

For immediate release**Q4 hiring expectations increased since 2004**

More companies forecast salary increases of 5% or more for 2006

SINGAPORE, 12 OCTOBER 2005 – Hudson, one of the world's leading professional staffing, outsourcing and human capital solution providers and a division of Hudson Highland Group, Inc. (NASDAQ: HHGP), has released findings of its Hudson Report for Quarter 4 (Q4) 2005. With a reputation as a key socio-economic indicator in the current marketplace since its Asian launch in December 1998, the survey has been built on the premise that employers' expectations of an increase or decrease in staffing levels represent a significant indication of their optimism in the growth of their organisation and their industry as a whole.

In Asia, nearly 2,200 key employment decision makers from multinational organisations of all sizes in all major industry sectors were surveyed in China, Hong Kong, Japan and Singapore during August 2005. Six hundred and ten executives are based in Singapore. The five industry sectors surveyed are Banking and Professional Services, Consumer, IT & Telecommunications, Manufacturing and Media/PR/Advertising.

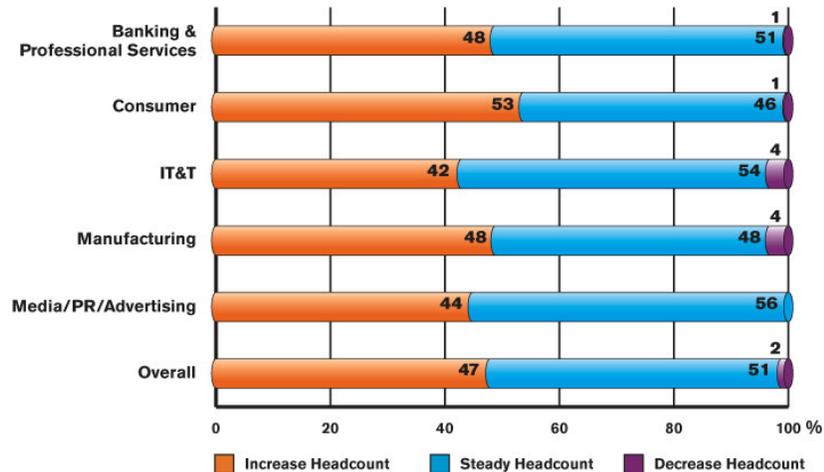
Significant findings in the **Q4 2005 Hudson Report** are:

- As compared to a year ago, hiring expectations have steadily increased - 47% of respondents in Q4 2005 forecast headcount growth, up from 43% in Q4 2004;
- Overall, Q4 hiring expectations remain strong, however, at a slightly slower pace compared to Q3 2005 (52%);
- The Consumer sector has the highest level of hiring expectations with 53% of respondents forecasting headcount growth, a significant increase from 45% in the last quarter;
- 28% of respondents forecast that their companies will give salary increases of 5% or more;
- As in previous quarters, sales professionals remain the most sought after, accounting for 28% of all new hiring. The demand for IT and engineering/operations/technical staff is also relatively high;
- 93% of respondents state that their companies suffered from staff turnover in the past 12 months. Staff poaching which is symptomatic of a talent-short market and high levels of business confidence, has been identified as the primary reason for this turnover;
- Staff recruitment and retention are considered the most critical HR challenges for companies in the next 12 months.

The latest employment trends

The companies forecasting headcount growth have increased from 43% in Q4 2004 to 47% to Q4 2005, although this figure is slightly down from 52% in Q3 2005. This quarter, a further 51% of professionals surveyed anticipate that employment will remain steady and only a nominal 2% forecast a decline in headcount. Apart from the last two quarters, this is the highest figure for hiring expectations since Q2 2001.

Permanent employment expectations in Singapore



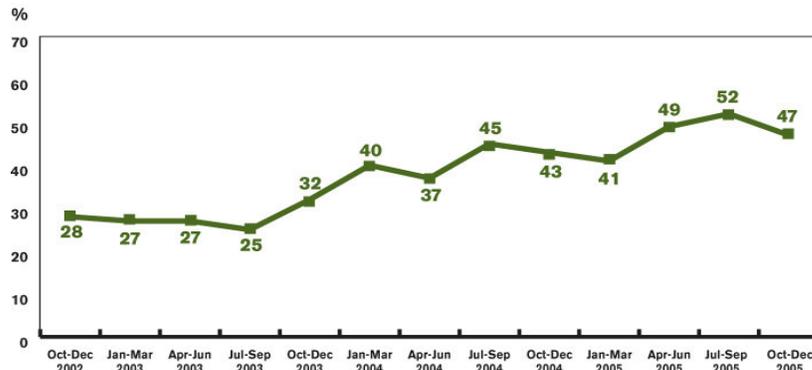
Source: The Hudson Report – Singapore, Q4 2005

