

For immediate release

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Expectations to hire have fallen from a five-year high in Q4

Hiring expectations still higher than a year ago

SINGAPORE – 26 OCTOBER 2006 – Employment expectations have fallen this quarter from their five-year peak in Quarter 3 (Q3). Of the executives surveyed, 52% expect to increase their hiring which has decreased from 56% in the previous quarter. However, hiring expectations are still increasing compared to a year ago (47% in Q4 2005). Hiring is seen as the biggest challenge over the next year with 43% of employers citing this. Overall, 64% of employers say that recruiting is more difficult now and 24% remark they are offering candidates substantially higher salaries.

Hudson, one of the world's leading professional staffing, outsourcing and talent management providers today released findings of its comprehensive quarterly Hudson Report for Asia. With a reputation as a key socio-economic indicator in the current marketplace since its Asia 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. The Hudson Report represents the expectations of over 2,300 key employment decision makers from multinational organisations of all sizes in all major industry sectors with 641 of these executives based in Singapore.

Significant findings in the **Q4 2006 Hudson Report** are:

- 52% plan to increase headcount in Q4 a fall from 56% in Q3, when expectations were at a five-year high;
- Expectations are still rising year-on-year, with 52% forecasting growth this quarter, a rise from 47% in Q4 2005;
- Hiring and retaining talent are seen as by far the most critical challenges facing HR, cited by 43% and 35% respectively;
- 64% of executives in all sectors say that recruitment has become more difficult over the last year;
- Higher pay, more training and higher performance bonuses are the three most important measures used to attract candidates.

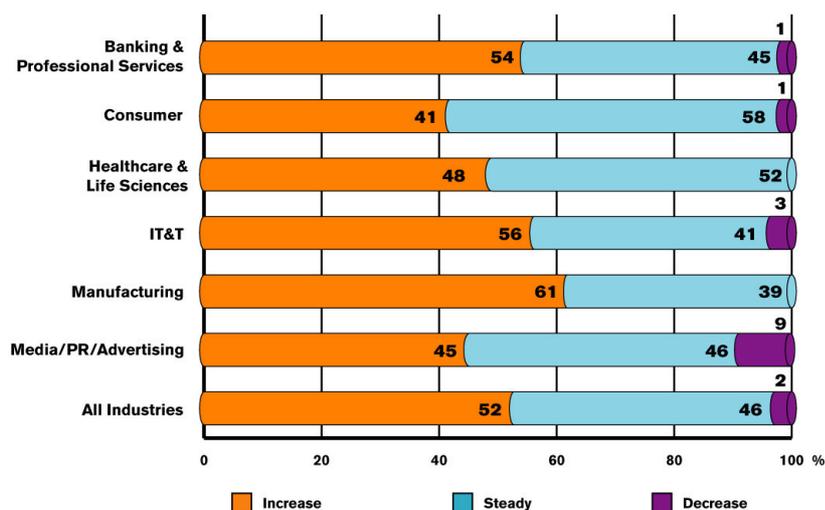
Expectations to hire have fallen in the last quarter

Expectations for permanent employment have fallen this quarter. Of the 641 executives surveyed, 52% of employers plan to increase headcount. This compares to 56% in Q3, when expectations were at a five-year high. A further 46% of professionals surveyed anticipate that employment will remain steady.

Mark Sparrow, Country Manager, Hudson Singapore, says, "Employment expectations remain high, despite a slight fall from Quarter 3's five-year peak. The buoyant job market means that staff recruitment and retention are by far the most critical challenges for HR. Higher salaries and more training are seen as the key measures to attract talent in today's candidate-short market."

Manufacturing reports both the highest expectations and the largest increase, with 61% of respondents planning to grow headcount – up from 49% in Q3. Expectations among IT&T companies are still rising, with 56% forecasting increased headcount.

