



National Hire Group Limited
ACN 076 688 938

PROSPECTUS

6 for 5 renounceable Rights Issue of
approximately 39.38 million New Shares
at \$0.16 per New Share to raise approximately \$6.3 million

This document is important and requires your immediate attention. It should be read in its entirety before you decide whether to accept the offer contained in it. If you are in doubt as to the course you should follow, you should consult your stockbroker or other professional advisor without delay.



Underwriter to the Rights Issue
Hindal Securities Pty Limited
ACN 067 618 615

TABLE OF CONTENTS

| | <i>Page</i> |
|--|-------------|
| 1. Chairman's letter | 1 |
| 2. Overview of the Rights Issue | 2 |
| 3. Action required by Shareholders and Noteholders | 3 |
| 4. Details of the Rights Issue | 6 |
| 5. Overview of the Company | 9 |
| 6. Effect of the Rights Issue on the Company | 12 |
| 7. Risk factors | 15 |
| 8. Additional information | 17 |
| 9. Authorisation | 28 |
| 10. Glossary | 29 |
| 11. Corporate directory | 31 |

Accompanying this Prospectus is a personalised Entitlement and Acceptance Form.

SUMMARY OF IMPORTANT DATES

| | |
|---|-------------------|
| Lodgement of Prospectus with ASIC | 22 August 2003 |
| Rights trading commences and Shares and Notes quoted ex-Rights | 27 August 2003 |
| Record Date to determine Entitlements | 2 September 2003 |
| Expected date of despatch of Prospectus and Entitlement and Acceptance Forms | 5 September 2003 |
| Rights trading ends | 19 September 2003 |
| Closing Date for receipt of acceptances and payment | 26 September 2003 |
| Allotment of New Shares and despatch of shareholder statements for New Shares | 10 October 2003 |
| Normal trading commences for New Shares | 13 October 2003 |

Subject to the requirements of the Corporations Act and the ASX Listing Rules, National Hire reserves the right at any time to change the above timetable without prior notice.

IMPORTANT NOTICE

This Prospectus is dated 22 August 2003 and was lodged with ASIC on that date. Neither ASIC nor the ASX take responsibility for the contents of this Prospectus. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. This Prospectus has been prepared to comply with the securities laws of Australia and New Zealand and does not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No person is authorised to make any representation in connection with the Rights Issue which is not contained in this Prospectus. Any information which is not contained in this Prospectus may not be relied upon as having been authorised by National Hire in connection with the Rights Issue.

Defined terms used in this Prospectus are explained in the Glossary.

1. CHAIRMAN'S LETTER

National Hire Group Limited
ACN 076 688 938
Cnr Smith & Denison Streets
Hillsdale NSW 2036



22 August 2003

Dear Investor

On behalf of the board of National Hire I am pleased to present this Prospectus which sets out a pro-rata renounceable rights issue of approximately 39.38 million New Shares at a price of \$0.16 per New Share to raise approximately \$6.3 million.

The Offer is made to all Shareholders and Noteholders, Shareholders being entitled to 6 New Shares for every 5 Existing Shares held and Noteholders being entitled to 6 New Shares for every 5 Existing Notes held. The Offer is fully underwritten by Hindal Securities Pty Limited.

National Hire intends to use the funds raised to expand its equipment hire fleet by the acquisition of new equipment, to effect a repayment of loans provided by Related Party Lenders (which moneys will be used in the subscription for New Shares) and for payment of expenses incurred in the Rights Issue.

The Rights Issue is made at a time when, as reflected in the full year results to 30 June 2003, National Hire has shown an improved financial performance. This follows a period of difficult market conditions experienced after the 2000 Olympics and the financial impact of claims made against a subsidiary of National Hire for which insurance cover was unavailable as the result of the collapse of HIH Insurance group.

The Offer has been priced at a substantial discount to the recent sale price of Shares on the ASX. In determining the pricing, the board's priority has been to ensure the success of the Rights Issue and encourage Shareholders and Noteholders to take up their Rights. As Rights are renounceable, if Shareholders or Noteholders do not wish to take up their Rights they will have an opportunity to sell their Rights.

