

InterQuest Group – Interim Results 2011

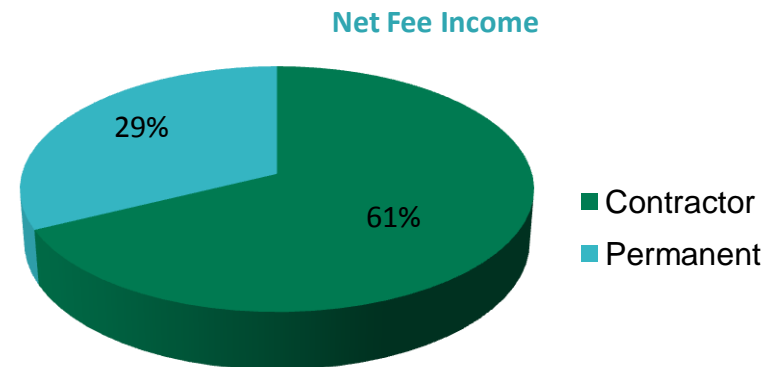
Recruitment of specialist and rare technology staff

September 2011



Overview

- Niche I.T. recruitment specialists: skill / sector / geographic region
- Entirely UK earnings to date
- High levels of recurring revenues provides robust foundation
- Agile cost base
- Providing scalability through home grown fee-earners and management
- Lowly geared and cash-generative
- Progressive dividend policy



Strong business model of recurring revenue

Continued progress in H1

Robust growth across majority of divisions

- 11% increase in Net Fee Income; 2% growth in adjusted EBITA
- Private sector offsetting public sector decline

Niche focus continues to provide resilience

- Continued investment in areas of high demand
- Signs of improving contractor gross margins

IQ Equity performing strongly

- Reached profitability in the period - £3k contribution
- Expected to increase going forward

Contractor numbers increasing

- Contractor numbers increased by 9.5%*

Renewed focus on permanent recruitment

- Permanent NFI increased by 29% over H1 2010

Strengthened management team

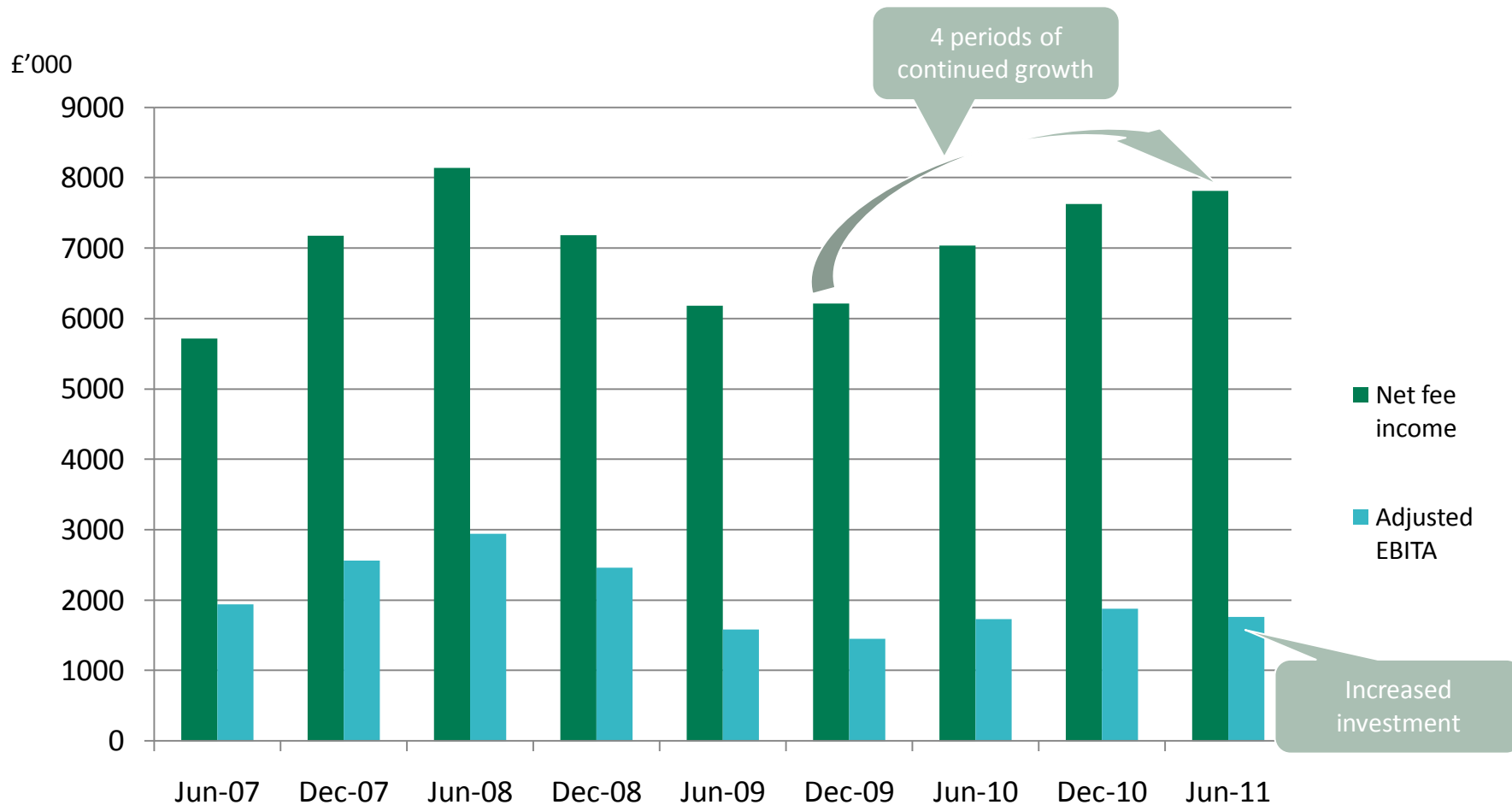
- Mark Braund appointed CEO in April : operational management
- Gary Ashworth Executive Chairman: acquisitive growth