Permanent employment expectations in Singapore



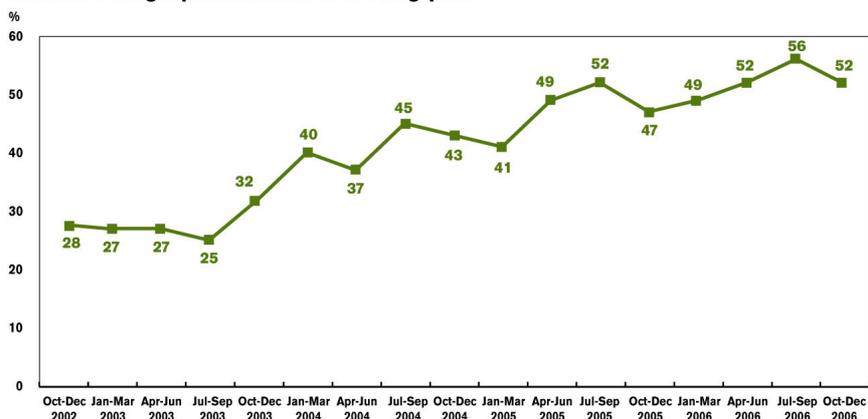
Source: The Hudson Report – Singapore, Q4 2006

Expectations still rising year-on-year

Employment expectations continue to rise year-on-year, with the 52% forecasting growth this quarter, a substantial rise from 47% in Q4 2005.

IT&T companies report the highest year-on-year rise, with 56% saying they will recruit more staff this quarter, up from 42% in Q4 2005. Employment expectations have also grown strongly over the past year in the Manufacturing sector, from 48% in Q4 2005 to 61% now.

Permanent hiring expectations over time in Singapore

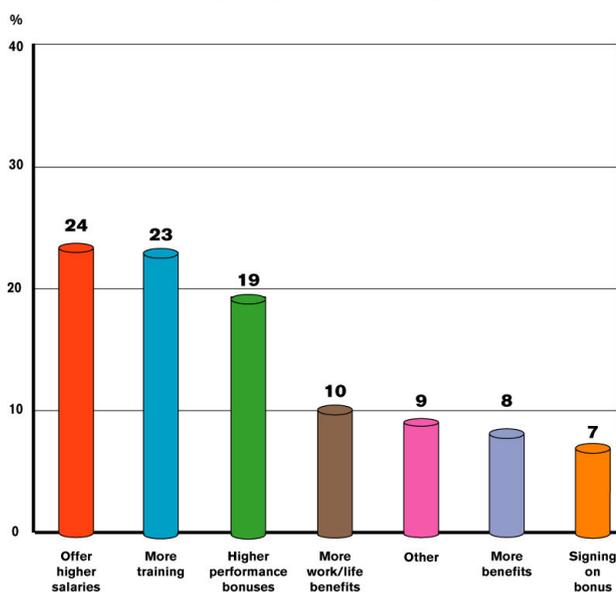


Source: The Hudson Report – Singapore, Q4 2006

Pay And Training Are Key Measures To Attract Talent

The main measures used by respondents to attract candidates are higher salaries, more training and higher performance bonuses. Higher salaries are used by 24% of respondents and training is used by 23% of respondents in all sectors. Many companies have responded to the candidate-short market by recruiting junior staff and then providing training to prepare them for senior roles.

Measures to attract top talent - All industries



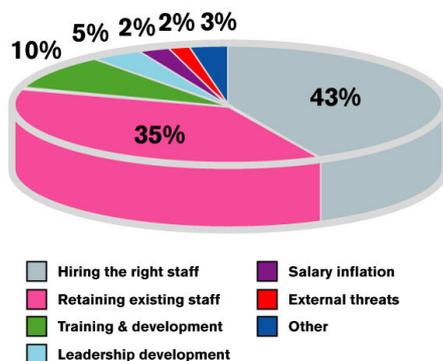
Source: The Hudson Report – Singapore, Q4 2006

Critical HR challenges

Hiring and retention are seen as the most critical HR challenges over the next year, with 43% and 35% respectively saying these are the key issues. In Q4 2005, retention was regarded as the most critical

issue. Hiring problems are particularly severe in Manufacturing and Banking, with 53% and 46% respectively saying it is the most critical challenge.

