



Results Announcement

The directors of Talent2 International Limited today confirmed the Company's full year results, following on from the Company's earlier announcement in July 2009. The Company reported:

Revenue \$229.0m

Gross Profit \$151.4m

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) \$10.5m

Profit before tax of \$1.0m, before impairment

Loss before tax of \$5.5m, after impairment

Loss before tax of \$1.1m, before impairment

Loss after tax of \$7.6m, after impairment

Cash on hand \$21.0m, up \$3.4m

Debt \$16.7m, up \$3.9m

"Our Managed Services division performed strongly in the current environment, reporting revenue of \$114.3m, up 22%, and EBITDA of \$12.9m, an increase of 37% on the prior financial year" advised Andrew Banks, Talent2's Managing Director. "All three service lines, payroll outsourcing, training and development and outsourced recruitment, saw revenues increase compared to the previous financial year," Banks added.

"We have continued to add new managed services clients over the last few months in Australia, Asia, UK and Middle East, with a number of others at final contract stage" said Banks.

"In addition we are seeing an increase in the number of clients using more than one of our service offerings, as well as in clients engaging us in short term outsourced recruitment projects," Banks noted.

"The sudden downturn in consumer confidence in October 2008 resulted in hiring for permanent positions virtually coming to a halt, which significantly impacted the Recruitment division's results for the year", said Banks. "The division is reporting revenue of \$114.4m, down 15%, and an EBITDA loss of \$2.4m, compared to a profit of \$10.8m in the previous financial year" added Banks, noting "The division reported a profit in the fourth quarter suggesting the business has been correctly re-sized in line with current revenue levels and to best position the division for the recovery."

The Company confirmed that following a review of the carrying value of acquired intangible assets, an impairment charge of \$6.5m had been taken for the year. The impairment charge relates to the Company's investments in Hong Kong, the United Kingdom and India, and arises as the discounted cash flows generated by the underlying businesses do not support the carrying value of those intangibles.



The Company reported profit before tax, excluding the impairment charge, of \$1.0m, compared to \$13.1m in the year to June 2008. Including the impairment charge, the Company reported a loss before tax of \$5.5m.

A tax expense of \$2.1m has been reported, reflecting the non-deductibility of the impairment charge, equity based employee incentives and other non-deductible items, together with losses incurred overseas that did not meet the criteria to be recognised as deferred tax assets. An after tax loss of \$7.5m was reported compared to a profit of \$9.3m in the year to 30 June 2008.

The Company generated operating cash of \$12.7m in the year, up from \$11.9m in the previous financial year, highlighting both the resilience of our business model and the effectiveness of the cost savings in the recruiting business. The cash position remains strong with \$21.0m in the bank at 30 June 2009, and debt at \$16.7m. The increase in debt reflects both the impact of exchange rates and the acquisition of The Learning Group during the year.

Basic earnings per share fell from 7.63c in 2008 to a loss of 6.00c, and adjusted earnings per share (after allowing for the tax affected amortisation of intangibles arising from business acquisitions, and the impairment charge) fell by 83% to 1.7 cents, from 9.8 cents.

The Board has not declared a dividend in respect to the 2009 financial year.

About Talent2

Around the world companies seeking competitive advantage are outsourcing their human resources (HR) requirements. To meet the increasing demand, Talent2 has strengthened its position as Asia Pacific's first end-to-end human resources outsourcing (HRO) business.

Talent2 is leading the region in executive recruitment, HR business process outsourcing and technology. It is focused on providing integrated HR solutions that are innovative and effective. Talent2 helps its clients to "Acquire, Manage and Optimise" their talent so that they can focus on growing their businesses.

Talent2 has offices across Australia, Bahrain, China, Hong Kong, India, Japan, Malaysia, New Zealand, Oman, Papua New Guinea, Qatar, Singapore, Taiwan, the UAE, the UK and the US to serve its extensive client base of blue-chip multi-nationals and public sector organisations.

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