



National Hire Group Limited
PO Box 195
Matraville NSW 2036
A.B.N 61 076 688 938

Telephone: (02) 9582 7922
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National Hire Services include
National Hire Tools & Equipment
National Hire Portaloo
National Hire Site Shed
National Hire HiLift
National Hire Pumps

4 February 2004

ASX Online
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Release by E-Lodge

The below mentioned documents are following:

- **Appendix 4D**
- **Independent Review Report to the Members**
- **Directors' Report**
- **Directors' Declaration**
- **Market Announcement**

Yours sincerely,

A handwritten signature in black ink, appearing to read "Stephen Donnelley".

STEPHEN DONNELLEY
MANAGING DIRECTOR
0418 266 844

APPENDIX 4D

**NATIONAL HIRE GROUP LIMITED (ABN 61 076 688 938)
HALF YEARLY RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2003**

Results for announcement to the market

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002 \$A'000	Change \$A'000	Change %
Revenue from ordinary activities	16,174	15,301	873	5.7
Profit (loss) from ordinary activities after tax attributable to members	359	(103)	462	N/A
Net profit (loss) for the period attributable to members	359	(103)	462	N/A

Dividends

No dividend was paid and no dividend is proposed.

Audit

The accounts have been subject to review.

Consolidated statement of financial performance for the half year ended 31 December 2003

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002 \$A'000	Change \$A'000	Change %
Sales revenues from ordinary activities	15,717	15,063	654	4.3
Other revenues from ordinary activities	457	238	219	92.0
Total revenue	16,174	15,301	873	5.7
Cost of goods sold	(10,869)	(10,146)	(723)	(7.1)
Administration and marketing costs	(1,936)	(2,264)	328	14.5
Other Overheads	(192)	(285)	93	32.6
Depreciation and amortisation costs	(1,929)	(1,873)	(56)	(3.0)
Borrowing costs	(658)	(791)	133	16.8
Profit (loss) from ordinary activities before income tax expense	590	(58)	648	N/A
Income tax expense relating to ordinary activities	(231)	(45)	(186)	N/A
Profit (loss) from ordinary activities after related income tax expense attributable to members of the parent entity	359	(103)	462	N/A
Total change in equity other than those resulting from transactions with owners as owners	359	(103)	462	N/A

Earnings per share

	Current period 31 Dec 2003 Cents	Previous period 31 Dec 2002 Cents
Basic earnings per share	0.79	(0.40)
Diluted earnings per share	0.79	(0.40)
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and alternative earnings per share	45,680,614	28,109,498
Profit (loss) after tax	359,000	(103,000)
Earnings used in calculating earnings per share	359,000	(103,000)

Commentary

Net profit after tax for the half year ended 31 December 2003 of \$359,000 compares favourably to the previous corresponding period loss of \$103,000. This is a \$462,000 improvement for the six month period. The previous corresponding period loss was after accounting for a significant item being a \$263,000 refinancing charge.

Revenue was \$16,174,000 an increase of 5.7% over the previous corresponding period.

Operating profit for the period (before interest, tax, goodwill/brand name amortisation and significant items) was \$1,405,000 compared to the previous corresponding period of \$1,153,000 an increase of 21.9%.

Profit before tax and before goodwill/brand name amortisation and significant items was \$747,000 for the six months ended 31 December 2003 compared to \$362,000 an improvement \$385,000 or 106.3% to the corresponding period last year.

The pre-tax profit for the half-year ended 31 December 2003 of \$590,000 compares to a loss of \$58,000 for the corresponding period last year and is a \$648,000 positive turnaround.

Equity raising

During the six month period the Company completed a successful six for five renounceable rights issue raising \$6,301,007 and issuing 39,381,299 fully paid ordinary shares. The Company has commenced using \$3,740,024 of the funds raised for capital expenditure to replace sub hire and expand the equipment hire fleet. The Company also effected repayment of \$1,996,000 loans provided by related party lenders (which monies were used by those related party lenders to subscribe for shares under the rights issue). Additionally expenses of the rights issue of \$565,000 were paid. The capital raising was completed in October 2003 and has therefore had limited beneficial impact during the six month period. The benefits should materialise during the January to June half year.