Seeking geographic expansion

- Appointed experienced Managing Director for Singapore
- Office to open by end of year

* Excludes contractors no-longer onsite at CCL client

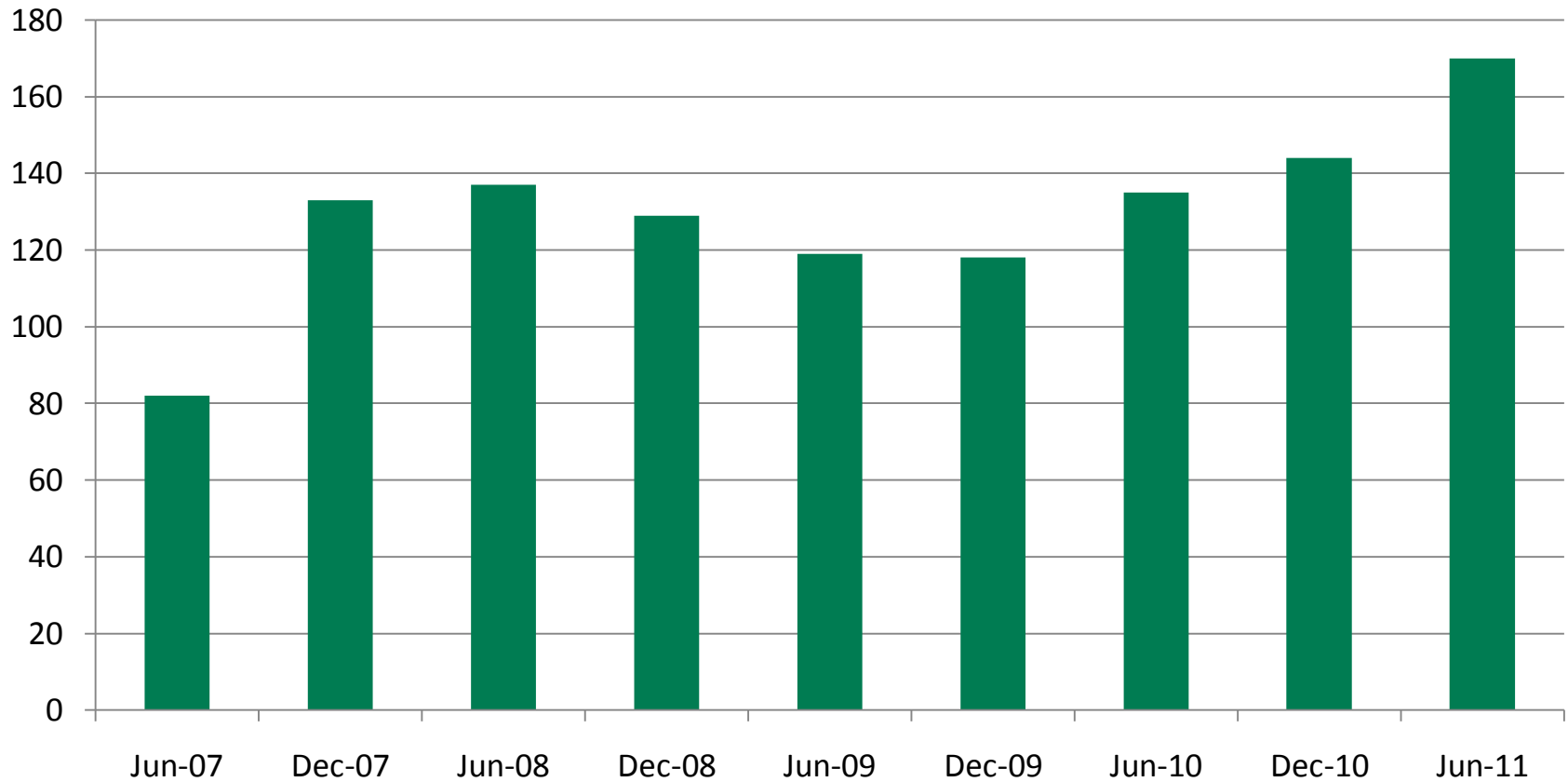
Strengthening business



KPIs

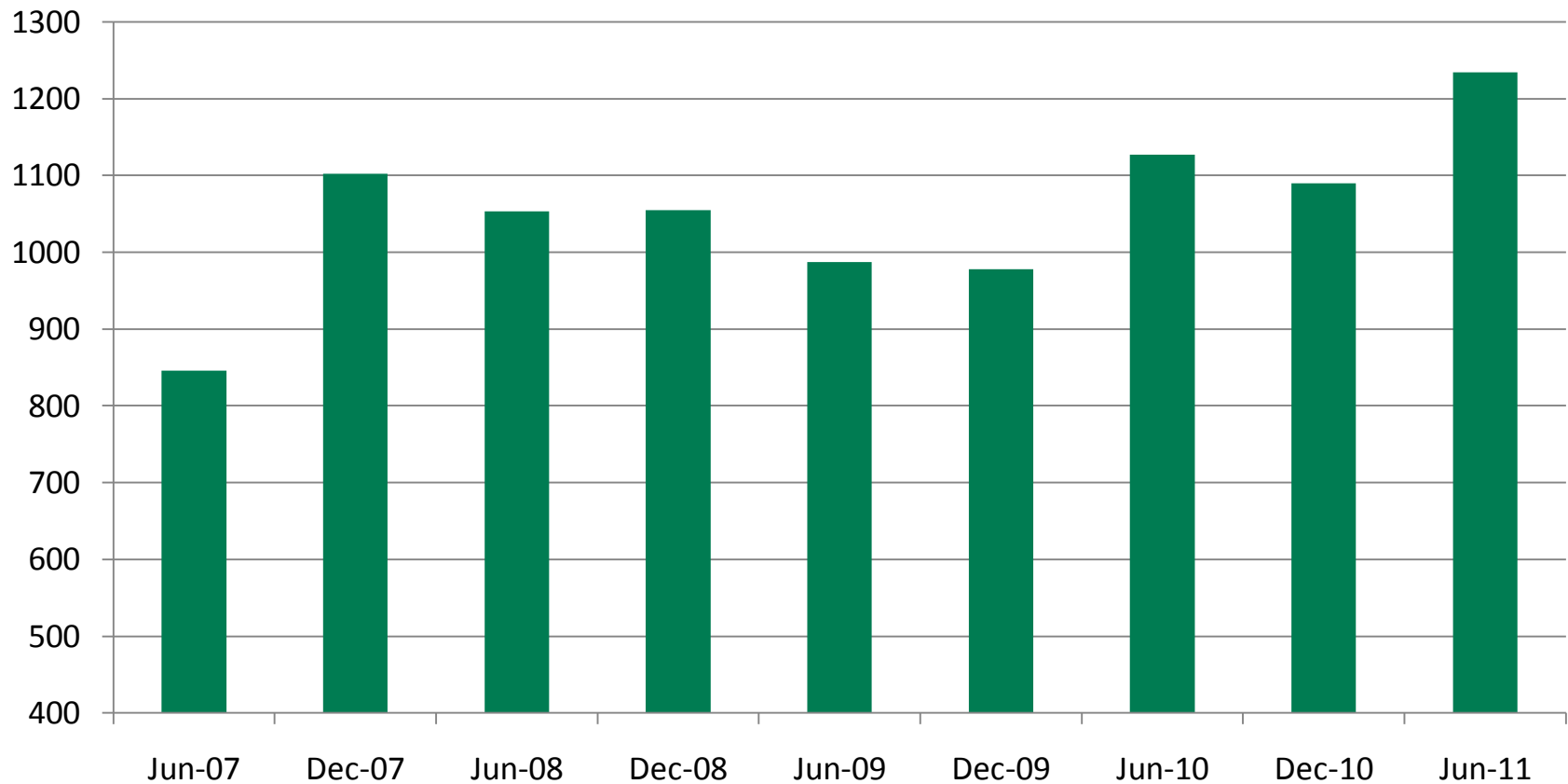


Group Fee Earners



Continued growth of 'home grown' talent

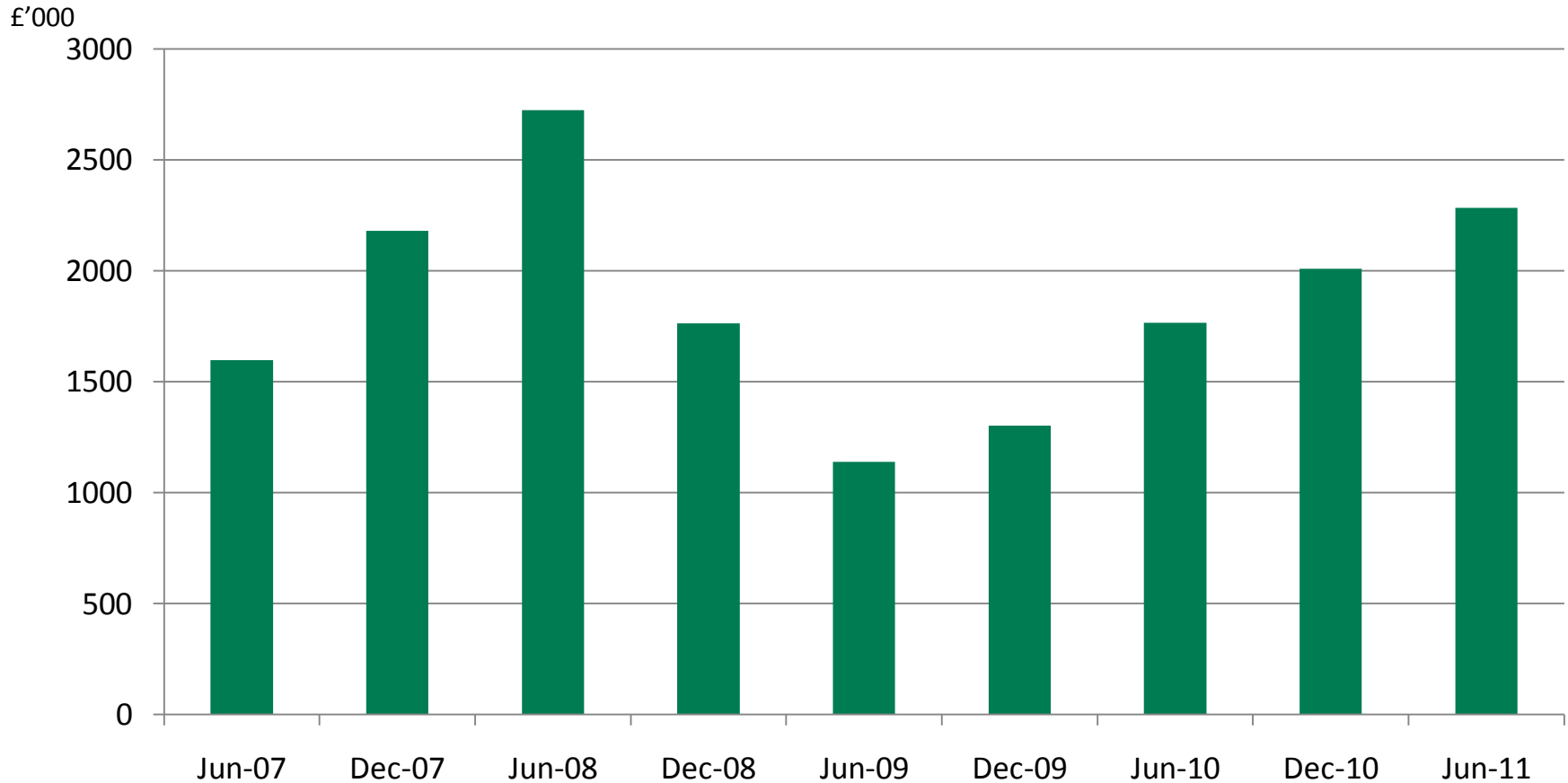
Contractor Numbers



June 2011 excludes contractors
now terminated at CCL client

Contractor numbers return to growth

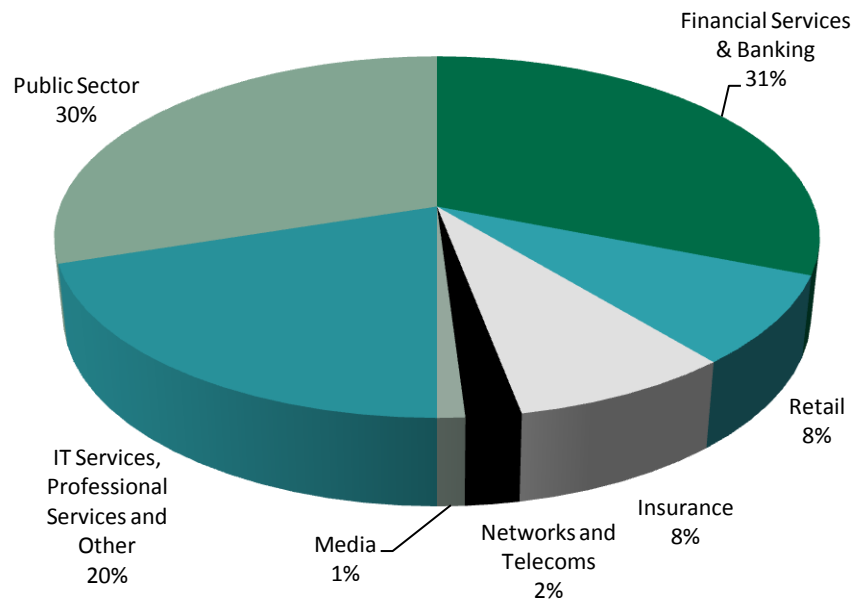
Permanent Net Fee Income



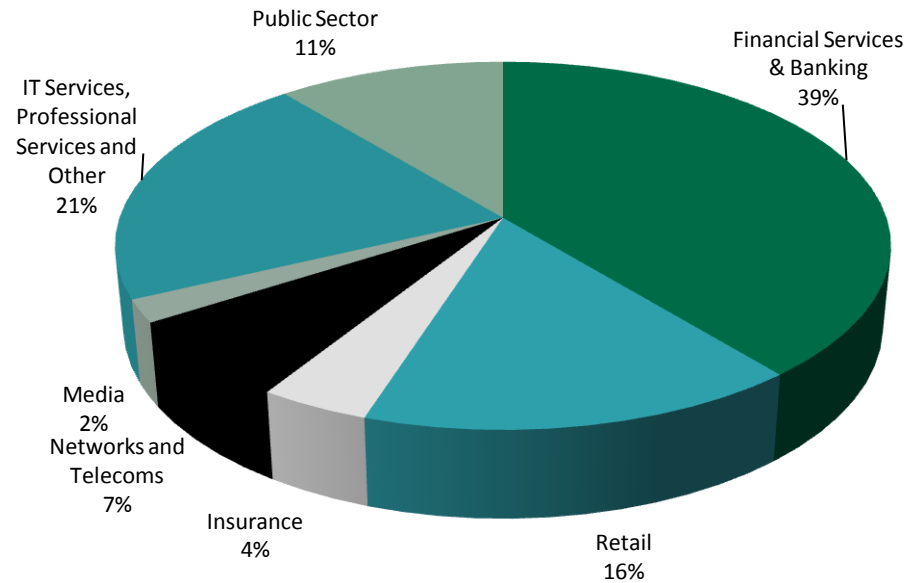
Renewed focus on permanent recruitment delivers 29% YOY growth

