

Hire Intelligence

The Intelligent Choice in Computer and Audio Visual Rentals

HIRE INTELLIGENCE is an exciting, dynamic, award winning, international computer and audio visual rental company with company owned and franchised outlets across Australia, the UK, New Zealand and Ireland. It rents IT and AV equipment and peripherals to a range of corporate clients. It has recently entered the web solutions market.

History

Hire Intelligence commenced trading on 18 February 1992. On 15 February 1996 Tom Crage purchased the business.

The Company's business has grown from one outlet trading from 55 square metres of office space in March 1996, into a chain comprising Company owned offices in Perth, Sydney, Melbourne, Brisbane and London and Franchised Territories operating across Australia, the United Kingdom, New Zealand and Ireland.

It expanded nationally and internationally in 1997, was the winner of a Franchise Council of Australia award in 2001 and listed on the Australian Stock Exchange in January 2002. On 31 August 2007 the company was valued at \$37.0 million based on a share price of 48.0 cents per share.

Hire Intelligence is the computer rental market leader in Australia and the second largest operator in the United Kingdom and has planned an extensive marketing and expansion programme to build on its position.

Nature of Business

Hire Intelligence International Limited (HII) is a publicly listed company that operates business to business IT and audio visual equipment short-term rental outlets in Perth, Sydney, Melbourne, Brisbane and London and its subsidiary Cityside Asset grants franchises to operate similar businesses internationally. HI Web Solutions (another wholly owned subsidiary) markets website design, development and optimisation services internationally.

The Hire Intelligence business is made up of three key divisions:

- The Operations Division with offices in London, Sydney, Melbourne, Brisbane and Perth offer:
 - Short-term rental of IT and audiovisual equipment
 - Short-term rental of Videoconferencing equipment and facilities
 - Fully IT equipped training rooms
 - Leasing

- The Franchising Division, which focuses on supporting Franchisees who operate in premises throughout Australia, New Zealand, the United Kingdom and Ireland. This is best explained under three headings:
 - Franchisees with contractual relationships with the Franchisor
 - Master Franchisees with contractual relationships with the Franchisor and its own Franchisees
 - Franchisees with contractual relationships with Master Franchisees
- Web Solutions in Australia, New Zealand, Europe, South America and Africa. This is a new venture that commenced after the close of the 2006/2007 financial year. In terms of an agreement reached between Hire Intelligence and Magnon Solutions (one of India's leading web solutions companies) an Indian based company has been formed as a vehicle for profit sharing with HII owning 51.0% and Magnon 49.0% of the new entity. HII will market Magnon's services while Magnon will undertake:
 - Design, construction and operation of client websites
 - Ensure search engine optimisation
 - Develop online marketing campaigns for clients
 - Provide website hosting

Hire Intelligence customers include Australian and British Government departments; a range of corporate clients including Australia and the United Kingdom's biggest to small new companies. Customers include the likes of BHP, Microsoft, Hewlett Packard, Woodside Petroleum, APEC, USA Embassy, Chinese Trade Commission, Channel 7 Network, to name but a few.

Cityside Asset Pty Ltd has granted franchises in Australia, New Zealand, the United Kingdom and Ireland in terms of which the Franchisees operate businesses similar to those operated by Hire Intelligence for their own account within defined geographical areas and in return pay an initial franchise fee, ongoing monthly franchise fees and make contributions to advertising funds. The Franchise model is based on proprietary:

- Franchise and Master Franchise Agreements
- Operating systems and manuals
- Training programmes

Hire Intelligence's business systems and processes facilitate:

- Revenue growth while maintaining costs
- Exceptional return on assets employed
- High turnover and profit per employee
- Increased brand awareness
- Increased market penetration
- Greater market coverage within controlled costs
- International expansion

Hire Intelligence's revenue streams include:

- Rental revenue from company-owned outlets
- Other revenue from company-owned outlets (asset sales, damage waiver, courier, installation, service)
- Initial and ongoing franchise fees
- Other franchising and software fees
- Potential significant future franchise renewal fees
- Provision of web solutions

The Company's key assets/features include:

- **REVENUE GROWTH:** Steadily growing year on year revenue coupled with improved, more profitable service and product mix
- **PROFIT & ASSET GROWTH:** Strongly growing normalised EBIT and Net Tangible Assets with a return on capital employed of over 100%
- **GROWING CASH RESERVES:** Steadily growing cash reserves, no debt and \$7.6 million surplus cash
- **ICONIC BRAND:** Highly acceptable trademark that scores exceptionally highly on recall. Over \$10 million has been spent on advertising & brand building over the years
- **BUSINESS PROCESS TECHNOLOGY:** HII has a clearly defined operational framework to ensure consistent presentation and service standards across the group
- **INFORMATION SYSTEMS TECHNOLOGY:** Exceptional integrated computer fleet management and accounting system
- **INTERNATIONAL OPERATIONS and FRANCHISEES:** Operates in Australia, New Zealand, United Kingdom and Ireland providing corporate structure and opportunities outside of Australia. It has 5 company owned outlets plus 14 franchised outlets covering 29 franchised territories
- **WEB SOLUTIONS JOINT VENTURE:** HII has exclusive marketing rights across Australia, New Zealand, Europe, South America and Africa, to a full suite of web solutions provided by a leading Indian web solutions firm
- **FRANKING CREDITS:** The group has \$2,499,000 worth of franking credits associated with close on \$10,333,000 historical taxed profits
- **SCALABLE PORTABLE BUSINESS MODEL:** HII has a highly scalable portable business model enabling the establishment of new franchising concepts and leveraging off its existing infrastructure
- **RENTAL FLEET:** HII rents top brands, updates their fleet continuously and ensures it is well maintained
- **MARKET DOMINANCE:** HII is the short term computer rental market leader in Australia and Ireland and is the 2nd largest in the United Kingdom
- **CUSTOMER LIST OF LEADING NATIONAL AND INTERNATIONAL BUSINESSES:** Well in excess of 20,000 corporate and government customers across 4 countries reading like a "who's who" in business
- **EXCEPTIONAL EMPLOYEES:** HII's employees are carefully selected based on a range of key criteria. They go through intensive training to ensure their skills are at the industry's cutting edge. Their performance and salaries are reviewed annually to ensure they are appropriately remunerated and team bonus schemes are in place to encourage top performance. Career paths are created wherever possible and desired. Transfers within the group both nationally and internationally are considered based on merit and opportunity.

