HIRE INTELLIGENCE INTERNATIONAL LIMITED
AND ITS CONTROLLED ENTITIES

ABN 79 098 210 121

HALF-YEAR REPORT

31 DECEMBER 2006

Contents

DIRECTOR'S REPORT

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2006 and the auditor's review report thereon.

Directors

The directors of Hire Intelligence International Limited (HII) at any time during or since the end of the half-year are:

Name	Period of directorship
Mr Thomas R. Crage Managing Director & Chairman	Director since September 2001
Mr Keegan T Crage Executive Director	Director since 1 December 2005
Mr Jason F Crage Non-Executive Director	Director since 19 December 2005

Review of operations

HII has developed an award winning business to business operation renting computer and audio visual equipment from company owned outlets in London, Sydney and Perth. A 100% owned subsidiary has franchised that model across Australia, New Zealand, the United Kingdom and Ireland.

Both business and franchise models are built on proprietary systems and business processes technology facilitating a highly cost effective operation.

Hire Intelligence (HII) is the market leader in the Australian short term computer and audio visual rental market, is the second largest operator in the United Kingdom and holds a strong position in the New Zealand and Irish markets.

Group First Half Results

Key Financial Data for First Half of FY2007

	6 months to:	
	31-Dec-06	**31-Dec-05**
Sales Revenue	4,720,000	4,723,000
Earnings Before Interest Tax & Amortisation	2,044,000	1,072,000
Profit from Operating Activities	1,860,000	888,000
Profit before tax	2,079,000	1,039,000
Net Profit After Tax	1,418,000	744,000
Basic Earnings Per Share (cents)	1.84	0.97
Net Asset Value Per Share (cents)	19.1	17.3
Interim Dividend Per Share (cents)	2.0	-

Group Sales Revenue of $4.72 million during the six months to 31 December 2006 were on a par with the corresponding period in the prior year. In January we announced that our move to new premises in London provided the company with a significant non-recurring profit but to some extent this was offset by disruption associated with the move. Although disruptions commenced in October and are expected to impact us through until the end of May 2007, the worst disruptions resulting in a rental income expectation downgrade occurred during the 3 months of November, December and January as a result of:

- 2 Sales Executives out of 4 resigning following the announcement of the move to the new premises
- Staff focusing on organising the move rather than on business
- British Telecom failing to provide the London branch with any phone lines between 8 and 19 December followed by limited phone lines until the end of January.

It is our view that revenue was impacted during 1 October to 31 December 2006 by about $230,000 and that the impact through to the end of May 2007 would total $630,000. January and February have been impacted as expected however measures have been put in place to negate the adverse impact and these have shown signs of a turnaround occurring in London. The phone lines are now fully operational, replacement employees have been recruited and the focus has returned to driving revenue with specific marketing strategies in place.

Gross profit has been adversely impacted by the lower rental revenue out of London.

It is particularly pleasing that profit before income tax grew from $1.0 million for the 6 months to 31 December 2005 to $2.1 million for the six months ending 31 December 2006.

The above amount is inclusive of non-recurring income of $1.26 million associated with our move to our new office in London offset by actual non-recurring costs and provisions together totalling $0.43 million to 31 December 2006. These numbers exclude the adverse impact of lower revenue discussed above. The expected lower revenue is estimated to adversely impact profits by £110,000 (A$270,000) during the year to 30 June 2007. Some costs for which provisions were made have been lower than anticipated resulting in our now expecting a net non recurring profit of between $700,000 and $800,000 after taking into account the $270,000 adverse profit impact flowing from lack of phones, staff focussing on the move and staff turnover.

Net Profit after Tax Attributable to Members was $1.42 million for the six months to 31 December 2006 compares with $744,000 for the same period in the prior financial year. This is 90.6% higher than the net profit in the corresponding period in the prior year.

Earnings before interest, tax and amortisation (EBITA) for the 6 months ending 31 December 2006 were $2.04 million. This compares with the $1.07 million achieved in the previous corresponding six month period which represents a 90.7% increase.

Net tangible assets of 14.1 cents per share have increased steadily over the past few years and have shown continued growth during the past half year.

Net assets per share at 31 December 2006 were 19.1 cents.

