



**Talent 2 International Limited**

8 February 2006

## **Results for the half year ended 31 December 2005**

### **The momentum continues**

The board of Talent2 International Limited is pleased to announce that both revenue and profit growth momentum continues for Australasia's largest integrated human resource solutions business.

Revenues increased by 63.5% to \$45.2 million for the December half year, up from \$27.6 million for the corresponding six months in 2004. This growth curve sets Talent2 as one of the fastest-growing companies in the services sector.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were \$4.4 million, an increase of 63.1% over the (IFRS adjusted) \$2.7 million for the December 2004 half year. Despite a period of significant investment in Asia and the integration of acquisitions, EBITDA margins remained strong at 9.7%.

Andrew Banks, Talent2's Managing Director, said: "More and more companies are appreciating that the Talent2 integrated offer is about competitive advantage for their respective businesses. This is evident in the strong growth in Talent2's revenues and EBITDA."

- **Talent2 People**, the recruitment business which was a "start up" in late 2003, has increased its revenue by 63% to \$27.4 million for the half with the addition of new offices in Hong Kong, Singapore, New Zealand and an expansion of the business into Dubai.
- The **Managed Services** business has expanded revenue nearly fourfold to \$9.8 million for the half year, with good strategic wins with major national and international companies, including a major win in China. While this growth is strong, the best is yet to come and the pipeline for Managed Services remains strong.
- Revenue for the technology arm of the business, **Talent2 Works**, came in at \$7.8 million, in line with budget.

"We are only two years old with our new integrated human resources offer, and many parts of our business yet to reach maturity in revenue or margin, demonstrates we have a great deal of upside," Mr Banks said. "This is especially so given the broader geographic and service offering spread achieved with key acquisitions during the past two years."

"Our vision is clear: to help our customers leverage their scarce resources to acquire, optimise and administer talent to drive their shareholder value."

The Talent2 board is recommending the **return of surplus cash to shareholders** and will announce further details in the next few months. The proposed return reflects the board's confidence in current and future cash flows. Net operating cash flow also rose strongly during the half year (up by 80% to \$3.6 million) and net cash on hand at the end of December was \$11.2 million.

Talent2 currently has minimal debt and the investment phase that started nearly two years ago is nearing completion. Organic growth from the solid platform created through these strategic acquisitions will ensure even stronger revenue and profit growth for the second half of the 2005-06 financial year.

This is the first reporting period for Talent2 under the new IFRS accounting standards, with comparisons adjusted to reflect the new changes. The reported profit before tax (PBT) increased by 11% to \$2.14 million, and includes the impact of the acquisition of National Payroll Systems (NPS) in October 2005. Under the new accounting standards, PBT includes \$1.4 million amortisation of various acquired intangible assets of which \$0.8 million relates solely to the NPS acquisition.

The reported net profit after tax (NPAT) was \$1.5 million, compared to \$3.6m in the previous corresponding period. The December 2004 result included a non-recurring tax credit of \$2.0 million. Net profit after tax, but before intangibles and excluding the previous year's non-recurring tax credit, increased by 41% to \$2.44 million from \$1.73 million.

EBITDA per share increased by 41% to 4.02c from (an IFRS adjusted) 2.85c. Earnings per share fell from 3.88c to 1.38c which includes the impact of the non-recurring tax credit and increased amortisation charge.

For further information please contact:

Andrew Banks	or	John Rawlinson
Managing Director		Chief Executive Officer
02 9087 6208		03 9918 0919