

11 February 2004

ASX
20 Bridge Street
SYDNEY NSW 2000

Via – Elodge

The following Chairman's Address for today's General Meeting.

Your sincerely

STEPHEN DONNELLEY



**Chairman's Address to the General Meeting
Wednesday February 11, 2004**

Good morning Ladies and Gentlemen and welcome to today's General Meeting. The purpose of the meeting is to consider the allotment of 100,000,000 of the Company's fully paid ordinary shares to WesTrac Equipment Pty Limited at an issue price of \$0.25 each raising \$25 million.

Before commencing the meeting could the Company Secretary please confirm if a quorum of members is present.

The Company Secretary responds.

Thank you Mr Harman

Shortly I will put the resolution to the meeting and ask if there are members who will move and second the resolution. Then prior to putting the resolution to the meeting for the vote I will provide time to ask questions regarding the resolution.

To commence I would like to introduce my fellow Directors. On my right is Mr John Star, Mr Philip Higginson and Mr Ray Kelsey. On my left is Mr Stephen Donnelley and Mr Ray Harman the Company Secretary. Depending on the outcome of today's meeting this is most likely the last time I will Chair and address a meeting of the shareholders of National Hire Group Limited as I will be resigning from the Board upon completion of the placement of shares to WesTrac. Mr Philip Higginson and Mr Ray Kelsey will also be resigning.

A number of representatives from WesTrac are present including Mr Ray Romano and Mr Gavin Armstrong and I welcome them to the meeting.

Since the Initial Public Offering of the Company's shares in 1997 the Board has worked well together. Last week the Company announced stronger revenue and profit growth for the half year ended 31 December 2003 compared to the previous corresponding period to 31 December 2002.

The resolution to be put to the meeting today continues the strategy to provide the Company with the resources to deliver scale and volume to the branch equipment stock levels and increase the Company's distribution capabilities with the aim of increasing customer satisfaction and delivering profitable growth.

In this regard the Board has, by proposing the placement to WesTrac, offered a platform for enhancing the Company's future prospects and the directors who will leave the Board upon the placement being made will make way for new non executive directors to further implement that strategy. I would therefore like to thank all of my colleagues on the Board for their commitment, loyalty and diligence. It has been a pleasure to work with them and I wish them, the new Board and the whole National Hire team well in the future.

The Board is unanimous in recommending the WesTrac placement to shareholders for the following reasons:

Firstly, the funds to be raised from the proposed share placement will enable National Hire to significantly expand:

- The product range and inventory size of its hire equipment fleet; and
- Its branch network in growth areas identified by the Company where it does not currently have a presence including (from April 2004) the roll out of Cat Rental Stores in New South Wales and the Australian Capital Territory.

Secondly, the proposed share placement and the accompanying ability to take on additional debt provide the Company with substantial financial capacity for capital investment and growth that is unprecedented for the Company. The additional financial capacity will provide a more efficient capital and financial structure from which to generate higher returns for the benefit of all shareholders.

Thirdly, with a larger and more robust business and balance sheet, combined with the financial strength of a new major shareholder in WesTrac, the Company will have the ability to take advantage of strategic opportunities as they arise. This added level of financial flexibility should help to propel National Hire as a major industry participant.

Fourthly, the CAT brand is one with high customer and brand loyalty, name awareness, perceived quality and a brand associated with high customer satisfaction and product differentiation. The Cat Rental Stores brand name

in New South Wales and the Australian Capital Territory offers a significant competitive advantage that should assist National Hire to increase its market share, earnings and overall profitability.

Fifthly, WesTrac has advised that it can provide management and operation support, expertise and systems where required. Access to these resources, as well as relevant WesTrac 'know how' should facilitate the Company's growth and expansion plans.

Let me now focus on the very positive share market response since the announcement on 17 December 2003.

The volume weighted average price of the Company's shares for the period 1 January 2003 to 17 December 2003 was \$0.204. The placement to WesTrac at \$0.25 per share represents a 23% premium to that volume weighted average price.

Yesterday's closing share price of \$0.46 cents represents a 125% premium to the \$0.204 volume weighted average price. This is a very strong endorsement of the Directors decision to recommend the placement.

Shareholders should remember that but for the announcement of the WesTrac placement in all likelihood the current share price would be much closer to \$0.20 than the current \$0.46.

The hire industry is capital intensive and competitive. For National Hire to provide value for shareholders and to be seen as a relevant public company it must grow significantly in size. To achieve this, the Company requires significant capital to invest in equipment and branches. The placement to WesTrac will facilitate this growth as well as providing the opportunity to work with Caterpillar Inc and to roll out Cat Rental Stores in New South Wales and the Australian Capital Territory.

An Independent Experts Report prepared by Lonergan Edwards & Associates Limited has found the proposed placement to WesTrac to be fair and reasonable to the shareholders of the Company not associated with WesTrac.

The only remaining conditions precedent to the placement are today's approval of the resolution, finalization of a few property leases entered into by National Hire and the formal consent of Caterpillar Inc. Our managing director, Mr Stephen Donnelley, has been informed by WesTrac that there are currently no issues from Caterpillar Inc in this regard and documentation is being processed.

You are reminded that notwithstanding the outcome of this meeting, the placement to WesTrac is conditional upon the satisfaction of all conditions precedent which, as mentioned above, has not yet taken place.

In summary, after considering the dynamics of the hire industry, the strategic plan of National Hire and learning from our past experiences the Board unanimously recommends the resolution to you.

I will now read the resolution to the meeting.

"That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited, Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 100,000,000 fully paid ordinary shares in the capital of the Company to WesTrac Equipment Pty Ltd (WesTrac) at an issue price of \$0.25 each on the terms and conditions set out in the Explanatory Statement accompanying the Notice of General Meeting dated 9 January 2004."

I ask a member to propose the resolution.
Thank you

I ask a member to second the resolution
Thank you

Before putting the resolution to the meeting I invite you to raise any issues pertaining to the resolution. In case there are legal questions I have asked the Company's lawyer Mr Peter Downie of Landerer and Company to be present who is seated behind the Directors.

Questions and answers
Thank you

I table the proxies and report that the count for the resolution is 27,214,098 and against is 36,250. Open proxies amount to 5,027,493.

I now put the resolution to the meeting.

Those in favour raise your hand.

Vote

Those against raise your hand