For the year ended 30 June 2007

Year in Brief

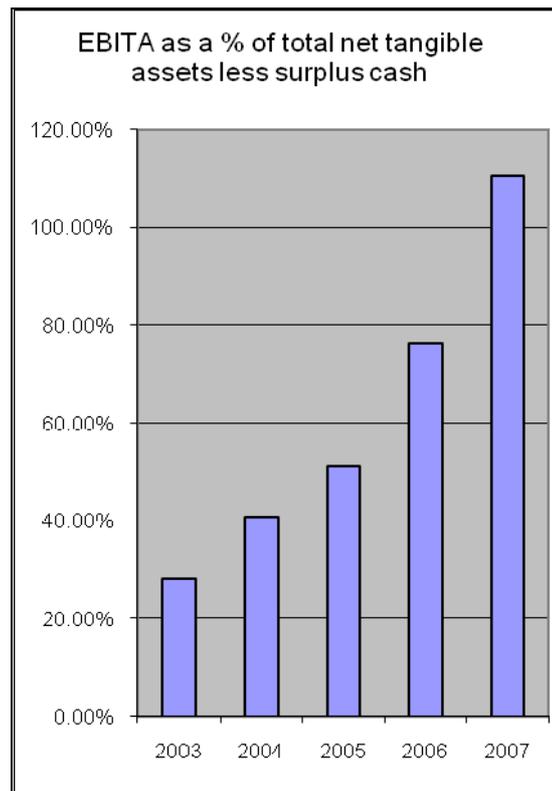
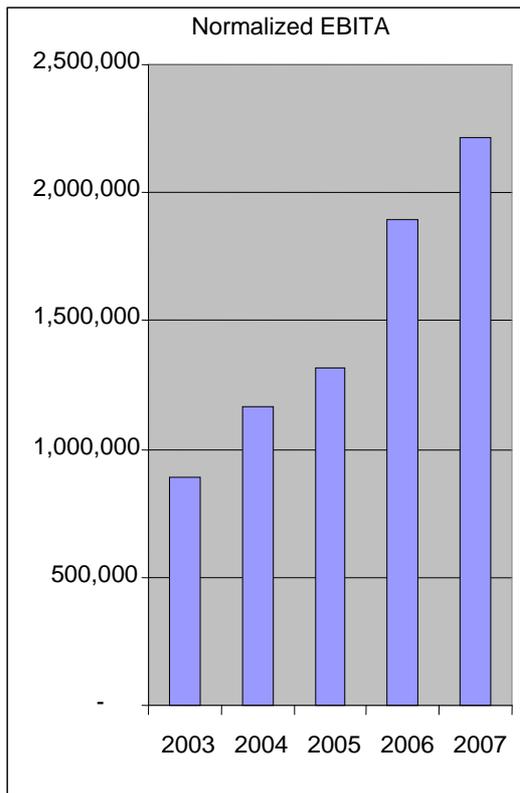
- ▲ Revenue of \$11.2 million up 19.9%
- ▲ Pre-tax profit of \$3.1 million up 69.4%
- ▲ Earnings before interest, tax and amortisation (EBITA) of \$2.9 million up 55.8%
- ▲ Normalised EBITA of \$2.2 million up 16.9%
- ▲ 4th consecutive year in which normalised EBITA has increased
- ▲ After tax profit of \$2.1 million up 80.1%
- ▲ Dividends of 2.6 cents per share declared
- ▲ Net tangible assets of \$9.5million up 3.4%
- ▲ Cash held of \$7.9 million up 11.3% notwithstanding payment of a \$1.5 million interim dividend
- ▲ Cash surplus to business requirements stands at \$7.6 million
- ▲ Acquired all Victorian and Queensland franchises which started operating as company owned outlets in Melbourne and Brisbane with effect from 1 July 2007
- ▲ Number of company operated outlets increased from 3 to 5 effective 1 July 2007.
- ▲ Total shareholder return (TSR) for the year from 1 July 2006 to 30 June 2007 is 137%. This compares with TSR of 18.5% in FY2006 and 46.7% in FY2005.

Trends

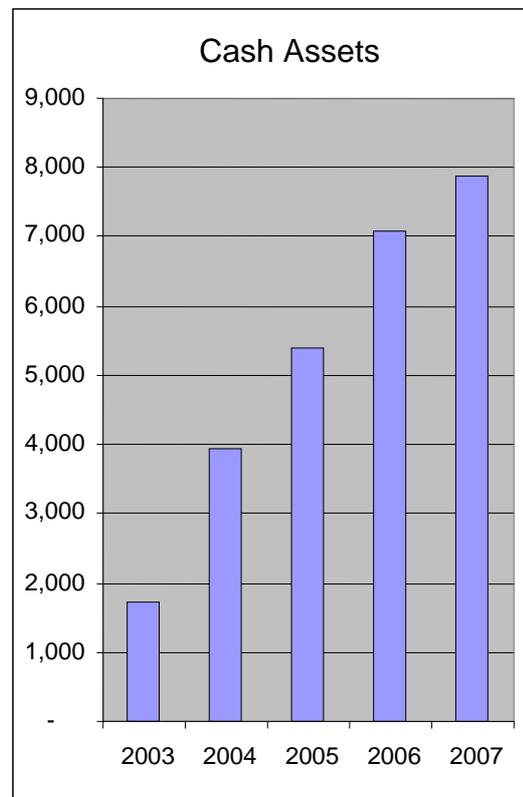
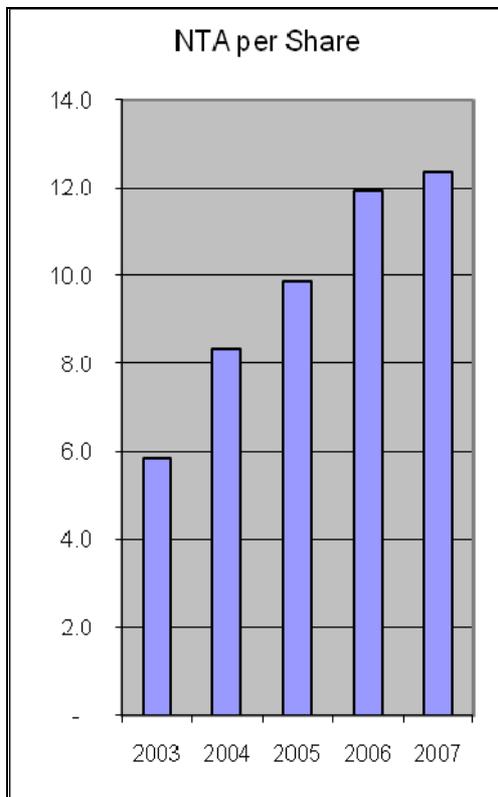
All trends in the company (revenue, normalised pre-tax profit, net tangible assets, cash assets and return on assets employed) have been improving over the past 4 years.

