed will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this deed or a provision of it.

## 2 Agreement to proceed with the Transaction

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- (a) Talent2 agrees to propose the Scheme on and subject to the terms of this deed.
- (b) The Joint Bidders and Bidco agree with Talent2 to assist Talent2 to propose the Scheme on and subject to the terms of this deed.
- (c) Talent2, the Joint Bidders and Bidco agree to implement the Transaction on the terms and conditions of this deed.

## 3 Conditions precedent and pre-implementation steps

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### 3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective, and the obligations of Bidco under clause 4.3 will not become binding, until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in clause 3.3:

- (a) **Shareholder approval:** Talent2 Shareholders agree to the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act;
- (b) **Talent2 EGM:** Talent2 Shareholders agree to the Talent2 EGM Resolutions at the Talent2 EGM by the requisite majorities under the Corporations Act;
- (c) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (d) **Restraints:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency or other legal restraint or prohibition preventing the Transaction is in

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Conditions precedent and pre-implementation steps

effect, and no steps have been taken by any Court or Government Agency to effect any of the above, in each case as at 8.00am on the Second Court Date;

- (e) **Independent Expert:** the Independent Expert issues a report which concludes that the Scheme is in the best interests of Talent2 Shareholders before the time when the Scheme Booklet is registered with ASIC;
  - (f) **Talent2 Prescribed Occurrence:** no Talent2 Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date;
  - (g) **Regulatory approvals:** before 8.00am on the Second Court Date:
    - (1) **ASIC and ASX:** ASIC and ASX have issued or provided such consents or approvals or have done such other acts which are necessary or the Joint Bidders and Talent2 agree in writing are desirable to implement the Transaction; and
    - (2) **Government Agency:** all other approvals of a Government Agency which are necessary or the Joint Bidders and Talent2 agree in writing are desirable to implement the Transaction are obtained;
  - (h) **Talent2 Material Adverse Change:** between the date of this deed and 8.00am on the Second Court Date, none of the following occurs:
    - (1) an event, change, condition, matter or thing occurs;
    - (2) information is announced by Talent2 on ASX concerning any event, change, condition, matter or thing; or
    - (3) information concerning any event, change, condition, matter or thing becomes known to Bidco,
      - (each of (1), (2) and (3), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind, has had or would reasonably be likely to have the effect of a diminution in the value of the consolidated earnings before interest, tax, depreciation and amortisation of the Talent2 Group by at least \$4 million in the financial year of the Talent2 Group ending 30 June 2013 against what they would reasonably have been expected to have been but for such Specified Event,
      - other than any such Specified Event:
        - (4) required to be done in order to implement the Scheme or Option Scheme;
        - (5) that is contemplated by this deed;
        - (6) which took place with the prior written consent of Bidco and both of the Joint Bidders;
        - (7) which was Fairly Disclosed in an announcement made to the ASX or a document lodged with ASIC in the 2 years prior to the date of this deed;
        - (8) which was Fairly Disclosed in the Talent2 Disclosure Materials; or
        - (9) which is or arises from:
          - (A) any change in or interpretation of law, regulation or other policy of a Governmental Agency (including changes to taxation rates, laws and policies from those in place at the date of this deed); or
          - (B) any change in accounting policy required by law,
- (a **Talent2 Material Adverse Change**).

## Freehills

Conditions precedent and pre-implementation steps

For the avoidance of doubt, a fall in Talent2's share price will not of itself constitute a Talent2 Material Adverse Change.

- (i) **Talent2 Representations and Warranties:** the Talent2 Representations and Warranties are true and correct in all material respects as at the time they are given.

### 3.2 Reasonable endeavours

Each of the Joint Bidders, Bidco and Talent2 must, to the extent that it is within their power to do so, use their reasonable endeavours to procure that:

- (a) the conditions precedent in clause 3.1 are satisfied as soon as possible after the date of this deed, and continue to be satisfied at all times until the last time they are to be satisfied (as the case may be); and
- (b) there is no occurrence within the control of Bidco, Talent2 or either of the Joint Bidders (as the context requires) that would prevent any of the conditions precedent in clause 3.1, which such party must use reasonable endeavours to satisfy, being satisfied.

### 3.3 Waiver of conditions precedent

- (a) The conditions precedent in clauses 3.1(a), 3.1(b), 3.1(c) and 3.1(d) cannot be waived.
- (b) The condition precedent in clause 3.1(g) is for the benefit of Bidco and Talent2 and any breach or non-fulfilment of it may only be waived with the written consent of each of Bidco and Talent2 (each acting reasonably).
- (c) The conditions precedent in clauses 3.1(f), 3.1(h) and 3.1(i) is for the benefit of Bidco and the Joint Bidders and any breach or non-fulfilment of it may only be waived by Bidco and the Joint Bidders (in their absolute discretion) by notice in writing to Talent2.
- (d) The condition precedent in clause 3.1(e) is for the benefit of Talent2 and any breach or non-fulfilment of it may only be waived by Talent2 (in its absolute discretion) by notice in writing to Bidco.
- (e) Any waiver of a condition precedent by a party for whose benefit the condition applies must take place on or prior to 8.00am on the Second Court Date.
- (f) If a party waives the breach or non-fulfilment of any of the conditions precedent in clause 3.1, that waiver will not preclude it from suing the other parties for any breach of this deed including without limitation a breach that resulted in the non-fulfilment of the condition precedent that was waived.

### 3.4 Termination on failure of condition precedent

- (a) If any event occurs which would prevent any of the conditions precedent in clause 3.1 being satisfied, or there is an occurrence that will prevent any of the conditions precedent being satisfied by the time and date specified in this deed or if the Scheme has not become Effective by the End Date, Bidco and Talent2 must consult in good faith to:
  - (1) consider and if agreed determine whether the Transaction may proceed by way of alternative means or methods;
  - (2) consider and if agreed change the date of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by Bidco and Talent2 (being a date no later than 5 Business Days before the End Date); or

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Conditions precedent and pre-implementation steps

- (3) consider and if agreed extend the relevant date or End Date.
- (b) Subject to clause 3.4(d), if Bidco and Talent2 are unable to reach agreement under clause 3.4(a) within 5 Business Days of becoming aware of the relevant occurrence or relevant date or by the End Date, then unless that condition precedent is waived by Bidco (and, when applicable, also the Joint Bidders) or Talent2 as provided in clause 3.3, then either Bidco or Talent2 may terminate this deed by notice in writing to the other parties without any liability to any party because of that termination, unless the relevant occurrence or the failure of the condition precedent to be satisfied, or the failure of the Scheme to become Effective, arises out of a breach of clauses 3.2 or 3.5 in which case the party in breach will not be entitled to so terminate (for the avoidance of doubt, in such circumstances, whichever of Talent2 and Bidco is not the party in breach of clauses 3.2 or 3.5 is entitled to terminate this deed).
- (c) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of clause 12.4), on termination of this deed, no party shall have any rights against or obligations to any other party under this deed except for those rights and obligations which accrued prior to termination.
- (d) If the condition precedent set out in clause 3.1(a) is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either Bidco or Talent2 may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable, in which case the other party may not terminate this deed until such time as the Court has made a determination not to grant such approval.

### 3.5 Certain notices

- (a) If, before the time specified for satisfaction of a condition precedent, an event that will prevent that condition precedent being satisfied occurs, the party with knowledge of that event must as soon as reasonably practicable give the other parties written notice of that event.
- (b) Bidco, Talent2 or a Joint Bidder (as the case may be) must promptly advise each other orally and in writing of any change or event causing, or which, so far as can reasonably be foreseen, would cause:
- (1) a representation or warranty provided in this deed by a relevant party to be false;
  - (2) a breach or non-fulfilment of any of the conditions precedent;
  - (3) in the case of Talent2, the occurrence of a Talent2 Prescribed Occurrence; or
  - (4) a material breach of this deed by a relevant party.
- (c) Talent2 and Bidco (as the case may be) must promptly notify the other of the satisfaction of a condition precedent.
- (d) Upon receipt by a party of a notice given under clause 3.5(a) or (b), that party must give written notice to the other parties as soon as possible (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives (if entitled to do so) the breach or non-fulfilment of any condition precedent resulting from the occurrence of that change or event, specifying the condition precedent in question.

**Freehills**

Transaction steps

**4 Transaction steps**

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**4.1 Scheme**

Subject to clause 3.1, on the Implementation Date all of the Scheme Shares will be transferred to Bidco and the Scheme Shareholders will be entitled to receive the Scheme Consideration in accordance with the terms of the Scheme.

**4.2 No amendment to the Scheme without consent**

Talent2 must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of (a) Bidco and the Joint Bidders or (b) counsel acting for Bidco.

**4.3 Scheme Consideration**

- (a) If the Scheme becomes Effective:
- (1) each Scheme Shareholder will be entitled to be paid the Scheme Consideration; and
  - (2) all of the Scheme Shares held by a Scheme Shareholder will be transferred to Bidco,
- subject to and in accordance with the terms of the Scheme.
- (b) In consideration of the transfer to Bidco of each Scheme Share under the terms of the Scheme:
- (1) on the Implementation Date, Bidco will accept that transfer; and
  - (2) by no later than the Business Day before the Implementation Date, Bidco will provide to Talent2 (on behalf of each Scheme Shareholder) the Scheme Consideration for each Scheme Share in accordance with the terms of the Scheme, and in accordance with the terms of the Deed Poll.

**4.4 Option Scheme**

- (a) Talent2 must propose a creditors' scheme of arrangement, to be conducted concurrently with the Scheme, between itself and each Scheme Optionholder under which all outstanding Scheme Options will be cancelled and each Scheme Optionholder will be entitled to receive the Option Scheme Consideration.
- (b) The Joint Bidders, Bidco and Talent2 agree that their obligations in clause 5.1 (for Talent2) and clause 5.2 (for the Joint Bidders and Bidco) will apply mutatis mutandis to the creditors' scheme of arrangement (proposed in clause 4.4(a) above) as if the reference to the Scheme is to be construed as a reference to the Option Scheme.
- (c) The Joint Bidders and Bidco will execute the Option Scheme Deed Poll in which each of the Joint Bidders undertake in favour of each Scheme Optionholder that it will procure Bidco to, subject to the Scheme and the Option Scheme becoming Effective, pay the consideration under the Option Scheme to each Scheme Optionholder.
- (d) The Option Scheme will be conditional on:
- (1) ASX granting a waiver from rule 6.23 of the Listing Rules in relation to the Option Scheme or Talent2 Shareholders giving any necessary



## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Transaction steps

- approvals under rule 6.23 of the Listing Rules in relation to the Option Scheme; and
- (2) the Scheme becoming Effective.
- (e) For the avoidance of doubt, the Scheme is not conditional on the Option Scheme becoming Effective. The conditions in clause 4.4(d) cannot be waived.

#### 4.5 No amendment to the Option Scheme without consent

Talent2 must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Option Scheme without the prior written consent of (a) Bidco and the Joint Bidders or (b) counsel acting for Bidco.

#### 4.6 Option Scheme Consideration

- (a) If the Option Scheme becomes Effective:
  - (1) each Scheme Optionholder will be entitled to be paid the Option Scheme Consideration; and
  - (2) all of the Scheme Options will be cancelled,
 subject to and in accordance with the terms of the Option Scheme.
- (b) The Joint Bidders and Bidco undertake and warrant to Talent2 that in consideration for the cancellation of the Scheme Options held by a Scheme Optionholder under the terms of the Option Scheme, by no later than the Business Day before the Option Scheme Implementation Date, the Joint Bidders and Bidco will provide or procure the provision of the Option Scheme Consideration to Talent2 (on behalf of each Scheme Optionholder) in accordance with the terms of the Option Scheme and in accordance with the terms of the Option Scheme Deed Poll.

#### 4.7 Treatment of Talent2 Options

Talent2 will, as requested by the Joint Bidders and Bidco, use its best endeavours to procure that the IBC:

- (a) make a determination pursuant to the rules of the Talent2 Option Plans that all Talent2 options granted under the Talent2 Option Plans that are the subject of the Option Scheme which may otherwise automatically lapse under the rules of the Talent2 Option Plan as a result of the Scheme becoming Effective, will not lapse;
- (b) not make any determination under the rules of the Talent2 Option Plans - thus having the result that all performance rights granted under the Talent2 Option Plans that are not the subject of the Option Scheme will automatically lapse upon the Scheme becoming Effective, in accordance with the rules of the Talent2 Option Plan; and
- (c) not vest any options or performance rights granted under the Talent2 Option Plans before their vesting date.

#### 4.8 ASX Waiver

- (a) As soon as reasonably practicable after the date of this deed, Talent2 must use its reasonable endeavours to procure that ASX grants a waiver from rule 6.23 of the Listing Rules in respect of the Option Scheme.

Freehills

Transaction steps

- (b) If the waiver referred to in clause 4.8(a):
  - (1) is obtained before the end of the Regulatory Review Period, but is subject to one or more conditions that are not reasonably satisfactory to Bidco and the Joint Bidders; or
  - (2) is not obtained before the end of the Regulatory Review Period, Talent2 agrees to seek any approvals that are required from the Talent2 Shareholders under rule 6.23 of the Listing Rules in relation to the Option Scheme on the same date on which the meeting of Talent2 optionholders is held.

**4.9 Special Dividend**

- (a) The Joint Bidders and Bidco acknowledge and agree that the Scheme will be proposed on the basis that the IBC will be entitled in its absolute and sole discretion to make a determination to declare and pay a Special Dividend subject to compliance with this clause 4.9.
- (b) The IBC may in its absolute and sole discretion declare a Special Dividend (in an amount determined by the IBC in its absolute and sole discretion, which amount shall not exceed the Loan Amount) if the following conditions are satisfied or waived by 8.00am on the Second Court Date:
  - (1) Talent2 has received or reasonably expects to receive a Class Ruling from the Australian Taxation Office in respect of the Special Dividend in a form and substance satisfactory to it;
  - (2) Talent2 Shareholders approve, in accordance with section 260B of the Corporations Act, the financial assistance resolution forming part of the Talent2 EGM Resolutions relating to the declaration and payment of the Special Dividend (if any); and
  - (3) the Bidco FA Resolution is approved in accordance with section 260B of the Corporations Act.
- (c) If the conditions referred to in clause 4.9(b) are satisfied or waived by the IBC by way of written notice to the Joint Bidders and Bidco (other than the condition in clause 4.9(b)(1) which may only be waived with the written consent of the Joint Bidders and Bidco, which consent must not be unreasonably withheld or delayed), the IBC may in its absolute and sole discretion declare the Special Dividend (if any) in respect of all Talent2 Shareholders on the Talent2 Register on the Special Dividend Record Date and will procure that such dividend is paid on the Special Dividend Payment Date.
- (d) Bidco must procure that Pergal shall convene a general meeting of Pergal shareholders prior to the date of the Scheme Meeting, to approve in accordance with section 260B of the Corporations Act, the giving of financial assistance to Talent2 in connection with Talent2 paying the amount of the Special Dividend (if any) (the **Bidco FA Resolution**). Each of the Joint Bidders agrees to procure that such resolution is approved in accordance with section 260B of the Corporations Act.
- (e) Talent2, the Joint Bidders and Bidco agree that:
  - (1) the amount of the franking credit allocated to the Special Dividend (if any) may be up to the maximum franking credit available worked out using the formula in section 202-60(2) of the Tax Act; and
  - (2) Talent2 will not frank the Special Dividend (if any) to the extent that it would cause Talent2's franking account to be in deficit (as defined in section 205-40(2) of the Tax Act) at the times set out in sections 205-45 and 709-60(3) of the Tax Act.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Implementation

- (f) Talent2 must ensure that the declaration and payment of any Special Dividend complies with the requirements of section 254T of the Corporations Act and the Talent2 constitution.
- (g) Talent2, the Joint Bidders and Bidco agree that from the date of this deed up to and including the Implementation Date, it must not, directly or indirectly, take any action or omit to do anything that would, or would reasonably be likely to cause, facilitate, induce, contribute to or result in Talent2's financier requiring a material amendment or variation to the Loan Agreement.
- (h) If Talent2's financier requires any amendments to the Loan Agreement, such amendments will only be made to the Loan Agreement if the Joint Bidders, Bidco and Talent2 (each acting reasonably and promptly at all times) consent to the amendments.
- (i) If requested to do so by notice in writing to the Joint Bidders and Bidco by Talent2, the Joint Bidders and Bidco will, in accordance with the terms of the Loan Agreement, by no later than the Business Day before the Special Dividend Payment Date, provide to Talent2 in immediately available funds the full amount required to pay the Special Dividend to eligible Talent2 Shareholders.
- (j) In this deed, "**Class Ruling**" means a public determination by the Commissioner of Taxation in respect of a particular class of taxpayers, and pertaining to the Australian income taxation implications of the payment of the Special Dividend.

## 5 Implementation

### 5.1 Talent2's obligations

Talent2 must take all necessary steps to implement the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours to ensure that each step in the Timetable is met by the relevant date set out beside that step (and must consult with Bidco and the Joint Bidders on a regular basis about its progress in that regard), including doing any acts it is authorised and able to do, on behalf of Talent2 Shareholders, and must do each of the following:

- (a) **preparation of Scheme Booklet:** subject to clause 5.1(o), prepare and despatch the Scheme Booklet in accordance with all applicable laws and in particular with the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules;
- (b) **Further Talent2 Information:** disclose to Bidco, the Joint Bidders and Talent2 Shareholders such further or new Talent2 Information as may arise after the Scheme Booklet has been sent to Talent2 Shareholders until the date of the Scheme Meeting as may be necessary to ensure that the Talent2 Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission);
- (c) **IBC's recommendation:** include in the Scheme Booklet and the public announcement contemplated by clause 8.1 (on the basis of statements made to Talent2 by each member of the IBC), a statement by the IBC unanimously recommending that Talent2 Shareholders vote in favour of the Scheme and the Talent2 EGM Resolutions in the absence of a Superior Proposal, subject to the Independent Expert concluding that the Scheme is in the best interests of Talent2 Shareholders, unless there has been a change, withdrawal or modification of recommendation permitted by clause 5.4;

Freehills

Implementation

- (d) **section 411(17)(b) statement:** apply to ASIC for the production of:
- (1) an indication of intent letter stating that ASIC does not intend to appear before the Court on the First Court Date; and
  - (2) a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (e) **Court direction:** apply to the Court for orders pursuant to section 411(1) of the Corporations Act directing Talent2 to convene the Scheme Meeting and lodge an office copy of the orders when obtained with ASIC;
- (f) **Registration of explanatory statement:** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (g) **Send Scheme Booklet:** send the Scheme Booklet to Talent2 Shareholders as soon as practicable after the Court orders Talent2 to convene the Scheme Meeting;
- (h) **Scheme Meeting and Talent2 EGM:** convene the Scheme Meeting to agree to the Scheme in accordance with the orders made by the Court pursuant to section 411(1) of the Corporations Act and convene the Talent2 EGM to agree the Talent2 EGM Resolutions;
- (i) **Court documents:** consult with Bidco and the Joint Bidders in relation to the content of the documents required for the purpose of each of the Court hearing held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from Bidco and its Representatives on those documents;
- (j) **Court approval:** (subject to all conditions precedent in clause 3.1, other than the condition in clause 3.1(c) being satisfied or waived in accordance with this deed) apply to the Court for orders approving the Scheme as agreed to by the Talent2 Shareholders at the Scheme Meeting;
- (k) **Certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming whether or not the conditions precedent in clause 3.1, other than the condition in clause 3.1(c), have been satisfied or waived in accordance with this deed. A draft of that certificate must be provided by Talent2 to Bidco and the Joint Bidders by 5.00pm on the Business Day prior to the Second Court Date;
- (l) **lodge copy of Court order:** lodge with ASIC an office copy of the Court order in accordance with section 411(10) of the Corporations Act approving the Scheme as soon as possible after the Court approves the Scheme, and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme;
- (m) **Scheme Consideration:** close the Share Register as at the Scheme Record Date and determine entitlements to the Scheme Consideration in accordance with the Scheme and the Deed Poll;
- (n) **registration:** subject to Bidco having provided the Scheme Consideration in accordance with the Scheme and Deed Poll, register all transfers of Talent2 Shares held by Scheme Shareholders to Bidco on the Implementation Date;
- (o) **consultation with Bidco and the Joint Bidders:** consult with Bidco and the Joint Bidders as to the content and presentation of the Scheme Booklet including:
- (1) providing to Bidco and the Joint Bidders drafts of the Scheme Booklet for the purpose of enabling Bidco and the Joint Bidders to review and comment on those draft documents;

## Annexure C – Scheme Implementation Deed (continued)

Freehills

## Implementation

- (2) taking all comments made by Bidco and the Joint Bidders into account in good faith when producing a revised draft of the Scheme Booklet;
  - (3) providing to Bidco and the Joint Bidders a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised;
  - (4) implement such changes to those parts of the Scheme Booklet relating to Bidco and the Joint Bidders which are provided in accordance with clauses 5.1(o)(1) to 5.1(o)(3) as reasonably requested by Bidco and the Joint Bidders and prior to finalising the Regulator's Draft; and
  - (5) obtaining written approval from Bidco and the Joint Bidders for the form and content in which the Joint Bidders Information appears in the Scheme Booklet, and Talent2 will not register the Scheme Booklet with ASIC until such approval is obtained from Bidco and the Joint Bidders;
- (p) **information:** provide all information, or procure that the Talent2 Registry provides all information, in each case in a form reasonably requested by Bidco or the Joint Bidders, about the Scheme, the Scheme Shareholders, the Talent2 Shareholders and the Share Register (including any sub register) to Bidco and its Representatives which Bidco or the Joint Bidders reasonably requests in order to facilitate the provision by, or on behalf of, Bidco of the Scheme Consideration;
- (q) **ASIC and ASX review:** during the Regulatory Review Period, promptly provide to Bidco and the Joint Bidders, and include in the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, RG 60 or the Listing Rules to be included and keep Bidco and the Joint Bidders informed of any material matters raised by ASIC or ASX in relation to the Scheme Booklet or the Transaction, and use reasonable endeavours to take into consideration in resolving any issues raised by Bidco or the Joint Bidders;
- (r) **Independent Expert:** promptly appoint the Independent Expert and provide assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Scheme Booklet and, if ASIC requires an independent expert to prepare an opinion for the purposes of the resolutions proposed at the Talent2 EGM pursuant to item 7 of section 611, Talent2 will ask the Independent Expert to prepare that report;
- (s) **Provide a copy of the report:** promptly provide Bidco and the Joint Bidders with a copy of any draft and final report received from the Independent Expert;
- (t) **compliance with laws:** do everything reasonably within its power to ensure that the tasks or obligations required to be performed by Talent2 in relation to the Transaction are effected in accordance with all laws and regulations applicable in relation to the Transaction;
- (u) **listing:** take all reasonable steps to maintain Talent2's listing on the ASX notwithstanding any suspension of the quotation of Talent2 Shares up to and including the Implementation Date, including making appropriate applications to ASX unless Bidco and the Joint Bidders have agreed in writing; and
- (v) **information:** prepare and promptly provide to Bidco and the Joint Bidders any information regarding the Talent2 Group that the Joint Bidders reasonably require to prepare the Joint Bidders Information for inclusion in the Scheme Booklet.