% Group Turnover

H1 2010



H1 2011



Strong growth from private sector

H1 2011 Financial Highlights

- Revenue up 10% to £61,057,000 (2010: £55,332,000)
- Net Fee Income (“NFI”) up 11% to £7,812,000 (2010: £7,035,000)
- Adjusted EBITA up 2% to £1,761,000 (2010: £1,730,000)
- Loss before taxation of £1,669,000 (2010: profit of £1,060,000) after £2,892,000 of exceptional costs (2010: £nil)
- Diluted adjusted earnings per share 3.9 pence (2010: 3.8 pence)
- Basic loss per share (5.9) pence (2010: profit of 2.7 pence)
- Net cash generated from operating activities £2.6m (2010: £1.4m)
- Net debt £5.4m (2010: £2.7m)
- Interim dividend of 0.5 pence to be paid on 28 October 2011



Impact of customer issue at CCL

- £2.9m of exceptional costs
 - £2m impairment charge
 - £0.6m provision to impair certain trade receivable balances which have been withheld (approximately £0.5m of these incurred post period end)
 - £0.3m costs relating to acquisition of CCL, including an onerous lease provision, redundancy costs and professional fees
- Contractor numbers:
 - Of the 1,274 contractors on site with clients at the end of June 2011, approximately 40 have now had their employment terminated by CCL's client
- Grant Thornton retained to carry out thorough independent investigation – results to be announced within the current quarter