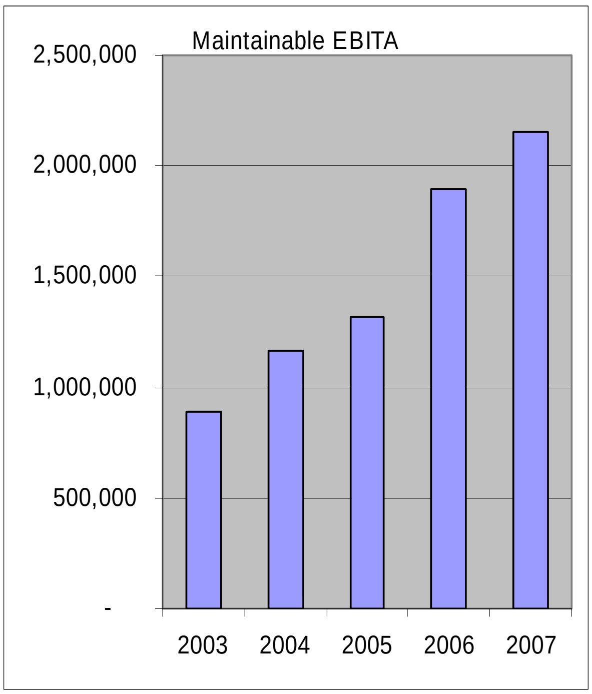
Hire Intelligence is financially sound with no debt and $9.0 million cash assets on 31 December 2006.

Earnings before interest, tax and amortisation (EBITA) for the 2007 financial year are now expected to be between $2.5 and $3.3 million. This amount is inclusive of a non-recurring profit of between $0.7 million and $0.8 million. This compares with an EBITA of $1.9 million achieved in the 2006 financial year.

HII declared a fully franked interim dividend of 2.0 cents per share payable in May 2007 and will consider a smaller final dividend in June 2007. Based on the above forecast EBITA range a fully franked final dividend would need to be not more than between 0.3 and 1.0 cents per share depending on whether the top or the bottom of the range is used to determine the maximum possible final fully franked dividend. HII will not necessarily opt to declare the maximum amount it is capable of paying by way of a fully franked final dividend and may decide against declaring a final dividend.

	2004	2005	2006	Forecast 2007 Low	Range High
Profit/Loss from ordinary activities	-5,258,000	- 38,000	1,819,000	2,632,000	3,432,000
Add back Goodwill amortisation	2,693,000	1,233,000			
Add back write down of goodwill & trademarks to recoverable amount	3,858,000				
Add back Trademark amortisation	368,000	369,000	370,000	368,000	368,000
Less non-recurring profits	- 370,000			- 700,000	- 800,000
Earnings Before Tax & Amortisation	1,291,000	1,564,000	2,189,000	2,300,000	3,000,000
Less interest income	- 128,000	- 245,000	- 290,000	- 500,000	- 500,000
Maintainable EBITA	1,163,000	1,319,000	1,899,000	2,150,000	
Growth on Prior Year	31.0%	13.4%	44.0%	13.2%	

The table demonstrates that HII is showing a continuing upward normalised profit trend whether earnings before tax and amortisation or earnings before interest, tax and amortisation are used.



The chart graphically illustrates the ongoing growth in normalised EBITA being achieved by HII inclusive of the midpoint of the forecast range for FY2007.

Looking forward, profit growth is anticipated coming from several separate areas:

- Organic growth from existing operations with the primary focus on company owned outlets. However the risk remains that continued price drops may adversely impact organic growth. Our segment report shows a significant increase in profits from company owned outlets ($1,269,000 compared with $959,000 for the comparable period in the prior year) with profits from the Franchising Division deteriorating ($563,000 for the first half of FY2007 compared with $625,000 for the first half of FY2006).
- Franchisees and Master Franchisees repurchasing their franchises and master franchises as they expire from December 2006 and onwards. Franchises are expected to sell for up to about $110,000 each while Master Franchises can be resold for prices up to in excess of $1.4 million for the UK Master Franchise with the other Master Franchises capable of prices up to in excess

of $250,000. Franchise Agreements covering poorly performing territories are unlikely to be repurchased.

Year Ending 30 June	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
No. of franchises due to expire	1	5	7	11	9	8
No. of Master Franchises expiring		1	1	1		

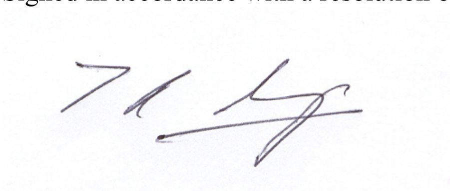
- Where Franchisees do not repurchase their franchise territory their turnover is expected to move to company owned outlets if they are within serviceable distance of the areas not repurchased
- Where Franchisees and Master Franchisees do not repurchase franchise and master franchise territories and they are not within serviceable distance from company owned outlets consideration will be given to selling these areas to new Franchisees or Master Franchisees or alternatively opening company owned outlets or controlling the Master Franchise Territories ourselves
- Potential sales of master franchises with the flow on sale of new franchises
- Expansion into leasing
- Expansion into complimentary areas
- Possible diversification into new industries