## Freehills

Implementation

### 5.2 Joint Bidders and Bidco's obligations

The Joint Bidders and Bidco each must take all necessary steps to implement the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step (and consult with Talent2 on a regular basis about its progress in that regard), including doing each of the following:

- (a) **Joint Bidders Information:** prepare and promptly provide to Talent2 the Joint Bidders Information for inclusion in the Scheme Booklet and consent to the inclusion of that information in the Scheme Booklet;
- (b) **Further Joint Bidders Information:** disclose to Talent2 such further or new Joint Bidders Information (other than any information provided by Talent2 to Bidco or obtained from Talent2 public filings on ASX regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information) as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Joint Bidders Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission);
- (c) **review of Scheme Booklet:** review the drafts of the Scheme Booklet prepared by Talent2 and provide comments, if any, as soon as practicable to Talent2. In addition, and notwithstanding the introductory paragraph in this clause 5.2, MBI will procure that Andrew Banks and Geoff Morgan will:
  - (1) review the drafts of the Scheme Booklet, including the Talent2 Information, and provide comments, if any, as soon as practicable to Talent2 and will also confirm to Talent2 and the IBC:
    - (A) so far as they are aware, each statement in the Regulator's Draft, in the context in which it appears, if one of fact, is true and nothing material has been omitted from it, and is not misleading or deceptive;
    - (B) so far as they are aware, the Regulator's Draft does not omit information that is material to the decision of a Talent2 Shareholder as to how to vote on the Scheme; and
    - (C) they will notify the IBC if, after the Regulator's Draft is given to ASIC, but before the final Court hearing to approve the scheme of arrangement, they become aware of: (i) a misleading or deceptive statement in the Regulator's Draft or in the version of the Scheme Booklet registered with ASIC; (ii) an omission from the Regulator's Draft or the version of the Scheme Booklet registered with ASIC of information required under the Corporations Act, Corporations Regulations, Listing Rules, Regulations and RG 60; or (iii) any new circumstance that has arisen since the Regulator's Draft was given to ASIC or the Scheme Booklet was registered by ASIC and which may have been required to be included in the Regulator's Draft or in the version of the Scheme Booklet registered with ASIC if it has arisen before it was given to ASIC;
- (d) **updated information:** provide to Talent2, as soon as possible, any material new information that they become aware of regarding the Joint Bidders Information as may arise after the Scheme Booklet has been sent to Talent2 Shareholders. In addition, and notwithstanding the introductory paragraph in this clause 5.2, MBI will procure that Andrew Banks and Geoff Morgan will also comply with the obligation in this clause 5.2(d);

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Implementation

- (e) **Independent Expert's Report:** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report to be included in the Scheme Booklet. In addition, and notwithstanding the introductory paragraph in this clause 5.2, MBI will procure that Andrew Banks and Geoff Morgan will also comply with the obligations in this clause 5.2(e);
- (f) **representation:** procure that it or Bidco is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which through their respective counsel, the Joint Bidders and Bidco will undertake (if requested by the Court) to do all such things and take all such steps within its power as are necessary in order to ensure the fulfilment of its obligations under this deed, the Scheme and the Option Scheme;
- (g) **Deed Poll:** by not later than the Business Day prior to the First Court Date, Bidco and the Joint Bidders will enter into the Deed Poll in favour of the Scheme Shareholders to perform their obligations under the Scheme and will also enter into the Option Scheme Deed Poll in favour of the Scheme Optionholders to perform their obligations under the Option Scheme;
- (h) **accuracy of the Joint Bidders Information:** confirm to Talent2 that the Joint Bidders Information in the Scheme Booklet is not misleading or deceptive in any material respect (whether by omission or otherwise) (other than any information provided by Talent2 to Bidco or obtained from Talent2 public filings on ASX regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information);
- (i) **Share transfer:** if the Scheme becomes Effective, Bidco shall accept a transfer of the Scheme Shares as contemplated by clause 4.3(b)(1);
- (j) **compliance with laws:** do everything reasonably within its power to ensure that the tasks or obligations required to be performed by it in relation to the Transaction are effected in accordance with all laws and regulations applicable in relation to the Transaction;
- (k) **Scheme Consideration:** if the Scheme becomes Effective, procure the provision of the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme; and
- (l) **Option Scheme Consideration:** if the Option Scheme becomes Effective, procure the provision of the Option Scheme Consideration in the manner and amount contemplated by clause 4.6 and the terms of the Option Scheme.

### 5.3 Conduct of business

- (a) Subject to clauses 5.3(b) and 5.3(c), from the date of this deed up to and including the Implementation Date, and without limiting any other obligations of Talent2 under this deed, Talent2 must and must procure that the members of the Talent2 Group will:
  - (1) conduct its business in the ordinary and proper course of business and in a manner generally consistent with the manner in which it was conducted in the 12 month period prior to the date of this deed;
  - (2) use all reasonable efforts to:
    - (A) maintain and preserve their relationships with customers, suppliers, Government Agencies, licensors, licensees and others having business dealings with Talent2 and any Related Body Corporate of Talent2;
    - (B) retain the services of its Senior Managers;

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Implementation

- (C) consult with, and obtain the views of the Joint Bidders, prior to the replacement or removal of any Senior Manager; and
- (3) afford to the Joint Bidders, Bidco or each of its Representatives reasonable access to records (subject to any existing confidentiality obligations owed to third parties), business premises and Senior Managers, provided that:
  - (A) nothing in this clause 5.3(a)(3) will require Talent2 to provide information to the Joint Bidders, Bidco or each of its Representatives concerning the IBC's and management's consideration of the Scheme or the Option Scheme;
  - (B) such requests by the Joint Bidders or Bidco do not result in unreasonable disruptions to Talent2 Group's business;
  - (C) Talent2 may provide to the Joint Bidders, Bidco or each of its Representatives its records at a place other than Talent2's business premises.
- (b) Nothing in clause 5.3(a) or clause 5.3(c):
  - (1) restricts the ability of the IBC, Talent2 or any member of the Talent2 Group to take any action (or refrain from taking action):
    - (A) required to be done in order to implement the Scheme or Option Scheme;
    - (B) is contemplated by this deed;
    - (C) which took place with the prior written consent of Bidco and the Joint Bidders;
    - (D) which was Fairly Disclosed in an announcement made to the ASX or a document lodged with ASIC in the 2 years prior to the date of this deed;
    - (E) which was Fairly Disclosed in the Talent2 Disclosure Materials; or
  - (2) requires the IBC, Talent2 or any member of the Talent2 Group to take any action (or refrain from taking action) if to do so would, or would reasonably be likely to, cause a breach of this deed, give rise to a termination right, or cause a condition in clause 3.1 to not be satisfied or to become incapable of satisfaction.
- (c) Without limiting clause 5.3(a), from the date of this deed up to and including the Implementation Date, Talent2 must not, and must ensure that a member of the Talent2 Group does not, except in the ordinary course of business and in a manner generally consistent with prior practice:
  - (1) enter into or agree to enter into any new contract of service with any Senior Manager including to vary any material terms of an existing contract of service;
  - (2) pay or agree to pay any retirement benefit or allowance to any Senior Manager;
  - (3) other than as a result of the Talent2 Board exercising any discretion in relation to a Talent2 Option under a Talent2 Option Plan, accelerate the rights of any Senior Manager to compensation or benefits of any kind;
  - (4) make or agree to make any substantial change in the basis or amount of remuneration of any Senior Manager; or
  - (5) pay any of its Senior Managers a termination or retention payment .



## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Implementation

- (d) Without limiting clause 5.3(a), if between the date of this deed and the Implementation Date, Talent2 proposes or is required by a debt provider to increase or decrease the size of the debt facilities available to the Talent2 Group as at the date of this deed or to amend (to a material extent) the terms and conditions of any such a facility, Talent 2 must promptly notify the Joint Bidders and Bidco in writing. On receipt by Bidco and the Joint Bidders of such notice from Talent2, the parties must consult in good faith with a view to determining the most appropriate manner in which to deal with the proposal or request that will minimise the financial impact on the Talent2 Group.
- (e) Without limiting clause 5.3(a), if between the date of this deed and the Implementation Date, Talent2 or any counterparty to a Material Contract proposes to amend or alter (to a material extent) the terms of a Material Contract or take any action to terminate or make a claim under a Material Contract or of the counterparty actually takes such action, Talent 2 must promptly notify the Joint Bidders and Bidco in writing of such proposed or actual action. On receipt by Bidco and the Joint Bidders of such notice from Talent2, the parties must consult in good faith with a view to determining the most appropriate manner in which to deal with the proposal or action that will minimise the financial impact on the Talent2 Group.
- (f) For the avoidance of doubt, nothing in this section 5.3 restricts the ability of Talent2 to respond to a Competing Proposal in accordance with clause 10.

#### 5.4 IBC recommendation

- (a) Subject to clause 5.4(b), Talent2 must use its best endeavours to procure that the IBC unanimously recommends that Talent2 Shareholders vote in favour of:
  - (1) the Scheme; and
  - (2) the Talent2 EGM Resolutions,
 in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interests of Talent2 Shareholders, provided that Talent2 shall not be required to do anything in the foregoing if the Independent Expert concludes in the Independent Expert's Report (either initially or in any updated report) that the Scheme is not in the best interests of Talent2 Shareholders.
- (b) Talent2 must use its best endeavours to procure that the IBC collectively, and the members of the IBC individually, must not change, withdraw or modify, its or his/her recommendation in favour of the Scheme and the Talent2 EGM Resolutions unless either:
  - (1) the Independent Expert concludes in the Independent Expert's Report (either initially or in any updated report) that the Scheme is not in the best interests of Talent2 Shareholders;
  - (2) Talent2 has received, other than as a result of a breach of clause 10, a Superior Proposal; or
  - (3) the IBC has determined, after receiving written financial advice from its Financial Advisers and written legal advice from its legal advisers, that continuing to recommend the Scheme would be, or would be likely to be, a breach of their statutory or fiduciary duties or would be, or would be likely to be, unlawful.

#### 5.5 Conduct of Court proceedings

- (a) The Joint Bidders, Bidco and Talent2 are entitled to separate representation at all Court proceedings affecting the Transaction.

## Freehills

## Representations and warranties

- (b) This deed does not give:
- (1) the Joint Bidders or Bidco any right or power to give undertakings to the Court for or on behalf of Talent2; or
  - (2) Talent2 any right or power to give undertakings to the Court for or on behalf of the Joint Bidders or Bidco,
- in each case, without the relevant party's written consent.
- (c) The Joint Bidders, Bidco and Talent2 must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Transaction as contemplated by this deed.
- (d) If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, Talent2 must appeal the Court's decision except to the extent that:
- (1) the parties agree otherwise; or
  - (2) Queen's Counsel or Senior Counsel representing that party in relation to the Scheme indicates that, in their opinion, an appeal would likely have less than a 50% prospect of success,
- in which case either Bidco or Talent2 may terminate this deed in accordance with clause 12.1(b)(2). If an appeal is made, Talent2, Bidco and the Joint Bidders must seek to agree in good faith an extension of the End Date by a period of not more than 3 months to account for the period for determination of the appeal on an expedited basis.
- (e) Each of the Joint Bidders, Bidco and Talent2 must defend, or must cause to be defended, any Takeovers Panel proceeding brought against it (or any members of its respective group) challenging this deed or the completion of the Transaction.
- (f) For the avoidance of doubt, each party will be responsible for their own costs that are incurred as a result of the operation of this clause 5.5.

### 5.6 Responsibility statement

The Scheme Booklet will contain a responsibility statement to the effect that:

- (a) Allegis is responsible for the Joint Bidders Information to the extent such information relates to the Allegis Group;
- (b) MBI is responsible for the Joint Bidders Information to the extent such information relates to the MBI Group;
- (c) the Joint Bidders and Bidco are jointly and severally responsible for any Joint Bidders Information not referred to in clause 5.6(a) and 5.6(b); and
- (d) Talent2 is responsible for the Talent2 Information.

## 6 Representations and warranties

### 6.1 Joint Bidders representations and warranties

- (a) Allegis represents and warrants to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) that each of the Allegis Representations and Warranties is true and correct in all material respects, provided that, in respect of any Allegis Representations and Warranties that are, by their terms, qualified by materiality, those Allegis

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

#### Representations and warranties

Representations and Warranties are represented and warranted to be true and correct.

- (b) MBI represents and warrants to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) that each of the MBI Representations and Warranties is true and correct in all material respects, provided that, in respect of any MBI Representations and Warranties that are, by their terms, qualified by materiality, those MBI Representations and Warranties are represented and warranted to be true and correct.
- (c) Each of the Joint Bidders and Bidco jointly and severally represents and warrants to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) that each of the Bidco Representations and Warranties is true and correct in all material respects, provided that, in respect of any Bidco Representations and Warranties that are, by their terms, qualified by materiality, those Bidco Representations and Warranties are represented and warranted to be true and correct.
- (d) Each Joint Bidder is liable for:
  - (1) the representations and warranties made by it under this clause 6.1; and
  - (2) 50% of the amount claimed in respect to a breach of the Bidco Representations and Warranties.

### 6.2 Joint Bidders and Bidco indemnities

- (a) Allegis agrees with Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) to indemnify Talent2 and the Talent2 Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which Talent2 or any of the other Talent2 Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Allegis Representations and Warranties (but excluding any indirect or consequential loss).
- (b) MBI agrees with Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) to indemnify Talent2 and the Talent2 Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which Talent2 or any of the other Talent2 Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the MBI Representations and Warranties (but excluding any indirect or consequential loss).
- (c) The Joint Bidders and Bidco agrees with Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) to indemnify Talent2 and the Talent2 Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which Talent2 or any of the other Talent2 Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Bidco Representations and Warranties. The Joint Bidders liability under this clause 6.2(c) is several in each case as to 50% of the amount claimed by the Talent2 Indemnified Parties (but excluding any indirect or consequential loss).

### 6.3 Talent2's representations and warranties

Talent2 represents and warrants to the Joint Bidders and Bidco (in their own right and separately as trustee or nominee for each of the other Joint Bidder Indemnified Parties) that each of the Talent2 Representations and Warranties is true and correct in all material respects, provided that, in respect of any Talent2 Representations and Warranties that are, by their terms, qualified by materiality, those Talent2 Representations and Warranties are represented and warranted to be true and correct.

## Freehills

Representations and warranties

### **6.4 Talent2's indemnity**

Talent2 agrees with the Joint Bidders and Bidco (in their own right and separately as trustee or nominee for each Joint Bidder Indemnified Party) to indemnify the Joint Bidders and Bidco and each of the other Joint Bidder Indemnified Parties from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which the Joint Bidders, Bidco or any of the other Joint Bidder Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Talent2 Representations and Warranties (but excluding any indirect or consequential loss).

### **6.5 Qualifications on Talent2 representations and warranties**

The Talent2 Representations and Warranties under clause 6.3 and Schedule 2 and indemnity under clause 6.4, are subject to matters:

- (a) that are required to be done in order to implement the Scheme or Option Scheme;
- (b) that are contemplated by this deed;
- (c) which took place with the prior written consent of Bidco and the Joint Bidders;
- (d) which was Fairly Disclosed in an announcement made to the ASX or a document lodged with ASIC in the 2 years prior to the date of this deed; or
- (e) Fairly Disclosed in the Talent2 Disclosure Materials.

### **6.6 Survival of representations and warranties**

Each representation and warranty referred to in clauses 6.1 and 6.3:

- (a) is severable; and
- (b) survives the termination of this deed.

### **6.7 Survival of indemnities**

Each indemnity in this deed (including those in clauses 6.2 and 6.4):

- (a) is severable;
- (b) is a continuing obligation;
- (c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and
- (d) survives the termination of this deed.

### **6.8 Timing of representations and warranties**

Each representation and warranty made or given under clauses 6.1 or 6.3 is given:

- (a) at the date of this deed, at the date of despatch of the Scheme Booklet to Talent2 Shareholders, at 8.00am on the date of the Scheme Meeting and again at 8.00am on the Second Court Date; or
- (b) where expressed to be given at a particular time, at that time.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Releases

## 7 Releases

### 7.1 Talent2 directors and officers

- (a) Each of the Joint Bidders and Bidco agrees with Talent2 that it:
- (1) releases, and shall procure that each member of the Joint Bidder Group releases and discharges, its rights; and
  - (2) will not make a claim, action, demand, suit or proceeding for damages, debt, restitution, equitable compensation, account, injunction, specific performance or any other remedy,
- that either Bidco, a Joint Bidder or a member of the Joint Bidder Group has or may have against Talent2 or any other person who is a Talent2 Indemnified Party (including, for the avoidance of doubt, each member of the IBC) in connection with or in respect of:
- (3) any breach of any representations and warranties of Talent2 or any member of the Talent2 Group in this deed;
  - (4) any disclosure containing any statement which is false or misleading whether in content or by omission,
- whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where it has arisen as a direct result of any fraudulent act or fraudulent omission of Talent2 or any Talent2 Indemnified Party (including, for the avoidance of doubt, each member of the IBC).
- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly. Talent2 receives and holds the benefit of this clause to the extent it relates to each other person who is a Talent2 Indemnified Party (including, for the avoidance of doubt, each member of the IBC) as trustee for each of them.

### 7.2 Bidco and Joint Bidder directors and officers

- (a) Talent2 agrees with Bidco and each Joint Bidder that it:
- (1) releases, and shall procure that each member of the Talent2 Group releases and discharges, its rights; and
  - (2) will not make a claim, action, demand, suit or proceeding for damages, debt, restitution, equitable compensation, account, injunction, specific performance or any other remedy, that either Talent2 or a member of the Talent2 Group has or may have against any person who is a Joint Bidder Indemnified Party in connection with or in respect of:
  - (3) any breach of any representations and warranties by a Joint Bidder or Bidco in this deed; and
  - (4) any disclosure containing any statement which is false or misleading whether in content or by omission,
- whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where it has arisen as a direct result of any fraudulent act or fraudulent omission of a Joint Bidder Indemnified Party.
- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly. The Joint Bidders each receive and hold the benefit of this clause to the extent it relates to each other person who is a Joint Bidder Indemnified Party as trustee for each of them.

## Freehills

Releases

### 7.3 IBC members

- (a) Each of the Joint Bidders and Bidco irrevocably covenants in favour of the IBC and each member of the IBC that it:
- (1) releases and discharges, and shall procure that each member of the Joint Bidder Group releases and discharges, its respective rights; and
  - (2) will not make, and shall procure that no member of the Joint Bidder Group shall make, a claim, action, demand, suit or proceeding for damages, debt, restitution, equitable compensation, account, injunction, specific performance or any other remedy,
- that it has or may have against the IBC or any member of the IBC, in connection with or in respect of:
- (3) the Transaction;
  - (4) the IBC's consideration and conduct of the Transaction;
  - (5) any act or omission by the IBC or any member of the IBC in connection with the Transaction; and
  - (6) any other work undertaken by the IBC in accordance with the IBC Terms of Reference,
- whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where it has arisen as a direct result of any fraudulent act or fraudulent omission of the IBC or the relevant member of the IBC.
- (b) Without prejudice to the benefits, rights and entitlements provided to each member of the IBC under clause 7.1, each member of the IBC receives and holds the benefit of clauses 7.1 and 7.3 directly, such that the benefit of clauses 7.1 and 7.3 may be relied on and directly enforced by each member of the IBC even though no member of the IBC is a party to this deed.
- (c) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (d) The Joint Bidders, Bidco and Talent2 agree that, in addition to the force that this clause 7 has by virtue of this deed, clause 7.3 also operates as a deed poll.

### 7.4 Deeds of indemnity and insurance

- (a) Subject to the Scheme becoming Effective, Bidco and the Joint Bidders undertake in favour of Talent2 and each other person who is a Talent2 Indemnified Party that it will:
- (1) for a period of not less than 7 years from the Implementation Date, ensure that the constitutions of Talent2 and each Talent2 Group Member continue to contain such rules as are contained in those constitutions at the date of this deed which provide to the extent permitted by law for each company to indemnify each of its directors and officers against any liability incurred by that director or officer in his capacity as a director or officer of the company and to any person other than Talent2 or a Related Body Corporate of Talent2; and
  - (2) procure to the extent permitted by law that Talent2 and each Talent2 Group Member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and, without limiting the foregoing, ensure that directors and officers' run-off insurance cover for such directors and officers is maintained for a period of not less than 7 years from

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Public announcement

the retirement date of each director and officer so long as it is available on commercially reasonable terms.

- (b) The undertakings contained in clause 7.4(a) are subject to any restriction under any relevant law and will be read down accordingly. Talent2 receives and holds the benefit of clause 7.4(a), to the extent it relates to the directors and officers of Talent2 and other members of the Talent2 Group, as trustee for them.

## 8 Public announcement

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### 8.1 Announcement of transaction

Immediately after the execution of this deed, Talent2, Bidco and the Joint Bidders must issue the public announcement in a form previously agreed to in writing between them.

### 8.2 Public announcements

Subject to clause 8.3, no public announcement or disclosure regarding the Transaction may be made other than in a form approved by Talent2, Bidco and the Joint Bidders (acting reasonably), but each of them must use all reasonable endeavours to provide such approval as soon as practicable.

### 8.3 Required disclosure

Where a party is required by applicable law or the Listing Rules to make any announcement or to make any disclosure in connection with the Transaction or any other transaction the subject of this deed or the Scheme or the Option Scheme, it must use reasonable endeavours, to the extent practicable and lawful to consult with the other parties prior to making the relevant disclosure.

## 9 Confidentiality and standstill

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### 9.1 Confidentiality Deeds and Standstill Deeds

Talent2 and the Joint Bidders acknowledge and agree that they continue to be bound by their respective Confidentiality Deeds and Standstill Deeds before and after the date of this deed.

### 9.2 Survival of obligations

The rights and obligations of the parties under their respective Confidentiality Deeds and Standstill Deeds survive termination of this deed.

## 10 No-talk and no-shop obligations

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### 10.1 Prohibition - no shop and no talk arrangements

During the Exclusivity Period, Talent2 must not, and must ensure that each of the Related Persons does not, directly or indirectly:

- (a) **(no shop)**

## Freehills

No-talk and no-shop obligations

- (1) solicit, invite, encourage or initiate (including by the provision of non-public information) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal; or
- (2) communicate to any person an intention to do anything referred to in clause 10.1(a)(1); or
- (b) **(no talk)** subject to clause 10.4:
  - (1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make or which would reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal;
  - (2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
  - (3) disclose any non-public information about the business or affairs of Talent2 or its subsidiaries to a Third Party (other than a Government Agency) with a view to obtaining or which would reasonably be expected to encourage or lead to receipt of an actual, proposed or potential Competing Proposal; or
  - (4) communicate to any person an intention to do anything referred to in this clause 10.1(b).

### 10.2 Notification of approaches

During the Exclusivity Period, the IBC must notify the Joint Bidders and Bidco in writing within 2 Business Days of becoming aware of any of the matters set out below, if it, Talent2 or any of its Related Persons becomes aware of any:

- (a) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any expression of interest, offer or proposal of a kind referred to in clause 10.1 (such notice need not include details of the identity of the party making the expression of interest, offer or proposal and their terms (including price and conditions));
- (b) proposal whether written or otherwise made to Talent2 or any of its Related Persons, in connection with, or in respect of any exploration or consummation of an actual, proposed or potential Competing Proposal, whether unsolicited or otherwise (such notice need not include details of the party making the proposal and the terms of the proposal); and
- (c) provision by Talent2 or any of its Related Persons of any material non-public information relating to Talent2 or its business or operations to any person in connection with or for the purposes of an actual, proposed or potential Competing Proposal.

### 10.3 Matching Right

- (a) During the Exclusivity Period, Talent2 must not enter into any legally binding agreement to undertake a Competing Proposal and must use its best endeavours to procure that none of the members of the IBC publicly recommend a Competing Proposal unless:
  - (1) the IBC acting in good faith and in order to satisfy what the IBC considers to be its fiduciary or statutory duties (having received written



## Annexure C – Scheme Implementation Deed (continued)

### Freehills

No-talk and no-shop obligations

- advice from its legal advisers) determines that the Competing Proposal would be a Superior Proposal;
- (2) Talent2 has provided the Joint Bidders and Bidco with the material terms and conditions of the Competing Proposal (including price and the identity of the person that has proposed the Competing Proposal); and
  - (3) the Joint Bidders have not, within 3 Business Days of the notification under clause 10.3(a)(2), submitted to Talent2 a matching or superior proposal to the terms of the Superior Proposal (including a proposed variation to the terms of the Scheme) (**Revised Joint Bidders Proposal**) which is on terms no less favourable than the Competing Proposal (taking into account, without limitation, the price, form and certainty of consideration to be provided under the Revised Joint Bidders Proposal).
- (b) If the IBC determines in good faith that the Revised Joint Bidders Proposal is on terms no less favourable than the Competing Proposal (taking into account, without limitation, the price, form and certainty of consideration to be provided under the Revised Joint Bidders Proposal), then:
- (1) the parties will use best endeavours to pursue an announcement of the Revised Joint Bidders Proposal as soon as reasonably practicable;
  - (2) if the Revised Joint Bidders Proposal contemplates an amendment to the Scheme or this deed, the parties must enter into a deed amending this deed in relation to the Scheme or in relation to other matters contained in this deed (as the case may be) and reflecting the Revised Joint Bidders Proposal; and
  - (3) Talent2 must not take any of the steps referred to in clause 10.3(a)(1) and 10.3(a)(2).
- (c) Any amendment or modification of a Competing Proposal proposed by a third party that results in IBC determining that the amended or modified Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal will be deemed to be a new Competing Proposal so that the provisions of this clause 10 will require notification by Talent2 to the Joint Bidders and Bidco of the terms of the amended Competing Proposal and the right of the Joint Bidders to match such amended Competing Proposal but on the basis that, despite clause 10.3(a)(3), the Joint Bidders will have 2 Business Days to submit a revised proposal.

#### 10.4 Fiduciary exception to no talk and notification arrangements

Clause 10.1(b) does not prohibit any action or inaction by Talent2 or any Related Persons in relation to an actual, proposed or potential Competing Proposal, and the obligations in clause 10.2 do not apply, if, in either case, compliance with that clause would, in the opinion of the IBC, formed in good faith after receiving written advice from its legal advisers, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors, provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of clause 10.1(a).

## Freehills

Payment of costs – Reimbursement Fee

### 10.5 Compliance with law

- (a) If it is finally determined by a Court, or the Takeovers Panel, that the agreement by Talent2 under this clause 10 or any part of it:
- (1) constituted, or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the IBC;
  - (2) constituted, or constitutes, or would constitute, unacceptable circumstances within the meaning of the Corporations Act; or
  - (3) was, or is, or would be, unlawful for any other reason,
- then, to that extent (and only to that extent) Talent2 will not be obliged to comply with that provision of clause 10.
- (b) The parties must not make or cause or permit to be made, any application to a Court or the Takeovers Panel for or in relation to a determination referred to in clause 10.5.

### 10.6 Legal advice

Talent2, MBI and Allegis acknowledge that they each have received legal advice on this deed and the operation of this clause 10.