Exposure fully provided for in H1 2011

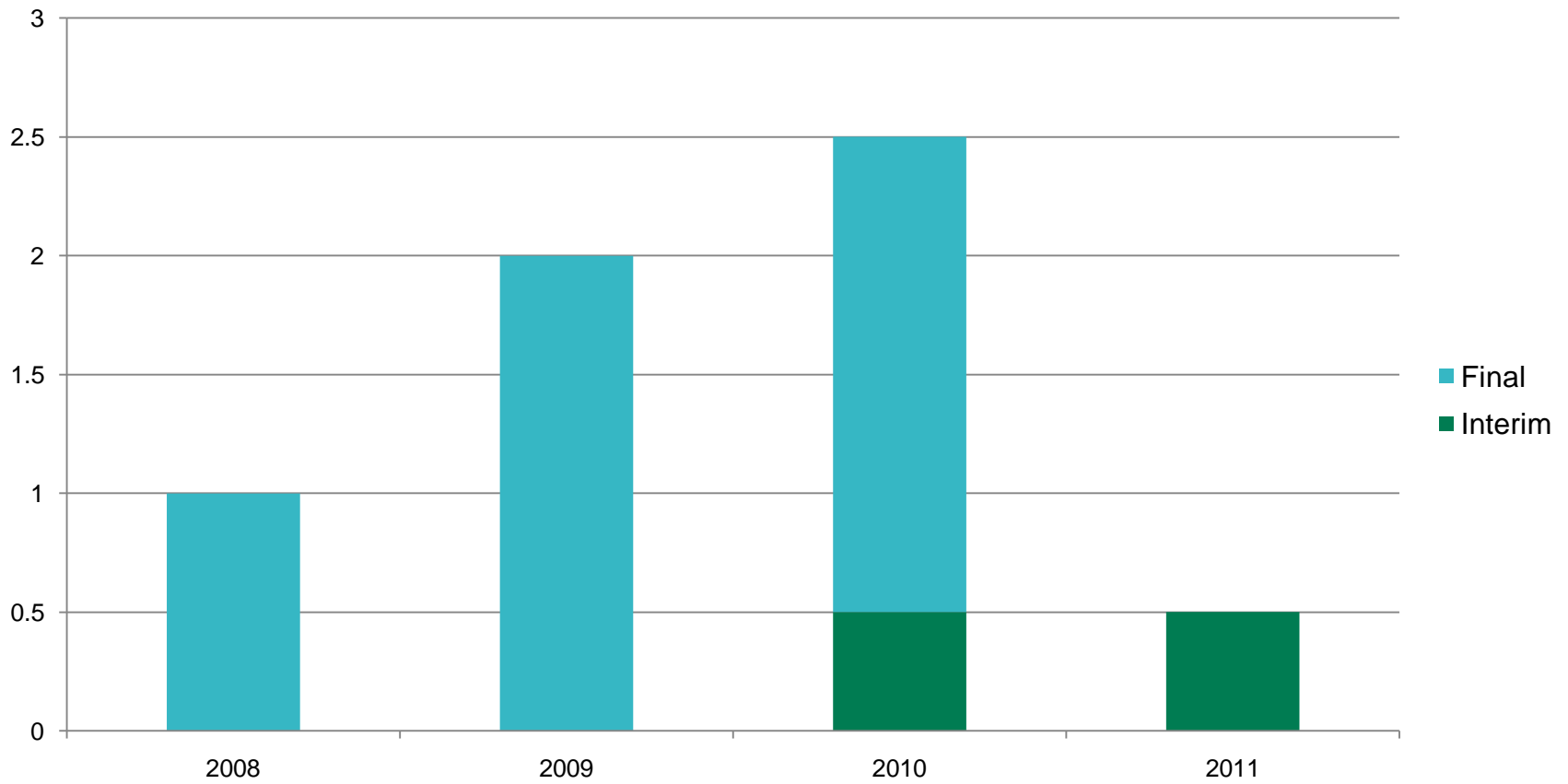
Financial Overview

£'millions	H1 2011	H1 2010	FY 2010	% change
Sales	61.1	55.3	112.2	12%
Gross Profit	7.8	7.0	14.7	11%
Adjusted EBITA	1.8	1.7	3.6	2%
Adjusted PAT (for EPS)	1.2	1.2	2.7	0%
Basic EPS (p)	(5.9)	2.7	6.1	-
Basic adjusted EPS (p)	3.9	3.9	8.6	-
Fully diluted adjusted EPS (p)	3.8	3.8	8.3	-
Cash generated from operating activities (pre-tax).	2.6	1.4	2.5	87%