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth, this 28th day of February 2007

Signed in accordance with a resolution of the directors:



Thomas R. Crage
Director

BDO

Chartered Accountants
& Advisers

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28 February 2007

The Directors
Hire Intelligence International Ltd
Unit 2, 110 Jersey Street
JOLIMONT WA 6014

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF HIRE INTELLIGENCE INTERNATIONAL LIMITED

To the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of this Act in relation to the review; and

- no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely
BDO
Chartered Accountants

BG McVeigh
Partner

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated 2006 $'000	2005 $'000
Sales revenue		**4,720**	4,723
Cost of sales		**(1,195)**	(967)
Gross profit		**3,525**	3,756
Compensation from office relocation		**1,257**	-
Office relocation expense		**(427)**	-
Distribution expenses		**(127)**	(170)
Marketing expenses		**(219)**	(302)
Occupancy expenses		**(233)**	(234)
Administrative expenses		**(1,732)**	(1,978)
Amortisation of trademarks		**(184)**	(184)
Results from operating activities		**1,860**	888
Financial income		**222**	155
Financial expenses		**(3)**	(4)
Net financial income		**219**	151
Profit before income tax expense		**2,079**	1,039
Income tax expense	**4**	**(661)**	(295)
Net profit attributable to members of Hire Intelligence International Limited		**1,418**	744
Basic earnings per share:			
Ordinary shares (cents per share)	**7**	**1.84**	0.97

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 12 to 17.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	Consolidated 31 December 2006 $'000	Consolidated 30 June 2006 $'000
Current assets			
Cash and cash equivalents		**8,969**	7,084
Trade and other receivables		**1,743**	1,705
Inventories		**96**	75
Other assets		**336**	126
Total current assets		**11,144**	8,990
Non-current assets			
Trade and other receivables		**952**	1,082
Property, plant and equipment		**2,621**	2,445
Intangible assets		**3,900**	4,069
Deferred tax assets		**205**	222
Total non-current assets		**7,678**	7,818
Total assets		**18,822**	16,808
Current liabilities			
Trade and other payables		**610**	893
Interest bearing loans and borrowings		**2**	5
Income tax payable		**956**	408
Employee benefits		**254**	149
Provisions		**368**	83
Deferred income		**870**	837
Total current liabilities		**3,060**	2,375
Non-current liabilities			
Deferred income		**952**	1,082
Interest bearing loans and borrowings		**-**	-
Employee benefits		**81**	59
Provisions		**-**	-
Total non-current liabilities		**1,033**	1,141
Total liabilities		**4,093**	3,516
Net assets		**14,729**	13,292
Equity			
Contributed equity	5	**37,729**	37,729
Reserves		**(2)**	(21)
Accumulated losses		**(22,998)**	(24,416)
Total equity		**14,729**	13,292

The balance sheet should be read in conjunction with the notes to the financial statements set out on pages 12 to 17.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated	
	2006	**2005**
	$'000	**$'000**
Cash flows from operating activities		
Cash receipts in the course of operations	**4,601**	5,083
Cash payments in the course of operations	**(3,317)**	(4,013)
Interest received	**223**	155
Borrowing costs paid	**(3)**	(4)
Other revenue	**1,257**	-
Income taxes paid	**(95)**	(172)
Net cash provided by operating activities	**2,666**	1,049
Cash flows from investing activities		
Proceeds on disposal of non-current assets	**264**	139
Payments for property, plant and equipment	**(1,045)**	(750)
Net cash used in investing activities	**(781)**	(611)
Cash flows from financing activities		
Repayment of borrowings	**-**	(2)
Net cash used in financing activities	**-**	(2)
Net increase in cash held	**1,885**	436
Cash at the beginning of the financial period	**7,084**	5,400
Cash at the end of the financial period	**8,969**	5,836

The cash flow statement should be read in conjunction with the notes to the financial statements set out on pages 12 to 17.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

31 December 2005

Consolidated	**Share capital**	**Translation reserve**	**Retained earnings**	**Total**
	$000's			
Balance at 1 July 2005	37,729	(80)	(25,597)	**12,052**
Net income recognised directly in equity	-	3	-	**3**
Total net recognised income and expense for the period	-	-	744	**744**
Balance at 31 December 2005	**37,729**	**(77)**	**(24,853)**	**12,799**

31 December 2006

Consolidated	**Share capital**	**Translation reserve**	**Retained earnings**	**Total**
	$000's			
Balance at 1 July 2006	37,729	(21)	(24,416)	**13,292**
Foreign exchange differences	-	19	-	**19**
Net income recognised directly in equity	-	-	-	
Total net recognised income and expense for the period	-	-	1,418	**1,418**
Balance at 31 December 2006	**37,729**	**(2)**	**(22,998)**	**14,729**

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 12 to 17.