## 11 Payment of costs – Reimbursement Fee

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### 11.1 Background

This clause 11 has been agreed to in circumstances where:

- (a) Talent2, Bidco and the Joint Bidders believe the implementation of the Scheme and the Option Scheme will provide significant benefits to the Joint Bidders, Talent2 and their respective securityholders. Talent2, Bidco and the Joint Bidders acknowledge that, if they enter into this deed and the Scheme is subsequently not implemented, Allegis will incur significant costs;
- (b) Allegis requested provision be made for the payments outlined in this clause 11, without which Allegis would not have entered into this deed;
- (c) each of the Allegis board, MBI board and the IBC believe that it is reasonable and appropriate for the parties to agree to the payment referred to in this clause 11 to secure Allegis' entry into this deed and the benefits to Talent2 Shareholders from participation in the Transaction; and
- (d) each party has received legal advice in relation to this deed and the operation of this clause 11.

### 11.2 Payment of Reimbursement Fee by Talent2

Subject to clause 11.4, Talent2 must pay the Reimbursement Fee to Allegis, without set-off or withholding, if a Competing Proposal is announced prior to the end of the Exclusivity Period and, within one year of such announcement, the relevant Third Party or an Associate of that Third Party:

- (a) completes a Competing Proposal of the kind referred to in paragraph 2, 3 and 4, of the definition of Competing Proposal; or
- (b) (without limiting 11.2(a)), acquires a Relevant Interest in more than 50% of the Talent2 Shares and the Competing Proposal is completed in accordance with its terms.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Payment of costs – Reimbursement Fee

#### 11.3 Written demand

- (a) If the Reimbursement Fee is payable by Talent2 to Allegis, then Talent2 must pay the Reimbursement Fee to Allegis within 20 Business Days after the date of receiving a written demand from Allegis which contains evidence of the quantum of the costs and expenses referred to in clause 11.4(b).
- (b) The demand for payment of the Reimbursement Fee can only be made after the occurrence of an event referred to in clause 11.2.
- (c) Talent2 is only liable to pay the Reimbursement Fee once.

#### 11.4 Amount of Reimbursement Fee

The Reimbursement Fee payable by Talent2 to Allegis under clause 11.2 is the lesser of:

- (a) \$1,149,000 (exclusive of GST); and
- (b) an amount equal to all of Allegis' (but not MBI's) external costs and expenses paid to a person who is not a member of the Allegis Group (or a director, officer or employee of any member of the Allegis Group) incurred in connection with the negotiation, documentation and finalisation of the Transaction and incurred up to the date on which the event referred to in clause 11.2 occurs including:
  - (1) costs of external professional advisers (other than success fees); and
  - (2) out of pocket expenses.

#### 11.5 Compliance with law

- (a) No amount will be payable by Talent2 under clause 11.2 if the Scheme becomes Effective, despite the occurrence of any event in clause 11.2. To the extent that any amounts have already been paid to Allegis under clause 11.2 and the Scheme becomes Effective, such amounts must immediately be refunded to Talent2.
- (b) This clause 11 does not impose an obligation on Talent2 to pay the Reimbursement Fee to the extent that the obligation to pay the Reimbursement Fee:
  - (1) constitutes unacceptable circumstances as declared by the Takeovers Panel; or
  - (2) is held by a court to be unlawful,
 after all proper avenues of appeal and review, whether judicial or otherwise, have been exhausted. The parties must take all reasonable steps to ensure that any such determination applies to the minimum extent possible.
- (c) The parties must not make, cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clause 11.5(b).

#### 11.6 Other claims

Where an amount becomes payable to Allegis under clause 11.2 and is actually paid to Allegis (or is payable, but no demand is made under clause 11.2), Allegis cannot make any claim (other than a claim under this clause 11) against any of the Talent2 Indemnified Parties which directly or indirectly relates to the facts, matters, circumstances, events or occurrences which gave rise to the obligation to make the payment to Allegis under clause 11.2.

Freehills

Termination

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**12 Termination****12.1 Termination**

- (a) **(Termination by Talent2)** Without prejudice to any other rights of termination under this deed, Talent2 may terminate this deed by written notice to Bidco and the Joint Bidders at any time before 8.00am on the Second Court Date:
- (1) other than in respect of a breach of a Joint Bidder Representation and Warranty (which are addressed in clause 12.2), if either Joint Bidder or Bidco has materially breached this deed, Talent2 has given written notice to Bidco and the Joint Bidders in a timely manner setting out the relevant circumstances and stating an intention to terminate this deed, and the relevant circumstances continue to exist 10 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the date on which the notice is given;
  - (2) if either a Joint Bidder or Bidco or any of their respective subsidiaries in the corporate chain between the relevant Joint Bidder and Bidco or any other material member of the Allegis Group or any member of the MBI Group, is or becomes Insolvent; or
  - (3) if the IBC or a majority of the members of the IBC has changed, withdrawn or modified its recommendation of the Scheme as permitted under clause 5.4.
- (b) **(Termination by either Bidco, Talent2 or a Joint Bidder)** Without prejudice to any other rights of termination under this deed, Bidco, a Joint Bidder or Talent2 may terminate this deed by written notice to the other parties:
- (1) at any time before 8.00am on the Second Court Date, if a Court or Government Agency has taken any action permanently restraining or otherwise prohibiting the Transaction, or has refused to do any thing necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed; or
  - (2) in the circumstances set out in, and in accordance with, clause 3.4.
- (c) **(Termination by Bidco or a Joint Bidder)** Without prejudice to any other rights of termination under this deed, Bidco or a Joint Bidder may terminate this deed by written notice to Talent2 at any time before 8.00am on the Second Court Date:
- (1) if there is a Talent2 Material Adverse Change;
  - (2) if Talent2 has materially breached this deed, Bidco or a Joint Bidder has given written notice to Talent2 in a timely manner setting out the relevant circumstances and stating an intention to terminate this deed, and the relevant circumstances continue to exist 10 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the date on which the notice is given;
  - (3) if the IBC or a majority of the members of the IBC has changed, withdrawn or modified its recommendation of the Scheme or recommends a Competing Proposal in each case as permitted under clause 5.4; or
  - (4) a member of the IBC has changed, withdrawn or modified its recommendation of the Scheme in such a way as would reasonably be likely to adversely affect the prospects of success of the Scheme or recommended a Competing Proposal in a manner not permitted under clause 5.4.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Guarantee by Joint Bidders

#### 12.2 Breach of representations and warranties

Without prejudice to any other rights of termination under this deed, at any time before 8.00am on the Second Court Date, Talent2 may terminate this deed by written notice to Bidco for a material breach of a Joint Bidder Representation and Warranty, by either of the Joint Bidders or Bidco only if:

- (a) Talent2 has given written notice to Bidco setting out the relevant circumstances and stating an intention to terminate; and
- (b) the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) from the time the notice is given under clause 12.2(a).

#### 12.3 Effect of termination

If this deed is terminated by either Bidco, a Joint Bidder or Talent2 under clauses 3.4(b), 12.1 or 12.2, except to the extent that the termination results from a breach by either such party of its obligations under this deed, this deed will become void and have no further force or effect, without any liability or obligation on the part of any party, other than in relation to rights and obligations that accrued prior to termination and other than in relation to the provisions of this clause 12 and of clauses 1, 6.6 to 6.8, 7, 9, 11, 13, 15, 16.2, 16.4, 16.5, 16.6, 16.9 and 16.11 which will remain in force after termination.

#### 12.4 Termination

Where Bidco, a Joint Bidder or Talent2 has a right to terminate this deed, that right for all purposes will be validly exercised only if Bidco, a Joint Bidder or Talent2 (as the case may be) delivers a notice in writing to Talent2, Bidco and the Joint Bidders (as the case may be) stating that it terminates this deed and the provision under which it is terminating the deed.

#### 12.5 Terminable in writing

This deed is terminable if agreed to in writing by Talent2, Bidco and the Joint Bidders.

### 13 Guarantee by Joint Bidders

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#### 13.1 Guarantee and indemnity

The Joint Bidders each:

- (a) unconditionally and irrevocably guarantees to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) on demand, the due and punctual performance of Bidco's obligations under this deed or under the Deed Poll or the Option Scheme Deed Poll; and
- (b) as a separate and additional joint and several liability, indemnifies the IBC and each member of the IBC against all loss, actions, proceedings and judgments of any nature, incurred by, brought, made or recovered against Talent2 arising from any default or delay in the due and punctual performance of Bidco's obligations under this deed or under the Deed Poll or the Option Scheme Deed Poll.

## Freehills

Guarantee by Joint Bidders

### 13.2 Extent of guarantee and indemnity

The liability of the Joint Bidders under this clause 13 is not affected by anything which, but for this clause 13 might operate to release or exonerate any of the Joint Bidders in whole or in part from its obligations including any of the following, whether with or without the consent of the Joint Bidders:

- (a) the grant to Bidco, the Joint Bidders or any other person of any time, waiver or other indulgence, or the discharge or release of Bidco, the Joint Bidders or any other person from any liability or obligation;
- (b) any transaction or arrangement that may take place between Bidco, the Joint Bidders, Talent2 or any other person;
- (c) Talent2 exercising or refraining from exercising its rights under any security or any other rights, powers or remedies against Bidco, the Joint Bidders or any other person;
- (d) the amendment, replacement, extinguishment, unenforceability, failure, loss, release, discharge, abandonment or transfer either in whole or in part and either with or without consideration, of any security now or in the future held by Talent2 from Bidco, the Joint Bidders or any other person or by the taking of or failure to take any security;
- (e) the failure or omission or any delay by Talent2 to give notice to the Joint Bidders of any default by Bidco under this deed; and
- (f) any legal limitation, disability, incapacity or other circumstances related to Bidco, the Joint Bidders or any other person.

### 13.3 Principal and independent obligation

This clause 13 is a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation and extends to cover this deed as amended, varied, supplemented, renewed or replaced.

### 13.4 Continuing guarantee and indemnity

This clause 13 is a continuing obligation of the Joint Bidders and remains in full force and effect for so long as Bidco has any liability or obligation to Talent2 under this deed and until all of those liabilities or obligations have been fully discharged.

### 13.5 No withholdings

- (a) The Joint Bidders must make all payments that become due under this clause 13, free and clear and without deduction of all present and future withholdings (including taxes, duties, levies, imposts, deductions and charges of Australia or any other jurisdiction).
- (b) If either of the Joint Bidders is compelled by law to deduct any withholding, then in addition to any payment due under this clause 13, it must pay to Talent2 such amount as is necessary to ensure that the net amount received by Talent2 after withholding equals the amount Talent2 would otherwise have been entitled to if not for the withholding.

### 13.6 Currency

The Joint Bidders must pay all moneys that it becomes liable to pay under this clause 13 in the currency in which they are payable under this deed and free of any commissions and expenses relating to foreign currency conversion or any other charges or expenses.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Duty, costs and expenses

#### 13.7 No set off

The Joint Bidders have no right to set off, deduct or withhold any moneys that it may be or become liable to pay under this clause 13, against any moneys that Talent2 may be, or become, liable to pay to the Joint Bidders whether under this deed or otherwise.

#### 13.8 Joint Bidders Liability

The Joint Bidders liability in respect of any claim shall not exceed Bidco's liability in respect of that claim.

### 14 Duty, costs and expenses

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#### 14.1 Stamp duty

Bidco must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this deed, the Scheme or the Option Scheme or the steps to be taken under this deed or the Scheme or the Option Scheme.

#### 14.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this deed and the proposed, attempted or actual implementation of this deed and the Transaction.

### 15 GST

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- (a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with clause 15(e) if required) (**Consideration**) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The Additional Amount payable under clause 15(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 15(b):
  - (1) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
  - (2) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
  - (3) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the

Freehills

General

amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.

- (e) Despite any other provision in this deed:
  - (1) if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred; and
  - (2) no Additional Amount is payable under clause 15(b) in respect of a Supply to which s 84-5 of the GST Law applies.
- (f) Any reference in this clause 15 to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.
- (g) Any term starting with a capital letter in this clause 15 that is not defined in this deed has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999 (Cth)*.

## 16 General

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### 16.1 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges that it has performed its own searches, enquiries, investigations and evaluations prior to entering into this deed and has formed its own views on the Transaction, with no targets, projections, forecasts or other forward looking statements having been relied on by that party.
- (c) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this deed.
- (d) Each party acknowledges and confirms that clauses 16.1(a), 16.1(b) and 16.1(c) do not prejudice any rights a party may have in relation to information which has been filed by a party with ASIC or ASX.



## Annexure C – Scheme Implementation Deed (continued)

### Freehills

General

#### 16.2 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

#### 16.3 Consents

Any consent referred to in, or required under, this deed from any party may be given in that party's absolute discretion (even if unreasonably withheld), unless this deed expressly provides for that consent to not be unreasonably withheld.

#### 16.4 Notices

A notice or other communication including, but not limited to, a request, demand, consent or approval, to or by a party to this deed:

- (a) must be in legible writing and in English;
- (b) may be delivered personally to the addressee, or left or sent by prepaid post to the addressee's address, or faxed to the addressee's fax number, or emailed to the addressee's email address, given below:

(1) **if to Talent2:**

Address: Level 4, 77 Pacific Highway, North Sydney, NSW 2060, Australia

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Attention: Ken Borda and David Patteson

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Fax: +61 2 9087 6300

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Email: [ken.borda@talent2.com](mailto:ken.borda@talent2.com) / [david.patteson@talent2.com](mailto:david.patteson@talent2.com)

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With a copy to Freehills:

Address: Level 32, MLC Centre 19 Martin Place, Sydney, NSW 2000, Australia

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Attention: Andrew Rich and Ben Jones

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Fax: +61 2 9322 4000

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Email: [andrew.rich@freehills.com](mailto:andrew.rich@freehills.com) / [ben.jones@freehills.com](mailto:ben.jones@freehills.com)

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General

**(2) if to Bidco:**

Address: Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia

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Attention: Andrew Banks and Geoff Morgan

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Fax: +61 2 8969 7770

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Email: [andrew.banks@talent2.com](mailto:andrew.banks@talent2.com) / [geoff.morgan@talent2.com](mailto:geoff.morgan@talent2.com)

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With a copy to Watson Mangioni:

Address: Level 13, 50 Carrington Street, Sydney, NSW 2000, Australia

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Attention: Michael Beaumont and Peter Velez

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Fax: +61 2 9262 2626

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Email: [mbeaumont@wmlaw.com.au](mailto:mbeaumont@wmlaw.com.au) / [pvelez@wmlaw.com.au](mailto:pvelez@wmlaw.com.au)

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With a copy to DLA Piper:

Address: Level 38, 201 Elizabeth Street, Sydney, NSW 2000

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Attention: David Morris and Lyndon Masters

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Fax: +61 2 9283 4144

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Email: [david.p.morris@dlapiper.com](mailto:david.p.morris@dlapiper.com) / [lyndon.masters@dlapiper.com](mailto:lyndon.masters@dlapiper.com)

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**(3) if to MBI:**

Address: Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia

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Attention: Andrew Banks and Geoff Morgan

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Fax: +61 2 8969 7770

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## Annexure C – Scheme Implementation Deed (continued)

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Email: [andrew.banks@talent2.com](mailto:andrew.banks@talent2.com) / [geoff.morgan@talent2.com](mailto:geoff.morgan@talent2.com)

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With a copy to Watson Mangioni:

Address: Level 13, 50 Carrington Street, Sydney, NSW 2000, Australia

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Attention: Michael Beaumont and Peter Velez

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Fax: +61 2 9262 2626

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Email: [mbeaumont@wmlaw.com.au](mailto:mbeaumont@wmlaw.com.au) / [pvelez@wmlaw.com.au](mailto:pvelez@wmlaw.com.au)

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(4) **if to Allegis:**

Address: 7301 Parkway Drive, Hanover, MD, 21076, United States of America

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Attention: Randall D. Sones and Richard D. Moore

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Fax: +1 410 579 3136

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Email: [rsones@allegisgroup.com](mailto:rsones@allegisgroup.com) / [rmoore@allegisgroup.com](mailto:rmoore@allegisgroup.com)

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With a copy to DLA Piper:

Address: Level 38, 201 Elizabeth Street, Sydney, NSW 2000

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Attention: David Morris and Lyndon Masters

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Fax: +61 2 9283 4144

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Email: [david.p.morris@dlapiper.com](mailto:david.p.morris@dlapiper.com) / [lyndon.masters@dlapiper.com](mailto:lyndon.masters@dlapiper.com)

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or as specified to the sender by the other party by notice;

- (c) must, if the sender is a company, be signed by an authorised signatory or legal adviser;
- (d) is regarded as being given by the sender and received by the addressee if delivered in person, when delivered to the addressee but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is regarded as received at 9.00am on the next Business Day;

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- (e) if sent by prepaid ordinary post (airmail if appropriate), is regarded as being sent by the sender and received by the addressee when sent by the sender to the addressee's address set out in clause 16.4(b) three days after posting (or seven days after posting if sent from one country to another) but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is regarded as received at 9.00am on the next Business Day; and
- (f) if sent by email, is regarded as being sent by the sender and received by the addressee when sent by the sender to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee).

### **16.5 Service of process**

- (a) Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under clause 16.4.
- (b) Allegis irrevocably appoints DLA Piper, at the address specified in clause 16.4 as its agent for the service of process in Australia in relation to any matter arising out of this deed. If DLA Piper ceases to be able to act as such or have an address in Australia, Allegis agrees to appoint a new process agent in Australia and deliver to Talent2 within 5 Business Days a copy of a written acceptance of appointment by the process agent, upon receipt of which the new appointment becomes effective for the purpose of this deed. Allegis must inform Talent2 in writing of any change in the address of its process agent within 5 Business Days of the change.

### **16.6 Governing law and jurisdiction**

- (a) This deed is governed by the laws of New South Wales, Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and courts competent to hear appeals from those courts.

### **16.7 Waivers**

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by any party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

### **16.8 Variation**

This deed may only be varied by a document signed by or on behalf of each of the parties.

### **16.9 Assignment**

A party may not assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of the other parties.

## Annexure C – Scheme Implementation Deed (continued)

### Freehills

General

#### **16.10 Acknowledgement**

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of any provision of this deed and that:

- (a) Bidco and each Joint Bidder is entitled to seek and obtain without limitation injunctive relief if Talent2 breaches any provision of this deed; and
- (b) Talent2 is entitled to seek and obtain without limitation injunctive relief if Bidco or any of the Joint Bidders breaches any provision of this deed.

#### **16.11 No third party beneficiary**

This deed shall be binding on and inure solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this deed, express or implied, is intended to or shall confer on any other person, other than the Joint Bidder Indemnified Parties and the Talent2 Indemnified Parties (including, for the avoidance of doubt, each member of the IBC), to the extent set forth in clause 6 and clause 7, any third party beneficiary rights.

#### **16.12 Further action**

Each party will do all things and execute all further documents necessary to give full effect to this deed.

#### **16.13 Entire agreement**

This deed supersedes all previous agreements, understandings, negotiations or deeds (other than the Confidentiality Deeds and Standstill Deeds) in respect of its subject matter and embodies the entire agreement between the parties.

#### **16.14 Counterparts**

- (a) This deed may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this deed by signing any counterpart.

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## Schedules

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## Annexure C – Scheme Implementation Deed (continued)

### Freehills

## Schedule 1

### Joint Bidder Representations and Warranties

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#### Part A - Allegis Representations and Warranties

Allegis represents and warrants to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) that:

- (a) **Joint Bidders Information:** the Joint Bidders Information to the extent it relates to the Allegis Group (other than any information provided by Talent2 to the Joint Bidders or obtained from Talent2 public filings on ASX regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information) contained in the Scheme Booklet:
  - (1) will be prepared and included in the Scheme Booklet in good faith; and
  - (2) will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, Listing Rules and relevant ASIC regulatory guides;
- (b) **Information provided to the Independent Expert:** all information provided by Allegis to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purposes of preparing its report for inclusion in the Scheme Booklet;
- (c) **Scheme Booklet:** the Joint Bidders Information to the extent it relates to the Allegis Group provided for inclusion in the Scheme Booklet (other than any information regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information), as at the date of the Scheme Booklet, will not contain any statement which is materially misleading or deceptive including by way of omission from that statement;
- (d) **Allegis shareholding:** as at the date of this deed, neither Allegis nor any Associate has a Relevant Interest in any Talent2 Shares, other than a Relevant Interest in the Talent2 Shares owned or controlled by MBI as at the date of this deed;
- (e) **New information:** it will, as a continuing obligation, provide to Talent2 all further or new information which arises after the date of the Scheme Booklet until the Second Court Date which is necessary to ensure that the Joint Bidders Information to the extent it relates to the Allegis Group is not misleading or deceptive in any material respect (including because of any material omission);
- (f) **Validly existing:** it is a validly existing corporation registered under the laws of its place of incorporation;
- (g) **Authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of Allegis;
- (h) **Scheme Consideration:** it has a reasonable basis to expect that it will have the necessary funds to provide to Bidco to ensure that Bidco will by the Business Day prior to the Implementation Date have funds on the Business Day prior to the Implementation Date sufficient to perform its obligation, if the Scheme becomes Effective, to satisfy its payment obligations under the Scheme Deed Poll and the Option Scheme Deed Poll;
- (i) **Power:** it has full corporate power and lawful authority to execute, deliver and perform this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms;

## Freehills

Schedule 1 Joint Bidder Representations and Warranties

- (j) **Binding obligations:** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it;
- (k) **Consents:** subject to the terms of or as set out in this deed, no member of the Allegis Group requires any consent, approval or waiver from a third party to enter into and complete the Transaction;
- (l) **No awareness:** as at the date of this deed, it is not aware of the existence of:
  - (1) a Talent2 Prescribed Occurrence;
  - (2) a Talent2 Material Adverse Change;
  - (3) a breach by Talent2 of any of its obligations under this deed;
  - (4) it having a termination right under this deed; or
  - (5) any of the conditions precedent in clause 3.1 being or becoming incapable of satisfaction; and
- (m) **No default:** this deed does not conflict with or result in the breach of or a default under any provision of its constitution or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound.

### **Part B - MBI Representations and Warranties**

MBI represents and warrants to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) that:

- (a) **Joint Bidders Information:** the Joint Bidders Information to the extent it relates to the MBI Group (other than any information provided by Talent2 to the Joint Bidders or obtained from Talent2 public filings on ASX regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information) contained in the Scheme Booklet:
  - (1) will be prepared and included in the Scheme Booklet in good faith; and
  - (2) will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, Listing Rules and relevant ASIC regulatory guides;
- (b) **Information provided to the Independent Expert:** all information provided by MBI to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purposes of preparing its report for inclusion in the Scheme Booklet;
- (c) **Scheme Booklet:** the Joint Bidders Information to the extent it relates to the MBI Group provided for inclusion in the Scheme Booklet (other than any information regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information), as at the date of the Scheme Booklet, will not contain any statement which is materially misleading or deceptive including by way of omission from that statement;
- (d) **MBI shareholding:** neither MBI nor any Associate has a Relevant Interest in any Talent2 Shares, other than a Relevant Interest in 32,105,226 which Talent2 Shares are owned or controlled by MBI or its Associates as at the date of this deed;
- (e) **New information:** it will, as a continuing obligation, provide to Talent2 all further or new information which arises after the date of the Scheme Booklet until the Second Court Date which is necessary to ensure that the Joint Bidders Information to the extent it relates to the MBI Group is not misleading or deceptive in any material respect (including because of any material omission);



## Annexure C – Scheme Implementation Deed (continued)

### Freehills

Schedule 1 Joint Bidder Representations and Warranties

- (f) **Validly existing:** it is a validly existing corporation registered under the laws of its place of incorporation;
- (g) **Authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of MBI;
- (h) **Scheme Consideration:** it has a reasonable basis to expect that it will have the necessary funds to provide to Bidco to ensure that Bidco will by the Business Day prior to the Implementation Date have funds on the Business Day prior to the Implementation Date sufficient to perform its obligation, if the Scheme becomes Effective, to satisfy its payment obligations under the Scheme Deed Poll and the Option Scheme Deed Poll;
- (i) **Power:** it has full corporate power and lawful authority to execute, deliver and perform this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms;
- (j) **Binding obligations:** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it;
- (k) **Consents:** subject to the terms of or as set out in this deed, no member of the MBI Group requires any consent, approval or waiver from a third party to enter into and complete the Transaction;
- (l) **No awareness:** as at the date of this deed, it is not aware of the existence of:
  - (1) a Talent2 Prescribed Occurrence;
  - (2) a Talent2 Material Adverse Change;
  - (3) a breach by Talent2 of any of its obligations under this deed;
  - (4) it having a termination right under this deed; or
  - (5) any of the conditions precedent in clause 3.1 not being satisfied or being or becoming incapable of satisfaction; and
- (m) **No default:** this deed does not conflict with or result in the breach of or a default under any provision of its constitution or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound.

