

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of National Hire Group Limited and the entities it controlled at the end of or during the half year ended 31 December 2001.

DIRECTORS

The following persons were Directors of National Hire Group Limited during the whole of the half year up to the date of this report.

- **John Landerer**, CBE, AM, LLB Hon LLD (Macq) (Non-Executive Chairman)
- **Stephen Sherwood Donnelley** [Chief Executive Officer]
- **Philip Ronald Higginson**, FAIM, FAICD [Non-Executive Director]
- **John Edward Star**, FCA [Non-Executive Director]

REVIEW OF OPERATIONS

As predicted in our market announcement on 24 October 2001, the weak market conditions generally extended throughout the first six months of this financial year.

Total revenue for the reporting period of \$14,752,000 was 8.8% down from the corresponding period last year of \$16,176,000.

For the period, the operating loss before tax was \$577,000 and after tax the loss was \$176,000. The after tax profit for the previous corresponding period was \$601,000. The after tax loss of \$176,000 was determined after accounting for a deferred tax benefit of \$401,000 which includes \$310,000 brought to account from a prior period.

Costs of approximately \$250,000 applicable to the October/November 2001 restructure have been brought to account during the current reporting period.

During the six months to 31 December 2001 we experienced difficult trading conditions. It is hoped that the market will improve for the second six months, and based on this expectation, a small operating profit is anticipated for that period.

National Hire continues with its vision to grow the company by acquisition and organic growth of its existing and acquired businesses.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This declaration is made in accordance with a resolution of the directors.

JOHN STAR
NON-EXECUTIVE DIRECTOR

STEPHEN DONNELLEY
DIRECTOR/CHIEF EXECUTIVE OFFICER

Sydney: 1 March 2002

DIRECTORS' DECLARATION

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In the opinion of the directors of National Hire Group Limited:

The financial statements and notes:

- [a] give a true and fair view of the financial position of the consolidated entity as at 31 December 2001 and of its performance, as represented by the results of its operations and its cash flows for the half-year ended on that date; and
- [b] comply with Accounting Standards AASB 1029 "Interim Financial Reporting" and the Corporation Regulations; and
- [c] at the date of this declaration, there are reasonable grounds to believe National Hire Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

JOHN STAR
NON-EXECUTIVE DIRECTOR

STEPHEN DONNELLEY
DIRECTOR/CHIEF EXECUTIVE OFFICER

Sydney: 1 March 2002