



**Stress testing the model: Managed Services shows impressive growth,
Recruitment impacted by global downturn**

The directors of Talent2 International Ltd [ASX: TWO] today confirmed that reported revenue for the six months to 31 December 2008 increased by 19% to \$128 million.

For the half year gross profit rose by 27% to \$82.9 million while EBITDA was down by 16% to \$7.6 million compared to the previous year. Cash holdings at balance date were \$17.9 million.

“With the reported 37% increase in its revenue, the Managed Services business delivered the most significant growth in EBITDA, generating a 85% increase and showing resilience in these turbulent times,” Talent2’s Managing Director Andrew Banks said.

“Our recruitment business was directly affected by the global economic downturn with an unprecedented halt in decision making by employers in the second quarter, resulting in an 83% decrease in reported EBITDA to \$0.9 million,” he said.

“To address the declining revenue levels, we undertook measures to eliminate \$10 million (annualised) from our cost base across the group, predominantly in the recruitment business. We will start to see the impact of these savings in the current quarter. And we will continue to monitor our cost base in line with demand and make further adjustments as and when required,” Banks said.

During the December review, Talent2 undertook impairment testing of all its acquired businesses. The five-year discounted cash flows for the acquired businesses in the UK, Hong Kong and India did not support the current carrying values of those investments. An impairment charge of \$1.8 million in total relating to these businesses was charged during the period.

Talent2 retains its strong cash flow position with debt levels remaining low at \$18.3 million, an increase from June of \$5.5 million of which \$4.1 million was as a result of exchange rate movements. During the period retirement of \$0.5 million of foreign currency loans was made. The current average interest rate on debt facilities is about 3%.

Basic earnings per share (EPS) for Talent2 decreased by 95% to 0.19 cents, and adjusted EPS (after allowing for the tax effected amortisation of intangibles arising from business acquisitions and the impairment charge) decreased by 39% to 2.72 cents.



Financial highlights for the six months ended 31 December:

- **Revenues** increased by 19% to \$128 million, up from \$109 million in the previous year.
- **EBITDA** decreased by 16% to \$7.6 million, down from \$9 million in the previous year.
- **Net profit after tax** attributable to shareholders decreased by 95% to \$0.2 million, down from \$4.2 million in the previous year.
- **Operating cash flows** increased to \$7 million from \$4.5 million in the previous year.
- **EPS** decreased by 95% to 0.19 cents. This included the amortisation of acquired intangible assets and an impairment charge. When these items are added back, normalised EPS decreased by 39% from 4.46 cents to 2.72 cents.

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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