### Part C - Bidco Representations and Warranties

Bidco and the Joint Bidders represent and warrant to Talent2 (in its own right and separately as trustee or nominee for each of the other Talent2 Indemnified Parties) that:

- (a) **Joint Bidders Information:** the Joint Bidders Information to the extent not warranted under paragraph (a) of Part A and Part B of this Schedule (**Bidco Information**) (other than any information provided by Talent2 to the Joint Bidders or obtained from Talent2 public filings on ASX regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information) contained in the Scheme Booklet:
  - (1) will be prepared and included in the Scheme Booklet in good faith; and
  - (2) will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, Listing Rules and relevant ASIC regulatory guides;
- (b) **Information provided to the Independent Expert:** all information provided by Bidco to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purposes of preparing its report for inclusion in the Scheme Booklet;

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## Schedule 1 Joint Bidder Representations and Warranties

- (c) **Scheme Booklet:** the Bidco Information provided for inclusion in the Scheme Booklet (other than any information regarding the Talent2 Group contained in, or used in the preparation of, the Joint Bidders Information), as at the date of the Scheme Booklet, will not contain any statement which is materially misleading or deceptive including by way of omission from that statement;
- (d) **New information:** they will, as a continuing obligation, provide to Talent2 all further or new information which arises after the date of the Scheme Booklet until the Second Court Date which is necessary to ensure that the information on Bidco is not misleading or deceptive in any material respect (including because of any material omission);
- (e) **Validly existing:** Bidco is a validly existing corporation registered under the laws of its place of incorporation;
- (f) **Bidco:** as at the date of this deed, Bidco is a wholly owned subsidiary of MBI. If the Scheme becomes Effective, it will be 50% owned by Allegis and 50% owned by MBI. In addition, it has the corporate power to carry out the Transaction contemplated in this deed;
- (g) **Authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of Bidco;
- (h) **Scheme Consideration:** it has a reasonable basis to expect that Bidco will by the Business Day prior to the Implementation Date have funds on the Business Day prior to the Implementation Date sufficient to perform its obligation, if the Scheme becomes Effective, to satisfy its payment obligations under the Scheme Deed Poll and the Option Scheme Deed Poll;
- (i) **Power:** Bidco has full corporate power and lawful authority to execute, deliver and perform this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms;
- (j) **Binding obligations:** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on Bidco;
- (k) **Consents:** subject to the terms of or as set out in this deed, neither Bidco nor any of its Related Bodies Corporate requires any consent, approval or waiver from a third party to enter into and complete the Transaction;
- (l) **No awareness:** as at the date of this deed, it is not aware of the existence of:
  - (1) a Talent2 Prescribed Occurrence;
  - (2) a Talent2 Material Adverse Change;
  - (3) a breach by Talent2 of any of its obligations under this deed;
  - (4) it having a termination right under this deed; or
  - (5) any of the conditions precedent in clause 3.1 being or becoming incapable of satisfaction; and
- (m) **No default:** this deed does not conflict with or result in the breach of or a default under any provision of Bidco's constitution or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which Bidco is bound.

## Annexure C – Scheme Implementation Deed (continued)

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## Schedule 2

## Talent2 Representations and Warranties

Talent2 represents and warrants to Bidco (in its own right and separately as trustee or nominee for each of the other Joint Bidder Indemnified Parties) that:

- (a) **Information in Scheme Booklet:** the information contained in the Scheme Booklet (other than the Joint Bidders Information and the Independent Expert's Report):
  - (1) will be prepared and included in the Scheme Booklet in good faith; and
  - (2) will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, Listing Rules and ASIC Regulatory Guide 60;
- (b) **Information provided to the Independent Expert:** all information provided by Talent2 to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing its report for inclusion in the Scheme Booklet;
- (c) **Scheme Booklet:** no information (other than the Joint Bidders Information and the Independent Expert's Report) contained in the Scheme Booklet, as at the date of the Scheme Booklet, will contain any statement which is materially misleading or deceptive, including by way of omission from that statement;
- (d) **New information:** it will, as a continuing obligation, ensure that the Scheme Booklet (but in respect of Joint Bidders Information, subject to the Joint Bidders complying with its obligations to update the Joint Bidders Information) will be updated by all further or new information which may arise after the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive in any material respect (including because of any material omission) and will provide Bidco with all such information;
- (e) **Conduct of business:** Talent2 has complied with clause 5.3 in relation to the conduct of the businesses of the Talent2 Group;
- (f) **Continuous disclosure:** Talent2 is not in breach of its continuous disclosure obligations under Listing Rule 3.1 and, other than in connection with this Transaction, it is not relying on the carve-out in Listing Rule 3.1A to withhold any information from public disclosure;
- (g) **Untrue statements:** Talent2 and the Talent2 Group have not filed any document with ASX or ASIC which contain a statement which was incorrect or misleading in a material particular or from which there was a material omission;
- (h) **Validly existing:** it and each member of the Talent2 Group is a validly existing corporation registered under the laws of its place of incorporation;
- (i) **Authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of Talent2;
- (j) **Power:** Talent2 has full corporate power and lawful authority to execute and deliver this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms;

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- (k) **Binding obligations:** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it;
- (l) **Capital structure:** its capital structure (including all issued securities) as at the date of this deed, is as set out in Schedule 3 and, as at the date of this deed, it has not issued or agreed to issue any other securities, options, performance rights or instruments which are still outstanding or which may convert into Talent2 Shares other than as set out in Schedule 3;
- (m) **Information:** if, after the date of this deed, Talent2 has provided material non-public written information about the Talent2 Group to a third party in reliance on clause 10.2 and that information was not disclosed to Bidco and the Joint Bidders, prior to the date of this deed, that information has been made available to Bidco and the Joint Bidders;
- (n) **No default:** this deed does not conflict with or result in the breach of or default under any provision of Talent2's constitution or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound;
- (o) **Compliance:** each member of the Talent2 Group has complied in all material respects with all laws and regulations applicable to them and orders of Governmental Agencies having jurisdiction over them;
- (p) **No breach or acceleration:** neither the execution or performance by it of this deed nor any transaction contemplated under this deed will breach or accelerate the obligations of it or of any member of the Talent2 Group under a material provision of any Material Contract;
- (q) **IBC's recommendation:** each director constituting the IBC has communicated to Talent2 that they each intend (in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Talent2 Shareholders) to vote the Shares they control in favour of the Scheme and the Talent2 EGM Resolutions in the absence of a Superior Proposal and, so far as Talent2 is aware, they have not changed their intention;
- (r) **Talent2 Disclosure Materials:**
  - (1) as at the date of this deed, none of the information comprising the Talent2 Disclosure Materials is materially inaccurate or misleading or deceptive (including because of any material omissions) in any material respect; and
  - (2) the Talent2 Disclosure Materials has been collated with all reasonable care and skill;
- (s) **Consents:** subject to the terms of or as set out in this deed, no member of the Talent2 Group requires any consent, approval or waiver from a third party to enter into and complete the Transaction;
- (t) **No default:** to the knowledge of Andrew Banks, John Rawlinson, Martin Brooke and David Patteson, as at the date of this deed, no member of the Talent2 Group is in material breach under any Material Contract, nor, as at the date of this deed, has any member of the Talent2 Group done anything that would give a counterparty to any Material Contract a termination right; and
- (u) **No Competing Proposal:** as at the date of this deed, Talent2 it is not in negotiations or discussions in respect of a Competing Proposal.

## Annexure C – Scheme Implementation Deed (continued)

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## Schedule 3

## Talent2 capital structure

- Ordinary shares on issue: 147,403,701
- Talent2 options as follows:

Parcel	ASX Code	Expiry Date	Exercise price	Number of Talent2 options in this series*	Vested Talent2 options	Non Vested Talent2 options
X	TWOAE	30 June 2012	\$ 1.57	120,000	120,000	-
A	TWOAG	8 August 2012	\$ 3.01	546,000	546,000	-
B	TWOAH	10 September 2013	\$ 2.93	655,200	153,800	501,400
D	TWOAL	20 February 2013	\$ 2.25	49,000	49,000	-
E	TWOAI	23 April 2013	\$ 1.78	10,000	10,000	-
F	TWOAM	13 August 2013	\$ 1.25	10,000	7,500	2,500
G	TWOAM	30 June 2012	\$ 1.50	80,000	80,000	-
H	TWOAM	22 October 2013	\$ 1.04	1,877,150	1,336,362	540,788
J	TWOAM	18 February 2014	\$ 0.63	56,000	42,000	14,000
K	TWOAM	20 April 2014	\$ 0.55	20,000	15,000	5,000
L	TWOAM	3 June 2014	\$ 0.68	3,424,500	1,588,500	1,836,000
N	TWOAM	21 October 2014	\$ 1.45	30,000	15,000	15,000
O	TWOAM	8 January 2015	\$ 1.42	275,000	137,500	137,500
P	TWOAM	15 February 2015	\$ 1.33	100,000	50,000	50,000
Q	TWOAM	21 April 2015	\$ 1.46	50,000	25,000	25,000
R	TWOAM	16 June 2015	\$ 1.41	20,000	5,000	15,000
A2	TWOAM	1 July 2015	\$ 1.42	50,000	12,500	37,500

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B2	TWOAM	13 September 2015	\$ 1.45	165,000	41,250	123,750
C2	TWOAM	20 October 2015	\$ 1.51	10,000	2,500	7,500
D2	TWOAM	15 December 2015	\$ 1.48	25,000	6,250	18,750
E2	TWOAM	4 February 2016	\$ 1.53	75,000	18,750	56,250
F2	TWOAM	11 May 2016	\$ 1.67	75,000	18,750	56,250
G2	TWOAM	5 August 2016	\$ 1.38	165,000	-	165,000
H2	TWOAM	5 August 2016	\$ 1.38	100,000	-	100,000
I2	TWOAM	26 October 2016	\$ 1.17	1,085,000	-	1,085,000
J2	TWOAM	16 December 2016	\$ 1.01	70,000	-	70,000
K2	TWOAM	2 February 2017	\$ 0.52	600,000	-	600,000

\* Includes vested and unvested Talent2 options.

- Talent2 performance rights as follows:

Grant date	Plan type	Unvested	Vesting date
10 September 2007	Talent2 Long Term Incentive Plan (2007 LTI Plan)	474,433	1 August 2012
13 February 2009	2007 LTI Plan	186,000	<ul style="list-style-type: none"> <li>1 August 2012 (43,500)</li> <li>1 August 2013 (62,500)</li> <li>1 August 2014 (80,000)</li> </ul>
9 December 2009	2007 LTI Plan	250,000	<ul style="list-style-type: none"> <li>1 August 2013 (62,500)</li> <li>1 August 2014 (87,500)</li> <li>1 August 2015 (100,000)</li> </ul>
1 July 2010	2007 LTI Plan	25,000	1 August 2013

## Annexure C – Scheme Implementation Deed (continued)

**Freehills**

<b>Grant date</b>	<b>Plan type</b>	<b>Unvested</b>	<b>Vesting date</b>
8 November 2010	Talent2 Long Term Incentive Plan as amended and restated 16 June 2010 ( <b>2010 LTI Plan</b> )	1,201,250	1 November 2013
1 March 2011	2010 LTI Plan	71,900	1 March 2014
26 October 2011 (3 year)	2010 LTI Plan	278,200	26 October 2014
29 November 2011 (15 month)	2010 LTI Plan	36,500	15 February 2013
1 December 2011	2010 LTI Plan	2,485,600	1 December 2014
16 December 2011	2010 LTI Plan	29,300	16 December 2014

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## Schedule 4

Talent2 EGM Resolutions

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**1 Section 611 item 7 Resolution**

To consider and, if thought fit, pass the following as an ordinary resolution:

“That, subject to Talent2 Shareholders agreeing to the Scheme in accordance with subparagraph 411(4)(a)(ii) of the *Corporations Act 2001* (Cth), and for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth), and as outlined in the Scheme Booklet accompanying this notice of meeting, approval is given for the acquisition by Perbec Pty Ltd (ACN 158 551 574), Pergal Pty Ltd (ACN 158 366 155) and Allegis (and their respective Related Bodies Corporate) of a Relevant Interest in 32,105,226 Talent2 Shares in which MBI has a Relevant Interest, which acquisition arises out of the entry into the Joint Bid Framework Deed dated 25 May 2012 between MBI, Allegis, Perbec Pty Ltd (ACN 158 551 574) and Pergal Pty Limited (ACN 158 366 155) as more particularly summarised in the Scheme Booklet of which this notice of meeting forms part.”

**2 Financial Assistance Resolution**

To consider and, if thought fit, pass the following as a special resolution:

“That, conditional on and subject to the Scheme becoming Effective, approval is given under subsection 260B(4) of the *Corporations Act 2001* (Cth) for the giving of financial assistance in the manner outlined in the Scheme Booklet accompanying this notice of meeting under subsection 260B(4) of the *Corporations Act 2001* (Cth), such financial assistance being the declaration and payment of the Special Dividend by Talent2 as outlined in the Scheme Booklet accompanying this notice of meeting.”



Annexure C – Scheme Implementation Deed (continued)

**Freehills**

Signing page

Executed as a deed

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Signed sealed and delivered by  
**Talent2 International Limited**  
by

*sign here* ▶ \_\_\_\_\_  
Company Secretary/Director

*print name* \_\_\_\_\_

*sign here* ▶ \_\_\_\_\_  
Director

*print name* \_\_\_\_\_

---

**Freehills**

Signing page

Signed sealed and delivered by  
**Perbec Pty Ltd**  
by

sign here ▶

\_\_\_\_\_   
Duly authorised signatory

Print name  
& position  
▶

\_\_\_\_\_

sign here ▶

\_\_\_\_\_   
Signature of witness

Print name  
& position  
▶

\_\_\_\_\_

Signed sealed and delivered by  
**Morgan & Banks Investments Pty Limited**  
by

sign here ▶

\_\_\_\_\_   
Duly authorised signatory

Print name  
& position  
▶

\_\_\_\_\_

sign here ▶

\_\_\_\_\_   
Signature of witness

Print name  
& position  
▶

\_\_\_\_\_

Annexure C – Scheme Implementation Deed (continued)

**Freehills**

Signing page

Signed sealed and delivered by  
**Allegis Group, Inc.**  
by

*sign here* ▶ \_\_\_\_\_  
Company Secretary/Director

*print name* \_\_\_\_\_

*sign here* ▶ \_\_\_\_\_  
Director

*print name* \_\_\_\_\_

\_\_\_\_\_

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## Attachment 1

## Indicative Timetable

Event	Target date
Regulator's Draft provided to ASIC	Wednesday, 27 June 2012
First Court hearing	Tuesday, 17 July 2012
Scheme Meeting	Monday, 20 August 2012
Second Court hearing	Thursday, 23 August 2012
Effective Date	Thursday, 23 August 2012
Special Dividend Announcement Date	Thursday, 23 August 2012
Special Dividend (ex-date) <i>(4 business days before the Special Dividend Record Date)</i>	Tuesday, 28 August 2012
Special Dividend Record Date <i>(7 business days after the announcement of the Special Dividend)</i> <i>(Needs to be a clear business day between the Special Dividend Record Date and the Scheme Record Date)</i>	Monday, 3 September 2012
ATO ex-dividend date <i>(Needs to be the day after the Special Dividend Record Date)</i>	Tuesday, 4 September 2012
Special Dividend Payment Date <i>(Any business day after the ATO ex-date which is prior to the Scheme Record Date)</i>	Friday, 7 September 2012
Scheme Record Date	Monday, 10 September 2012

## Annexure C – Scheme Implementation Deed (continued)

**Freehills**Attachment 1 Indicative Timetable **Event****Target date**

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*(At least 5 business days after the Effective Date)*

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Implementation Date

Thursday, 13 September 2012

*(3 business days after the Scheme Record Date)*

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Attachment 2

Scheme of Arrangement

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[Attached]

Annexure C – Scheme Implementation Deed (continued)

**Freehills**

Attachment 3

Deed Poll

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[Attached]

Freehills

Attachment 4

Option Scheme

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[Attached]



**Annexure C – Scheme Implementation Deed (continued)****Freehills****Attachment 5****Option Scheme Deed Poll**

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[Attached]



## **Annexure D – Scheme of Arrangement**

## Annexure D – Scheme of Arrangement

# Share scheme of arrangement

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Talent2 International Limited  
Scheme Shareholders

[andrew.rich@freehills.com](mailto:andrew.rich@freehills.com)

**Freehills**

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## Annexure D – Scheme of Arrangement (continued)

### Freehills

## Share scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

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**Talent2 International Limited** (ACN 000 737 744) of  
Level 4, 77 Pacific Highway, North Sydney, NSW 2060, Australia  
(**Talent2**)

---

Each person registered as a holder of fully paid ordinary shares in  
Talent2 in the Share Register as at the Scheme Record Date (other  
than the Excluded Shareholders)  
(**Scheme Shareholders**)

---

## 1 Definitions, interpretation and scheme components

---

### 1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

<b>Term</b>	<b>Meaning</b>
<b>Allegis</b>	Allegis Group, Inc. of 7301 Parkway Drive, Hanover, MD, 21076, United States of America.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	as the context requires, ASX Limited (ACN 008 624 691) or the securities market conducted by it.
<b>Bidco</b>	Perbec Pty Ltd (ACN 158 551 574) of Suite1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia.
<b>Business Day</b>	a business day as defined in the Listing Rules.
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASX

<b>Term</b>	<b>Meaning</b>
	Settlement Pty Ltd and ASX Clear Pty Limited.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia (New South Wales registry).
<b>Deed Poll</b>	a deed poll substantially in the form of Attachment 1 to this Scheme under which the Joint Bidders and Bidco covenant in favour of the Scheme Shareholders to perform the obligations attributed to them under this Scheme.
<b>Effective</b>	when used in relation to this Scheme or the Option Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to this Scheme or the Option Scheme (as relevant).
<b>Effective Date</b>	the date on which this Scheme becomes Effective.
<b>End Date</b>	seven months after the date of the Implementation Deed or such other date as is agreed in writing by Bidco and Talent2.
<b>Excluded Optionholder</b>	any holder of a Talent2 Option granted in a tranche of performance rights or a tranche of options which is not listed in Schedule 1 of the Option Scheme.
<b>Excluded Shareholder</b>	any Talent2 Shareholder who is a Joint Bidder Group Member and any Talent2 Shareholder who holds a Talent2 Share on behalf of, or for the benefit of (a) a Joint Bidder Group Member, (b) Andrew Banks, (c) Geoff Morgan or (d) any entity controlled by Andrew Banks and/or Geoff Morgan.
<b>Government Agency</b>	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.
<b>IBC or Independent Committee</b>	the independent committee of the Talent2 Board from time to time, and which, as at the date of this deed, consisted of Ken Borda, Pam Laidlaw and Hans Neilson.
<b>Implementation Deed</b>	the scheme implementation deed dated 25 May 2012 (as amended) between Talent2, the Joint Bidders and Bidco relating to the implementation of this Scheme and the Option Scheme.

## Annexure D – Scheme of Arrangement (continued)

Freehills

## 1 Definitions, interpretation and scheme components

<b>Term</b>	<b>Meaning</b>
<b>Implementation Date</b>	the third Business Day after the Scheme Record Date or such other date as agreed in writing by Bidco and Talent2.
<b>Joint Bidder</b>	each of MBI and Allegis.
<b>Joint Bidder Group</b>	the Joint Bidders, each of their respective Related Bodies Corporate and Bidco, and a reference to <b>Joint Bidder Group Member</b> or a <b>member of the Joint Bidder Group</b> is to either of the Joint Bidders, Bidco or any Related Body Corporate of either of the Joint Bidders or of Bidco.
<b>Listing Rules</b>	the official listing rules of the ASX.
<b>MBI</b>	Morgan & Banks Investments Pty Ltd (ACN 001 689 381) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia.
<b>Option Scheme</b>	the scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Optionholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.
<b>Option Scheme Effective Date</b>	the date on which the Option Scheme becomes Effective.
<b>Option Register</b>	the register of Talent2 Options maintained by Talent2 or the Talent2 Registry.
<b>Option Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Option Scheme Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Option Scheme Effective Date,</li> </ol> or such other date as agreed in writing by Bidco and Talent2.
<b>Perbec</b>	Perbec Pty Ltd (ACN 158 551 574) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia.
<b>Registered Address</b>	in relation to a Talent2 Shareholder, the address shown in the Share Register.
<b>Related Bodies Corporate</b>	has the meaning given in section 9 of the Corporations Act.

## Freehills

### 1 Definitions, interpretation and scheme components

<b>Term</b>	<b>Meaning</b>
<b>Scheme</b>	this scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.
<b>Scheme Consideration</b>	the cash consideration to be provided to each Scheme Shareholder for the transfer to Bidco of each Scheme Share, being the amount of \$0.78 for each Scheme Share (less the amount of any Special Dividend paid or payable) held by each Scheme Shareholder, in accordance with clause 5 of the Implementation Deed and the terms of this Scheme.
<b>Scheme Meeting</b>	the meeting of Talent2 Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1) of the Corporations Act at which Talent2 Shareholders (other than Excluded Shareholders) will vote on the Scheme.
<b>Scheme Optionholder</b>	each holder of a Talent2 Option granted in a tranche of options which is listed in Schedule 1 of the Option Scheme, who is recorded in the Option Register on the Option Scheme Record Date (for the avoidance of doubt this definition excludes Excluded Optionholders).
<b>Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Effective Date,</li> </ol> or such other date as agreed in writing by Bidco and Talent2.
<b>Scheme Share</b>	a Talent2 Share held by a Scheme Shareholder as at the Scheme Record Date.
<b>Scheme Shareholders</b>	Talent2 Shareholders (other than Excluded Shareholders) as at the Scheme Record Date.
<b>Scheme Transfer</b>	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidco as transferee, which may be a master transfer of all or part of the Scheme Shares.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme and/or the Option Scheme is heard.



## Annexure D – Scheme of Arrangement (continued)

### Freehills

#### 1 Definitions, interpretation and scheme components

<b>Term</b>	<b>Meaning</b>
<b>Share Register</b>	the register of members of Talent2 maintained in accordance with the Corporations Act.
<b>Special Dividend</b>	the aggregate amount of any special dividend contemplated by and determined under clause 4.9 of the Implementation Deed, divided by the number of Talent2 Shares on issue on the Special Dividend Record Date.
<b>Special Dividend Record Date</b>	the record date for the Special Dividend determined by the IBC and communicated to the ASX, which date must be after the Effective Date.
<b>Talent2</b>	Talent2 International Limited (ACN 000 737 744) of Level 4, 77 Pacific Highway, North Sydney, NSW, 2060, Australia.
<b>Talent2 Board</b>	the board of directors of Talent2 from time to time.
<b>Talent2 Option</b>	an option, a performance right or a contractual right to be granted an option or performance right, which option or performance right confers the right to acquire one issued or unissued Talent2 Share granted pursuant to a Talent2 Option Plan.
<b>Talent2 Option Plan</b>	the: <ol style="list-style-type: none"> <li>1 Talent2 Long Term Incentive Plan as amended and restated on 16 June 2010; and</li> <li>2 Talent2 Employee Share Option Plan as amended and restated on 13 September 2011.</li> </ol>
<b>Talent2 Registry</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Talent2 Share</b>	a fully paid ordinary share in the capital of Talent2.
<b>Talent2 Shareholder</b>	each person who is registered in the Share Register as the holder of Talent2 Shares.

### 1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;

## Freehills

### 1 Definitions, interpretation and scheme components

- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them;
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
  - (1) which ceases to exist; or
  - (2) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### **1.3 Interpretation of inclusive expressions**

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

### **1.4 Business Day**

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

### **1.5 Scheme components**

This Scheme includes any schedule to it.

## Annexure D – Scheme of Arrangement (continued)

### Freehills

2 Preliminary matters

## 2 Preliminary matters

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- (a) Talent2 is a public company limited by shares, registered in New South Wales, Australia, and has been admitted to the official list of the ASX. Talent2 Shares are quoted for trading on the ASX.
- (b) As at 12 July 2012:
  - (1) 147,403,701 Talent2 Shares were on issue; and
  - (2) 14,205,867 Talent2 Options were on issue.
- (c) The Talent2 Options have been issued to certain senior executives and employees of Talent2. As at 12 July 2012, there were:
  - (1) 9,374,850 Talent2 options on issue; and
  - (2) 4,831,017 Talent2 performance rights on issue.
- (d) The Joint Bidders are unlisted companies limited by shares incorporated in New South Wales, Australia in the case of MBI and in the United States of America in the case of Allegis.
- (e) Bidco is an unlisted company limited by shares, incorporated in New South Wales, Australia.
- (f) If this Scheme becomes Effective:
  - (1) the Joint Bidders and Bidco will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll;
  - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Bidco; and
  - (3) Talent2 will enter the name of Bidco in the Share Register in respect of the Scheme Shares.
- (g) Talent2, the Joint Bidders and Bidco have agreed, by executing the Implementation Deed, to implement this Scheme.
- (h) This Scheme attributes actions to the Joint Bidders and Bidco but does not itself impose an obligation on them to perform those actions. The Joint Bidders and Bidco have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

## 3 Conditions

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### 3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

## Freehills

### 4 Implementation of the Scheme

- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Bidco and Talent2;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Bidco and Talent2; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Bidco and Talent2 agree).

### **3.2 Certificate**

- (a) Talent2 and Bidco will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

## **4 Implementation of the Scheme**

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### **4.1 Lodgement of Court orders with ASIC**

Talent2 will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Scheme as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme.