I am also pleased to advise that Mr Raymond Kelsey has been appointed an executive director of the Company. Mr Kelsey has had a long and successful career in the hire industry and will strengthen the board's hire industry knowledge. Being resident in Victoria, Mr Kelsey will also strengthen and improve regional representation and will play a key role in developing, reviewing and implementing the Company's strategic plan.

I recommend that you read the Prospectus thoroughly for further details and, together with my fellow Directors, commend the Offer to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Landerer".

JOHN LANDERER CBE AM
Chairman



2. OVERVIEW OF THE RIGHTS ISSUE

2.1 Summary of the Rights Issue

National Hire is offering for subscription approximately 39.38 million New Shares at a subscription price of \$0.16 per New Share by way of a pro-rata renounceable rights issue. The Rights Issue will raise approximately \$6.3 million before expenses

2.2 Entitlement to New Shares

Under the Rights Issue:

- Shareholders are offered the right to acquire 6 New Shares for every 5 Existing Shares held at 5.00pm on 2 September 2003; and
- Noteholders are offered the right to acquire 6 New Shares for every 5 Existing Notes held at 5.00pm on 2 September 2003.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional entitlements to New Shares are rounded down to the nearest whole New Share.

2.3 Payment for New Shares

Shareholders and Noteholders who take up their Rights either in part or in full will be required to pay \$0.16 per New Share subscribed for on lodgement of their Entitlement and Acceptance Form which must occur by 5.00pm AEST on 26 September 2003. However payment for New Shares which a Related Party Lender subscribes for may be made by direction given to National Hire that the loan amount owing by National Hire to a Related Party Lender is to be applied in or towards satisfaction of the subscription moneys payable by the Related Party Lender.

2.4 Renunciation of Rights

The Rights are renounceable which means that if Shareholders or Noteholders do not wish to take up their Entitlement either in part or in full, they will have the opportunity to sell some or all of their Rights. Quotation of Rights on the ASX commences at 10.00am AEST on 27 August 2003 and will end at 4.00pm AEST on 19 September 2003. You may sell your Rights on the ASX between these dates if you chose not to take up your Entitlement either in part or in full.

2.5 Quotation of New Shares

Application will be made for quotation of the New Shares on the ASX.

2.6 Enquiries

If you have any questions regarding your Entitlement, please contact the Company's share registry, Registries Limited, on telephone number (02) 9290 9600 or contact your stockbroker or professional advisor.



3. ACTION REQUIRED BY SHAREHOLDERS AND NOTEHOLDERS

3.1 Details of your Entitlement

The accompanying Entitlement and Acceptance Form details the number of New Shares to which you are entitled. Alternative courses of action available to you are set out in sections 3.2 to 3.7 below.

3.2 If you wish to take up all of your Rights

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and forward it, together with your payment for the amount shown on the form to reach National Hire's share registry, Registries Limited, Level 2, 28 Margaret Street, Sydney NSW 2000 no later than 5.00pm AEST on 26 September 2003.

3.3 If you wish to sell all of your Rights on the ASX

Complete the section on the back of the accompanying Entitlement and Acceptance Form marked "Instructions to Your Stockbroker" and lodge the form with your stockbroker as soon as possible. Quotation of Rights on the ASX will commence at 10.00am AEST on 27 August 2003 and sale of your Rights must be completed by 4.00pm AEST on 19 September 2003 when Rights trading ceases.

3.4 If you wish to sell part of your Rights on the ASX and take up the balance

Complete the accompanying Entitlement and Acceptance Form for those Rights which you intend to take up, complete the section on the back of the form marked "Instructions to your Stockbroker" in respect of those Rights you wish to sell and lodge the form, together with your payment for the amount due in respect of the New Shares you intend to take up, with your stockbroker as soon as possible. Quotation of Rights on the ASX will commence at 10.00am AEST on 27 August 2003 and sale of your Rights must be completed by 4.00pm AEST on 19 September 2003 when Rights trading ceases.