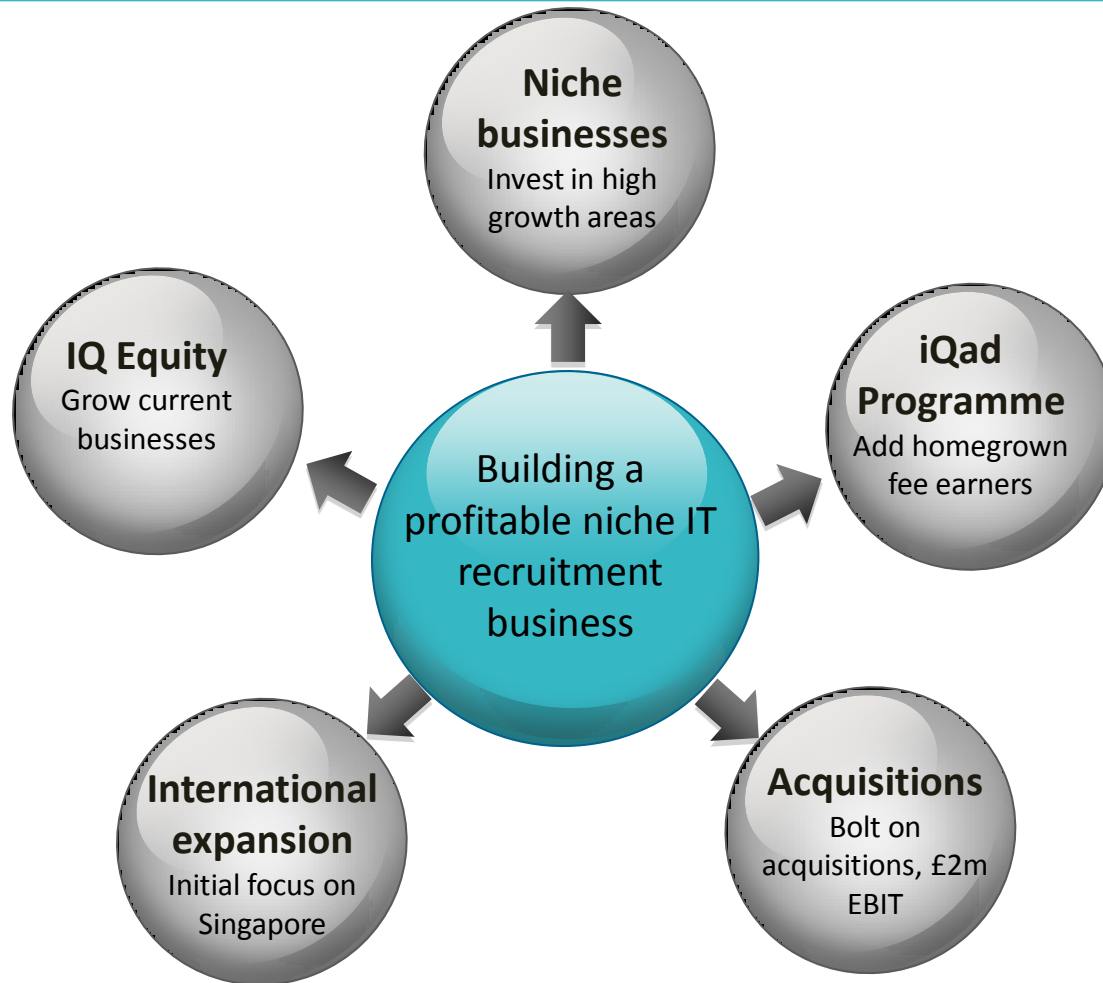
Group Balance Sheet

£'millions	At 30 June 2011	At 30 June 2010	At 31 December 2010
Fixed assets	17.1	15.7	15.4
Debtors	23.4	21.0	19.7
Creditors	(16.1)	(14.1)	(11.5)
Net debt	(5.4)	(2.7)	(2.7)
NET ASSETS	19.0	19.9	20.9
Share capital/premium	9.7	9.2	9.2
Retained earnings	9.3	10.2	11.6
Other reserves	0	0.5	0.1
TOTAL EQUITY	19.0	19.9	20.9

Progressive dividend



Strategic objectives



Clear strategy for growth

Evolving the multi brand model

Niche Skills

- Analytics
- Enterprise Management
- Java
- New Media
- Oracle
- SAP
- SAS
- Solvency II
- Testing
- 3G-4G

Niche Segments

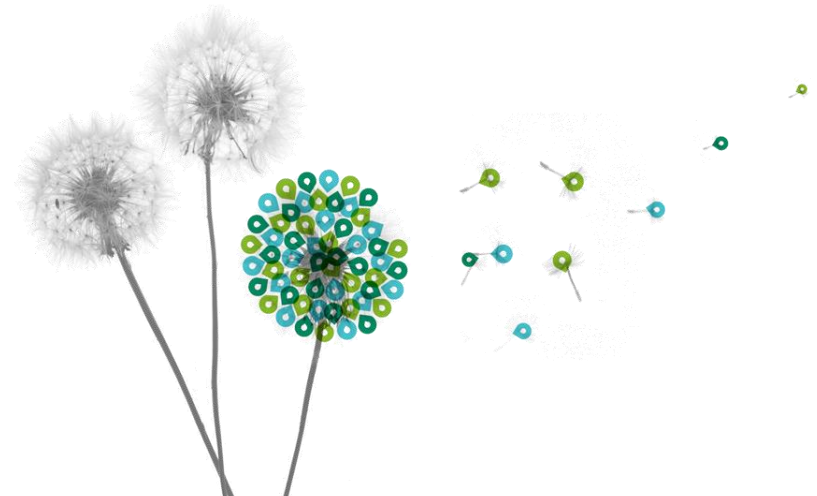
- Insurance
- Investment Banking
- Legal
- Not-for-Profit
- Public sector
- Retail
- Telco

Regional Practice

- London City
- Canary Wharf
- Harrogate
- Manchester
- Aylesbury
- Tunbridge Wells
- Chester
- Brighton

IQ Equity Businesses

- 4 businesses (*all with option to integrate into the Group*)
- Overall businesses are profitable
- Strong year on year growth
 - Fee earners grew in H1 2011 to 28 (H1 2010: 21)
 - Contractor numbers grew in H1 2011 to 50 (H1 2010: 19)
 - Permanent net fee income grew in H1 2011 to £408k (H1 2010: £215k)
- Higher margin business (*average contract margin 14.4% versus 11.7% in the core*)
- Focus now on growing these businesses



Incubator model proving successful

Geographic expansion

- Expansion into Asian markets via Singapore
- Move led by Financial Services customers
- Appointed Managing Director for Singapore
- Office to open by end of this year
- Potential for increased margins



Seeking selective opportunities for accelerated expansion

Funding

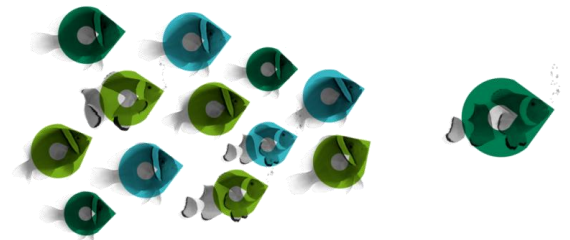
- Total facility: Increased to £15 million from £12 million
- Purpose: Working capital and acquisition funding
- Facility: Invoice discounting
- Notice period: 6 months
- Covenants: None
- Pricing: 1.85% over base plus £50k annual fee and free banking

Inexpensive borrowing and long term banking relationship with RBS

Outlook

- All markets (except public sector) are improving and in growth
- Candidate shortages in specialist & technical skills¹ enables full leverage our niche focus
 - 3 out of 4 employers are struggling to fill vacant jobs due to lack of skills
 - Rapid growth in key niche markets
 - Stronger margins / wage inflation
- Business growing in scale
- Strong set of numbers for H1 2011 despite isolated customer issue
- Potential for geographic expansion and contribution from IQ Equity to accelerate growth