Greatest HR challenge in the next 12 months - All industries

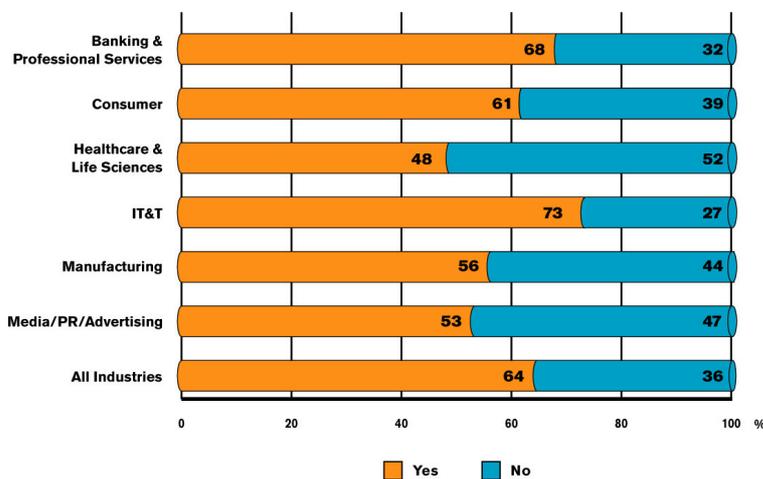


Source: The Hudson Report – Singapore, Q4 2006

Recruitment becoming much harder

Overall, 64% percent of employers across all sectors say that recruiting top talent is more difficult than a year ago. This is evident in the IT&T industry and in Banking where 73% and 68% of respondents respectively state that recruiting is now more difficult.

Difficulties in recruiting top talent compared to a year ago

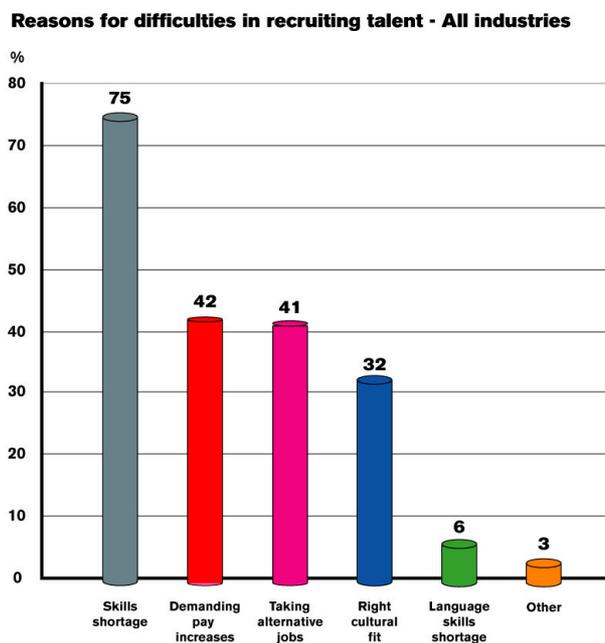


Source: The Hudson Report – Singapore, Q4 2006

Skills shortage is the main cause of difficulties

A severe skills shortage is the main cause of recruitment problems. Overall, 75% of respondents mention this and it is seen as the most important reason in each sector. The second most important cause is candidates asking for higher salaries as 42% of employers express this concern. The

candidate-short market is evident, as 41% of respondents report that candidates are taking alternative job offers.



Source: The Hudson Report – Singapore, Q4 2006

Management development is a top priority

Management development programmes are seen as the most important measure of developing top talent in every sector and are cited by 23% of respondents overall. This is closely followed by coaching, which is mentioned by 22% of respondents and mentoring cited by 19% of respondents.

Hudson

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