Your stockbroker must ensure that the completed Entitlement and Acceptance Form together with your payment reaches National Hire's share registry, Registries Limited, Level 2, 28 Margaret Street, Sydney NSW 2000 no later than 5.00pm AEST on 26 September 2003.

3.5 If you wish to transfer all or a part of your Rights to another person other than on the ASX

Forward a completed standard renunciation form (which can be obtained from National Hire's share registry, Registries Limited) together with the accompanying Entitlement and Acceptance Form and the transferee's payment for the amount due in respect of the New Shares to be taken up by the transferee to reach National Hire's share registry, Registries Limited, Level 2, 28 Margaret Street, Sydney NSW 2000 no later than 5.00 pm AEST on 26 September 2003.

3.6 If you wish to take up part of your Rights without the sale of the balance

Complete the accompanying Entitlement and Acceptance Form for those Rights which you intend to take up and forward the form, together with your payment for the amount due in respect of the New Shares you intend to take up, to reach National Hire's share registry, Registries Limited, Level 2, 28 Margaret Street, Sydney NSW 2000 no later than 5.00pm AEST on 26 September 2003.



3.7 Entitlements not taken up

If you decide not to take up all or part of your Rights, you should consider selling your Rights rather than allow them to lapse. You will receive no benefit for Rights which lapse and the Underwriter will procure that New Shares represented by your Rights are subscribed for in accordance with the Underwriting Agreement. Accordingly it is important that you consider taking action either to accept or renounce (sell) your Rights.

Brokerage may be payable to your stockbroker in connection with the sale of Rights on the ASX.

3.8 Payment for New Shares

Acceptances must be accompanied by payment in full of \$0.16 per New Share (subject to special payment arrangements for Related Party Lenders taking up Rights as set out below). Cheques must be in Australian currency, drawn on an Australian bank, made payable to "National Hire Group Limited" and crossed "Not Negotiable". Do not forward cash or money orders. Receipts for payment will not be issued.

In the case of payment for New Shares subscribed for by a Related Party Lender, a direction may be given to National Hire that the loan amount owing by National Hire to a Related Party Lender is to be applied in or towards satisfaction of the subscription moneys payable by the Related Party Lender.

3.9 Non-Participating Foreign Holders

National Hire is of the view that it is unreasonable to make an offer to Non-Participating Foreign Holders having regard to:

- (a) the number of Non-Participating Foreign Holders;
- (b) the number and value of New Shares that would otherwise be offered to Non-Participating Foreign Holders; and
- (c) the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Therefore, this Prospectus and the Entitlement and Acceptance Form is only being sent to Shareholders and Noteholders with a registered address in Australia or New Zealand. This Prospectus and the Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus has not been, and will not be, registered under the securities laws of any foreign country or jurisdiction. Accordingly, the Offer is not being made to, and no New Shares will be issued to, or may be acquired directly or indirectly by or for the benefit of, any Shareholder or Noteholder whose registered address is outside Australia and New Zealand. The Offer is only being made to Shareholders and Noteholders with registered addresses in Australia or New Zealand.

In relation to the Rights of Non-Participating Foreign Holders, National Hire will make arrangements for those Rights to be sold on the ASX by a nominee appointed by National Hire provided there is a viable market in the Rights and a premium over the expenses of sale is likely to be obtained. The ability to sell those Rights and the price obtained for those Rights are dependent on market conditions. Neither National Hire nor any nominee appointed to sell Rights



will be subject to any liability, including liability for negligence, for failure to sell Rights or to sell Rights at any particular price.

The net sale proceeds of Rights sold by the nominee, after deducting brokerage charges, will be distributed in Australian dollars to each of the Non-Participating Foreign Holders for whose benefit the Rights were sold, in proportion to their respective shareholding or noteholding.

If there is not a viable market for the Rights of the Non-Participating Foreign Holders or a premium over the expenses of sale cannot be obtained, the Rights of the Non-Participating Foreign Holders will be allowed to lapse and the Underwriter will procure that New Shares represented by those Rights are subscribed for in accordance with the Underwriting Agreement.