¹ CIPD Annual Survey published 15/06/11



H2 2011 has begun well & expect trading to be in line with expectations

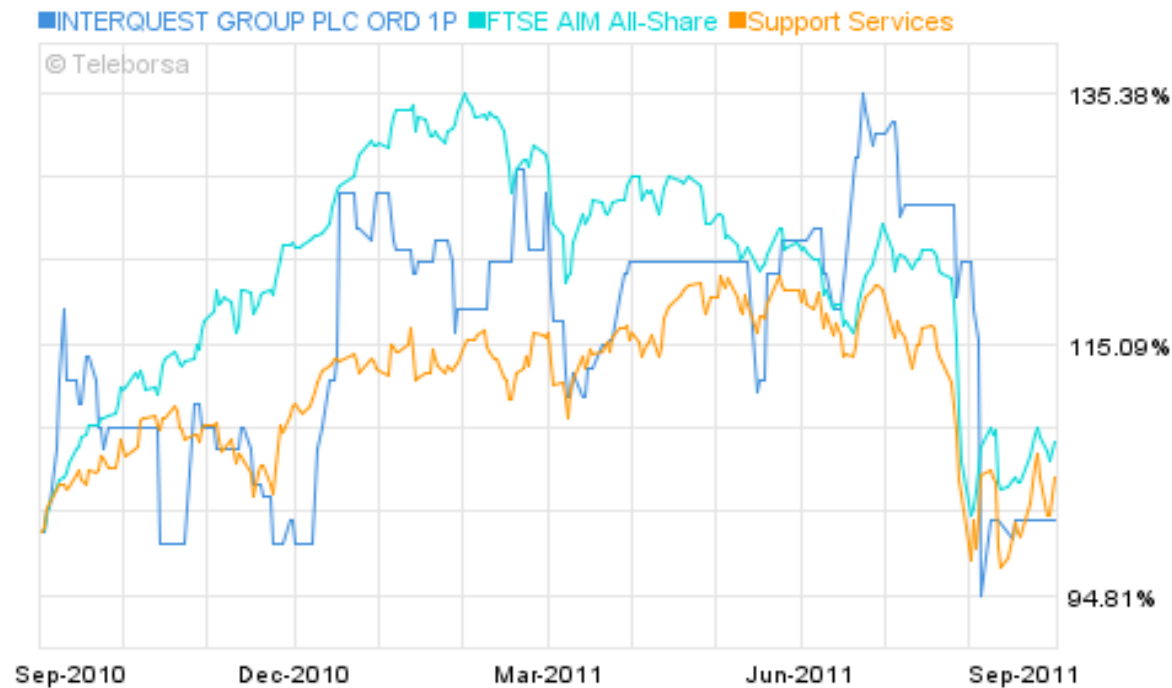
Peer Group Valuations

Company	Ticker	Price	Mkt Cap	Year End	EPS			PE		
		(p)	(£m)		FY10	FY11	FY12	FY10	FY11	FY12
InterQuest	ITQ	53.5	21	December	8.3	8.1*	10.6*	6.45	6.60	5.05
Empresaria	EMR	25.0	15	December	6.2	7.1	7.9	4.03	3.52	3.16
ReThink Group	RTG	8.9	10	December	0.7	1.31	1.55	12.69	6.78	5.73
Networkers Int.	NWKI	40.8	32	December	3.3	3.6	4.1	12.35	11.32	9.94
Hydrogen	HYDG	99.0	25	December	7	10.9	13.7	14.14	9.08	7.23
Penna Consulting	PNA	99.0	26	March	-0.6	9	12.9	-	11.00	7.67
Hays	HAS	74.1	1075	June	5.3	5.7	8.9	13.98	13.00	8.33
Harvey Nash	HVN	63.5	46	January	5.3	6.9	7.6	11.98	9.20	8.36
STHREE	STHR	234.8	292	November	11.5	18.9	26	20.42	12.42	9.03
Michael Page	MPI	353.6	1098	December	15.2	24.5	34.3	23.26	14.43	10.31
Parity	PTY	24.3	17	December	-8.73	-2.1	0.3	-	-	80.83
Average								13.26	9.74	7.48**

*finnCap estimates, excludes CCL impact

** Parity excluded

Relative share price performance



Shareholder Analysis

Directors & Senior Management

Gary Ashworth	40.3%
Martyn Barrow	3.4%
Mark Braund	1.2%
Michael Joyce	0.6%
David di Domenico	0.5%
Steve Morrissey	0.4%
Alan Found	0.1%