Employee options

During November 2003 National Hire Group Limited issued 600,000 employee options, under its employee share option plan.

The period during which the options may be exercised is between 20 November 2005 and 20 November 2007.

Consolidation of operating branch

On 31 August 2003 the Marrickville branch was consolidated with existing National Hire branches of Camperdown, Bexley and Hillsdale. The closure was a contributor to a cost reduction program aimed at reducing the company's operating costs while minimizing any impact on its hire revenue. All employee's, plant and equipment have been transferred to other branches.

Subsequent events

On the 17 December 2003 National Hire Group Limited announced the proposed placement of 100 million fully paid ordinary shares at a price of 25 cents per share to WesTrac Equipment Pty Ltd. The placement is subject to shareholder approval, which is to be considered at a general meeting on 11 February 2004, and certain conditions precedent.

The placement will raise \$25.0 million and will result in WesTrac holding an interest in National Hire Group Limited of approximately 60%.

Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Segment reporting

National Hire's principal activity is the hire of general equipment, access equipment, temporary site accommodation, containers and portable toilets. These activities are conducted in a single geographical segment being the eastern seaboard of Australia.

Basis of preparation

The half yearly consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards AASB 1029, Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by National Hire Group Limited during the half year in accordance with continuous disclosures requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by National Hire Group Limited and are consistent with those applied in the 30 June 2003 annual report.

The half year report does not include full disclosures of the type normally included in an annual financial report.

Consolidated statement of financial position as at 31 December 2003

	31 Dec 2003 \$A'000	30 June 2003 \$A'000
Current assets		
Cash assets	3,485	528
Receivables	5,023	5,697
Other financial assets	29	500
Inventories	5	5
Other assets	377	308
Total current assets	8,919	7,038
Non-current assets		
Receivables	127	127
Other financial assets	13	13
Property, plant and equipment	24,272	23,573
Intangibles	6,337	6,494
Deferred tax assets	617	570
Total non-current assets	31,366	30,777
Total assets	40,285	37,815
Current liabilities		
Payables	4,740	4,216
Interest bearing liabilities	3,084	5,787
Tax liabilities	43	81
Provisions	90	72
Total current liabilities	7,957	10,156
Non-current liabilities		
Payables		1,896
Interest bearing liabilities	10,180	10,004
Tax liabilities	1,611	1,334
Provisions	264	246
Total non-current liabilities	12,055	13,480
Total liabilities	20,012	23,636
Net assets	20,273	14,179
Contributed equity	18,887	13,152
Retained profits	1,386	1,027
Total equity	20,273	14,179

Investments

On 4 September 2003, the interest bearing cash security deposit of \$500,000 held by one of the company's financiers was repaid with the proceeds applied to the repayment of outstanding hire purchase and finance lease agreements.

The balance of unused funds raised from the renounceable rights issue is currently invested in an interest bearing cash security deposit. The funds have been and will continue to be used to expand National Hire's equipment hire fleet by the acquisition of new equipment in accordance with the company's capital expenditure program.

Non-current liabilities – Payables

Proceeds of \$6,301,007 raised from the renounceable rights issue were partly used to effectively repay loans made by certain directors and a shareholder of National Hire in the sum of \$1,996,000 which monies were used to subscribe for new shares in National Hire.

Consolidated statement of cash flows

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002 \$A'000
Cash flows from operating activities		
Receipts from customers	16,066	15,012
Payments to suppliers and employees	(11,697)	(13,783)
Interest and other items of similar nature received	46	12
Interest and other costs of finance paid	(464)	(470)
Income taxes (paid)	(38)	(38)
Net cash inflows from operating activities	3,913	733
Cash flows from investing activities		
Payment for purchases of property, plant and equipment	(2,396)	(318)
Proceeds from sale of property, plant and equipment	349	218
Other (payments for purchase of investments)	(28)	(500)
Proceeds from investments	500	
Net cash inflows from investing activities	(1,575)	(600)
Cash flows from financing activities		
Proceeds from the renounceable rights issue	*4,305	
Payments relating to the renounceable rights issue	(565)	
Proceeds from borrowings	1,007	7,494
Repayment of commercial bills & fully drawn advance to previous financier		(5,350)
Proceeds from director related loans	100	250
Repayment of borrowings	(4,227)	(2,453)
Net cash inflows (outflows) from financing activities	620	(59)
Net increase in cash held	2,958	74
Cash at beginning of period	527	126
Cash at end of period	3,485	200

* Includes proceeds from the renounceable rights issue of \$6,301,007 and the repayment of loans made to certain directors and a shareholder of National Hire Group Limited in the sum of \$1,996,000.