Notes to the condensed consolidated interim financial statements

Notes to the condensed consolidated interim financial statements

1. Significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Hire Intelligence International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated.

a) Basis of Preparation

The financial report is presented in Australian dollars.
This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to IFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes Hire Intelligence International Ltd comply with IFRS.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment properties.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors’ Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Notes to the condensed consolidated interim financial statements (continued)

b) Income tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

(i) goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and

(ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

c) Segment reporting

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Notes to the condensed consolidated interim financial statements (continued)

2. Segment reporting

The consolidated entity comprises the following primary business segments:

- IT and AV Equipment Rentals
- Franchising

Business Segments	IT & AV Equipment Rentals		Franchising		Eliminations		Consolidated	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Revenue								
External sales revenue	**4,123**	4,069	**597**	654	**-**	-	**4,720**	4,723
Inter-segment revenue	**160**	155	**126**	129	**(286)**	(284)	**-**	-
Unallocated corporate income	**-**	-	**-**	-	**-**	-	**1,257**	-
Total segment revenue	**4,283**	4,224	**723**	783	**(286)**	(284)	**5,977**	4,723
Result								
Segment result	**1,269**	959	**563**	625	**-**	-	**1,832**	1,584
Unallocated corporate income							**1,257**	-
Unallocated corporate expenses							**(1,010)**	(545)
Profit from ordinary activities before related income tax							**2,079**	1,039

Notes to the condensed consolidated interim financial statements (continued)

3. Profit for the half year

	31 December 2006 000's	31 December 2005 000's
Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:		
Gains		
Office relocation compensation payment	1,257	-
Expenses		
Office relocation expense:		
Employee costs	109	-
Advertising	145	-
Recruitment	44	-
Travel	12	-
Legal	66	-
Relocation	35	-
Other	16	-
	427	-

During the half year, the company was relocated following agreement with an external party to assume tenancy over the existing leased premises. A compensation payment of $1,256,963 (519,000 GBP) was received from the incumbent tenants. Costs directly attributable to office relocation of $426,737 (176,200 GBP) were incurred. Additional costs relating to office fit out have been capitalised of $251,876 (104,000 GBP).

4. Income taxes

Current tax

Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Notes to the condensed consolidated interim financial statements (continued)

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the estimated average annual effective income tax rate for the interim periods presented.

The primary components of the entity's recognised deferred tax assets include temporary differences related to employee benefits, provisions and other items.

Deferred tax expense arises from the origination and reversal of temporary differences, the effects of changes in tax rates and the benefit of tax losses recognised. The primary component of deferred tax expense for the six months ended 31 December 2006 is related to an increase in deferred tax liabilities, relating primarily to property, plant and equipment, intangible assets and other investments.

5. Capital and reserves

Share capital	**31 December 2006 000's**	**30 June 2006 000's**
Issued and paid-up capital	37,729	37,729
77,032,958 (June 2006: 77,032,958) fully paid ordinary shares		

Dividends

A 2 cent per share dividend has been declared by the entity after the half year ended 31 December 2006. No dividends have been paid or provided for by the consolidated entity during the half year ended 31 December 2006.

6. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

7. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2006 was based on the profit attributable to ordinary shareholders of $1,418,000 (six months ended 31 December 2005: $744,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2006 of 77,032,958 (six months ended 31 December 2005: 77,032,958). There are no dilutive potential ordinary shares.

Directors' declaration

In the opinion of the directors of Hire Intelligence International Limited ("the company"):

1. the financial statements and notes set out on pages 8 to 17, are in accordance with the Corporations Act 2001 including:
   (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated Perth this 28th day of February 2007.

Signed in accordance with a resolution of the directors:

Tom Crage
Managing Director

BDO

Chartered Accountants
& Advisers

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HIRE INTELLIGENCE INTERNATIONAL LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hire Intelligence International Ltd, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year (in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission).

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act* 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act* 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001. As the auditor of Hire Intelligence International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act* 2001. We confirm that the independence declaration required by the *Corporations Act* 2001, provided to the directors of Hire Intelligence International Ltd on 28 February 2007 would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hire Intelligence International Ltd is not in accordance with the *Corporations Act* 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO
Chartered Accountants

BG McVeigh
Partner

Perth, Western Australia
Dated this 28th day of February 2007