



## **HIRE INTELLIGENCE INTERNATIONAL LIMITED**

### **Master Franchise for United Kingdom Sold**

Hire Intelligence International Limited (HIIL) is pleased to announce that it has sold the Master Franchise for the United Kingdom.

The Master Franchisee has purchased a 10 year Master Franchise for £470,000 (\$1.1 million) commencing 1 January 2004 entitling him to receive:

- a. 50% of ongoing franchise fees from existing and future UK Franchisees which are forecast at £182,000 (\$0.4 million) for calendar 2004. HIIL has guaranteed that the Master Franchisee will be entitled to receive at least £90,000 (\$0.2 million) per annum ongoing franchise fees for the first 3 years of the 10 year term.
- b. 50% of initial fees received with respect to franchises sold by him in the UK. UK franchises sell for between £32,000 (\$76,000) and £40,000 (\$96,000).

This sale is in keeping with the Company's strategy of selling master franchises. Amongst the benefits associated with this sale is that the UK based Master Franchisee will have a significant financial motivation to sell franchises and to assist and motivate existing UK Franchisees to improve their performance.

The above sale will result in our forecast EBITDA for the 2004 financial year increasing from a range of \$1.8 million to \$2.8 million to between \$2.2 million and \$3.2 million. The after tax loss expectations for FY 2004 remain unchanged at between \$1.9 million and \$2.7 million.

The Company intends offering its Perth outlet for sale as a franchise for \$1.3 million. For the year ended 30 June 2003 the outlet achieved a profit of \$299,000 before tax and before charging the general managers salary and associated costs. The profit is calculated after assuming that franchise fees totalling \$124,000 are paid to Cityside. This will enable the Company to focus on selling master franchises internationally while operating Hire Intelligence's most successful outlets in Australia and the United Kingdom.

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