Statement of cash flows continued

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002
Reconciliation of profit from ordinary activities after income tax to the net cash flows from operating activities		
Profit (loss) from ordinary activities after income tax	359	(103)
Depreciation of non-current assets	1,772	1,725
Amortisation of non-current assets	157	157
Profit on disposal of property, plant and equipment	(1)	(24)
Interest expense for equipment acquisitions	156	281
Interest expense for convertible notes, scissor lift & other loan	46	40
Increase in provision for diminution – employee share plan	(8)	(5)
Change in operating assets and liabilities		
Decrease in trade debtors	633	161
Decrease in inventories		3
Decrease in other receivables	48	83
Decrease (Increase) in prepayments	(69)	4
(Increase) in future income tax benefit	(46)	(10)
(Decrease) in deferred income tax payable	(38)	(38)
Increase (decrease) in trade and other creditors	546	(1,661)
Increase in employee entitlements	81	64
Increase in provision for taxation	277	56
Net cash inflows from operating activities	3,913	733
Reconciliation of cash		
Cash balance comprises:		
Cash on hand	3,485	200
Closing cash balance	3,485	200

Profit from ordinary activities

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002 \$A'000
Individually significant items included in the profit and loss from ordinary activities before income tax expense:		
Refinancing expenses		263
Profit and loss from ordinary activities before income tax includes the following net gains and expenses:		
Net losses		
Profit on disposal of plant and equipment	(1)	(24)
Expenses		
Borrowing costs		
Interest expense and hire purchase interest	647	735
Finance charges on capitalized leases	11	56
Amortisation of non-current assets		
Goodwill	108	108
Brand names	49	49
Leasehold improvements	60	55
Plant and equipment under lease	28	129
Depreciation of non-current assets - Plant and equipment	1,684	1,532
Bad and doubtful debts – trade debtors	373	293
Diminution of employee share plan loans	(8)	(5)
Operating lease rental expense	1,008	974

Income tax expense

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002 \$A'000
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit (loss) from ordinary activities before income tax expense	590	(58)
Income tax calculated @ 30%	177	(17)
Tax effect of permanent differences:		
Non-deductible depreciation and amortisation	47	47
Non-deductible interest	14	18
Over provision for tax prior years	(14)	
Other non-deductible items	7	36
Tax losses brought to account as a reduction of deferred income tax liability.		(39)
Income tax expense attributable to operating profit (loss)	231	45

Net tangible asset backing

	Current period 31 Dec 2003 Cents	Previous period 31 Dec 2002 Cents
Net tangible asset backing per ordinary security	21	26

Statement of retained earnings

	Current period 31 Dec 2003 \$A'000	Previous period 31 Dec 2002 \$A'000
Retained profits at beginning of the period	1,027	939
Net profit (loss) attributable to members of the parent entity	359	(103)
Retained profits at end of the period	1,386	836

INDEPENDENT REVIEW REPORT
To the members of National Hire Group Limited

Scope

We have reviewed the financial report of National Hire Group Limited in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules, as set out on pages 1 to 8 for the half-year ended 31 December 2003 but excluding:

Directors' Report and Declaration - Review of Operations and Statutory Information.

The financial report includes the financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: "Interim Financial Reporting" and other mandatory professional requirements, statutory requirements and ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities & Investment Commission and the Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

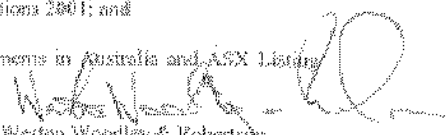
Statement

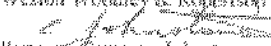
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report, as defined in the scope section, of National Hire Group Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia and ASX Listing Rules as they relate to Appendix 4D.

