

12 February 2007



**“Managed Services leads the charge with 82% revenue jump!”
Group Revenue up 43%, and margins up from 13.5% to 14.9%
for the six months ended 31 December 2006**

The Board of Talent2 International Limited (TWO) is pleased to announce another strong result for the six months ended 31 December 2006, with Revenue up 43% to \$64.8 million and a 48% increase in earnings before interest tax, depreciation and amortisation (EBITDA) to \$6.5 million. All segments of the business reported strong organic growth as the company continues to help our customers leverage their scarce resources to **acquire, optimise and administer talent** to drive their own shareholder's value.

- Revenue from the Managed Services Business increased 82% to \$17.8 million for the six months ended 31 December 2006, as compared to \$9.8 million for the six months ended 31 December 2005. During the half, several high-profile multinational companies appointed Talent2 to provide innovative and effective services and integrated human resources solutions for talent management.
- Revenue from the Recruitment Services Business increased 39% to \$38.1 million for the six months ended 31 December 2006, as compared to \$27.4 million for the six months ended 31 December 2005. Talent2's business philosophy and culture continues to attract and engage the best skills in the industry.
- Revenue from the Technology Services Business increased 15% to \$9.0 million for the six months ended 31 December 2006, as compared to \$7.8 million for the six months ended 31 December 2005, with significant new wins in a maturing industry.

Managing Director Andrew Banks said: “Talent2's business model is delivering remarkable growth! We are growing the existing business and improving profitably, investing in new initiatives and expanding into new global markets. In just the last six months Talent2 has:

- **increased** the size of our Managed Services Asia sales team;
- **finalised** Talent2's joint venture partner in China—our license application is progressing well and I expect the Shanghai launch within a few months;
- **expanded** the Malaysian operation with new recruitment and consulting offerings to complement our existing payroll offerings;
- **progressed** our expansion plans into India via the imminent purchase of a 24% interest in leading HR outsourcer **HROne** with seven offices across India (Talent2 shareholder **Talentpro India** and HROne management having the balance); and
- **hired** senior business development executives for both the United Kingdom and the United States—establishing our services in these markets and positioning Talent2 to be the managed services provider of choice for northern hemisphere multinationals coming to Asia and needing HR services.

These initiatives will all contribute to revenue and EBITDA growth in the second half of the year.”

In the six months ended 31 December:

- **Revenues** increased by 43% to \$64.8 million for the six months to December 2006, up from \$45.2 million for the corresponding six months in the previous year.
- **Earnings** before interest, tax, depreciation and amortisation (EBITDA) increased by 48% to \$6.5 million, up from \$4.4 million for the six months ended December 2005 with EBITDA margins as a percentage of Gross Profit increasing from 13.5% to 14.9%.
- **Net profit** after tax increased by 75% to \$2.6 million, up from \$1.5 million for the corresponding period.
- **Operating cash flows** increased by 69% to \$6.1 million, up from \$3.6 million for the corresponding six months in the previous year.
- **EPS** increased by 61% to 2.22c. This includes the amortisation of acquired intangible assets. When this is added back to reported profit adjusted or normalised EPS rose 38% from 2.25c to 3.11c

During the six months, **Talent2** also declared and paid a maiden special dividend of 3c per share (partially franked) plus a capital return of 3c per share. Despite these distributions totaling \$7.1 million, the cash balance increased over the year from \$11.2 million at 31 December 2005 to \$11.9 million at 31 December 2006.

In October 2006, **Talent2** appointed Ken Allen as its new Non-Executive Chairman. Assisting Mr Allen with the demanding and expanding responsibilities is Mary Beth Bauer, who has moved to a new role of Deputy Chairman after completing 4 years of outstanding service as **Talent2's** inaugural Chairman. Mr Allen joins another independent new Director, Hans Neilson, who joined the **Talent2** Board in August 2006.

Andrew Banks said: "Asia Pacific's GDP will continue to grow rapidly and will exceed the combined GDPs of both the USA and Europe within 10 years. Hence our goal is to continue our expansion into Asia with China, India, and Japan being our focus to complement our existing teams in Singapore, Malaysia, Hong Kong and Macau. We welcome the global experience of our new Board members, and welcome our new Chairman, and look forward to continuing **Talent2's** demanding—but rewarding—growth."

About Talent2

Talent2 is the leading HR solutions and managed services company in the Asia Pacific Region, providing HR solutions, recruitment services—both outsourced and in-sourced—and innovative and effective talent management services. The experienced **Talent2** team delivers proven results and consistent, dependable outcomes in all aspects of providing talent management to private and public sector organisations of all sizes.

HR outsourcing (or HRO) is the fastest-growing outsourcing market and Talent2 is a confirmed leader in the provision of innovative and effective HRO solutions for talent management in the Asia Pacific region.

For further information, please contact:

Michael Bermeister, Company Secretary, Talent2
Telephone – (02) 9087 6333
e-mail – michael.bermeister @talent2.com