



NATIONAL HIRE GROUP LIMITED
A.C.N. 076 688 938

PO Box 195
MATRAVILLE NSW 2036

TELEPHONE: 029 582 7922
FACSIMILE: 029 666 1679

FACSIMILE MESSAGE TO:

Company Name: ASX **From:** STEPHEN DONNELLEY
Attention: COMPANY ANNOUNCEMENTS **Date:** 12 September 2002
Fax Number: 1300 300 021 **Pages:** 2
Subject: **DWB (NH) Pty Ltd (formerly National Hire Pty Limited) ("DWB") ats Acko Dimkovski and Jordan Trajkovski being uninsured liabilities for which the Company is responsible following the collapse of DWB's insurer, HIH Casualty and General Insurance Ltd ("HIH").**

The Company announces the settlement of the claims against DWB in connection with the above two matters for a settlement payment of \$1,000,000.

The settlement figure of \$1,000,000 follows negotiations with GIO/WorkCover and Allianz (the insurers of the first and second defendants in the matters). The amount of \$1,000,000 is to be paid by an initial instalment of \$250,000 and then, commencing August 2003, semi-annual instalments of \$75,000 concluding in February 2008. No interest is payable on the future instalments.

As previously announced, DWB, a subsidiary of National Hire Group Limited ("NHGL"), was the subject of two damages claims. The claims resulted from an industrial accident in 1996 involving a scissor lift owned by DWB.

DWB was joined in the Dimkovski action in 2000 as the Third Defendant. It was joined in the Trajkovski action as a Cross Defendant in 2000 and as a Defendant in February 2002. DWB was insured with HIH which appointed lawyers to act on DWB's behalf in both matters.

Following the appointment of liquidators to HIH in 2001 and acting on legal advice, DWB applied for and was granted assistance from HIH Claims Support Limited ("HCS"). The lawyers previously appointed by HIH to represent DWB were re-instructed by HCS and continued to represent DWB in both matters.

DWB did not participate in the Court proceedings except for providing witnesses and documentation as requested. After a 4 week hearing in February 2002, both matters settled (except for the determination of the quantum of damages in the Trajkovski action). At no time was DWB a party to the settlement negotiations.

DWB does not accept responsibility for the accident giving rise to the proceedings. The injured parties were neither customers of DWB nor were they authorised by DWB to use the scissor lift. The machine was used in contravention of the safety instructions for the machine.

In March 2002, DWB was advised the actions had been settled. The lawyers appointed by HCS to represent DWB requested payment of the excess due under the original HIH public and products liability policy of \$5,000 which was duly paid by DWB.

On 24 April 2002, HCS withdrew its offer of support primarily on the grounds that DWB did not meet the eligibility criteria for "small business" being the category under which DWB sought assistance.

In the Dimkovski matter, damages of \$1,737,500 plus costs were awarded against DWB. On the 11 September 2002 Mr Trajkovski's damages were assessed by the Supreme Court at \$810,354. DWB's proportion of the judgement was 25% being \$202,588. Additionally Mr Trajkovski was awarded costs.

The initial payment of \$250,000 to GIO/WorkCover and Allianz is being made from funds provided to the Company by Stirhill Pty Ltd being the largest shareholder in the Company and a company associated with the Company's Chief Executive Officer, Mr Stephen Donnelley. This amount will be repaid and/or converted to equity with shareholder approval.

Now that the Company has reached settlement of the above two matters, it will seek legal advice as to its recovery rights against HIH, HCS as well as against HCS's claims manager and the lawyers appointed to represent DWB in the proceedings.

Yours faithfully

STEPHEN DONNELLEY

**Enquiries: National Hire Group Limited
Stephen Donnelley, Chief Executive Officer
0418 266 844
www.nationalhire.com.au**