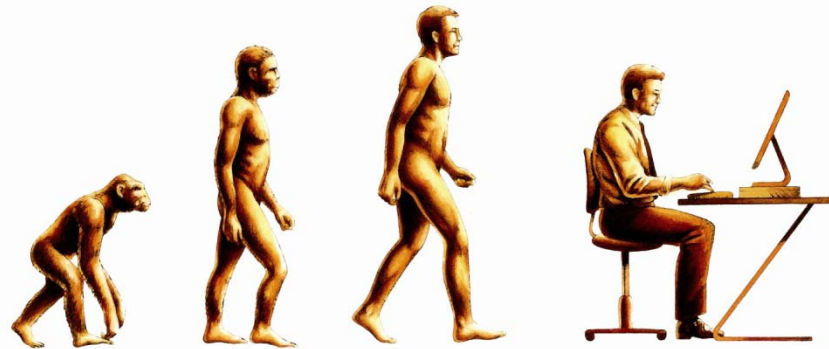


# October 2010 AGM



## Hire Intelligence

The Intelligent Choice in Computer and Audio Visual Rentals

# Topics

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# FY2010 Summary

**Sales Revenue of \$10.5 million (FY2009: \$11.2 million)**

**Earnings before Interest & Tax of \$1.0 million (FY2009: \$0.9 million) after allowing for:**

- **\$0.5 million goodwill write off**
- **\$0.3 million prov. for Master Franchisee bad debt & legal fees**
- **Busby Web Solutions trading loss of \$0.2 million**
- **Exchange loss due to weak £ of \$0.2 million**

**Normalised EBIT of \$1.8 million (FY2009: \$1.7 million)**

**6<sup>th</sup> year of normalised EBIT growth out of past 7 years**

**Fully Franked Dividend of 0.4 cents declared**



# 1<sup>st</sup> Quarter FY2011 Summary

**1<sup>st</sup> Quarter FY2011 EBIT of \$1.0 million equals FY2010 full year EBIT.**

**Notwithstanding the adverse exchange conversion impact of the strong A\$, FY2011 performed well compared to the same quarter in the prior year:**

- **Group Revenue up 17.9%**
- **Group EBIT up 163%**
- **Operations Division Revenue up 19.8%**
- **Operations Division EBIT up 149%**