### **4.2 Transfer of Scheme Shares**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidco, without the need for any further act by any Scheme Shareholder (other than acts performed by Talent2 as attorney and agent for Scheme Shareholders under clause 8.5), by:
  - (1) Talent2 delivering to Bidco a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Talent2, for registration; and
  - (2) Bidco duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Talent2 for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), Talent2 must enter, or procure the entry of, the name of Bidco in the Share Register in respect of all the Scheme Shares transferred to Bidco in accordance with this Scheme.

## Annexure D – Scheme of Arrangement (continued)

### Freehills

5 Scheme Consideration

## 5 Scheme Consideration

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### 5.1 Provision of Scheme Consideration

- (a) The Joint Bidders and Bidco must, and Talent2 must use its best endeavours to procure that the Joint Bidders and Bidco shall, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Talent2 as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), Talent2 must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).
- (c) The obligations of Talent2 under clause 5.1(b) will be satisfied by Talent2 (in its absolute discretion):
- (1) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Talent2 Registry to receive dividend payments from Talent2 by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
  - (2) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 5.1(c)(1), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (d) To the extent that, following satisfaction of Talent2's obligations under clause 5.1(b), there is a surplus in the amount held by Talent2 as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by Talent2 to Bidco.

### 5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Talent2, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to either, at the sole discretion of Talent2, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

### 5.3 Fractional entitlements

Where the calculation of the Scheme Consideration would result in a Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

## Freehills

## 6 Dealings in Talent2 Shares

### 5.4 Unclaimed monies

- (a) Talent2 may cancel a cheque issued under this clause 5 if the cheque:
- (1) is returned to Talent2; or
  - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Talent2 (or the Talent2 Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Talent2 must reissue a cheque that was previously cancelled under this clause.

### 5.5 Orders of a court

If:

- (a) written notice is given to Talent2 (or the Talent2 Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Talent2 in accordance with this clause 5, then Talent2 shall be entitled to procure that payment is made in accordance with that order or direction; or
- (b) written notice is given to Talent2 (or the Talent2 Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that prevents Talent2 from making a payment by Talent2 to any particular Scheme Shareholder in accordance with clause 5.1(c), or such payment is otherwise prohibited by applicable law, Talent2 shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law.

## 6 Dealings in Talent2 Shares

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### 6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Talent2 Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Share Register as the holder of the relevant Talent2 Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Share Register is kept,

and Talent2 will not accept for registration, nor recognise for any purpose (except a transfer to Bidco pursuant to this Scheme and any subsequent transfer by Bidco or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

### 6.2 Register

- (a) Talent2 must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) on or before the Scheme Record Date provided

## Annexure D – Scheme of Arrangement (continued)

### Freehills

#### 7 Quotation of Talent2 Shares

that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Talent2 to register a transfer that would result in a Talent2 Shareholder holding a parcel of Talent2 Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules of the ASX).

- (b) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Talent2 shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Talent2 must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Talent2 Shares (other than statements of holding in favour of any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of Bidco or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Talent2 Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Talent2 will ensure that details of the names, Registered Addresses and holdings of Talent2 Shares for each Scheme Shareholder as shown in the Share Register are available to Bidco and the Joint Bidders in the form Bidco and the Joint Bidders reasonably require.

## 7 Quotation of Talent2 Shares

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- (a) Talent2 will apply to ASX to suspend trading on the ASX in Talent2 Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Bidco, Talent2 will apply:
  - (1) for termination of the official quotation of Talent2 Shares on the ASX; and
  - (2) to have itself removed from the official list of the ASX.

## 8 General Scheme provisions

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### 8.1 Consent to amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions:

- (a) Talent2 may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Bidco has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Talent2 has consented to.

### 8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:

## Freehills

8 General Scheme provisions

- (1) agrees to the transfer of their Talent2 Shares together with all rights and entitlements attaching to those Talent2 Shares in accordance with the Scheme;
  - (2) agrees to the variation, cancellation or modification of the rights attached to their Talent2 Shares constituted by or resulting from the Scheme; and
  - (3) acknowledges that the Scheme binds Talent2 and all Scheme Shareholders (including those who do not attend the Scheme Meeting or those who do not vote, or vote against the Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Talent2 and Bidco, and appointed and authorised Talent2 as its attorney and agent to warrant to Bidco, that all their Talent2 Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Talent2 Shares to Bidco together with any rights attaching to those shares. Talent2 undertakes that it will provide such warranty to Bidco as agent and attorney of each Scheme Shareholder.

### **8.3 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under the Scheme to Bidco will, at the time of transfer of them to Bidco, vest in Bidco free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, Bidco will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Talent2 of Bidco in the Share Register as the holder of the Scheme Shares.

### **8.4 Appointment of sole proxy**

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until Talent2 registers Bidco as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidco as attorney and agent (and directed Bidco in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidco as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
- (b) no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidco reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Bidco and any director, officer, secretary or agent nominated by Bidco under clause 8.4(a) may act in the best interests of Bidco as the intended registered holder of the Scheme Shares.



## Annexure D – Scheme of Arrangement (continued)

### Freehills

9 General

#### 8.5 Authority given to Talent2

Each Scheme Shareholder, without the need for any further act:

- (a) on the Implementation Date, irrevocably appoints Talent2 and each of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against the Joint Bidders and Bidco, and Talent2 undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against the Joint Bidders and Bidco on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Talent2 and each of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Talent2 accepts each such appointment. Talent2 as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers or secretaries (jointly, severally or jointly and severally).

#### 8.6 Binding effect of Scheme

This Scheme binds Talent2 and all of the Scheme Shareholders (including those who did not attend the meeting of Talent2 Shareholders to vote on this Scheme, did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Talent2.

## 9 General

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#### 9.1 Stamp duty

The Joint Bidders and Bidco will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1.

#### 9.2 Consent

Each of the Scheme Shareholders consents to Talent2 doing all things necessary or incidental to the implementation of this Scheme.

#### 9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Talent2, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Talent2's registered office or at the office of the Talent2 Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Talent2 Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

## Freehills

9 General

### **9.4 Governing law**

- (a) The Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### **9.5 Further action**

Talent2 must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

### **9.6 No liability when acting in good faith**

Neither Talent2, the Joint Bidders nor Bidco nor any director, officer or secretary of Talent2, the Joint Bidders or Bidco will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

**Annexure D – Scheme of Arrangement (continued)****Freehills****Attachment 1****Deed Poll**

---

**Attached**

# **Annexure E – Deed Poll**

## Annexure E – Deed Poll

### Deed

#### Scheme deed poll

---

Allegis Group, Inc.

Morgan & Banks Investments Pty Ltd

Perbec Pty Ltd

[andrew.rich@freehills.com](mailto:andrew.rich@freehills.com)

**Freehills**

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GPO Box 4227 Sydney NSW 2001 Australia  
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Telephone +61 2 9225 5000 Facsimile +61 2 9322 4000  
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Correspondent offices in Hanoi Ho Chi Minh City Jakarta

Freehills

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## Annexure E – Deed Poll (continued)

Freehills

## Scheme deed poll

Date ► 12 July 2012

This deed poll is made

By Morgan & Banks Investments Pty Ltd (ACN 001 689 381) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia (**MBI**)  
 Allegis Group, Inc. of 7301 Parkway Drive, Hanover, MD, 21076, United States of America (**Allegis**),  
 together the **Joint Bidders**; and  
 Perbec Pty Ltd (ACN 158 551 574) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia (**Bidco**).

in favour of each person registered as a holder of fully paid ordinary shares in Talent2 in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders).

Recitals

- 1 Talent2, the Joint Bidders and Bidco entered into the Implementation Deed.
- 2 In the Implementation Deed, the Joint Bidders and Bidco agreed to enter into this deed poll.
- 3 The Joint Bidders and Bidco are entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.
- 4 The effect of the Scheme will be that the Scheme Shares together with all rights and entitlements attached to them, will be transferred to Bidco in exchange for the Scheme Consideration.

This deed poll provides as follows:

## 1 Definitions and interpretation

---

### 1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
<b>First Court Date</b>	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.
<b>Implementation Deed</b>	the scheme implementation deed dated 25 May 2012 (as amended) between Talent2, the Joint Bidders and Bidco relating to the implementation of the Scheme and the Option Scheme.
<b>Scheme</b>	the scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Shareholders, substantially in the form of Attachment 1, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

### 1.2 Interpretation

Clauses 1.2, 1.3, 1.4 and 1.5 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' in those clauses are to be read as references to 'this deed poll'.

### 1.3 Nature of deed poll

The Joint Bidders and Bidco acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Talent2 and each of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing this deed poll against the Joint Bidders and Bidco.

## 2 Conditions to obligations

---

### 2.1 Conditions

The obligations of the Joint Bidders and Bidco under this deed poll are subject to the Scheme becoming Effective.



## Annexure E – Deed Poll (continued)

### Freehills

3 Scheme obligations

#### 2.2 Termination

The obligations of the Joint Bidders and Bidco under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date.

#### 2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) the Joint Bidders and Bidco are released from their obligations to further perform this deed poll except those obligations (if any) under clause 6.1; and
- (b) each Scheme Shareholder retains the rights they have against the Joint Bidders and Bidco in respect of any breach of this deed poll which occurred before it was terminated.

### 3 Scheme obligations

---

#### 3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, each of the Joint Bidders and Bidco undertake in favour of each Scheme Shareholder to:

- (a) by no later than the Business Day before the Implementation Date, deposit, or procure the deposit of, in cleared funds, an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, into an Australian dollar denominated trust account operated by Talent2 as trustee for the Scheme Shareholders, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account;
- (b) comply with its obligations under the Implementation Deed and do all things necessary or expedient on its part to give full effect to the Implementation Deed; and
- (c) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the provisions of the Scheme.

### 4 Warranties

---

The Joint Bidders and Bidco represent and warrant, in respect of themselves only, that:

- (a) each is a corporation validly existing under the laws of its place of registration;
- (b) each has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) each has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on each of them and enforceable against each in accordance with its terms; and

Freehills

## 5 Continuing obligations

- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of each of the Joint Bidders or Bidco, or any writ, order or injunction, judgment, law, rule or regulation to which either is a party or subject or by which either is bound.

## 5 Continuing obligations

---

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the Joint Bidders and Bidco have fully performed their obligations under this deed poll; or  
 (b) the earlier termination of this deed poll under clause 2.

## 6 Notices

---

### 6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and  
 (b) addressed to the Joint Bidders and Bidco in accordance with the details set out below (or any alternative details nominated by the Joint Bidders or Bidco by Notice).
- (1) **if to Bidco:**

Address: Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia

---

Attention: Andrew Banks and Geoff Morgan

---

Fax: +61 2 8969 7770

---

Email: andrew.banks@talent2.com / geoff.morgan@talent2.com

---

With a copy to Watson Mangioni:

Address: Level 13, 50 Carrington Street, Sydney, NSW 2000, Australia

---

Attention: Michael Beaumont and Peter Velez

---

Fax: +61 2 9262 2626

---

Email: mbeaumont@wmlaw.com.au / pvelez@wmlaw.com.au

---

## Annexure E – Deed Poll (continued)

**Freehills**

6 Notices

With a copy to DLA Piper:

Address: Level 38, 201 Elizabeth Street, Sydney, NSW 2000, Australia  

---

Attention: David Morris and Lyndon Masters  

---

Fax: +61 2 9283 4144  

---

Email: david.p.morris@dlapiper.com / lyndon.masters@dlapiper.com  

---

(2) **if to MBI:**Address: Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia  

---

Attention: Andrew Banks and Geoff Morgan  

---

Fax: +61 2 8969 7770  

---

Email: andrew.banks@talent2.com / geoff.morgan@talent2.com  

---

With a copy to Watson Mangioni:

Address: Level 13, 50 Carrington Street, Sydney, NSW 2000, Australia  

---

Attention: Michael Beaumont and Peter Velez  

---

Fax: +61 2 9262 2626  

---

Email: mbeaumont@wmlaw.com.au / pvelez@wmlaw.com.au  

---

(3) **if to Allegis:**Address: 7301 Parkway Drive, Hanover, MD, 21076, United States of America  

---

Attention: Randall D. Sones and Richard D. Moore  

---

Fax: +1 410 579 3136

---

Email: rsones@allegisgroup.com / rmoore@allegisgroup.com

---

With a copy to DLA Piper:

Address: Level 38, 201 Elizabeth Street, Sydney, NSW 2000, Australia

---

Attention: David Morris and Lyndon Masters

---

Fax: +61 2 9283 4144

---

Email: david.p.morris@dlapiper.com / lyndon.masters@dlapiper.com

---

## 6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.  
 (b) A Notice is regarded as given and received at the times set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as at the time that the fax was sent in its entirety.  However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email	When sent by the sending party to the recipient party's email address (unless the sending party receives a

## Annexure E – Deed Poll (continued)

**Freehills**

7 General

<b>Method of giving Notice</b>	<b>When Notice is regarded as given and received</b>
address	delivery failure notification indicating that the email has not been delivered to the recipient party).

**7 General****7.1 Stamp duty**

The Joint Bidders and Bidco will:

- (a) pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

**7.2 Governing law and jurisdiction**

- (a) This deed poll is governed by the laws in force in New South Wales, Australia.
- (b) The Joint Bidders and Bidco irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. The Joint Bidders and Bidco irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

**7.3 Waiver**

- (a) The Joint Bidders and Bidco may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of the Joint Bidders or Bidco as a waiver of any right unless the waiver is in writing and signed by each of the Joint Bidders and Bidco.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

<b>Term</b>	<b>Meaning</b>
<b>conduct</b>	includes delay in the exercise of a right.
<b>right</b>	any right arising under or in connection with this deed and includes the right to rely on this clause.

## Freehills

7 General

**waiver** includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

---

### **7.4 Variation**

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Talent2; or
- (b) if on or after the First Court Date, the variation is agreed to by Talent2 and is approved by the Court,

in which event the Joint Bidders and Bidco will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

### **7.5 Cumulative rights**

The rights, powers and remedies of the Joint Bidders, Bidco and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### **7.6 Assignment**

- (a) The rights created by this deed poll are personal to the Joint Bidders, Bidco and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of the Joint Bidders and Bidco.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

### **7.7 Joint and several obligations**

The Joint Bidders and Bidco are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

### **7.8 Further action**

The Joint Bidders and Bidco must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

Annexure E – Deed Poll (continued)

Freehills

Attachment 1

Scheme of arrangement

---

Attached

Signing page

Executed as a deed poll

---

Signed, sealed and delivered for  
**Allegis Group, Inc.**  
by its

sign here ▶ Paul J. Bowie  
Duly authorised representative  
print name Paul J. Bowie

Signed, sealed and delivered for  
**Morgan & Banks Investments Pty Ltd**  
by

sign here ▶ \_\_\_\_\_  
Company Secretary/Director  
print name \_\_\_\_\_

sign here ▶ \_\_\_\_\_  
Director  
print name \_\_\_\_\_

Signed, sealed and delivered for  
**Perbec Pty Ltd**  
by

sign here ▶ \_\_\_\_\_  
Company Secretary/Director  
print name \_\_\_\_\_

sign here ▶ \_\_\_\_\_  
Director  
print name \_\_\_\_\_



Annexure E – Deed Poll (continued)

Freehills

Signing page

Executed as a deed poll

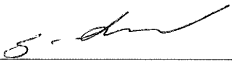
---

Signed, sealed and delivered for  
**Allegis Group, Inc.**  
by its


sign here ► \_\_\_\_\_  
Duly authorised representative

print name \_\_\_\_\_

Signed, sealed and delivered for  
**Morgan & Banks Investments Pty Ltd**  
by


sign here ►  \_\_\_\_\_  
Company Secretary/Director

print name Graham Brand

sign here ►  \_\_\_\_\_  
Director

print name Geoffrey Morgan

Signed, sealed and delivered for  
**Perbec Pty Ltd**  
by

sign here ►  \_\_\_\_\_  
Company Secretary/Director

print name Graham Brand

sign here ►  \_\_\_\_\_  
Director

print name Geoffrey Morgan

# **Annexure F – Option Scheme of Arrangement**

## Annexure F – Option Scheme of Arrangement

# Option scheme of arrangement

---

Talent2 International Limited  
Scheme Optionholders

[andrew.rich@freehills.com](mailto:andrew.rich@freehills.com)

**Freehills**

MLC Centre Martin Place Sydney NSW 2000 Australia  
GPO Box 4227 Sydney NSW 2001 Australia  
Sydney Melbourne Perth Brisbane Singapore

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[www.freehills.com](http://www.freehills.com) DX 361 Sydney  
Correspondent offices in Hanoi Ho Chi Minh City Jakarta

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## Annexure F – Option Scheme of Arrangement (continued)

### Freehills

## Option scheme of arrangement

This option scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

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**Talent2 International Limited** (ACN 000 737 744) of  
Level 4, 77 Pacific Highway, North Sydney, NSW, 2060, Australia  
(**Talent2**)

---

each Scheme Optionholder

---

## 1 Definitions, interpretation and Option Scheme components

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### 1.1 Definitions

The meanings of the terms used in this Option Scheme are set out below.

Term	Meaning
<b>Allegis</b>	Allegis Group, Inc. of 7301 Parkway Drive, Hanover, MD 21076, United States of America.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	as the context requires, ASX Limited (ACN 008 624 691) or the securities market conducted by it.
<b>Bidco</b>	Perbec Pty Ltd (ACN 158 551 574) of Suite1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia.
<b>Business Day</b>	a business day as defined in the Listing Rules.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia (New South Wales registry).

<b>Term</b>	<b>Meaning</b>
<b>Deed Poll</b>	a deed poll substantially in the form of Attachment 1 to the Scheme under which the Joint Bidders and Bidco covenant in favour of the Scheme Shareholders to perform the obligations attributed to them under the Scheme.
<b>Effective</b>	when used in relation to the Option Scheme or the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Option Scheme or the Scheme (as relevant).
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>End Date</b>	seven months after the date of the Implementation Deed or such other date as is agreed in writing between Bidco and Talent2.
<b>Excluded Optionholder</b>	any holder of a Talent2 Option granted in a tranche of performance rights or a tranche of options which is not listed in Schedule 1.
<b>Excluded Shareholder</b>	any Talent2 Shareholder who is a Joint Bidder Group Member and any Talent2 Shareholder who holds a Talent2 Share on behalf of, or for the benefit of (a) a Joint Bidder Group Member, (b) Andrew Banks, (c) Geoff Morgan or (d) any entity controlled by Andrew Banks and/or Geoff Morgan.
<b>Government Agency</b>	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.
<b>IBC or Independent Committee</b>	the independent committee of the Talent2 Board from time to time, and which, as at the date of the Implementation Deed, consisted of Ken Borda, Pam Laidlaw and Hans Neilson.
<b>Implementation Date</b>	the third Business Day after the Scheme Record Date or such other date as agreed in writing by Bidco and Talent2.
<b>Implementation Deed</b>	the scheme implementation deed dated 25 May 2012 (as amended) between Talent2, the Joint Bidders and Bidco relating to the implementation of this Option Scheme and the Scheme.
<b>In the Money Option</b>	a Talent2 option, with an exercise price less than \$0.78, which confers the right to acquire one issued or unissued Talent2 Share pursuant to a Talent2 Option Plan or contractual right.

## Annexure F – Option Scheme of Arrangement (continued)

**Freehills**

## 1 Definitions, interpretation and Option Scheme components

<b>Term</b>	<b>Meaning</b>
<b>In the Money Optionholder</b>	a holder of an In the Money Option.
<b>Joint Bidder</b>	each of MBI and Allegis.
<b>Joint Bidder Group</b>	the Joint Bidders, each of their respective Related Bodies Corporate and Bidco, and a reference to <b>Joint Bidder Group Member</b> or a <b>member of the Joint Bidder Group</b> is to either of the Joint Bidders, Bidco or any Related Body Corporate of either of the Joint Bidders or of Bidco.
<b>Listing Rules</b>	the official listing rules of the ASX.
<b>MBI</b>	Morgan & Banks Investments Pty Ltd (ACN 001 689 381) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia.
<b>Option Register</b>	the register of Talent2 Options maintained by Talent2 or the Talent2 Registry.
<b>Option Registered Address</b>	in relation to a Talent2 Optionholder, the address shown in the Option Register.
<b>Option Scheme</b>	this scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Optionholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.
<b>Option Scheme Consideration</b>	the consideration to be provided to each Scheme Optionholder for the cancellation of each Scheme Option, being the amount set out in Schedule 1 for each Scheme Option held by each Scheme Optionholder.
<b>Option Scheme Deed Poll</b>	a deed poll substantially in the form of Attachment 1 under which the Joint Bidders and Bidco covenant in favour of the Scheme Optionholders to perform the obligations attributed to them under this Option Scheme.
<b>Option Scheme Effective Date</b>	the date on which this Option Scheme becomes Effective.
<b>Option Scheme Implementation Date</b>	the third Business Day after the Option Scheme Record Date, or such other date as agreed in writing by Bidco and Talent2.
<b>Option Scheme</b>	the class meeting of the Out of the Money Optionholders ordered by the Court

<b>Term</b>	<b>Meaning</b>
<b>Meeting 1</b>	to be convened under section 411(1) of the Corporations Act at which Out of the Money Optionholders will vote on the Option Scheme.
<b>Option Scheme Meeting 2</b>	the class meeting of the In the Money Optionholders ordered by the Court to be convened under section 411(1) of the Corporations Act at which In the Money Optionholders will vote on the Option Scheme.
<b>Option Scheme Meetings</b>	Option Scheme Meeting 1 and Option Scheme Meeting 2.
<b>Option Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Option Scheme Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Option Scheme Effective Date,</li> </ol> or such other date as agreed in writing by Bidco and Talent2.
<b>Out of the Money Option</b>	a Talent2 option, with an exercise price equal to or greater than \$0.78, which confers the right to acquire one issued or unissued Talent2 Share pursuant to a Talent2 Option Plan or contractual right.
<b>Out of the Money Optionholder</b>	a holder of an Out of the Money Option.
<b>Perbec</b>	Perbec Pty Ltd (ACN 158 551 574) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia.
<b>Related Bodies Corporate</b>	has the meaning given in section 9 of the Corporations Act.
<b>Scheme</b>	the share scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Shareholders, substantially in the form of Attachment 2 to the Implementation Deed, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.
<b>Scheme Options</b>	all Talent2 Options held by the Scheme Optionholders as at the Option Scheme Record Date.
<b>Scheme Optionholder</b>	each holder of a Talent2 Option granted in a tranche of options which is listed in Schedule 1, who is recorded in the Option Register on the Option Scheme



## Annexure F – Option Scheme of Arrangement (continued)

**Freehills**

## 1 Definitions, interpretation and Option Scheme components

<b>Term</b>	<b>Meaning</b>
	Record Date (for the avoidance of doubt this definition excludes Excluded Optionholders).
<b>Scheme Record Date</b>	the later of: <ol style="list-style-type: none"> <li>1 7.00pm on the fifth Business Day after the Effective Date; and</li> <li>2 if a Special Dividend is declared, 7.00pm on the twelfth Business Day after the Effective Date,</li> </ol> or such other date as agreed in writing by Bidco and Talent2.
<b>Scheme Shareholders</b>	Talent2 Shareholders (other than Excluded Shareholders) as at the Scheme Record Date.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme and/or the Option Scheme is heard.
<b>Share Register</b>	the register of members of Talent2 maintained in accordance with the Corporations Act.
<b>Special Dividend</b>	the aggregate amount of any special dividend contemplated by and determined under clause 4.9 of the Implementation Deed, divided by the number of Talent2 Shares on issue on the Special Dividend Record Date.
<b>Special Dividend Record Date</b>	the record date for the Special Dividend determined by the IBC and communicated to the ASX, which date must be after the Effective Date.
<b>Talent2</b>	Talent2 International Limited (ACN 000 737 744) of Level 4, 77 Pacific Highway, North Sydney, NSW, 2060, Australia.
<b>Talent2 Board</b>	the board of directors of Talent2 from time to time.
<b>Talent2 Option</b>	an option, a performance right or a contractual right to be granted an option or performance right, which option or performance right confers the right to acquire one issued or unissued Talent2 Share granted pursuant to a Talent2 Option Plan.
<b>Talent2 Optionholder</b>	each person recorded as a holder of Talent2 Options in the Option Register.
<b>Talent2 Option Plan</b>	the:

Term	Meaning
	<ol style="list-style-type: none"> <li>1 Talent2 Long Term Incentive Plan as amended and restated on 16 June 2010; and</li> <li>2 Talent2 Employee Share Option Plan as amended and restated on 13 September 2011.</li> </ol>
<b>Talent2 Registry</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Talent2 Share</b>	a fully paid ordinary share in the capital of Talent2.
<b>Talent2 Shareholder</b>	each person who is registered in the Share Register as the holder of Talent2 Shares.

## 1.2 Interpretation

In this Option Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Option Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Option Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Option Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this Option Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Option Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Option Scheme will be construed adversely to a party because that party was responsible for the preparation of this Option Scheme or that provision;

## Annexure F – Option Scheme of Arrangement (continued)

### Freehills

#### 2 Preliminary matters

- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Option Scheme (including an institute, association or authority), whether statutory or not:
  - (1) which ceases to exist; or
  - (2) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### 1.3 Interpretation of inclusive expressions

Specifying anything in this Option Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

### 1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

### 1.5 Option scheme components

This Option Scheme includes any schedule to it.