Stefanie Cross-Wilson, country manager, Hudson Singapore, says, “Hiring expectations are still high, with 47% of our respondents forecasting increased headcount in Q4 2005. Over the past three years, hiring expectations have steadily increased in Q4 year on year – from 32% in Q4 2003 to 43% in Q4 last year to 47% this quarter.

On one hand, employers face high staff turnover and staff poaching; on the other hand, they recognise that their two key HR challenges are staff recruitment and retention. Furthermore, 72% of our respondents have forecasted higher salary increases for the next 12 months, in their effort to attract and retain talent.”

The Consumer sector is particularly buoyant, with 53% of executives predicting headcount growth – the highest proportion of any industry and a substantial increase from 45% in Q3. Manufacturing companies also have high hiring expectations, with 48% anticipating headcount increases.

Permanent hiring expectations over time in Singapore



Source: The Hudson Report – Singapore, Q4 2005

The hottest jobs in Singapore

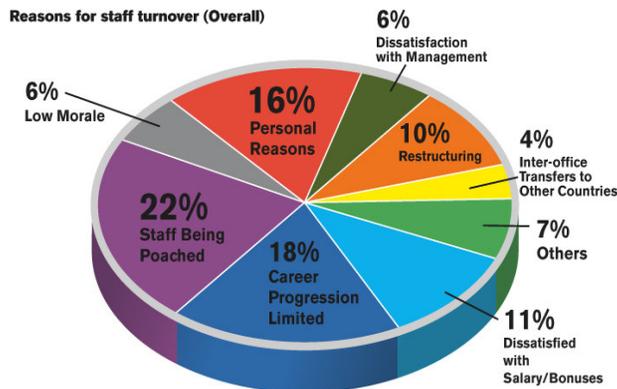
As in previous quarters, the highest level of demand is for sales staff across all industry sectors, which accounts for 28% of all anticipated new hiring, up from 25% in Q3. Engineering/operations/technical positions continue to take up a significant share of projected new hiring at 15%. There is also continued strong demand for IT professionals, which account for 15% of anticipated new hires.

Staff turnover in the last 12 months

In an increasingly candidate-short market, staff turnover is very high. Ninety-three percent of the executives surveyed report that there had been staff turnover in their companies in the past 12 months. This is the highest level among all the markets surveyed in Asia.

Reasons for staff turnover

Across all the industries surveyed, the highest number of respondents – 22% say that staff poaching is the principal reason for staff turnover. It is inevitable in current market conditions, when employers are struggling to recruit the talent they need, that staff poaching will be prevalent. The second most significant reason for turnover is limited career progression, with 18% of respondents citing this as a reason. Only 11% of respondents cited that dissatisfaction with salaries and bonuses was the reason for staff turnover.



Source: The Hudson Report – Singapore, Q4 2005

Staff turnover set to rise in the next 12 months

Overall, 84% of all respondents surveyed anticipate that staff turnover will increase or remain the same during the next 12 months.

Staff poaching prevalent in this talent-short market

Across all sectors, 22% of respondents indicate that staff poaching (staff being actively approached by competitors to join them) is the main reason for staff turnover. This is symptomatic of a talent-short market and high levels of business confidence. Limited career progression, personal reasons and dissatisfaction with salaries and bonuses constitute the other major reasons for staff turnover.

Finding and retaining staff are the main HR challenges

Staff retention and recruitment are seen as the most critical HR challenges, accounting for 32% and 28% of responses respectively. Training and development is seen as the third greatest HR challenge, with 18% of all respondents citing it.

Salary trend in the next 12 months

Seventy-two percent of respondents forecast salary increases in the next 12 months, the same as compared to Q3 2004, when the Hudson Report first asked this question.

However, there has been some movement in the anticipated level of salary increases. In Q3 2004, 21% of respondents forecasted salary increases of 5% or more. In Q4 2005, that figure has risen to 28%.

Forty-two percent of respondents in the Banking and Professional Services sector are forecasting salary increases of 5% or more, far more than in any other sector surveyed.

Hudson

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