



New Company-Owned Outlets

Leading short term computer rental group Hire Intelligence International Limited (ASX:HII) is pleased to announce that it has acquired all previously franchised territories in Queensland and Victoria at no cost and is to commence operating company owned outlets in Melbourne and Brisbane.

HII's subsidiary Cityside reached agreement with the owner of the Queensland Master Franchise and all franchises in Victoria and Queensland in terms of which:

- The master franchise and 12 franchise agreements will terminate on 30 June 2007
- All stock, furniture, plant, equipment and delivery vehicles will be acquired by HII at written down book value (rental equipment is depreciated at 40% on diminishing balance) – expected to approximate \$600,000
- The two properties owned by the Franchisee will be rented to HII at an arbitrator determined rent
- All phone lines, customers data and customer rental agreements to be transferred to HII at no cost
- Cityside (HII's 100% owned subsidiary) will earn franchise related fees associated with the transactions
- The Franchisee will be employed by HII as a General Manager effective 1 July 2007
- Employees to enter into new employment contracts with HII

Based on FY2006 results HII expects that the franchises and master franchise together would earn approximately \$500,000 per annum after paying full ongoing franchise fees and management costs.

HII expects to spend approximately \$60,000 in salary and recruitment costs this financial year to cover recruitment and training of additional employees to commence working in the outlets from 1 July 2007. These costs do not alter HII's FY2007 EBITA forecast range.

HII believes that both outlets are under-performing and intends taking a range of measures to improve performance dramatically. The measures and other restructuring are likely to reduce profit expectations from these two outlets in FY2008 but are expected to yield solid results in FY2009.

Cityside, HII's 100% owned subsidiary now only services 5 Australian Franchisees who between them control 12 franchise territories. It also services Master Franchisees in New Zealand, Ireland and the UK who are responsible for servicing the remaining 11 outlets covering 22 franchise territories.

Tom Crage
Chairman & Managing Director
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