

BUSINESS TRAINING & EMPLOYMENT AGENCIES **Sector report**

**InterQuest (ITQ:AIM) 49.5p**

**+ BUY**

**Yield attractions**

**T**his recruitment consultant pays a decent dividend, currently yielding 4.4%; and has a good position in niche IT fields with technology a non-discretionary spend in around a quarter of its job placements. We believe InterQuest has been clever during the downturn by investing in start-up companies. It has cherry-picked good salespeople to set up their own staffing businesses, investing around £150,000 and providing financial control services for a 51-80% stake. Five of the seven start-ups are already profitable. InterQuest saw the number of contractors on placement fall from a peak of 1,099 in March 2008 to a low of 910 in 2009. Since 1 January 2010, the number of active placements had jumped from 928 to 992 as of 2 March.

The company plans to focus on growing earnings with existing business interests, saying acquisitions are unlikely due to the lack of decent companies for sale. Any dip in public sector work should be offset

by strong growth in financial services-related placements. House broker Cenkos has a 75p price target, implying 52% upside on the current share price.