3.10 Employee share plan

Shareholders who are employees of National Hire or any of its subsidiaries and receive Rights pursuant to Shares issued to them under the National Hire Employee Share Plan must, if all or any part of those Rights are renounced (sold), apply the sale proceeds towards repayment of any outstanding loan to them made under the National Hire Employee Share Plan.

4. DETAILS OF THE RIGHTS ISSUE

4.1 Purpose of the Rights Issue

The funds raised from the Rights Issue will be used for the following purposes:

- to expand National Hire's equipment hire fleet by the acquisition of new equipment in accordance with the Company's capital expenditure program;
- to effectively repay loans made by Related Party Lenders to National Hire in the aggregate sum of \$1,996,000 (which moneys will be used in the subscription for New Shares); and
- to meet the expenses incurred in the Rights Issue of approximately \$525,000 (exclusive of GST).

Capital expenditure for expansion of the equipment hire fleet

National Hire's capital expenditure program for the expansion of its equipment hire fleet to be funded from the Rights Issue (excluding any debt funding from its financiers) for the year to 30 June 2004 is proposed to be approximately \$3.78 million. Particular focus will be placed on equipment categories in which significant sub-hire expenses are currently being incurred.

Pending the use of any funds raised by the Rights Issue for the above purposes, the funds will be used to reduce the revolving loan facility provided by National Hire's principal financier, GE Capital Finance Pty Limited with the remaining funds (if any) being placed on interest bearing deposit. As funds are required for capital expenditure, funds will be drawn first from any funds on deposit and subsequently the revolving loan facility will be redrawn up to an amount permitted by that facility.

Repayment of loans

Following the Sydney Olympics in September 2002, National Hire's financial performance has been adversely affected by lower demand for its hire services, reduced levels of hire equipment utilisation and the price discounting which has been prevalent in the hire industry.

To meet the challenges which these conditions presented, National Hire implemented a cost reduction program aimed at significantly reducing the Company's operating costs while minimising any impact on its hire revenue. The cost reduction program included the closure of two branches, a management restructure and staff redundancies all of which had consequential immediate costs for National Hire.

While the benefits of the cost reduction program are now being experienced, as is an improvement in the Company's hire revenues as detailed in section 5, the effect of the above factors is clearly evident in National Hire's financial performance since the Sydney Olympics.

Further, as reported by National Hire previously, the collapse of the Company's public liability insurer, the HIH Insurance group, has had a significant and detrimental effect on the Company's asset base and financial performance over the past two financial years. The collapse of the HIH Insurance group occurred at a time when one of National Hire's subsidiaries, DWB (NH) Pty Limited, was defending two related personal injury actions arising out of the hire of a scissor lift and resulted in DWB (NH) Pty Limited having a significant judgement awarded against it without the benefit of effective insurance coverage.



National Hire reached agreement with other defendants in that litigation in 2002 resulting in a settlement of their claims against DWB (NH) Pty Limited for an amount of \$1,000,000 payable over a period which ends in February 2008.

Given the above factors, the Related Party Lenders have made loans to National Hire to assist it to rectify any breaches of and comply with its obligations under the facilities provided by the Company's principal financier, GE Capital Finance Pty Limited, and it is these Related Party Lender's loans which will be effectively repaid from the Rights Issue.

Expenses of the Rights Issue

The total estimated expenses of the Rights Issue (exclusive of GST) which are payable by National Hire are:

| | |
|---|-----------|
| Underwriting and management fees and disbursements | \$400,000 |
| Broking fees | \$40,000 |
| Legal fees | \$60,000 |
| ASIC and ASX fees | \$11,000 |
| Printing, share registry, despatch, administration and other expenses | \$14,000 |

4.2 The Rights Issue

Persons who are registered:

- as holders of Existing Shares at 5.00pm AEST on 2 September 2003 (other than Non-Participating Foreign Holders) will be offered New Shares in the ratio of 6 New Shares for every 5 Existing Shares then held at a price of \$0.16 per New Share; and
- as holders of Existing Notes at 5.00pm AEST on 2 September 2003 (other than Non-Participating Foreign Holders) will be offered New Shares in the ratio of 6 New Shares for every 5 Existing Notes then held at a price of \$0.16 per New Share.