# About Hire Intelligence (HII)

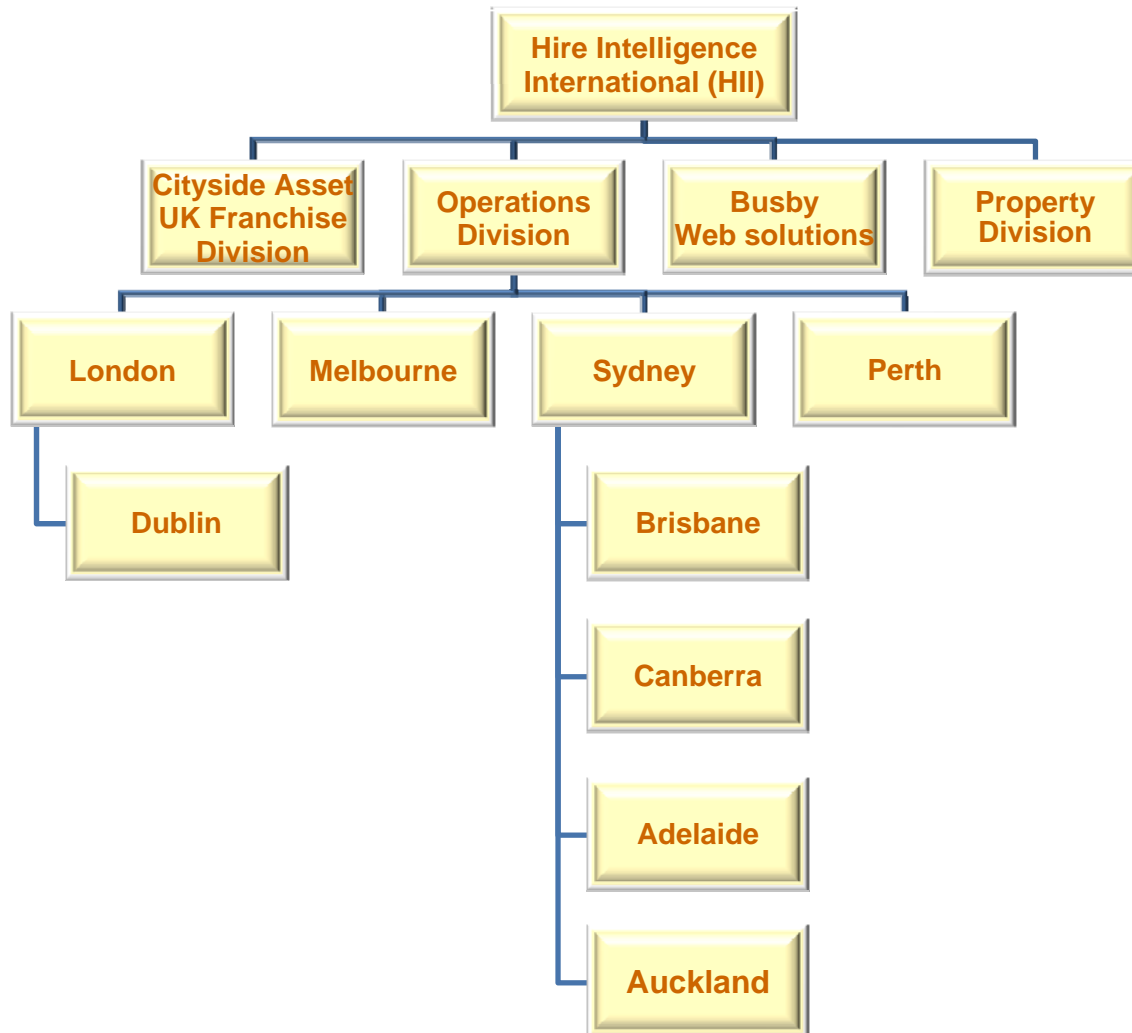
HII is an award winning international B2B organisation renting computer & audio visual equipment and owner of a tenanted commercial property.

Its business model is built on proprietary systems & business process technology facilitating a highly cost effective operation.



Hire Intelligence

# About Hire Intelligence (HI)



# About Hire Intelligence (HII)

## Business Elements

Hire Intelligence International (HII) and its subsidiaries' business elements comprise:

- Operations Division controlling short term rental outlets across Australia, New Zealand, the United Kingdom and Ireland offering:
  - IT and audio visual equipment
  - IT equipped training rooms
  - Videoconferencing equipment and facilities
- Franchise Division servicing IT and AV short term rental Franchised territories in the United Kingdom
- Property Division renting commercial premises in Perth, Western Australia
- Web Solutions Division offering a range of website based solutions



# Revenue Streams

Hire Intelligence's diverse revenue streams include:

- **Equipment rental revenue** from company-owned and operated outlets derived from renting IT and AV equipment for periods from 1 day to 3 years;
- **Other direct revenue**, including ex-rental asset sales, damage waivers, courier costs, installation and other services;
- **Training rooms** rental income;
- **Commercial property** rental income;
- **Franchise fees** from Franchisees.



# Operations Division Changes

- Restructure of operations division has resulted in improved profits in the outlets converted to satellites of Sydney
- North Sydney, Bondi/Mascot and Northern Beaches franchises absorbed into Sydney outlet's business in May 2010
- Adelaide operations converted to company owned with the outlet established as a satellite of Sydney during calendar 2010
- Auckland operations converted to company owned with the outlet established as a satellite of Sydney during calendar 2010



# Franchise Division Changes

- All previously franchised territories in Australia, New Zealand and Ireland now under the control of the Operations Division
- Previously franchised territories in the United Kingdom now under the control of the Operations Division following the UK Master Franchisee entering voluntary liquidation
- The remaining franchised territories in the UK are serviced out of our London and Perth offices on behalf of Cityside
- Legal action to recover debts due by the guarantor of the UK Master Franchisee is about to commence



# Property Division

## 23 Barrack Street, Perth

HII acquired 23 Barrack Street, Perth on 1 December 2009:

- Purchase price \$7.5 million plus stamp duty and settlement costs
- Net lettable area 1,206 M<sup>2</sup>
- Underdeveloped by 589 M<sup>2</sup>
- Passing rent of \$0.7 million

A tenant occupying 625 square metres of offices has gone into liquidation.