## 2 Preliminary matters

---

- (a) Talent2 is a public company limited by shares, registered in New South Wales, Australia, and has been admitted to the official list of the ASX. Talent2 Shares are quoted for trading on the ASX.
- (b) As at 12 July 2012:
  - (1) 147,403,701 Talent2 Shares were on issue; and
  - (2) 14,205,867 Talent2 Options were on issue.
- (c) The Talent2 Options have been issued to certain senior executives and employees of Talent2. As at 12 July 2012, there were:
  - (1) 9,374,850 Talent2 options on issue; and
  - (2) 4,831,017 Talent2 performance rights on issue.
- (d) The Joint Bidders are unlisted companies limited by shares incorporated in New South Wales, Australia in the case of MBI and in the United States of America in the case of Allegis.
- (e) Bidco is an unlisted company limited by shares, incorporated in New South Wales, Australia.
- (f) If this Option Scheme becomes Effective:
  - (1) the Joint Bidders and Bidco will provide or procure the provision of the Option Scheme Consideration to Scheme Optionholders in accordance with the terms of this Option Scheme and the Option Scheme Deed Poll; and

## Freehills

3 Conditions

- (2) all the Scheme Options, and all the rights and entitlements attaching to them as at the Option Scheme Implementation Date, will be cancelled.
- (g) Talent2, the Joint Bidders and Bidco have agreed, by executing the Implementation Deed, to implement this Option Scheme.
- (h) This Option Scheme attributes actions to the Joint Bidders and Bidco but does not itself impose an obligation on them to perform those actions. The Joint Bidders and Bidco have agreed, by executing the Option Scheme Deed Poll, to perform the actions attributed to them under this Option Scheme, including the provision or procuring the provision of the Option Scheme Consideration to the Scheme Optionholders.

### 3 Conditions

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#### 3.1 Conditions precedent

This Option Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of the Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed, the Deed Poll, nor the Option Scheme Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) agreement to this Option Scheme by Out of the Money Optionholders in accordance with section 411(4)(a)(i) of the Corporations Act, at Option Scheme Meeting 1;
- (d) agreement to this Option Scheme by In the Money Optionholders in accordance with section 411(4)(a)(i) of the Corporations Act, at Option Scheme Meeting 2.
- (e) approval of this Option Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Bidco and Talent2;
- (f) approval of the Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Bidco and Talent2;
- (g) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Option Scheme and the Scheme as are acceptable to Bidco and Talent2;
- (h) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving this Option Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Bidco and Talent2 agree); and
- (i) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Bidco and Talent2 agree).

#### 3.2 Certificate

- (a) Bidco and Talent2 will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their

## Annexure F – Option Scheme of Arrangement (continued)

### Freehills

#### 4 Implementation of the Option Scheme

knowledge) whether or not all of the conditions precedent in clauses 3.1(a), 3.1(b) and 3.1(c) have been satisfied or waived.

- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

## 4 Implementation of the Option Scheme

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### 4.1 Lodgement of Court orders with ASIC

Talent2 will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Option Scheme as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Option Scheme.

### 4.2 Cancellation of Scheme Options

On the Option Scheme Implementation Date:

- (a) subject to the conditions precedent in clause 3 and the provision of the Option Scheme Consideration in the manner contemplated by clause 5, the Scheme Options, together with all rights and entitlements attaching to them as at the Option Scheme Implementation Date, will be cancelled and extinguished, without the need for any further act by any Scheme Optionholder (other than acts performed by Talent2 as attorney and agent for Scheme Optionholders under clause 7.4), and each Scheme Optionholder:
- (1) releases Talent2 from all obligations in relation to those Scheme Options;
  - (2) releases and waives any and all rights it may have had (including to be issued Talent2 Shares) in relation to those Scheme Options (including under the relevant Talent2 Option Plan or under the terms of the relevant Scheme Options); and
  - (3) authorises Talent2 to update the Option Register recording the cancellation of the Talent2 Options that constitute the Scheme Options; and
- (b) in consideration for the cancellation of their Scheme Options, each Scheme Optionholder will be entitled to receive the Option Scheme Consideration in accordance with clause 5.

## 5 Option Scheme Consideration

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### 5.1 Provision of Option Scheme Consideration

- (a) The Joint Bidders and Bidco must, and Talent2 must use its best endeavours to procure that the Joint Bidders and Bidco shall, by no later than the Business Day before the Option Scheme Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Option Scheme Consideration payable to each Scheme Optionholder, in an Australian dollar denominated trust account operated by Talent2 as trustee for the Scheme Optionholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account).
- (b) On the Option Scheme Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), Talent2 must pay or procure the payment of the Option Scheme Consideration to each Scheme Optionholder from the trust account referred to in clause 5.1(a).

## Freehills

### 5 Option Scheme Consideration

- (c) The obligations of Talent2 under clause 5.1(b) will be satisfied by Talent2 dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Optionholder by prepaid post to their Option Registered Address (as at the Option Scheme Record Date), such cheque being drawn in the name of the Scheme Optionholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (d) To the extent that, following satisfaction of Talent2's obligations under clause 5.1(b), there is a surplus in the amount held by Talent2 as trustee for the Scheme Optionholders in the trust account referred to in that clause, that surplus may be paid by Talent2 to Bidco.

#### **5.2 Joint holders**

In the case of Scheme Options held in joint names:

- (a) the Option Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Option Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Talent2, the holder whose name appears first in the Option Register as at the Option Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Option Scheme will be forwarded to either, at the sole discretion of Talent2, the holder whose name appears first in the Option Register as at the Option Scheme Record Date or to the joint holders.

#### **5.3 Fractional entitlements**

Where the calculation of the Option Scheme Consideration would result in a Scheme Optionholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

#### **5.4 Unclaimed monies**

- (a) Talent2 may cancel a cheque issued under this clause 5 if the cheque:
  - (1) is returned to Talent2; or
  - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Option Scheme Implementation Date, on request in writing from a Scheme Optionholder to Talent2 (or the Talent2 Registry) (which request may not be made until the date which is 20 Business Days after the Option Scheme Implementation Date), Talent2 must reissue a cheque that was previously cancelled under this clause.

#### **5.5 Orders of a court**

If:

- (a) written notice is given to Talent2 (or the Talent2 Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that requires payment to a third party of a sum in respect of Scheme Options held by a particular Scheme Optionholder, which would otherwise be payable to that Scheme Optionholder by Talent2 in accordance with this clause 5, then Talent2 shall be entitled to procure that payment is made in accordance with that order or direction; or
- (b) written notice is given to Talent2 (or the Talent2 Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that prevents Talent2 from making a payment to any particular Scheme Optionholder in accordance with clause 5.1(c), or such payment is otherwise prohibited by applicable law, Talent2

## Annexure F – Option Scheme of Arrangement (continued)

### Freehills

#### 6 Dealings in Talent2 Options

shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Options held by that Scheme Optionholder multiplied by the Option Scheme Consideration in respect of those Scheme Options until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law.

## 6 Dealings in Talent2 Options

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### 6.1 Exercise prior to Option Scheme Record Date

To establish the identity of the Scheme Optionholders, Talent2 will not accept as valid, nor recognise for any purpose, any notice of exercise of a Talent2 Option registered in the name of a Talent2 Optionholder:

- (a) received after 5.00pm on the day which is the Business Day immediately before the Option Scheme Record Date; or
- (b) which is not in accordance with the terms of grant of the Talent2 Options.

### 6.2 Registration as holder of Talent2 Shares

Talent2 will issue, and register the Talent2 Optionholder as the holder of, a Talent2 Share in respect of the exercise of a Talent2 Option registered in the name of the Talent2 Optionholder permitted by clause 6.1 and in accordance with the terms of grant of the Talent2 Options, and the Talent2 Optionholder acknowledges and agrees that, if the Scheme becomes Effective, the Talent2 Optionholder will be bound by the terms of the Scheme in respect of each such Talent2 Share and, accordingly, each such Talent2 Share will be transferred to Bidco in accordance with the Scheme on the Implementation Date.

### 6.3 Option Register

- (a) For the purpose of determining entitlements to the Option Scheme Consideration, Talent2 must maintain the Option Register in accordance with the provisions of this clause 6 until the Option Scheme Consideration has been paid to the Scheme Optionholders. The Option Register in this form will solely determine entitlements to the Option Scheme Consideration.
- (b) Talent2 must procure that, as soon as possible on or after the Option Scheme Record Date, and in any event within one Business Day after the Option Scheme Record Date, details of the names, Option Registered Addresses and holdings of Talent2 Options of every Scheme Optionholder as shown in the Option Register at the Option Scheme Record Date are available to Bidco in such form as Bidco may reasonably require.
- (c) As from the Option Scheme Record Date, all Talent2 Option certificates will cease to have any effect and each entry at that date on the Option Register will cease to have any effect except as evidence of entitlement to the Option Scheme Consideration.

## 7 General Option Scheme provisions

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### 7.1 Consent to amendments to the Option Scheme

If the Court proposes to approve the Option Scheme subject to any alterations or conditions:

- (a) Talent2 may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Bidco has consented; and

## Freehills

### 7 General Option Scheme provisions

- (b) each Scheme Optionholder agrees to any such alterations or conditions to which counsel for Talent2 has consented.

#### **7.2 Scheme Optionholders' agreements and warranties**

- (a) Each Scheme Optionholder:
- (1) agrees to the cancellation of their Talent2 Options together with all rights and entitlements attaching to those Talent2 Options in accordance with the Option Scheme; and
  - (2) acknowledges that the Option Scheme binds Talent2 and all Scheme Optionholders (including those who do not attend Option Scheme Meeting 1 or Option Scheme Meeting 2 as relevant to them, or those who do not vote or vote against the Option Scheme at Option Scheme Meeting 1 or Option Scheme Meeting 2 as relevant to them).
- (b) Each Scheme Optionholder is taken to have warranted to Talent2 and Bidco, and appointed and authorised Talent2 as its attorney and agent to warrant to Bidco, that all their Talent2 Options (including any rights and entitlements attaching to those Talent2 Options) which are cancelled under the Option Scheme will, at the date of cancellation, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and that, subject only to the relevant Talent2 Option Plan, restrictions on cancellation of any kind, and that, subject only to the relevant Talent2 Option Plan, they have full power and capacity to agree to the cancellation of their Talent2 Options together with any rights attaching to those Talent2 Options. Talent2 undertakes that it will provide such warranty to Bidco as agent and attorney of each Scheme Optionholder.

#### **7.3 Appointment of sole proxy**

Immediately upon the provision of the Option Scheme Consideration to each Scheme Optionholder in the manner contemplated by clause 5, and until all Scheme Options are cancelled, each Scheme Optionholder:

- (a) is deemed to have appointed Bidco as attorney and agent (and directed Bidco in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidco as its sole proxy and, where applicable or appropriate, corporate representative to attend Talent2 meetings, exercise the votes attaching to the Scheme Options (if any) registered in their name and sign any resolution or document;
- (b) no Scheme Optionholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.3(a)); and
- (c) must take all other actions in the capacity of a registered holder of Scheme Options as Bidco reasonably directs.

#### **7.4 Authority given to Talent2**

Each Scheme Optionholder, without the need for any further act:

- (a) on the Option Scheme Implementation Date, irrevocably appoints Talent2 and each of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Option Scheme Deed Poll against the Joint Bidders and Bidco, and Talent2 undertakes in favour of each Scheme Optionholder that it will enforce the Option Scheme Deed Poll against the Joint Bidders and Bidco on behalf of and as agent and attorney for each Scheme Optionholder; and



## Annexure F – Option Scheme of Arrangement (continued)

### Freehills

8 General

- (b) on the Option Scheme Implementation Date, irrevocably appoints Talent2 and each of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Option Scheme and the transactions contemplated by it, including (without limitation) the cancellation of the Scheme Options,

and Talent2 accepts each such appointment. Talent2 as attorney and agent of each Scheme Optionholder, may sub-delegate its functions, authorities or powers under this clause 7.4 to all or any of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers or secretaries (jointly, severally or jointly and severally).

### 7.5 Binding effect of Option Scheme

This Option Scheme binds Talent2 and all of the Scheme Optionholders (including those who did not attend Option Scheme Meeting 1 or Option Scheme Meeting 2 as relevant to them to vote on this Option Scheme, did not vote at Option Scheme Meeting 1 or Option Scheme Meeting 2 as relevant to them, or voted against this Option Scheme at Option Scheme Meeting 1 or Option Scheme Meeting 2 as relevant to them) and, to the extent of any inconsistency, overrides the constitution of Talent2 and the Talent2 Option Plans.

## 8 General

---

### 8.1 Stamp duty

The Joint Bidders and Bidco will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Option Scheme and the Option Scheme Deed Poll, the performance of the Option Scheme Deed Poll and each transaction effected by or made under or in connection with this Option Scheme and the Option Scheme Deed Poll; and
- (b) indemnify each Scheme Optionholder against any liability arising from failure to comply with clause 8.1.

### 8.2 Consent

Each of the Scheme Optionholders consents to Talent2 doing all things necessary or incidental to the implementation of this Option Scheme.

### 8.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Option Scheme is sent by post to Talent2, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Talent2's registered office or at the office of the Talent2 Registry.
- (b) The accidental omission to give notice of either of the Option Scheme Meetings or the non-receipt of such notice by a Talent2 Optionholder will not, unless so ordered by the Court, invalidate either of the Option Scheme Meetings or the proceedings of either of the Option Scheme Meetings.

### 8.4 Governing law

- (a) The Option Scheme is governed by the laws in force in New South Wales, Australia.

## Freehills

8 General

- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Option Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### **8.5 Further action**

Talent2 must do all things and execute all documents necessary to give full effect to this Option Scheme and the transactions contemplated by it.

### **8.6 No liability when acting in good faith**

Neither Talent2, the Joint Bidders nor Bidco, nor any director, officer or secretary of Talent2, the Joint Bidders or Bidco, will be liable for anything done or omitted to be done in the performance of this Option Scheme or the Option Scheme Deed Poll in good faith.

## Annexure F – Option Scheme of Arrangement (continued)

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## Schedule 1

## Option Scheme Consideration

**Talent2 options**

Tranche	ASX Code	Expiry Date	Exercise Price (A\$)	Number of Talent2 options	Vested Talent2 options	Non vested Talent2 options	Option Scheme Consideration per Talent2 option (A\$)
B	TWOAH	10 September 2013	\$2.93	487,200	335,200	152,000	\$0.010
D	TWOAL	20 February 2013	\$2.25	49,000	49,000	-	\$0.010
E	TWOAI	23 April 2013	\$1.78	10,000	10,000	-	\$0.010
F	TWOAM	13 August 2013	\$1.25	10,000	7,500	2,500	\$0.012
H	TWOAM	22 October 2013	\$1.04	1,877,150	1,336,362	540,788	\$0.018
J	TWOAM	18 February 2014	\$0.63	56,000	42,000	14,000	\$0.150
K	TWOAM	20 April 2014	\$0.55	20,000	15,000	5,000	\$0.230
L	TWOAM	3 June 2014	\$0.68	3,424,500	2,506,500	918,000	\$0.100
N	TWOAM	21 October 2014	\$1.45	30,000	15,000	15,000	\$0.019
O	TWOAM	8 January 2015	\$1.42	275,000	137,500	137,500	\$0.022
P	TWOAM	15 February 2015	\$1.33	100,000	50,000	50,000	\$0.026
Q	TWOAM	21 April 2015	\$1.46	50,000	25,000	25,000	\$0.024
R	TWOAM	16 June 2015	\$1.41	20,000	10,000	10,000	\$0.028
A2	TWOAM	1 July 2015	\$1.42	50,000	12,500	37,500	\$0.028
B2	TWOAM	13 September 2015	\$1.45	165,000	41,250	123,750	\$0.030
C2	TWOAM	20 October 2015	\$1.51	10,000	2,500	7,500	\$0.029
D2	TWOAM	15 December 2015	\$1.48	25,000	6,250	18,750	\$0.032
E2	TWOAM	4 February 2016	\$1.53	75,000	18,750	56,250	\$0.032
F2	TWOAM	11 May 2016	\$1.67	75,000	18,750	56,250	\$0.031
G2	TWOAM	5 August 2016	\$1.38	165,000	-	165,000	\$0.046
H2	TWOAM	5 August 2016	\$1.38	100,000	-	100,000	\$0.046
I2	TWOAM	26 October 2016	\$1.17	1,085,000	-	1,085,000	\$0.063
J2	TWOAM	16 December 2016	\$1.01	70,000	-	70,000	\$0.081
K2	TWOAM	2 February 2017	\$0.52	600,000	-	600,000	\$0.260

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Attachment 1

Option Scheme Deed Poll

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Attached

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# **Annexure G – Option Scheme Deed Poll**

## Annexure G – Option Scheme Deed Poll

Deed

### Option scheme deed poll

Allegis Group, Inc

Morgan & Banks Investments Pty Ltd

Perbec Pty Ltd

[andrew.rich@freehills.com](mailto:andrew.rich@freehills.com)

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## Annexure G – Option Scheme Deed Poll (continued)

### Freehills

#### Option scheme deed poll

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Date ► 12 July 2012

This deed poll is made

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By Morgan & Banks Investments Pty Ltd (ACN 001 689 381) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia (**MBI**)  
 Allegis Group, Inc. of 7301 Parkway Drive, Hanover, MD 21076, United States of America (**Allegis**),  
 together the **Joint Bidders**; and  
 Perbec Pty Ltd (ACN 158 551 574) of Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW, 2089, Australia (**Bidco**).

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in favour of each Scheme Optionholder.

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Recitals

- 1 Talent2, the Joint Bidders and Bidco entered into the Implementation Deed.
- 2 In the Implementation Deed, the Joint Bidders and Bidco agreed to enter into this deed poll.
- 3 The Joint Bidders and Bidco are entering into this deed poll for the purpose of covenanting in favour of the Scheme Optionholders to perform their obligations under the Implementation Deed and the Option Scheme.
- 4 The effect of the Option Scheme will be that the Scheme Options together with all rights and entitlements attached to them will be cancelled in exchange for the Option Scheme Consideration.

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This deed poll provides as follows:

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## 1 Definitions and interpretation

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### 1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
<b>First Court Date</b>	the first day on which an application made to the Court for orders

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under section 411(1) of the Corporations Act, convening the Option Scheme Meetings to consider the Option Scheme is heard.

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**Implementation Deed** the scheme implementation deed dated 25 May 2012 (as amended) between Talent2, the Joint Bidders and Bidco relating to the implementation of the Scheme and the Option Scheme.

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**Option Scheme** the scheme of arrangement under Part 5.1 of the Corporations Act between Talent2 and the Scheme Optionholders, substantially in the form of Attachment 1, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidco and Talent2.

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- (b) Unless the context otherwise requires, terms defined in the Option Scheme have the same meaning when used in this deed poll.

## 1.2 Interpretation

Clauses 1.2, 1.3, 1.4 and 1.5 of the Option Scheme apply to the interpretation of this deed poll, except that references to 'this Option Scheme' in those clauses are to be read as references to 'this deed poll'.

## 1.3 Nature of deed poll

The Joint Bidders and Bidco acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Optionholder in accordance with its terms even though the Scheme Optionholders are not party to it; and
- (b) under the Option Scheme, each Scheme Optionholder irrevocably appoints Talent2 and each of its directors (other than Mr Andrew Banks and Mr Geoff Morgan), officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing this deed poll against the Joint Bidders and Bidco.

## 2 Conditions to obligations

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### 2.1 Conditions

The obligations of the Joint Bidders and Bidco under this deed poll are subject to the Option Scheme becoming Effective.

### 2.2 Termination

The obligations of the Joint Bidders and Bidco under this deed poll to the Scheme Optionholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Option Scheme is not Effective by the End Date.

## Annexure G – Option Scheme Deed Poll (continued)

### Freehills

3 Option Scheme obligations

#### 2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) the Joint Bidders and Bidco are released from their obligations to further perform this deed poll except those obligations (if any) under clause 6.1; and
- (b) each Scheme Optionholder retains the rights they have against the Joint Bidders and Bidco in respect of any breach of this deed poll which occurred before it was terminated.

### 3 Option Scheme obligations

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#### 3.1 Undertaking to pay Option Scheme Consideration

Subject to clause 2, each of the Joint Bidders and Bidco undertake in favour of each Scheme Optionholder to:

- (a) by no later than the Business Day before the Implementation Date, deposit, or procure the deposit of, in cleared funds, an amount equal to the aggregate amount of the Option Scheme Consideration payable to each Scheme Optionholder, into an Australian dollar denominated trust account operated by Talent2 as trustee for the Scheme Optionholder, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account;
- (b) comply with its obligations under the Implementation Deed and do all things necessary or expedient on its part to give full effect to the Implementation Deed; and
- (c) undertake all other actions attributed to it under the Option Scheme, subject to and in accordance with the provisions of the Option Scheme.

### 4 Warranties

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The Joint Bidders and Bidco represent and warrant, in respect of themselves only, that:

- (a) each is a corporation validly existing under the laws of its place of registration;
- (b) each has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) each has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on each of them and enforceable against each in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of each of the Joint Bidders or Bidco, or any writ, order or injunction, judgment, law, rule or regulation to which either is a party or subject or by which either is bound.

## 5 Continuing obligations

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This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the Joint Bidders and Bidco have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

## 6 Notices

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### 6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to the Joint Bidders and Bidco in accordance with the details set out below (or any alternative details nominated by the Joint Bidders or Bidco by Notice).
  - (1) **if to Bidco:**

Address: Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia

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Attention: Andrew Banks and Geoff Morgan

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Fax: +61 2 8969 7770

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Email: [andrew.banks@talent2.com](mailto:andrew.banks@talent2.com) / [geoff.morgan@talent2.com](mailto:geoff.morgan@talent2.com)

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With a copy to Watson Mangioni:

Address: Level 13, 50 Carrington Street, Sydney, NSW 2000, Australia

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Attention: Michael Beaumont and Peter Velez

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Fax: +61 2 9262 2626

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Email: [mbeaumont@wmlaw.com.au](mailto:mbeaumont@wmlaw.com.au) / [pvelez@wmlaw.com.au](mailto:pvelez@wmlaw.com.au)

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## Annexure G – Option Scheme Deed Poll (continued)

**Freehills**

6 Notices

With a copy to DLA Piper

Address: Level 38, 201 Elizabeth Street, Sydney, NSW 2000

Attention: David Morris and Lyndon Masters

Fax: +61 2 9283 4144

Email: [david.p.morris@dlapiper.com](mailto:david.p.morris@dlapiper.com) / [lyndon.masters@dlapiper.com](mailto:lyndon.masters@dlapiper.com)**(2) if to MBI:**

Address: Suite 1, Level 1, 207 Ben Boyd Road, Neutral Bay, NSW 2089, Australia

Attention: Andrew Banks and Geoff Morgan

Fax: +61 2 8969 7770

Email: [andrew.banks@talent2.com](mailto:andrew.banks@talent2.com) / [geoff.morgan@talent2.com](mailto:geoff.morgan@talent2.com)

With a copy to Watson Mangioni:

Address: Level 13, 50 Carrington Street, Sydney, NSW 2000, Australia

Attention: Michael Beaumont and Peter Velez

Fax: +61 2 9262 2626

Email: [mbeaumont@wmlaw.com.au](mailto:mbeaumont@wmlaw.com.au) / [pvelez@wmlaw.com.au](mailto:pvelez@wmlaw.com.au)**(3) if to Allegis:**

Address: 7301 Parkway Drive, Hanover, MD, 21076, United States of America

Attention: Randall D. Sones and Richard D. Moore

Fax: +1 410 579 3136

Email: [rsones@allegisgroup.com](mailto:rsones@allegisgroup.com) / [rmoore@allegisgroup.com](mailto:rmoore@allegisgroup.com)

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With a copy to DLA Piper:

Address: Level 38, 201 Elizabeth Street, Sydney, NSW 2000

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Attention: David Morris and Lyndon Masters

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Fax: +61 2 9283 4144

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Email: [david.p.morris@dlapiper.com](mailto:david.p.morris@dlapiper.com) / [lyndon.masters@dlapiper.com](mailto:lyndon.masters@dlapiper.com)

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## 6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.  
 (b) A Notice is regarded as given and received at the times set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as at the time that the fax was sent in its entirety.  However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email address	When sent by the sending party to the recipient party's email address (unless the sending party receives a delivery failure notification indicating that the email has not been delivered to the recipient party).

## Annexure G – Option Scheme Deed Poll (continued)

### Freehills

7 General

## 7 General

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### 7.1 Stamp duty

The Joint Bidders and Bidco will:

- (a) pay all stamp duty and any related fines and penalties in respect of the Option Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Option Scheme and this deed poll; and
- (b) indemnify each Scheme Optionholder against any liability arising from failure to comply with clause 7.1(a).

### 7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the laws in force in New South Wales, Australia.
- (b) The Joint Bidders and Bidco irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. The Joint Bidders and Bidco irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### 7.3 Waiver

- (a) The Joint Bidders and Bidco may not rely on the words or conduct of any Scheme Optionholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Optionholder granting the waiver.
- (b) No Scheme Optionholder may rely on words or conduct of the Joint Bidders or Bidco as a waiver of any right unless the waiver is in writing and signed by each of the Joint Bidders and Bidco.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
<b>conduct</b>	includes delay in the exercise of a right.
<b>right</b>	any right arising under or in connection with this deed and includes the right to rely on this clause.
<b>waiver</b>	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

### 7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Talent2; or
- (b) if on or after the First Court Date, the variation is agreed to by Talent2 and is approved by the Court,

## Freehills

7 General

in which event the Joint Bidders and Bidco will enter into a further deed poll in favour of the Scheme Optionholders giving effect to the variation.

