

HIRE INTELLIGENCE INTERNATIONAL LIMITED
AND ITS CONTROLLED ENTITIES

ABN 79 098 210 121

HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2010

CONTENTS

Directors' report	2
Auditor's independence declaration	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of cash flows	8
Consolidated statement of changes in equity	9
Notes to the consolidated financial statements	10
Directors' declaration	17
Auditor's review report	18

Hire Intelligence International Limited and its controlled entities
Directors' report
For the half year ended 31 December 2010

The directors of Hire Intelligence International Limited (HII) present their report together with the consolidated financial statements for the half-year ended 31 December 2010 and the auditor's review report thereon.

It is with pleasure that we advise shareholders of the solid growth being achieved in your IT and AV rental business following the structural changes made during FY2010.

Review of operations

Summary of Half Year to 31 Dec 2010 Compared with Half Year to 31 Dec 2009

- Equipment Rental Income of \$5.7 million up 13.8%
- Revenue of \$6.0 million up 13.8%
- Profit before tax of \$1.5 million up 31.3%
- Earnings before interest and tax (EBIT) of \$1.5 million up 42.6%

Balance Sheet Compared with Balance Sheet at 30 June 2010

Assets

- Current Assets of \$1.5 million down \$0.6 million
- Total Assets of \$16.1 million down \$1.2 million
- Net Assets of 18.0 cents per share have increased by 4.1%

Liabilities

- Current Liabilities of \$2.1 million down \$1.7 million
- Total Liabilities of \$2.3 million down \$1.7 million

FY2011 Half Year to 31 December 2010 Compared to FY2010 full year actual

Profit before tax of \$1.5 million up 49.0%

Earnings before interest and tax (EBIT) of \$1.5 million up 43.0%

Further structural changes have taken place in January and February 2011 with benefits expected to flow through in the final quarter of FY2011 as well as into the whole of FY2012.

Our Brisbane outlet was flooded in January however thanks to the exceptional efforts of our employees no equipment was lost with the adverse impact restricted to cleaning up and loss of trading which has been offset by orders from others resulting in a net marginal gain flowing from the storms.

Hire Intelligence anticipates full year earnings before interest and tax (EBIT), being between \$1.8 million and \$2.5 million. This compares with an EBIT of \$1.0 million in FY2010. If the bottom of the range is achieved the current financial year will be Hire Intelligence's 7th year of normalised growth in EBIT during the past 8 years.

HII anticipates declaring a fully franked dividend of between 1.0 cents and 1.5 cents per share during the current financial year.

The Net Assets of 18.0 cents per share have increased by 4.1% since 30 June 2010.

Review of Half Year to 31 December 2010

The group achieved an EBIT of \$1.5 million for the half year to 31 December 2010 compared with \$1.0 million achieved during the corresponding period in the prior financial year.

Hire Intelligence International Limited and its controlled entities
 Directors' report
 For the half year ended 31 December 2010

HII listed on the ASX in January 2002. Its full year results from 1 July 2002 are reflected in the table below.

<i>In thousands of AUD</i> Financial Years Ending 30 June	AGAAP	AGAAP	AIFRS	AIFRS	AIFRS	AIFRS	AIFRS	AIFRS	Forecast Range	
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> Low	<u>2011</u> High
FY2011 Forecast EBIT									1,800	2,500
Normalised EBIT	520	795	950	1,523	1,876	1,912	1,655	1,800	2,150	
Growth on Prior Year		53.8%	19.5%	60.3%	23.2%	1.9%	(13.4%)	8.8%	19.4%	

The table demonstrates that HII is showing a continuing upward normalised profit trend. The midpoint of the FY2011 forecast range has been used to forecast the possible growth over prior year.

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

- Organic growth from existing equipment rental operations with the primary focus on company owned outlets
- Increased property rent
- Potential acquisition of commercial property
- Expansion into complimentary areas
- Diversification into new industries

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

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 statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.


Hire Intelligence International Limited and its controlled entities
Directors' report
For the half year ended 31 December 2010

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Dated at Perth, this 16th day of February 2010

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'T. Crage', is written over a faint, light-colored rectangular stamp or watermark.

Thomas R. Crage
Director

16th February 2011

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

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
HIRE INTELLIGENCE INTERNATIONAL LIMITED

As lead auditor for the review of Hire Intelligence International Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hire Intelligence International Limited and the entities it controlled during the period.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Hire Intelligence International Limited and its controlled entities
Consolidated statement of comprehensive income
As at 31 December 2010

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Continuing Operations			
Revenue from continuing operations		6,027	5,295
Cost of sales		(1,318)	(1,385)
Gross profit		4,709	3,910
Distribution expenses		(248)	(195)
Marketing expenses		(225)	(266)
Occupancy expenses		(450)	(363)
Administrative expenses		(2,259)	(2,014)
Amortisation of trademarks		(1)	(2)
Results from operating activities		1,526	1,070
Financial income		2	97
Financial expenses		(14)	(14)
Net financial income		(12)	83
Profit before income tax expense from continuing operations		1,514	1,153
Income tax expense	4	(484)	(381)
Total profit for the half year attributable to members of Hire Intelligence International Limited		1,030	772
Other Comprehensive Income			
Foreign currency translation differences for foreign operations		(487)	(244)
Total profit and comprehensive income for the half year attributable to members of Hire Intelligence International Limited		543	528
Basic earnings per share:			
Ordinary shares (cents per share)	9	1.33	1.00
Diluted earnings per share		N/A	N/A

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 10 to 16.