Associated facts:

- \$204,000 bank guarantee held
- Letting fee could approximate \$170,000

Partial upgrade under consideration including:

- New lift
- New power board
- New roof

A six star boutique hotel is to be build directly opposite 23 Barrack Street as part of a \$584 million redevelopment.



# BUSBY WEB SOLUTIONS

Busby losses have reduced significantly following rationalisation of operations.

Sale of Busby currently under consideration.



# FY 2010 Results : Historical Comparison

\$(000)	2003	2004	2005	2006	2007	2008	2009	2010
Pre-tax Profit/(Loss)	(2,234)	(5,258)	1,195	1,813	3,072	2,447	1,265	1,016
Add back goodwill amortisation	2,799	6,551						500
- abnormal profit/+ abnormal loss		(370)			(703)		827	300
Normalised Earnings before tax	<b>565</b>	<b>923</b>	<b>1,195</b>	<b>1,813</b>	<b>2,369</b>	<b>2,447</b>	<b>2,092</b>	<b>1,816</b>
Less interest income	(45)	(128)	(245)	(290)	(493)	(535)	(392)	(49)
Normalised EBIT*	<b>520</b>	<b>795</b>	<b>950</b>	<b>1,523</b>	<b>1,876</b>	<b>1,912</b>	<b>1,700</b>	<b>1,767</b>
Normalised EBIT growth on PY		52.9%	19.5%	60.3%	23.2%	1.9%	(11.1%)	3.9%

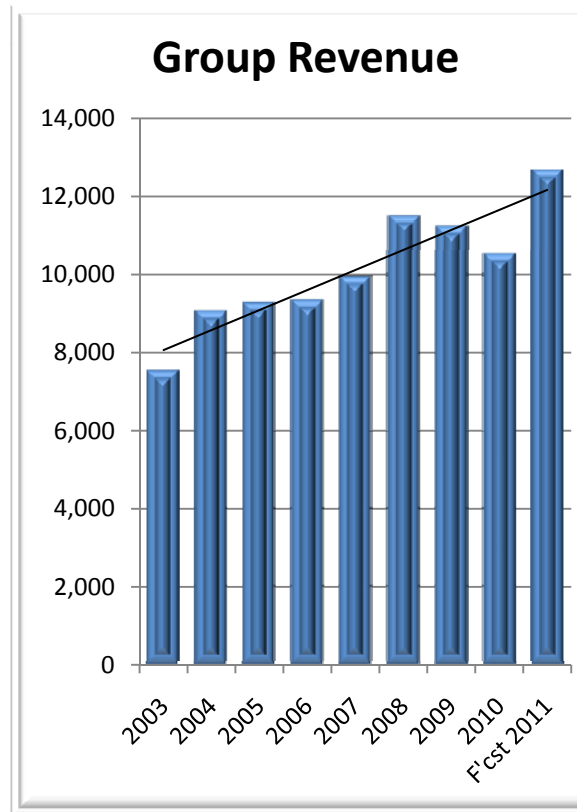
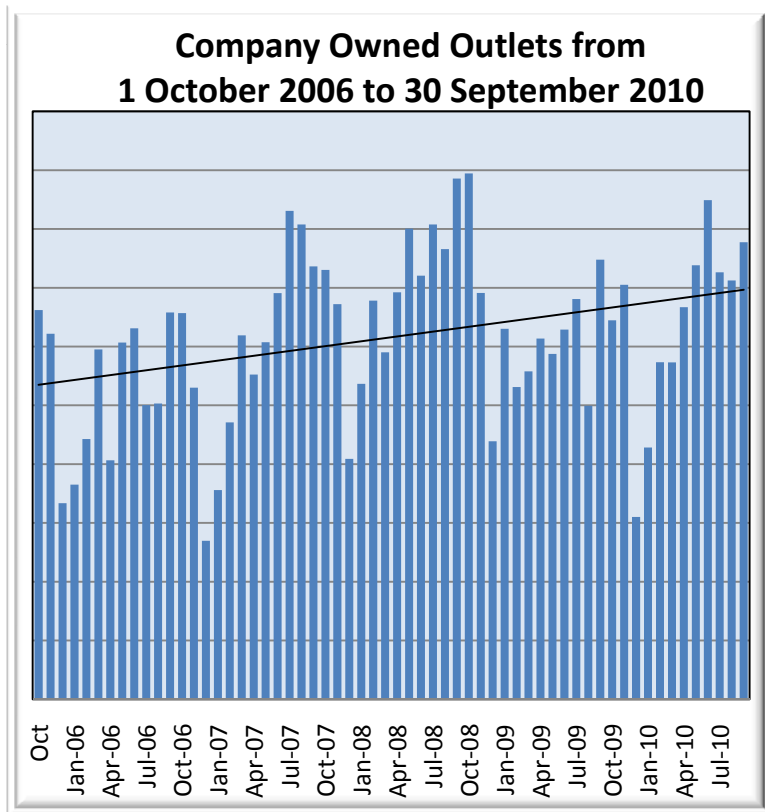
\*EBIT excludes non-recurring profits/costs & goodwill write offs.