### **7.5 Cumulative rights**

The rights, powers and remedies of the Joint Bidders, Bidco and the Scheme Optionholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### **7.6 Assignment**

- (a) The rights created by this deed poll are personal to the Joint Bidders, Bidco and each Scheme Optionholder and must not be dealt with at law or in equity without the prior written consent of the Joint Bidders and Bidco.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

### **7.7 Joint and several obligations**

The Joint Bidders and Bidco are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

### **7.8 Further action**

The Joint Bidders and Bidco must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



**Annexure G – Option Scheme Deed Poll (continued)****Freehills****Attachment 1**

Option scheme of arrangement

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Attached

Signing page

Executed as a deed poll

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Signed, sealed and delivered for  
**Allegis Group, Inc.**  
by its

sign here ▶ Paul J. Bowie  
Duly authorised representative  
print name Paul J. Bowie

Signed, sealed and delivered for  
**Morgan & Banks Investments Pty Ltd**  
by

sign here ▶ \_\_\_\_\_  
Company Secretary/Director  
print name \_\_\_\_\_

sign here ▶ \_\_\_\_\_  
Director  
print name \_\_\_\_\_

Signed, sealed and delivered for  
**Perbec Pty Ltd**  
by

sign here ▶ \_\_\_\_\_  
Company Secretary/Director  
print name \_\_\_\_\_

sign here ▶ \_\_\_\_\_  
Director  
print name \_\_\_\_\_

Annexure G – Option Scheme Deed Poll (continued)

Freehills

Signing page

Executed as a deed poll

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Signed, sealed and delivered for  
**Allegis Group, Inc.**  
by its

sign here ▶ \_\_\_\_\_  
Duly authorised representative  
print name \_\_\_\_\_

Signed, sealed and delivered for  
**Morgan & Banks Investments Pty Ltd**  
by


sign here ▶  \_\_\_\_\_  
Company Secretary/Director

print name Graham Brand

sign here ▶  \_\_\_\_\_  
Director

print name Geoffrey Morgan

Signed, sealed and delivered for  
**Perbec Pty Ltd**  
by

sign here ▶  \_\_\_\_\_  
Company Secretary/Director

print name Graham Brand

sign here ▶  \_\_\_\_\_  
Director

print name Geoffrey Morgan

**Annexure H –  
Notice of  
Talent2 EGM**

## Annexure H

# Notice of Talent2 EGM

Level 4, 77 Pacific Highway, North Sydney NSW 2060  
PO Box 1516, North Sydney NSW 2059  
t +61 2 9087 6333 | f +61 2 9087 6300 | talent2.com



Talent2 International Limited ACN 000 737 744 (**Talent2**)

Notice is hereby given that a general meeting of Talent2 Shareholders will be held at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 on Monday, 20 August 2012, commencing at 10.00am (Sydney time).

## Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to pass:

- » the Section 611 item 7 Resolution as an ordinary resolution; and
  - » the Financial Assistance Resolution as a special resolution,
- each, with or without any alterations.

## Resolutions

### 1 Section 611 item 7 Resolution

To consider and, if thought fit, pass the following as an ordinary resolution:

"That, subject to Talent2 Shareholders agreeing to the Scheme in accordance with subparagraph 411(4)(a)(ii) of the *Corporations Act 2001* (Cth), and for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth), and as outlined in the Scheme Booklet accompanying this notice of meeting, approval is given for the acquisition by Perbec Pty Limited (ACN 158 551 574), Pergal Pty Limited (ACN 158 366 155) and Allegis (and their respective Related Bodies Corporate) of a Relevant Interest in 32,105,226 Talent2 Shares in which MBI has a Relevant Interest, which acquisition arises out of the entry into the Joint Bid Framework Deed dated 25 May 2012 between MBI, Allegis, Perbec Pty Limited (ACN 158 551 574) and Pergal Pty Limited (ACN 158 366 155) as more particularly summarised in the Scheme Booklet of which this notice of meeting forms part."

### 2 Financial Assistance Resolution

To consider and, if thought fit, pass the following as a special resolution:

"That, conditional on and subject to the Scheme becoming Effective, approval is given under subsection 260B(4) of the *Corporations Act 2001* (Cth) for the giving of financial assistance in the manner outlined in the Scheme Booklet accompanying this notice of meeting under subsection 260B(4) of the *Corporations Act 2001* (Cth), such financial assistance being the declaration and payment of the Special Dividend by Talent2 as outlined in the Scheme Booklet accompanying this notice of meeting."



**Chair**

Ken Borda is to act as chair of the meeting (if Ken Borda is unable or unwilling to attend, Pam Laidlaw is to act as chair of the meeting).

Dated 17 July 2012

By order of the Independent Directors

*sign here* ▶   
\_\_\_\_\_  
Company Secretary

*print name*      David Patteson  
\_\_\_\_\_

## Annexure H – Notice of Talent2 EGM (continued)

# Explanatory notes

## General

Information in relation to the resolutions is set out in the Scheme Booklet and this notice of meeting should be read in conjunction with the Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Talent2 EGM Resolutions.

Capitalised terms used in this notice, unless otherwise defined, have the same meaning as set out in the Glossary in Section 12 of the Scheme Booklet.

## Shareholder approval

### (a) Section 611 item 7 Resolution

The Section 611 item 7 Resolution must, pursuant to item 7 of section 611 of the Corporations Act, be agreed to by a simple majority (that is, more than 50%) of Talent2 Shareholders present and voting (either in person or by proxy, attorney or body corporate representative), without any votes being cast in favour of that resolution by:

- » Perbec, Pergal and Allegis (and their Related Bodies Corporate), being the persons proposing to make the acquisition, and each of their Associates; or
- » MBI, being the person from whom the acquisition is to be made, and each of its Associates.

### (b) Financial Assistance Resolution

Pursuant to paragraph 260B(1)(a) of the Corporations Act, the Financial Assistance Resolution must be agreed to by a special resolution (that is, 75% or more) of Talent2 Shareholders present and voting (either in person or by proxy, attorney or body corporate representative), with no votes being cast in favour of the resolution by Perbec (being the person who is being financially assisted to acquire the Talent2 Shares) and its associates (including MBI).

## Entitlement to vote

### Entitlement time

It has been determined that under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Talent2 EGM, Talent2 Shares will be taken to be held by the persons who are the registered holders at 7.00pm (Sydney time) on Saturday, 18 August 2012. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## Voting exclusions

Talent2 will disregard any votes cast on Section 611 item 7 Resolution by:

- » Perbec, Pergal and Allegis (and their Related Bodies Corporate), being the persons proposing to make the acquisition, and each of its Associates; or
- » MBI, being the person from whom the acquisition is to be made, and each of its Associates,

unless the vote is cast by such persons as proxy for the person who is entitled to vote, in accordance with the directions on the proxy form.

Talent2 will disregard any votes cast on the Financial Assistance Resolution by Perbec (being the person who is being financially assisted to acquire the Talent2 Shares) and its associates (including MBI), unless the vote is cast by such persons as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

## How to vote

Voting will be conducted by poll. If you are a Talent2 Shareholder entitled to vote at the meeting, you may vote by:

- » attending and voting in person;
- » voting online;
- » appointing one or two proxies to attend and vote on your behalf, either online or using the proxy form that accompanied this Scheme Booklet;
- » appointing one or two attorneys to attend and vote on your behalf, using a power of attorney; or
- » in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

## Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

## Jointly held securities

If you hold Talent2 Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting only the vote of the holder whose name appears first on the Register will be counted.

## Voting

### Voting in person

To vote in person, you must attend the meeting.

Eligible Talent2 Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

### Voting online

If you are entitled to vote and you cannot attend the meeting in person, you can vote online. You can do this by accessing the online voting website:

- 1 if you are a Talent2 Securityholder, at [www.investorvote.com.au](http://www.investorvote.com.au) using your SRN/HIN number (as applicable) along with the control number noted on the front of your proxy form; and
- 2 if you are a custodian (for intermediary online subscribers only), at [www.intermediaryonline.com](http://www.intermediaryonline.com),

and by following the instructions on that website.

### Voting by proxy

Each Talent2 Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the Talent2 Shareholder. If you are entitled to cast two or more votes, you may appoint up to two proxies. Your proxy need not be another Talent2 Shareholder. Unless the instrument appointing your proxy provides differently, your proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. The signed and completed proxy form must be received by the Talent2 Registry by 10.00am (Sydney time) on Saturday, 18 August 2012 other than such forms delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

- (b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

- (c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Talent2 Registry.

Revocation of your proxy appointment will only be effective if notice in writing has been received by the Talent2 Registry by 10.00am (Sydney time) on Saturday, 18 August 2012 other than such revocation delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the three ways above. A notice of revocation received after this time will be invalid and a vote cast by the proxy in accordance with the terms of the proxy appointment will be valid despite the purported revocation of that appointment.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Talent2 Registry. Replacement proxy forms can also be obtained from the Talent2 Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Talent2 Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote "For" or "Against", or abstain from voting on, the Talent2 EGM Resolutions.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- » without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- » with a proxy identified on it but your proxy does not attend the meeting, or attends but does not vote at the meeting, and you have provided directions as to how the proxy is to vote, the chair of the meeting will act in place of your nominated proxy and vote in accordance with the directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair as proxy, or where the chair is appointed as proxy by default, in favour of each of the Talent2 EGM Resolutions, in the absence of a Superior Proposal.

Proxies of eligible Talent2 Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.



## Annexure H – Notice of Talent2 EGM (continued)

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting. The appointment of your proxy is not revoked merely by your attendance and taking part in the meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.

### Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Talent2 Shareholder. Unless the instrument appointing your proxy provides differently, your attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the name of the company (that is, Talent2), and the name of your attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.00am (Sydney time) on Saturday, 18 August 2012 other than such powers of attorney delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

(b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

(c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Attorneys of eligible Talent2 Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointor.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting. The appointment of your attorney is not revoked merely by your attendance and taking part in the meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.

### Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Talent2 will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Talent2 Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.00am (Sydney time) on Saturday, 18 August 2012 other than such certificates delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

(b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

(c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

If a certificate is completed by an individual or corporation under power of attorney, the power of attorney, or a certified copy of the power of attorney, must accompany the completed certificate unless the power of attorney has previously been noted by the Talent2 Registry.

Body corporate representatives of eligible Talent2 Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointor.

### Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from Talent2's website at [www.talent2.com](http://www.talent2.com), from the ASX website at [www.asx.com.au](http://www.asx.com.au) or by contacting the Company Secretary of Talent2 or the Talent2 Registry.

# **Annexure I – Notice of Scheme Meeting**

## Annexure I

# Notice of Scheme Meeting

Level 4, 77 Pacific Highway, North Sydney NSW 2060  
PO Box 1516, North Sydney NSW 2059  
t +61 2 9087 6333 | f +61 2 9087 6300 | talent2.com



Talent2 International Limited ACN 000 737 744 (**Talent2**)

Notice is hereby given that, by an order of the Federal Court of Australia made on 17 July 2012, pursuant to subsection 411(1) of the Corporations Act, a meeting of Talent2 Shareholders (other than Excluded Shareholders) will be held at Talent2's office located on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 on Monday 20 August 2012, commencing at 10.15am (Sydney time) or immediately following conclusion of the Talent2 EGM (whichever is later).

## Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a members' scheme of arrangement (with or without any alterations or conditions required by the Court to which Talent2, the Joint Bidders and Perbec agree) proposed to be made between Talent2 and Talent2 Shareholders (other than Excluded Shareholders) (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

## Resolution

The meeting will be asked to consider and, if thought fit, pass the following Resolution :

"That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Talent2 International Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is approved, with or without alterations or conditions as approved by the Federal Court of Australia to which Talent2 International Limited, Morgan & Banks Investments Pty Limited, Allegis Group, Inc. and Perbec Pty Limited agree."

## Chair

The Court has directed that Ken Borda is to act as chair of the meeting (and that, if Ken Borda is unable or unwilling to attend, Pam Laidlaw is to act as chair of the meeting) and has directed the chair to report the result of the Resolution to the Court.



Dated 17 July 2012

By order of the Court and the Independent Directors

*sign here* ▶   
\_\_\_\_\_  
Company Secretary

*print name*      David Patteson  
\_\_\_\_\_

## Annexure I – Notice of Scheme Meeting (continued)

# Explanatory notes

### General

This notice should be read in conjunction with the Scheme Booklet of which it forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Resolution.

A copy of the Scheme is contained in Annexure D of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in Section 12 of the Scheme Booklet, unless the context otherwise requires.

### Shareholder approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Resolution must be agreed to by:

- » unless the Court orders otherwise, a majority in number of Talent2 Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Talent2 Shareholders, body corporate representative) at the Scheme Meeting; and
- » at least 75% of the votes cast on the Resolution (either in person or by proxy, attorney or, in the case of corporate Talent2 Shareholders, body corporate representative).

### Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without any alteration or condition required by the Court) is subject to the approval of the Court. If the Resolution put to the Scheme Meeting is passed by the requisite majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Talent2 intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders must be lodged with ASIC.

### Entitlement to vote

Under section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on Saturday, 18 August 2012. Only those Talent2 Shareholders (other than Excluded Shareholders) entered on the Share Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Talent2 Shareholder, by a body corporate representative. The

remaining comments in these explanatory notes are addressed to Talent2 Shareholders entitled to attend and vote at the meeting.

### How to vote

Voting will be conducted by poll. If you are a Talent2 Shareholder entitled to vote at the meeting, you may vote by:

- » attending and voting in person;
- » voting online;
- » appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied this Scheme Booklet;
- » appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- » in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

### Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

### Jointly held securities

If you hold Talent2 Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

### Voting

#### Voting in person

To vote in person, you must attend the meeting.

Eligible Talent2 Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

#### Voting online

If you are entitled to vote and you cannot attend the meeting in person, you can vote online. You can do this by accessing the online voting website:

- 1 if you are a Talent2 Securityholder, at [www.investorvote.com.au](http://www.investorvote.com.au) using your SRN/HIN number (as applicable) along with the control number noted on the front of your proxy form; and
  - 2 if you are a custodian (for intermediary online subscribers only), at [www.intermediaryonline.com](http://www.intermediaryonline.com),
- and by following the instructions on that website.

### Voting by proxy

You may appoint one or two proxies. Your proxy need not be another Talent2 Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. The signed and completed proxy form must be received by the Talent2 Registry by 10.15am (Sydney time) on Saturday, 18 August 2012 other than such proxy forms delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:  
Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001
- (b) by hand delivery to the Talent2 Registry:  
Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067
- (c) by fax to the Talent2 Registry on:  
1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Talent2 Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Talent2 Registry by 10.15am (Sydney time) on Saturday, 18 August 2012 other than such notice of revocation delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the three ways above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Talent2 Registry. Replacement proxy forms can also be obtained from the Talent2 Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Talent2 Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote "For" or "Against", or abstain from voting on, the Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- » without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- » with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Resolution, in the absence of a Superior Proposal.

Proxies of eligible Talent2 Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

### Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Talent2 Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Talent2), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.15am (Sydney time) on Saturday, 18 August 2012 other than such powers of attorney delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

## Annexure I – Notice of Scheme Meeting (continued)

(a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

(b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

(c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Attorneys of eligible Talent2 Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointor.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting. The appointment of your attorney is not revoked merely by your attendance and taking part in the meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.

### Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Talent2 will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Talent2 Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.15am (Sydney time) on Saturday, 18 August 2012 other than such certificates delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

(b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

(c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

If a certificate is completed by an individual or corporation under power of attorney, the power of attorney, or a certified copy of the power of attorney, must accompany the completed certificate unless the power of attorney has previously been noted by the Talent2 Registry.

Body corporate representatives of eligible Talent2 Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointor.

### Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from Talent2's website at [www.talent2.com](http://www.talent2.com), from the ASX website at [www.asx.com.au](http://www.asx.com.au) or by contacting the Company Secretary of Talent2 or the Talent2 Registry.

# **Annexure J – Notice of Option Scheme Meeting 1**



## Annexure J

# Notice of Option Scheme Meeting 1

Level 4, 77 Pacific Highway, North Sydney NSW 2060  
PO Box 1516, North Sydney NSW 2059  
t +61 2 9087 6333 | f +61 2 9087 6300 | talent2.com



Talent2 International Limited ACN 000 737 744 (**Talent2**)

Notice is hereby given that, by an order of the Federal Court of Australia made on 17 July 2012, pursuant to subsection 411(1) of the Corporations Act, a meeting of Out of the Money Optionholders will be held at Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 on Monday 20 August 2012, commencing at 10.30am (Sydney time) or immediately after the Scheme Meeting (whichever is later).

## Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a creditors' scheme of arrangement (with or without any alterations or conditions required by the Court to which Talent2, the Joint Bidders and Perbec agree) proposed to be made between Talent2 and Talent2 Optionholders (other than Excluded Optionholders) (the **Option Scheme**).

A copy of the Option Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Option Scheme are contained in the Scheme Booklet, of which this notice forms part.

## Resolution

The meeting will be asked to consider and, if thought fit, pass the following Resolution:

"That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Talent2 International Limited and Talent2 Optionholders (other than Excluded Optionholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Talent2 International Limited, Morgan & Banks Investments Pty Limited, Allegis Group, Inc. and Perbec Pty Limited agree."

## Chair

The Court has directed that Ken Borda is to act as chair of the meeting (and that, if Ken Borda is unable or unwilling to attend, Pam Laidlaw is to act as chair of the meeting) and has directed the chair to report the result of the Resolution to the Court.



Dated 17 July 2012

By order of the Court and the Independent Directors

*sign here* ▶   
\_\_\_\_\_  
Company Secretary

*print name* David Patteson  
\_\_\_\_\_

## Annexure J – Notice of Option Scheme Meeting 1 (continued)

# Explanatory notes

### General

This notice should be read in conjunction with the Scheme Booklet of which it forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Resolution.

A copy of the Option Scheme is contained in Annexure F of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in Section 12 of the Scheme Booklet, unless the context otherwise requires.

### Optionholder approval

For the proposed Option Scheme to be binding in accordance with section 411 of the Corporations Act, the Resolution must be agreed to by:

- » unless the Court orders otherwise, a majority in number of Out of the Money Optionholders present and voting (either in person or by proxy, attorney or, in the case of corporate Out of the Money Optionholders, body corporate representative) at Option Scheme Meeting 1; and
- » a majority whose Out of the Money Options amount in aggregate to at least 75% (by value) of the total of all Out of the Money options voted on the Resolution (either in person or by proxy, attorney or, in the case of corporate Out of the Money Optionholders, body corporate representative).

The Resolution must also be agreed to at Option Scheme Meeting 2 by the requisite majorities of In the Money Optionholders for the proposed Option Scheme to be binding in accordance with section 411 of the Corporations Act. A copy of the Notice of Option Scheme Meeting 2 is contained in Annexure K of the Scheme Booklet.

The value of the Option Scheme Consideration that would be payable to an Out of the Money Optionholder as Option Scheme Consideration will be used to determine the value of voting entitlements on the Resolution.

### Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Option Scheme (with or without any alteration or condition required by the Court) is subject to the approval of the Court. If the Resolution put to Option Scheme Meeting 1 and Option Scheme Meeting 2 is passed by the requisite majorities and the other Conditions Precedent to the Option Scheme (other than approval by the Court) are satisfied or waived by the time required under the Option Scheme, Talent2 intends to apply to the Court for the necessary orders to give effect to the Option Scheme.

In order for the Option Scheme to become Effective, it must be approved by the Court and an office copy of the orders must be lodged with ASIC.

### Entitlement to vote

Under section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at Option Scheme Meeting 1 is 7.00pm (Sydney time) on Saturday, 18 August 2012. Only those Out of the Money Optionholders entered on the Option Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Out of the Money Optionholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Out of the Money Optionholders entitled to attend and vote at the meeting.

### How to vote

Voting will be conducted by poll. If you are an Out of the Money Optionholder entitled to vote at the meeting, you may vote by:

- » attending and voting in person;
- » voting online;
- » appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied this Scheme Booklet;
- » appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- » in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

### Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your option holding can be checked against the Option Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

### Jointly held options

If you hold Talent2 options jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Option Register will be counted.

## Voting

### Voting in person

To vote in person, you must attend the meeting.

Eligible Out of the Money Optionholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

### Voting online

If you are entitled to vote and you cannot attend the meeting in person, you can vote online. You can do this by accessing the online voting website:

- 1 if you are a Talent2 Securityholder, at [www.investorvote.com.au](http://www.investorvote.com.au) using your SRN/HIN number (as applicable) along with the control number noted on the front of your proxy form; and
- 2 if you are a custodian (for intermediary online subscribers only), at [www.intermediaryonline.com](http://www.intermediaryonline.com),

and by following the instructions on that website.

### Voting by proxy

You may appoint one or two proxies. Your proxy need not be another Talent2 optionholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. The signed and completed proxy form must be received by the Talent2 Registry by 10.30am (Sydney time) on Saturday, 18 August 2012 other than such proxy forms delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:  
Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001
- (b) by hand delivery to the Talent2 Registry:  
Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067
- (c) by fax to the Talent2 Registry on:  
1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Talent2 Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Talent2 Registry by 10.30am (Sydney time) on Saturday, 18 August 2012 other than such notice of revocation delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the three ways above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Talent2 Registry. Replacement proxy forms can also be obtained from the Talent2 Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Talent2 options jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote "For" or "Against", or abstain from voting on, the Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the options the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- » without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- » with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Resolution, in the absence of a Superior Proposal.

Proxies of eligible Out of the Money Optionholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

## Annexure J – Notice of Option Scheme Meeting 1 (continued)

### Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Talent2 optionholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Talent2), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.30am (Sydney time) on Saturday, 18 August 2012 other than such powers of attorney delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

- (b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

- (c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Attorneys of eligible Out of the Money Optionholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointor.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting. The appointment of your attorney is not revoked merely by your attendance and taking part in the meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.

### Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Talent2 will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Talent2 Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.30am (Sydney time) on Saturday, 18 August 2012 other than such certificates delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

- (b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

- (c) by fax to the Talent2 Registry on:

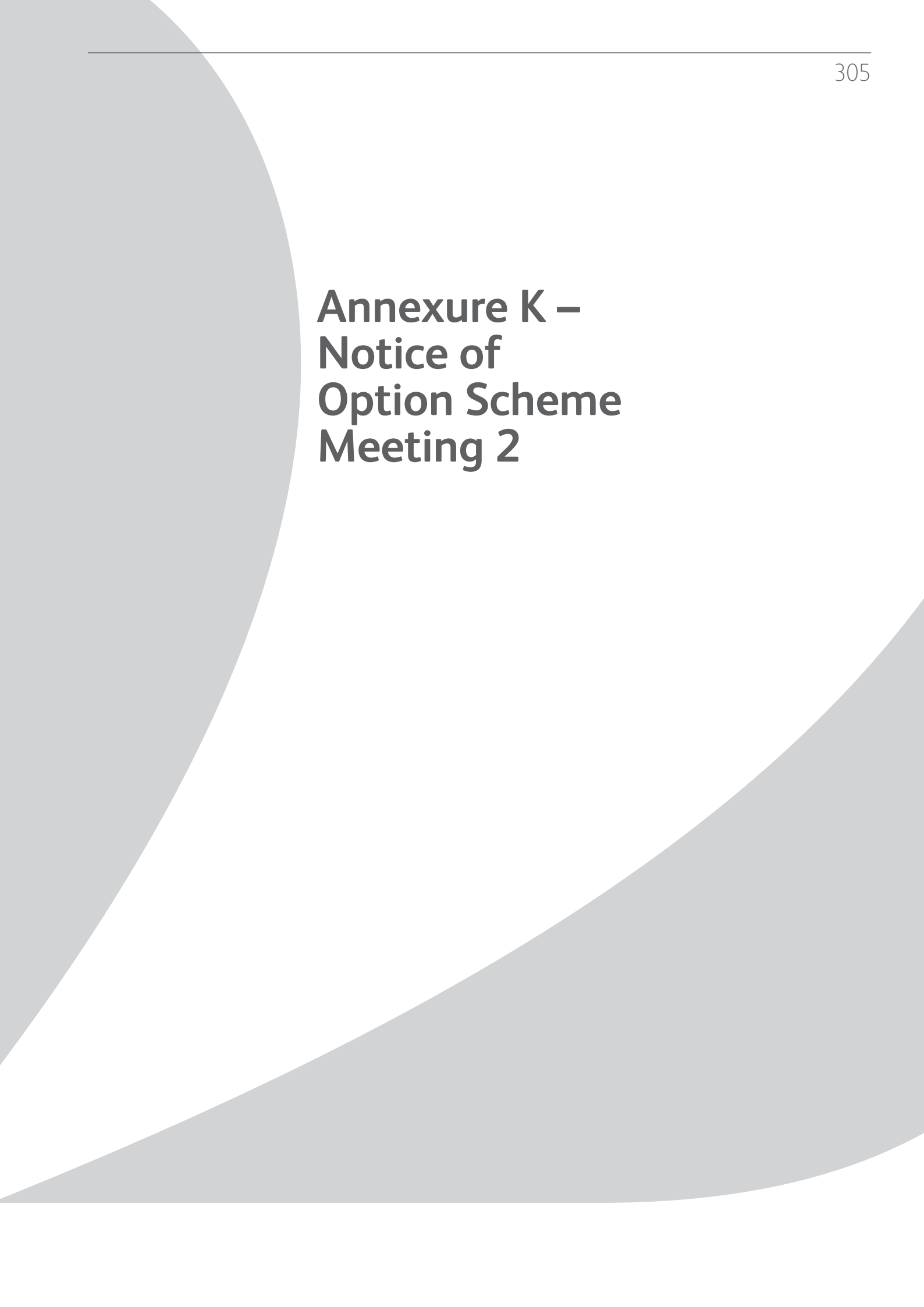
1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

If a certificate is completed by an individual or corporation under power of attorney, the power of attorney, or a certified copy of the power of attorney, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Talent2 Registry.