Date - 1 February 2004

Address - Level 18, 201 Elizabeth Street, Sydney


Weston Woodley & Robertson


Partner - Cameron Johnstone

The liability of Weston Woodley & Robertson is limited by, and to the extent of, the "Assurance" Scheme under the Professional Standards Act 1994 (NSW).



DIRECTORS' REPORT AND DECLARATION

Your Directors present their report on the consolidated entity consisting of National Hire Group Limited ("the Company") and the entities it controlled at the end of or during the half year ended 31 December 2003.

DIRECTORS

The following persons were Directors of National Hire Group Limited during the whole or part 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)
- ❑ **Raymond Martin Kelsey**, (Executive Director) Appointed August 2003
- ❑ **John Edward Star**, FCA (Non-Executive Director)

REVIEW OF OPERATIONS

Net profit after tax for the half year ended 31 December 2003 of \$359,000 compares favourably to the previous corresponding period loss of \$103,000. This is a \$462,000 improvement for the six month period. The previous corresponding period loss was after accounting for a significant item being a \$263,000 refinancing charge.

Revenue was \$16,174,000 an increase of 5.7% over the previous corresponding period.

Operating profit for the period (before interest, tax, goodwill/brand name amortisation and significant items) was \$1,405,000 compared to the previous corresponding period of \$1,153,000 an increase of 21.9%.

Profit before tax and before goodwill/brand name amortisation and significant items was \$747,000 for the six months ended 31 December 2003 compared to \$362,000 an improvement \$385,000 or 106.3% to the corresponding period last year.

The pre-tax profit for the half-year ended 31 December 2003 of \$590,000 compares to a loss of \$58,000 for the corresponding period last year and is a \$648,000 positive turnaround.

OUTLOOK

The Directors are pleased that the demand for the Company's services is growing steadily as evidenced by the 5.7% revenue increase. Subject to the impact of the placement to WesTrac Equipment Pty Limited ("**WesTrac**") as discussed below, the improved financial performance during the reporting half, the benefits from the capital raising and continuation of demand for our services, the next six months should be similar to the previous six months resulting in a marked improvement on the previous year ending 30 June 2003.

In the event that the WesTrac placement is approved by shareholders, the pre-conditions for the placement are met and the placement is made, it is proposed that the Board composition will change to reflect the controlling interest in the Company which WesTrac will have. In those circumstances the new Board may well review the outlook for the Company in light of the circumstances existing at the time.

The strength of the building and construction industry and the commencement of major projects in New South Wales should underpin a strong business environment. BIS Shrapnel forecast strong prospects for the building and construction industry for the next several years.

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.

Dated: 4 February 2004

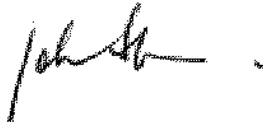
DIRECTORS' DECLARATION

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 2003 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 has been made in accordance with a resolution of the Directors.



JOHN STAR



STEPHEN DONNELLEY

Dated: 4 February 2004



**NATIONAL HIRE GROUP LIMITED (ASX CODE: NHR)
HALF-YEAR RESULTS - 31 DECEMBER 2003**

CONTINUED IMPROVEMENTS AND PLATFORM FOR GROWTH

National Hire Group Limited today reported a net profit after tax for the half year ended 31 December 2003 of \$359,000 compared to the previous corresponding period loss of \$103,000. This is a \$462,000 improvement for the six month period. The previous corresponding period loss was after accounting for a significant item being \$263,000 refinancing charge.

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The pre-tax profit for the half-year ended 31 December 2003 of \$590,000 compares to a loss of \$58,000 for the corresponding period last year and is a \$648,000 positive turnaround.

No dividend was declared.