# Revenue Trend

Hire Intelligence's revenue continues to trend upwards notwithstanding the impact of the Global Financial Crisis during calendar 2009 and the 1<sup>st</sup> quarter of calendar 2010 and the impact of the continuing strong A\$.

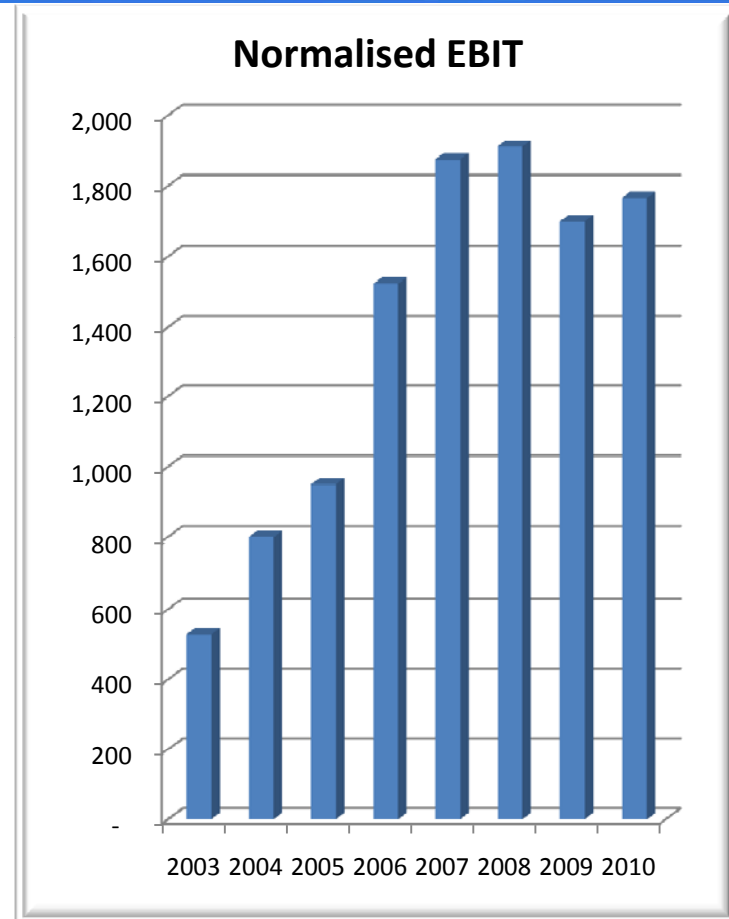
In FY2010 UK Revenue grew in terms of £ but declined by \$1.7 million on conversion to A\$



# Normalised EBIT Trend

A strong performance is anticipated from the Operations Division in FY2011 however a full year forecast has not been provided at this time due to uncertainty with respect to:

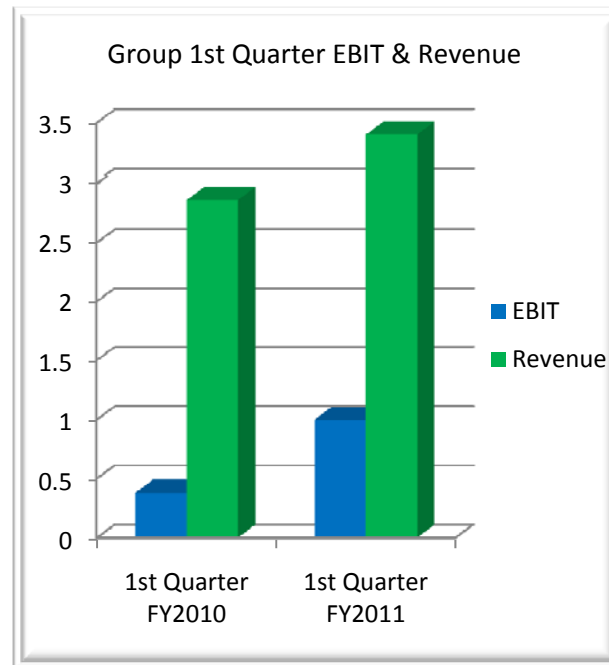
- The cost of the litigation with & amount of debt collectable from the ex UK Master Franchisee
- The timing and cost associated with finding a tenant for the unoccupied 625 M<sup>2</sup> at 23 Barrack Street
- The timing and impact of planned structural changes.



# Group 1<sup>st</sup> Quarter FY2011

## 1<sup>st</sup> Quarter FY2011 (unaudited)

- Revenue \$3.4 million (1<sup>st</sup> Quarter FY2010 = \$2.86 m; FY2010 = \$10.5 m)
- EBIT \$1.0 million (1<sup>st</sup> Quarter FY2010 = \$0.38 m; FY2010 = \$1.0 m)