Body corporate representatives of eligible Out of the Money Optionholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointor.

### Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from Talent2's website at [www.talent2.com](http://www.talent2.com), from the ASX website at [www.asx.com.au](http://www.asx.com.au) or by contacting the Company Secretary of Talent2 or the Talent2 Registry.



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## **Annexure K – Notice of Option Scheme Meeting 2**

## Annexure K

# Notice of Option Scheme Meeting 2

Level 4, 77 Pacific Highway, North Sydney NSW 2060  
PO Box 1516, North Sydney NSW 2059  
t +61 2 9087 6333 | f +61 2 9087 6300 | talent2.com



Talent2 International Limited ACN 000 737 744 (**Talent2**)

Notice is hereby given that, by an order of the Federal Court of Australia made on 17 July 2012, pursuant to subsection 411(1) of the Corporations Act, a meeting of In the Money Optionholders will be held at Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000 on Monday 20 August 2012, commencing at 10.45am (Sydney time) or immediately after Option Scheme Meeting 1 (whichever is later).

## Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a creditors' scheme of arrangement (with or without any alterations or conditions required by the Court to which Talent2, the Joint Bidders and Perbec agree) proposed to be made between Talent2 and Talent2 Optionholders (other than Excluded Optionholders) (the **Option Scheme**).

A copy of the Option Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Option Scheme are contained in the Scheme Booklet, of which this notice forms part.

## Resolution

The meeting will be asked to consider and, if thought fit, pass the following Resolution:

"That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Talent2 International Limited and Talent2 Optionholders (other than Excluded Optionholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Talent2 International Limited, Morgan & Banks Investments Pty Limited, Allegis Group, Inc. and Perbec Pty Limited agree."

## Chair

The Court has directed that Ken Borda is to act as chair of the meeting (and that, if Ken Borda is unable or unwilling to attend, Pam Laidlaw is to act as chair of the meeting) and has directed the chair to report the result of the Resolution to the Court.



Dated 17 July 2012

By order of the Court and the Independent Directors

*sign here* ►   
\_\_\_\_\_  
Company Secretary

*print name* David Patteson  
\_\_\_\_\_



## Annexure K – Notice of Option Scheme Meeting 2 (continued)

# Explanatory notes

### General

This notice should be read in conjunction with the Scheme Booklet of which it forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Resolution.

A copy of the Option Scheme is contained in Annexure F of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in Section 12 of the Scheme Booklet, unless the context otherwise requires.

### Optionholder approval

For the proposed Option Scheme to be binding in accordance with section 411 of the Corporations Act, the Resolution must be agreed to by:

- » unless the Court orders otherwise, a majority in number of In the Money Optionholders present and voting (either in person or by proxy, attorney or, in the case of corporate In the Money Optionholders, body corporate representative) at Option Scheme Meeting 2; and
- » a majority whose In the Money Options amount in aggregate to at least 75% (by value) of the total of all the In the Money Options voted on the Resolution (either in person or by proxy, attorney or, in the case of corporate In the Money Optionholders, body corporate representative).

The Resolution must also be agreed to at Option Scheme Meeting 1 by the requisite majorities of Out of the Money Optionholders for the proposed Option Scheme to be binding in accordance with section 411 of the Corporations Act. A copy of the Notice of Option Scheme Meeting 1 is contained in Annexure J of the Scheme Booklet.

The value of the Option Scheme Consideration that would be payable to an In the Money Optionholder as Option Scheme Consideration will be used to determine the value of voting entitlements on the Resolution.

### Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Option Scheme (with or without any alteration or condition required by the Court) is subject to the approval of the Court. If the Resolution put to Option Scheme Meeting 1 and Option Scheme Meeting 2 is passed by the requisite majorities and the other Conditions Precedent to the Option Scheme (other than approval by the Court) are satisfied or waived by the time required under the Option Scheme, Talent2 intends to apply to the Court for the necessary orders to give effect to the Option Scheme.

In order for the Option Scheme to become Effective, it must be approved by the Court and an office copy of the orders must be lodged with ASIC.

### Entitlement to vote

Under section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at Option Scheme Meeting 2 is 7.00pm (Sydney time) on Saturday, 18 August 2012. Only those In the Money Optionholders entered on the Option Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate In the Money Optionholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to In the Money Optionholders entitled to attend and vote at the meeting.

### How to vote

Voting will be conducted by poll. If you are an In the Money Optionholder entitled to vote at the meeting, you may vote by:

- » attending and voting in person;
- » voting online;
- » appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied this Scheme Booklet;
- » appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- » in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

### Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your option holding can be checked against the Option Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

### Jointly held options

If you hold Talent2 options jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Option Register will be counted.

## Voting

### Voting in person

To vote in person, you must attend the meeting.

Eligible In the Money Optionholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

### Voting online

If you are entitled to vote and you cannot attend the meeting in person, you can vote online. You can do this by accessing the online voting website:

- 1 if you are a Talent2 Securityholder, at [www.investorvote.com.au](http://www.investorvote.com.au) using your SRN/HIN number (as applicable) along with the control number noted on the front of your proxy form; and
- 2 if you are a custodian (for intermediary online subscribers only), at [www.intermediaryonline.com](http://www.intermediaryonline.com),

and by following the instructions on that website.

### Voting by proxy

You may appoint one or two proxies. Your proxy need not be another Talent2 optionholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. The signed and completed proxy form must be received by the Talent2 Registry by 10.45am (Sydney time) on Saturday, 18 August 2012 other than such proxy forms delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:  
Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001
- (b) by hand delivery to the Talent2 Registry:  
Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067
- (c) by fax to the Talent2 Registry on:  
1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Talent2 Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Talent2 Registry by 10.45am (Sydney time) on Saturday, 18 August 2012 other than such notice of revocation delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the three ways above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Talent2 Registry. Replacement proxy forms can also be obtained from the Talent2 Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Talent2 options jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote "For" or "Against", or abstain from voting on, the Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the options the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- » without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- » with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Resolution, in the absence of a Superior Proposal.

Proxies of eligible In the Money Optionholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

## Annexure K – Notice of Option Scheme Meeting 2 (continued)

### Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Talent2 optionholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Talent2), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.45am (Sydney time) on Saturday, 18 August 2012 other than such powers of attorney delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

- (b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

- (c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

Attorneys of eligible In the Money Optionholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointor.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting. The appointment of your attorney is not revoked merely by your attendance and taking part in the meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.

### Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Talent2 will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Talent2 Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or be received by the Talent2 Registry by 10.45am (Sydney time) on Saturday, 18 August 2012 other than such certificates delivered by hand which must be received by the Talent2 Registry by 5.00pm (Sydney time) on Friday, 17 August 2012 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Talent2 Registry:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

- (b) by hand delivery to the Talent2 Registry:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

- (c) by fax to the Talent2 Registry on:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia).

If a certificate is completed by an individual or corporation under power of attorney, the power of attorney, or a certified copy of the power of attorney, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Talent2 Registry.

Body corporate representatives of eligible In the Money Optionholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointor.

### Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from Talent2's website at [www.talent2.com](http://www.talent2.com), from the ASX website at [www.asx.com.au](http://www.asx.com.au) or by contacting the Company Secretary of Talent2 or the Talent2 Registry.

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# Corporate Directory

## Principal Administration Office and Principal Registered Office

Talent2 International Limited  
Level 4, 77 Pacific Highway, North Sydney NSW 2060 Australia  
t +61 2 9087 6333 | f +61 2 9087 6300 | talent2.com

## Investor Enquiries

t +61 2 9087 6333 | f +61 2 9087 6300  
investor@talent2.com

## Share Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street, Abbotsford VIC 3067 Australia  
t 1300 850 505 or +61 3 9415 4000 | f +61 3 9473 2500

## Financial Adviser

KPMG Corporate Finance, a division of KPMG  
Financial Advisory Services (Australia) Pty Ltd  
10 Shelley Street, Sydney NSW 2000  
t +61 2 9335 7000

## Legal Adviser

Freehills  
MLC Centre, 19 Martin Place, Sydney NSW 2000  
t +61 2 9225 5000 | f +61 2 9322 4000

## Stock Exchange Listings

Talent2 International Limited ordinary shares are quoted by the  
Australian Stock Exchange (ASX: TWO).





**Talent2 International Limited**  
ABN 19 000 737 744

000001 000  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Lodge your vote:

### In person:

On Monday, 20 August 2012, commencing at 10.00am (Sydney time) on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000

### Online:

If you are a Talent2 Shareholder [www.investorvote.com.au](http://www.investorvote.com.au)  
If you are a custodian (for intermediary online subscribers only) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By post:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
VIC 3001 Australia

### \*By hand delivery:

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067 Australia

### By fax:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

For all enquiries please call 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)

## Extraordinary General Meeting - Proxy Form

### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective this proxy form must be received by Computershare Investor Services Pty Limited by 10.00am (Sydney time) Saturday 18 August 2012\***

### General

This form should be read in conjunction with the scheme booklet of Talent2 International Limited (**Talent2**) dated on or around 17 July 2012 (**Scheme Booklet**). Words or phrases defined in the Scheme Booklet have the same meaning when used in this form, unless the context requires otherwise.

### How to Vote on Items of Business

All your Talent2 Shares will be voted in accordance with your directions in relation to the Items of Business (overleaf).

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each Item of Business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of Talent2 Shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form (and replacement proxy forms) from Computershare Investor Services Pty Limited (**Computershare**). To appoint a second proxy you must:

- on each of the first proxy form and second proxy form, state the percentage of your voting rights or number of Talent2 Shares applicable to that form. If the forms do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded; and
- return both forms together to Computershare.

**A proxy need not be another Talent2 Shareholder**

### Signing Instructions

**Individual:** where the holding is in one name, the Talent2 Shareholder must sign.

**Joint holding:** where the holding is in more than one name, all of the Talent2 Shareholders must sign.

**Power of attorney:** if a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by Computershare.

**Companies:** where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone.

Otherwise, this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration if attending the meeting in person. If a representative of a body corporate Talent2 Shareholder or proxy is to attend the meeting you will need to fill out a certificate of appointment of body corporate representative, a form of which may be obtained from Computershare. This form should be lodged at the registration desk on the day of the meeting or be received by Computershare by 10.00am (Sydney time) on Saturday, 18 August 2012 (other than certificates delivered to Computershare by hand which must be received by Computershare by 5.00pm (Sydney time) on Friday, 17 August 2012).

**Comments & Questions:** If you have any comments or questions for Talent2, please write them on a separate sheet of paper and return with this form.

**ATTEND THE MEETING TO VOTE,  
GO ONLINE TO VOTE,  
or turn over to complete the form**



\*Proxy forms delivered by hand must be received by Computershare Investor Services Pty Limited by 5.00pm (Sydney time) Friday, 17 August 2012.



MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Talent2 Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

IND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Talent2 International Limited hereby appoint

the Chairman of the meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Talent2 International Limited to be held at Level 12, 179 Elizabeth St, Sydney, New South Wales on Monday, 20 August 2012 at 10.00am (Sydney time), and at any adjournment of that meeting.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the Abstain box for an Item of Business, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 That, subject to Talent2 Shareholders agreeing to the Scheme in accordance with subparagraph 411(4)(a)(ii) of the <i>Corporations Act 2001</i> (Cth), and for the purposes of item 7 of section 611 of the <i>Corporations Act 2001</i> (Cth), and as outlined in the Scheme Booklet accompanying this notice of meeting, approval is given for the acquisition by Perbec Pty Limited (ACN 158 551 574), Pergal Pty Limited (ACN 158 366 155) and Allegis (and their respective Related Bodies Corporate) of a Relevant Interest in 32,105,226 Talent2 Shares in which MBI has a Relevant Interest, which acquisition arises out of the entry into the Joint Bid Framework Deed dated 25 May 2012 between MBI, Allegis, Perbec Pty Limited (ACN 158 551 574) and Pergal Pty Limited (ACN 158 366 155) as more particularly summarised in the Scheme Booklet of which this notice of meeting forms part.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 That, conditional on and subject to the Scheme becoming Effective, approval is given under subsection 260B(4) of the <i>Corporations Act 2001</i> (Cth) for the giving of financial assistance in the manner outlined in the Scheme Booklet accompanying this notice of meeting under subsection 260B(4) of the <i>Corporations Act 2001</i> (Cth), such financial assistance being the declaration and payment of the Special Dividend by Talent2 as outlined in the Scheme Booklet accompanying this notice of meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote undirected proxies in favour of each Item of Business.

### SIGN Signature of Talent2 Shareholder(s) *This section must be completed.*

Individual or Talent2 Shareholder 1

Sole Director and Sole Company Secretary

Talent2 Shareholder 2

Director

Talent2 Shareholder 3

Director/Company Secretary

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_ / \_\_\_\_ / \_\_\_\_

Date

TWO

999999A

Computershare +



**Talent2 International Limited**  
ABN 19 000 737 744

000001 000  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Lodge your vote:

### In person:

On Monday, 20 August 2012, commencing at 10.15am (Sydney time) or immediately following conclusion of the Talent2 EGM (whichever is later) on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000

### Online:

If you are a Talent2 Shareholder [www.investorvote.com.au](http://www.investorvote.com.au)  
If you are a custodian (for intermediary online subscribers only) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By post:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
VIC 3001 Australia

### \*By hand delivery:

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067 Australia

### By fax:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)  
For all enquiries please call 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)

## Scheme Meeting - Proxy Form

### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective this proxy form must be received by Computershare Investor Services Pty Limited by 10.15am (Sydney time) Saturday 18 August 2012\***

### General

This form should be read in conjunction with the scheme booklet of Talent2 International Limited (**Talent2**) dated on or around 17 July 2012 (**Scheme Booklet**). Words or phrases defined in the Scheme Booklet have the same meaning when used in this form, unless the context requires otherwise.

### How to Vote on Items of Business

All your Talent2 Shares will be voted in accordance with your directions in relation to the Items of Business (overleaf).

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each Item of Business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of Talent2 Shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form (and replacement proxy forms) from Computershare Investor Services Pty Limited (**Computershare**). To appoint a second proxy you must:

- on each of the first proxy form and second proxy form, state the percentage of your voting rights or number of Talent2 Shares applicable to that form. If the forms do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded; and
- return both forms together to Computershare.

**A proxy need not be another Talent2 Shareholder**

\*Proxy forms delivered by hand must be received by Computershare Investor Services Pty Limited by 5.00pm (Sydney time) Friday, 17 August 2012.

### Signing Instructions

**Individual:** where the holding is in one name, the Talent2 Shareholder must sign.

**Joint holding:** where the holding is in more than one name, all of the Talent2 Shareholders must sign.

**Power of attorney:** if a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by Computershare.

**Companies:** where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone.

Otherwise, this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration if attending the meeting in person. If a representative of a body corporate Talent2 Shareholder or proxy is to attend the meeting you will need to fill out a certificate of appointment of body corporate representative, a form of which may be obtained from Computershare. This form should be lodged at the registration desk on the day of the meeting or be received by Computershare by 10.15am (Sydney time) on Saturday, 18 August 2012 (other than certificates delivered to Computershare by hand which must be received by Computershare by 5.00pm (Sydney time) on Friday, 17 August 2012).

**Comments & Questions:** If you have any comments or questions for Talent2, please write them on a separate sheet of paper and return with this form.

**ATTEND THE MEETING TO VOTE,  
GO ONLINE TO VOTE,  
or turn over to complete the form**



MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Talent2 Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Talent2 International Limited hereby appoint

the Chairman of the meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Scheme Meeting of Talent2 International Limited to be held at Level 12, 179 Elizabeth St, Sydney, New South Wales on Monday, 20 August 2012 at 10.15am (Sydney time), or immediately following the conclusion of the Talent2 EGM (whichever is later) and at any adjournment of the Scheme Meeting.

### STEP 2

#### Items of Business

**PLEASE NOTE:** If you mark the Abstain box for an Item of Business, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 That, pursuant to and in accordance with the provisions of section 411 of the <i>Corporations Act 2001</i> (Cth), the scheme of arrangement proposed between Talent2 International Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is approved, with or without alterations or conditions as approved by the Federal Court of Australia to which Talent2 International Limited, Morgan & Banks Investments Pty Limited, Allegis Group, Inc. and Perbec Pty Limited agree.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote undirected proxies in favour of each Item of Business.

### SIGN

#### Signature of Talent2 Shareholder(s) *This section must be completed.*

Individual or Talent2 Shareholder 1

Sole Director and Sole Company Secretary

Talent2 Shareholder 2

Director

Talent2 Shareholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

TWO

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Computershare +



**Talent2 International Limited**  
 ABN 19 000 737 744

000001 000  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030



## Lodge your vote:

### In person:

On Monday, 20 August 2012, commencing at 10.30am (Sydney time) or immediately following conclusion of the Scheme Meeting (whichever is later) on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000

### Online:

If you are a Talent2 optionholder [www.investorvote.com.au](http://www.investorvote.com.au)  
 If you are a custodian (for intermediary online subscribers only) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By post:

Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 VIC 3001 Australia

### \*By hand delivery:

Computershare Investor Services Pty Limited  
 Yarra Falls, 452 Johnston Street  
 Abbotsford VIC 3067 Australia

### By fax:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)  
 For all enquiries please call 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)

## Option Scheme Meeting 1 - Proxy Form

### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: 19999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective this proxy form must be received by Computershare Investor Services Pty Limited by 10.30am (Sydney time) Saturday 18 August 2012\***

### General

This form should be read in conjunction with the scheme booklet of Talent2 International Limited (**Talent2**) dated on or around 17 July 2012 (**Scheme Booklet**). Words or phrases defined in the Scheme Booklet have the same meaning when used in this form, unless the context requires otherwise.

### How to Vote on Items of Business

All your Talent2 options will be voted in accordance with your directions in relation to the Items of Business (overleaf).

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each Item of Business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of Talent2 options you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form (and replacement proxy forms) from Computershare Investor Services Pty Limited (**Computershare**). To appoint a second proxy you must:

- on each of the first proxy form and second proxy form, state the percentage of your voting rights or number of Talent2 options applicable to that form. If the forms do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded; and
- return both forms together to Computershare.

**A proxy need not be another Talent2 optionholder**

\*Proxy forms delivered by hand must be received by Computershare Investor Services Pty Limited by 5.00pm (Sydney time) Friday, 17 August 2012.

### Signing Instructions

**Individual:** where the holding is in one name, the Talent2 optionholder must sign.

**Joint holding:** where the holding is in more than one name, all of the Talent2 optionholders must sign.

**Power of attorney:** if a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by Computershare.

**Companies:** where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone.

Otherwise, this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration if attending the meeting in person. If a representative of a body corporate Talent2 optionholder or proxy is to attend the meeting you will need to fill out a certificate of appointment of body corporate representative, a form of which may be obtained from Computershare. This form should be lodged at the registration desk on the day of the meeting or be received by Computershare by 10.30am (Sydney time) on Saturday, 18 August 2012 (other than certificates delivered to Computershare by hand which must be received by Computershare by 5.00pm (Sydney time) on Friday, 17 August 2012).

**Comments & Questions:** If you have any comments or questions for Talent2, please write them on a separate sheet of paper and return with this form.

**ATTEND THE MEETING TO VOTE,  
 GO ONLINE TO VOTE,  
 or turn over to complete the form →**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Talent2 optionholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being an optionholder/s of Talent2 International Limited hereby appoint

the Chairman of the meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Option Scheme Meeting 1 of Talent2 International Limited to be held at Level 12, 179 Elizabeth St, Sydney, New South Wales on Monday, 20 August 2012 at 10.30am (Sydney time), or immediately following the conclusion of the Scheme Meeting (whichever is later) and at any adjournment of Option Scheme Meeting 1.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the Abstain box for an Item of Business, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 That, pursuant to and in accordance with the provisions of section 411 of the <i>Corporations Act 2001</i> (Cth), the scheme of arrangement proposed between Talent2 International Limited and Talent2 Optionholders (other than Excluded Optionholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Talent2 International Limited, Morgan & Banks Investments Pty Limited, Allegis Group, Inc. and Perbec Pty Limited agree.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote undirected proxies in favour of each Item of Business.

### SIGN Signature of Talent2 optionholder(s) *This section must be completed.*

Individual or Talent2 optionholder 1

Sole Director and Sole Company Secretary

Talent2 optionholder 2

Director

Talent2 optionholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

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Computershare +



**Talent2 International Limited**  
 ABN 19 000 737 744

000001 000  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030



## Lodge your vote:

### In person:

On Monday, 20 August 2012, commencing at 10.45am (Sydney time) or immediately following conclusion of the Option Scheme Meeting 1 (whichever is later) on Level 12, 179 Elizabeth Street, Sydney, New South Wales 2000

### Online:

If you are a Talent2 optionholder [www.investorvote.com.au](http://www.investorvote.com.au)  
 If you are a custodian (for intermediary online subscribers only) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By post:

Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 VIC 3001 Australia

### \*By hand delivery:

Computershare Investor Services Pty Limited  
 Yarra Falls, 452 Johnston Street  
 Abbotsford VIC 3067 Australia

### By fax:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)  
 For all enquiries please call 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)

## Option Scheme Meeting 2 - Proxy Form

### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: 19999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective this proxy form must be received by Computershare Investor Services Pty Limited by 10.45am (Sydney time) Saturday 18 August 2012\***

### General

This form should be read in conjunction with the scheme booklet of Talent2 International Limited (**Talent2**) dated on or around 17 July 2012 (**Scheme Booklet**). Words or phrases defined in the Scheme Booklet have the same meaning when used in this form, unless the context requires otherwise.

### How to Vote on Items of Business

All your Talent2 options will be voted in accordance with your directions in relation to the Items of Business (overleaf).

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each Item of Business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of Talent2 options you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form (and replacement proxy forms) from Computershare Investor Services Pty Limited (**Computershare**). To appoint a second proxy you must:

- on each of the first proxy form and second proxy form, state the percentage of your voting rights or number of Talent2 options applicable to that form. If the forms do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded; and
- return both forms together to Computershare.

### A proxy need not be another Talent2 optionholder

\*Proxy forms delivered by hand must be received by Computershare Investor Services Pty Limited by 5.00pm (Sydney time) Friday, 17 August 2012.

### Signing Instructions

**Individual:** where the holding is in one name, the Talent2 optionholder must sign.

**Joint holding:** where the holding is in more than one name, all of the Talent2 optionholders must sign.

**Power of attorney:** if a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by Computershare.

**Companies:** where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone.

Otherwise, this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration if attending the meeting in person. If a representative of a body corporate Talent2 optionholder or proxy is to attend the meeting you will need to fill out a certificate of appointment of body corporate representative, a form of which may be obtained from Computershare. This form should be lodged at the registration desk on the day of the meeting or be received by Computershare by 10.45am (Sydney time) on Saturday, 18 August 2012 (other than certificates delivered to Computershare by hand which must be received by Computershare by 5.00pm (Sydney time) on Friday, 17 August 2012).

**Comments & Questions:** If you have any comments or questions for Talent2, please write them on a separate sheet of paper and return with this form.

**ATTEND THE MEETING TO VOTE,  
 GO ONLINE TO VOTE,  
 or turn over to complete the form**



MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Talent2 optionholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being an optionholder/s of Talent2 International Limited hereby appoint

the Chairman of the meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Option Scheme Meeting 2 of Talent2 International Limited to be held at Level 12, 179 Elizabeth St, Sydney, New South Wales on Monday, 20 August 2012 at 10.45am (Sydney time), or immediately following the conclusion of the Option Scheme Meeting 1 (whichever is later) and at any adjournment of Option Scheme Meeting 2.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the Abstain box for an Item of Business, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 That, pursuant to and in accordance with the provisions of section 411 of the <i>Corporations Act 2001</i> (Cth), the scheme of arrangement proposed between Talent2 International Limited and Talent2 Optionholders (other than Excluded Optionholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Talent2 International Limited, Morgan & Banks Investments Pty Limited, Allegis Group, Inc. and Perbec Pty Limited agree.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote undirected proxies in favour of each Item of Business.

### SIGN Signature of Talent2 optionholder(s) *This section must be completed.*

Individual or Talent2 optionholder 1

Sole Director and Sole Company Secretary

Talent2 optionholder 2

Director

Talent2 optionholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

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Computershare +