Hire Intelligence International Limited and its controlled entities
Consolidated statement of financial position
For the half year ended 31 December 2010

	Note	Consolidated	
		31 December 2010 \$'000	30 June 2010 \$'000
Current assets			
Cash and cash equivalents		257	671
Trade and other receivables		1,024	1,202
Inventories		73	92
Other assets		142	140
Total current assets		1,496	2,105
Non-current assets			
Investment Property	5	7,661	7,835
Property, plant and equipment	6	3,401	3,759
Intangible assets		3,215	3,211
Deferred tax assets		323	389
Total non-current assets		14,600	15,194
Total assets		16,096	17,299
Current liabilities			
Trade and other payables		1,206	1,702
Income tax payable		611	238
Employee benefits		-	140
Provisions		86	321
Deferred income		194	413
Interest-bearing loans and borrowings		-	950
Total current liabilities		2,097	3,764
Non-current liabilities			
Deferred income		29	45
Employee benefits		125	188
Total non-current liabilities		154	233
Total liabilities		2,251	3,997
Net assets		13,845	13,302
Equity			
Contributed equity	7	37,729	37,729
Reserves		(1,250)	(763)
Accumulated losses		(22,634)	(23,664)
Total equity		13,845	13,302

The statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 10 to 16.

Hire Intelligence International Limited and its controlled entities
Consolidated statement of cash flows
For the half year ended 31 December 2010

	Consolidated	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	5,903	5,474
Cash payments in the course of operations	(4,416)	(4,013)
Interest received	2	97
Borrowing costs paid	(14)	(14)
Other revenue	444	73
Income taxes paid	(45)	(213)
Net cash provided by operating activities	1,874	1,404
Cash flows from investing activities		
Proceeds on disposal of non-current assets	179	213
Proceeds from disposal of equity investments	15	-
Payments for brand names, trademarks and other intangibles	-	-
Payments for investment property	-	(7,896)
Payments for property, plant and equipment	(1,226)	(479)
Net cash used in investing activities	(1,032)	(8,162)
Cash flows from financing activities		
Dividends paid	(306)	(767)
Repayment of borrowings	(950)	-
Proceeds from borrowings	-	2,000
Net cash used in financing activities	(1,256)	1,233
Net increase/(decrease) in cash held	(414)	(5,525)
Cash at the beginning of the financial period	671	6,794
Cash at the end of the financial period	257	1,269

The statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 10 to 16.

Hire Intelligence International Limited and its controlled entities
 Consolidated statement of changes in equity
 For the half year ended 31 December 2010

31 December 2009

Consolidated	Share capital \$000's	Translation reserve \$000's	Retained earnings \$000's	Total \$000's
Balance at 1 July 2009	37,729	(526)	(23,932)	13,271
Foreign exchange differences	-	(244)	-	(244)
Net income recognised directly in equity	-	-	-	-
Total net recognised income and expense for the period	-	-	772	772
Balance at 31 December 2009	<u>37,729</u>	<u>(770)</u>	<u>(23,160)</u>	<u>13,799</u>

31 December 2010

Consolidated	Share capital \$000's	Translation reserve \$000's	Retained earnings \$000's	Total \$000's
Balance at 1 July 2010	37,729	(763)	(23,664)	13,302
Foreign exchange differences	-	(487)	-	(487)
Net income recognised directly in equity	-	-	-	-
Total net recognised income and expense for the period	-	-	1,030	1,030
Balance at 31 December 2010	<u>37,729</u>	<u>(1,250)</u>	<u>(22,634)</u>	<u>13,845</u>

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 10 to 16.

Hire Intelligence International Limited and its controlled entities
Notes to consolidated financial statements
For the half year ended 31 December 2010

Note		Page
1.	Significant accounting policies	11
2.	Operating segments	13
3.	Profit for the half year	15
4.	Income taxes	15
5.	Investment Property	15
6.	Property, plant, and equipment	15
7.	Capital and reserves	16
8.	Contingent liabilities	16
9.	Earnings per share	16
10.	Post balance date events	16

1. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in an annual financial report. The accounting policies applied by the Group in these consolidated half-year financial statements are the same as those applied in its consolidated financial report as at and for the year ended 30 June 2010. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 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 statements are presented in Australian dollars.

These half-year general purpose financial statements have 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, certain classes of property, plant, and equipment.