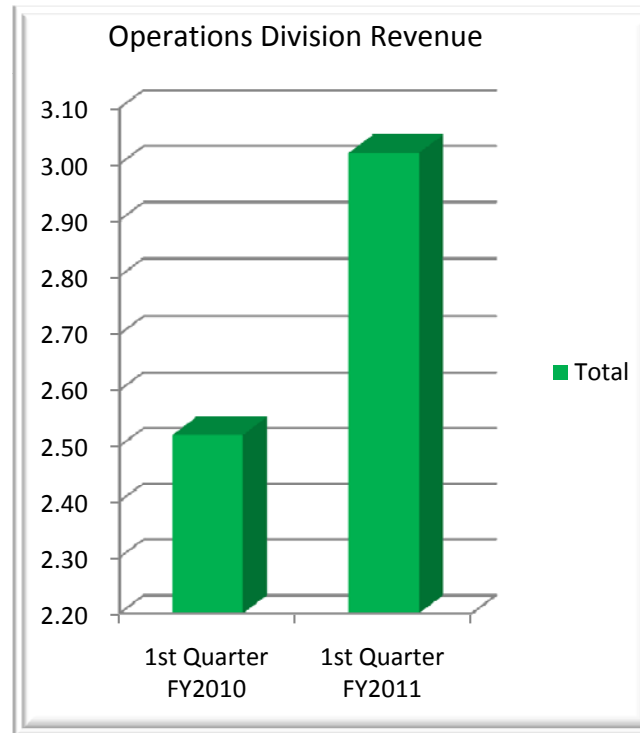


# Operations Division Revenue

## 1<sup>st</sup> Quarter of FY 2011

### 1<sup>st</sup> Quarter FY2011 unaudited Revenue

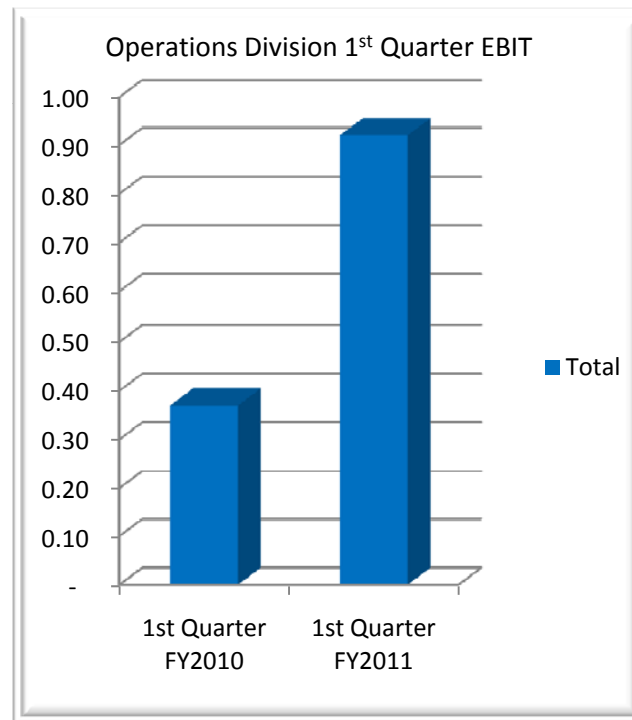
- Operations Revenue \$3.02 million (1<sup>st</sup> Quarter FY2010 = \$2.52 m)



# Operations Division EBIT 1<sup>st</sup> Quarter of FY 2011

## 1<sup>st</sup> Quarter FY2011 unaudited EBIT

- Operations EBIT \$0.92 million (1<sup>st</sup> Quarter FY2010 = \$0.37 m)



# ASX Snapshot

<b>Shares on Issue</b>	<b>77.0 M</b>
<b>Number of Shareholders (21 October 2010)</b>	<b>164</b>
<b>52 Week Trading Range (to 21 October 2010)</b>	<b>5.5 – 16.5 C</b>
<b>Current Share Price (21 October 2010)</b>	<b>8.5 C</b>
<b>Net Tangible Assets per Share at 30 June 2010</b>	<b>13.1 C</b>
<b>Market Capitalisation (21 October 2010)</b>	<b>\$6.5 M</b>
<b>Net Tangible Assets as at 30 June 2010</b>	<b>\$10.1 M</b>



# Strategic Plan

**HII intends lifting profit by:**

- **Focussing on core business**
- **Broadening product and service offering**
- **Acquiring additional commercial properties**
- **Diversification into new industries**



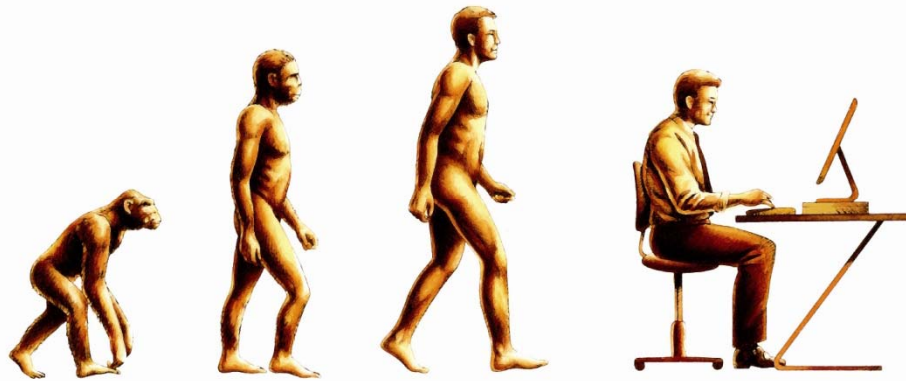
# FY2011 Outlook

**Notwithstanding a strong 1<sup>st</sup> quarter uncertainty exists with respect to FY2011 EBIT as a result of:**

- **Litigation with guarantor of UK Master Franchisee that may result in recovery of the \$0.3 million provision for bad debts and legal costs as well as further amounts due but not invoiced. Unsuccessful litigation could mean the current provisions are materially inadequate**
- **Successful/unsuccessful assignment of 4 franchised territories from the liquidator of the UK Master Franchisee to Cityside**
- **Cost & length of time to find a suitable replacement tenant at 23 Barrack Street to replace the one that went into liquidation in August 2010**
- **Impact of further structural changes**

**Dividend of between 1.0 & 1.5 cents per share anticipated.**





# Hire Intelligence

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# Thank You