	<u>12 Months Ended</u>				
	<u>30/06/03</u>	<u>30/06/04</u>	<u>30/06/05</u>	<u>30/06/06</u>	<u>30/06/07</u>
Revenue (incl. interest income, excl sale of UK Master Franchise)	7,542,000	9,070,000	9,286,000	9,353,000	11,216,000
Normalised pre-tax profit	565,000	923,000	1,195,000	1,813,000	2,369,000
Net Tangible Assets Per Share (cents per shares)	5.9	8.4	9.9	12.0	12.4
Cash Assets	1,732,000	3,938,000	5,400,000	7,084,000	7,882,000
EBITA as a % of total net tangible assets less surplus cash	28.3%	40.9%	51.4%	76.3%	116.2%

Normalised earnings before interest, tax and amortisation (EBITA) continues to show strong growth yielding impressive returns on assets directly employed in the business.



Net tangible assets per share as well as cash assets continue to show healthy growth notwithstanding significant dividend payments in FY2007.



Hire Intelligence had another very successful year in FY2007 with year on year earnings before interest tax and amortisation (EBITA) from ordinary activities now having increased for 4 successive years, notwithstanding the disruptive effects of moving to larger premises in

London, recruiting and training new employees for the Melbourne and Brisbane outlets that commenced operating on 1 July 2007. As a result the Company was pleased to declare two fully franked dividends during the year totalling 2.6 cents per share. Those shareholders who acquired shares on 1 July 2006 at the closing price of 16 cents per share and held until 30 June 2007 when the closing price was 36 cents per share enjoyed a total shareholder return of 22.6 cents per share or 137% return on their investment. This compares favourably to the total shareholder returns for 2005/06 of 18.5% and 2004/05 of 46.7%.

For its 2007 financial year Hire Intelligence recorded total revenue of \$11.2 million (2006: \$9.4 million) and earnings before interest, tax and amortisation (EBITA) for the period was \$2.9 million (2006: \$1.9 million) while earnings before interest, tax, depreciation and amortisation (EBITDA) totalled \$4.1 million (2006: \$3.1 million). The 2007 financial year net profit of \$2.1 million compares with \$1.2 million in 2006. An abnormal profit of \$0.7 million flowed from a transaction related to our moving to new larger premises in London.

Cash on hand increased during the 2007 financial year from \$7.1 million to \$7.9 million.

The business continues to experience strong profit growth, earns exceptional returns on net assets employed, is essentially debt free, has increased the number of company-owned outlets and is entering the exciting web solutions industry.

Outlook

Hire Intelligence anticipates strong growth in turnover, continued growth in normalised earnings before interest and tax and expects to pay a dividend with respect to earnings during the current financial year.

Its joint venture in the provision of web solutions provides potential significant benefits going forward however the current financial year is likely to see establishment costs neutralising profits generated.

The Board of Directors expects EBIT in the 2007/2008 financial year to be between \$1.8 million and \$2.7 million. This compares with a normalised EBIT of \$1.9 million for FY2007.