During the six month period the Company completed a successful six for five renounceable rights issue raising \$6,301,007 and issuing 39,381,299 fully paid ordinary shares. The Company has commenced using \$3,740,024 of the funds raised for capital expenditure to replace sub hire and expand the equipment hire fleet. The Company also effected repayment of \$1,996,000 loans provided by related party lenders (which monies were used by those related party lenders to subscribe for shares under the rights issue). Additionally expenses of the rights issue of \$565,000 were paid. The capital raising was completed in October 2003 and has therefore had limited beneficial impact during the six month period. The benefits should materialise during the January to June half year.

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The Directors are pleased that the demand for the Company's services is growing steadily as evidenced by the 5.7% revenue increase. Subject to the impact of the placement to WesTrac Equipment Pty Limited ("**WesTrac**") as discussed below, the improved financial performance during the reporting half, the benefits from the capital raising and continuation of demand for our services, the next six months should be similar to the previous six months resulting in a marked improvement on the previous year ending 30 June 2003.

In the event that the WesTrac placement is approved by shareholders, the pre-conditions for the placement are met and the placement is made, it is proposed that the Board composition will change to reflect the controlling interest in the Company which WesTrac will have. In those circumstances the new Board may well review the outlook for the Company in light of the circumstances existing at the time.

The strength of the building and construction industry and the commencement of major projects in New South Wales should underpin a strong business environment. BIS Shrapnel forecast strong prospects for the building and construction industry for the next several years.

\$25,000,000 PLACEMENT TO WESTRAC

The Board has agreed (subject to shareholder approval being given at the meeting and other preconditions being satisfied) to place 100,000,000 fully paid ordinary shares in the Company at an issue price of 25 cents each to WesTrac to raise \$25 million. Upon completion of the placement, WesTrac will emerge as the major shareholder of the Company with approximately 60% of the enlarged capital base of 167,490,797 ordinary shares.

The agreement under which the share placement will be made provides for the proceeds from the placement to be primarily used by the Company to expand the product range and inventory size of the Company's equipment hire fleet. WesTrac also proposes that the Company's branch network be expanded in growth areas identified by the Company where it does not already have a presence including (from April 2004) the roll out of Cat Rental Stores in New South Wales and the Australian Capital Territory.

Subject to the approval of Caterpillar Inc., which is a condition precedent to the placement, the Company intends to re-brand its New South Wales branches to Cat Rental Stores as from April 2004. The ability to trade under the Cat Rental Stores brand name will provide the Company with strong brand equity and a significant competitive advantage.

Commensurate with the majority share ownership, it is proposed that following the placement WesTrac will have majority Board representation with the appointment of 3 non executive directors which will be facilitated by the resignation of Mr John Landerer, Mr Philip Higginson and Mr Ray Kelsey from the Board. Mr Stephen Donnelley will continue as the Managing Director and has agreed to a new 3 year contract with the Company.

The placement to WesTrac is required to be approved by shareholders and a Notice of a General Meeting including an Explanatory Statement and an Independent Expert's Report has previously been dispatched to shareholders for the meeting to be held on 11 February 2004 at 10:00am.

For further information on the placement to WesTrac the Explanatory Statement accompanying the Notice of General Meeting should be consulted.

SUMMARY RESULTS

HALF YEAR ENDED 31 DECEMBER 2003 (\$'000)	2003	2002	% CHANGE
Total revenue	16,174	15,302	5.7%
EBITDA	3,177	2,606	21.9%
Depreciation	1,772	1,716	3.3%
Operating profit before interest, tax, goodwill/brand name amortisation and significant items	1,405	1,153	21.9%
Borrowing costs	658	791	16.8%
Amortisation goodwill/brands	157	157	
Significant items		263	
Pre tax profit(loss)	590	(58)	
Tax expense	(231)	(45)	413.3%
Net profit(loss) after tax	359	(103)	448.5%

EBIT & before significant items	1,248	996	25.3%
Profit (loss) before tax goodwill/brand name amortisation and significant items	747	362	106.3%
Profit (loss) after tax before amortisation goodwill and brand names	516	54	855.5%
EPS (ordinary shareholders)	0.008¢	(0.004¢)	
Net tangible asset backing	20.6¢	26.10¢	

Enquiries: Stephen Donnelley,
Chief Executive Officer
0418 266 844

Ray Harman,
Chief Financial officer
0438 144 134

Dated: 4 February 2004