Investment property

Investment property is currently carried at cost.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. In particular, its assessment of impairment and the assumptions in the Group's value in use calculations for growth rates of cash generating units of 2.5% and the discount rate of 13%. 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.

Accounting Standards not Previously Applied

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

b) Income tax

Income tax on the statement of comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income 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 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 balance 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) Operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, as the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Hire Intelligence International Limited and its controlled entities
Notes to consolidated financial statements
For the half year ended 31 December 2010

2. OPERATING SEGMENTS

The consolidated entity comprises the following operating segments:

- IT and AV Equipment Rentals
- Franchising
- Web development
- Property rental

	Computer Equipment Rentals		Franchising		Web Development		Property Rental		Eliminations		Consolidated	
	2010 000's	2009 000's	2010 000's	2009 000's	2010 000's	2009 000's	2010 000's	2009 000's	2010 000's	2009 000's	2010 000's	2009 000's
<i>In thousands of AUD</i>												
Revenue												
External segment revenue	5,569	4,934	7	281	7	7	444	73	-	-	6,027	5,295
Inter-segment revenue	162	104	-	196	-	-	-	-	(162)	(300)	-	-
Total segment revenue	5,731	5,038	7	477	7	7	444	73	(162)	(300)	6,027	5,295
Total revenue											6,027	5,295
Result												
Segment result	1,597	920	(61)	375	(52)	(105)	325	60	-	-	1,809	1,250
Unallocated corporate income/ (expenses)											(295)	(97)
Profit before tax											1,514	1,153
Income tax expense											(484)	(381)
Net profit											1,030	772

Hire Intelligence International Limited and its controlled entities
Notes to consolidated financial statements
For the half year ended 31 December 2010

2. OPERATING SEGMENTS (continued)

	Computer Equipment Rentals	Franchising	Web Development	Property Rental	Eliminations	Consolidated
Segment assets						
Segment assets as at 30 June 2010	9,419	28	17	7,835	-	17,299
Segment asset increases/ (decreases) for the period:	(1,366)	338	(1)	(174)	-	(1,203)
Segment assets as at 31 December 2010	8,053	366	16	7,661	-	16,096
Total assets from continuing operations	8,053	366	16	7,661	-	16,096
Segment liabilities						
Segment liabilities as at 30 June 2010	1,961	1,080	6	950	-	3,997
Segment liability increases/ (decreases) for the period:	(789)	(1)	(6)	(950)	-	(1,746)
Segment liabilities as at 31 December 2010	1,172	1,079	-	-	-	2,251
Total liabilities from continuing operations	1,172	1,079	-	-	-	2,251

3. PROFIT FOR THE HALF YEAR

There were no unusual income or expense items in the current financial reporting period.

4. INCOME TAXES

Current tax

Current tax expense for the half-year period 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 for the half year.

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.

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.

	31 December 2010	31 December 2009
	\$000's	\$000's
Current tax	432	227
Deferred tax	52	140
Under/Over Provision for tax	-	14
Income tax expense	484	381

5. INVESTMENT PROPERTY

The land and building at 23 Barrack St Perth WA 6000 has a net lettable area of 1,206 square metres and has a strong rental yield. The outstanding debt financing of \$0.95 million was repaid during the period and the asset is now debt free.

6. PROPERTY, PLANT AND EQUIPMENT

	31 December 2010	30 June 2010
	\$000's	\$000's
Leasehold Improvements	111	137
Plant and equipment	3,290	3,622
	3,401	3,759

Hire Intelligence International Limited and its controlled entities
Notes to consolidated financial statements
For the half year ended 31 December 2010

7. CAPITAL AND RESERVES

Share capital	31 December 2010	30 June 2010
	\$000's	\$000's
	37,729	37,729

Issued and paid-up capital

77,032,958 (June 2010: 77,032,958) fully paid ordinary shares.

Dividends

No dividends have been declared by the entity after the half year ended 31 December 2010. A fully franked 0.4 cent dividend of \$308,131 was paid for by the consolidated entity during the half year ended 31 December 2010.

8. CONTINGENT LIABILITIES

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

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2010 was based on the profit attributable to ordinary shareholders of \$1,030,000 (six months ended 31 December 2009: \$772,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2010 of 77,032,958 (six months ended 31 December 2009: 77,032,958). There are no dilutive potential ordinary shares.

10. POST BALANCE DATE EVENTS

Since balance date there are no other items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to affect significantly, the results of those operations, or the state of affairs of the Company in future financial years.

Hire Intelligence International Limited and its controlled entities
Directors' declaration
For the half year ended 31 December 2010

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

1. the financial statements and notes set out on pages 6 to 16, 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 2010 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 16th day of February 2010

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Tom Crag', is written over a faint circular stamp or watermark.

Tom Crag
Managing Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hire Intelligence International Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 consolidated entity's financial position as at 31 December 2010 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*, which has been given to the directors of Hire Intelligence International Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 Limited 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 2010 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 Audit (WA) Pty Ltd

Bdo Audit


Chris Burton
Director

Perth, Western Australia
Dated this 16th day of February 2011