Total Directors & Senior Management **46.5%**

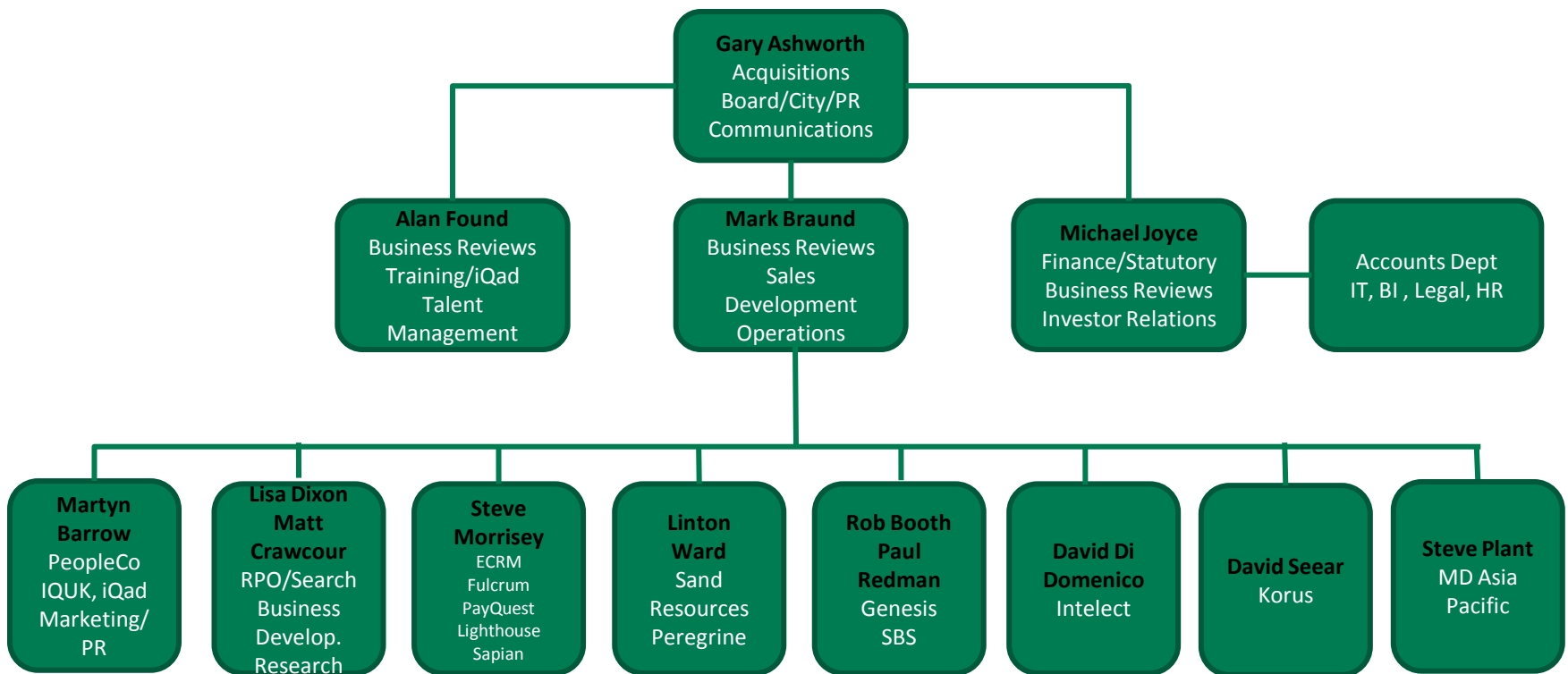
Ex Directors, Founders, Employees **6.6%**

Institutional & cornerstone investors

ISIS LLP	7.0%
Jim Mellon	5.8%
Axa Framlington	5.3%
Newton	3.7%

Management are committed investors – free float 46.9%

Management Structure














Strong depth of management





Board of Directors

- **Gary Ashworth** – Chairman, Gary is co-founder and majority shareholder of InterQuest. Prior to this, Gary founded Abacus Recruitment plc which floated on AIM in 1995 and was later sold to Carlisle Holding plc. Gary is also a Fellow and past President of the Institute of Employment Consultants.
- **Mark Braund** – CEO. Appointed in April 2011, Mark is an experienced recruitment executive, with over 26 years in the industry. As part of the IBM EMEA Management team he was appointed Chairman Barker Personnel Services, grew to £10m revenue before selling to the Carlisle Group. Part of the management team of Lorien plc. Completed a successful turnaround, acquired by CDG Limited. Consultant to InterQuest since 2010.
- **Michael Joyce** – CFO, Michael is a qualified chartered accountant (Coopers & Lybrand) and has worked at Robert Walters and as Group Financial Controller of Rebus Group Limited. He joined InterQuest in January 2004.
- **Alan Found** – Non-Executive Director. Appointed in May 2002, Alan runs his own business 'Alan Found Associates', which offers team and management services to clients such as Morgan Stanley, Intercontinental Hotels Group, Yorkshire Bank and Holiday Inn.
- **Paul Frew** – Non-Executive Director. Paul is the Managing Director of Elderstreet Investment Limited, a venture capital company that is a specialist investor in the software and computer services market. Paul sits on the boards of Caplin Systems, weComm Limited, Vordel Limited and AngloINFO Limited and is also responsible for Elderstreet's institutional investor relations.

Group Companies

name	Sector focus	Clients
 Genesis	Financial markets	Fidelity, Nomura, Goldman Sachs, Merrill Lynch, CSFB, BUPA, HSBC, Deutsche Bank
 People Co	SAP and ERP	Accenture, Aviva, TNT, Cadbury Schweppes, Carphone Warehouse, ICAP, Comet, Musgrave Group, Cable & Wireless, Diageo, Barclays, EDS, Shell, AOL, Edexcel, Virgin, British Gas
 Sand Resources	Public Sector and Not for Profit	Local & Central Government departments and agencies, Defence, Cancer Research Fund, FSA,
 SBS	Public Sector, Telecoms and SAP	Bank of England, FSA, HSBC, Johnson & Johnson, Sky
 IQ Resourcing	Retail	SpecSavers, John Lewis, Waitrose
 e-crm People	Infrastructure, & Data management	Barclays Bank, IBM, Fujitsu, Northgate Information Solutions, HP, Computer Associates
 Intelect	Analytics and risk	Royal Bank of Scotland, Barclays, Lloyds Bank, Iris, Delphi, Skipton Building Society, Shell, Turner Media, Marks & Spencer, HFC Bank, Littlewoods, HBOS, Santander
 InterQuest SOLUTIONS	Managed services and Recruitment Outsourcing, Search and Selection	Anglo Info Talk Talk, 1 st Advantage Europe
 InterQuest EXECUTIVE	Search and Selection	Anglo-Info, Change Management Group
 lighthouse TESTING CONSULTANCY	Software testing	Scotia Gas Network. Scottish and Southern Energy, HBOS , Virgin Money, Capco
 THE CCL GROUP TOTAL RESOURCE SOLUTIONS	Professional services	Allen & Overy, Travers Smith, Balfour Beatty

IQ Equity Businesses

name	% ownership	Sector focus	Clients
	50.1 - 65	Insurance and Financial Services	Prudential, Aviva, Catlin, Canopious
	50.1	Niche IT	Eclipse Legal Systems, Cogent Communication, Switch Media
	57.5 – 67.5	Telecoms Consulting and Managed Services	Bee Mobile, Inmarsat, Axis Networks
	100	Contractor Umbrella company, IT Equity business	Various other recruitment businesses and all InterQuest Group Contractors

All businesses are subject to a put and call option to eventually return to 100% Group ownership