



## HIRE INTELLIGENCE INTERNATIONAL LIMITED

### **Profit Upgrade and Appendix 4C**

**31 January 2007**

Leading short term computer rental group Hire Intelligence International Limited (ASX:HII) is pleased to announce that earnings before interest, tax and amortisation (EBITA) for the 2007 financial year is now expected to be between \$2.4 and \$3.2 million. This compares with our previous forecast range of \$2.1 to \$3.1 million and to an EBITA of \$1.9 million achieved in the 2006 financial year. This new range is inclusive of an element of non-recurring profit which is currently expected to be between \$500,000 and \$800,000.

In addition HII anticipates interest earnings of \$500,000 during FY2007. Profit before tax and amortisation is therefore expected to be between \$2.9 million and \$3.7 million

HII's attached Appendix 4C for the second quarter ended 31 December 2006 (yet to be reviewed by our auditors) shows cash growing from \$7,358,000 at the end of the last quarter to \$8,918,000. This compares with \$5,836,000 a year ago. Cash surplus to normal operational needs stands at \$8.6 million. HII is also debt free and is therefore considering investment opportunities.

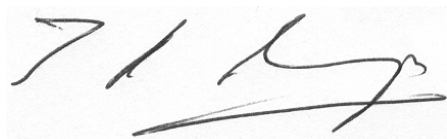
The average annual rate of total shareholder return (TSR) on 30 January 2007 stood at 61.5% over one year and 20.38% per annum over 4 years.

The non-recurring profit and abnormal cash flow increase in the quarter ended 31 December 2006 is as a result of a neighbouring London branch tenant requiring our space at a time when we had outgrown our premises. They found alternative premises for us and paid us £519,000 to cover all costs associated with the move including fit out costs, legal, stamp duty, moving expenses, advertising the new location, loss of profits flowing from disruption to business associated with the move, recruiting replacement employees for those who have found the new location inconvenient, staff retention bonuses and travel costs relating to negotiating and reviewing the move. Costs are expected to be less than negotiated and therefore we anticipate a non-recurring profit of between \$500,000 and \$800,000. The amount received in respect of fit out costs is part of this non-recurring profit and will be recouped through depreciation over 10 years.

Our London branch's forecast full year rental income has been reduced by £257,000 (A\$630,000) as a result of disruption associated with the move. The move is expected to adversely impact profits by £110,000 (A\$270,000) through to the end of May. The worst disruptions resulting in this rental income downgrade occurred during the 3 Months of November, December and January when:

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

These issues have largely been overcome with full phone line functionality due 1 February and replacement Sales Executives recruited both of whom are due to start in February. On that basis we are confident that the upgrade forecast EBITA range of between \$2.4 million and \$3.2 million is comfortably achievable.



**Tom Crage**  
**Chairman & Managing Director**  
**Hire Intelligence International Limited**  
**(08) 9284 1166**

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

HIRE INTELLIGENCE INTERNATIONAL LIMITED

ABN

79 098 210 121

Quarter ended ("current quarter")

31 DECEMBER 2006

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	2,658	4,877
1.2 Payments for		
(a) staff costs	(785)	(1,427)
(b) advertising and marketing	(125)	(240)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,355)	(1,988)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	117	223
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	(33)	(80)
1.7 Other (Office relocation compensation payment)	1,257	1,257
<b>Net operating cash flows</b>	<b>1,733</b>	<b>2,619</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>1,733</b>	<b>2,619</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(325)	(1,034)
(e) other non-current assets	(1)	(13)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	154	264
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(172)</b>	<b>(783)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>1,561</b>	<b>1,836</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(1)	(2)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>(1)</b>	<b>(2)</b>
<b>Net increase (decrease) in cash held</b>	<b>1,560</b>	<b>1,834</b>
1.21 Cash at beginning of quarter/year to date	7,358	7,084
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>8,918</b>	<b>8,918</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	126
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments arising from operating activities relate to salaries and fees paid to Directors and their associates.
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None
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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None
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**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	2	2
3.2	Credit standby arrangements	-	-

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+ See chapter 19 for defined terms.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,919	490
4.2 Deposits at call	6,999	6,868
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>8,918</b>	<b>7,358</b>

### Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	None	None
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 31 January 2007

Print name: Keegan Cage

### Notes

+ See chapter 19 for defined terms.

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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