As there are 28,109,498 Shares and 4,708,334 Notes on issue at the date of this Prospectus, approximately 39,381,397 New Shares will be issued to raise approximately \$6.3 million, before the expenses of the Rights Issue.

Fractional entitlements to New Shares will be rounded down to the nearest whole New Share.

Your Entitlement is shown on the accompanying Entitlement and Acceptance Form.

The closing time and the final date for acceptance of the Offer and for payment for the New Shares is 5.00pm AEST on 26 September 2003.



4.3 Rights trading and ASX quotation of New Shares

The Rights are renounceable. Quotation of Rights on the ASX will commence at 10.00am AEST on 27 August 2003 and will cease at 4.00pm AEST on 19 September 2003.

Application will be made to the ASX for the New Shares to be granted quotation on the ASX within 7 days after the date of this Prospectus. If that permission is not granted by the ASX within three months after the date of this Prospectus, National Hire will not issue any New Shares and a full refund of all application moneys received (without interest) will be made as soon as practicable.

4.4 Allotment of New Shares

It is expected that New Shares will be allotted on 10 October 2003 and that shareholder statements for the New Shares will be despatched on 10 October 2003.

4.5 Underwriting of the Issue

The Rights Issue has been fully underwritten by Hindal Securities Pty Limited. The Underwriter will receive an underwriting fee of 5.25% of the total proceeds of the Rights Issue of approximately \$6.3 million and a management fee of \$62,000. The Underwriter will also be entitled to be reimbursed expenses which it incurs in the Rights Issue up to an amount of \$25,000. No other fees will be paid to the Underwriter.

4.6 Minimum subscription and oversubscriptions

There is no minimum subscription in relation to the Offer. Over-subscriptions in respect of the Offer will not be accepted.

4.7 Market price of Shares

The lowest and highest closing prices of Shares on the ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.23 on 27 May 2003 and \$0.37 on 14 July 2003. The latest available closing price of Shares on the ASX immediately before the date of this Prospectus was \$0.345.

4.8 Ranking of New Shares

The New Shares will, from allotment, rank equally with Existing Shares.

4.9 Rights and liabilities attaching to the New Shares

A summary of the rights and liabilities attaching to the New Shares is set out in section 8.4.



5. OVERVIEW OF THE COMPANY

5.1 National Hire's current activities

National Hire is one of the leading equipment hire companies on the eastern seaboard of Australia, with a distribution network of 17 branch locations in Sydney, the Illawarra region, Melbourne and Brisbane.

National Hire has a comprehensive hire business providing a wide product range to its target market enabling the Company to be a multiple service provider. In order to provide high quality service and expertise, and to take advantage of economies of scale, National Hire operates four business units that are product distinctive. To ensure customer friendly service and efficient marketing National Hire employs a unified customer contact approach.

Tools & Equipment Unit

The Tools & Equipment Unit contributes 62.5% of National Hire's revenue and operates from 14 branch locations. The products supplied by this unit are primarily light general tools and equipment including air compressors, welders, rollers, aluminium scaffolding, trucks, water blasters, electric power tools, pumps, tarpaulins, heaters, landscaping equipment, painting and material handling equipment. The customer base of the unit is wide and varied and includes civil and maintenance contractors, builders and tradesmen, industrial plants, DIY renovators and government authorities.

Hi-Lift Rentals Unit

The Hi-Lift Rentals Unit contributes 22.5% of National Hire's revenue and operates from 3 branch locations. The unit specialises in the hire of elevating work platforms and its customer base is dominated by construction, building and industrial service contractors.

Portaloo/Site Shed Rentals Unit

The Portaloo/Site Shed Rentals Unit contributes 11.8% of National Hire's revenue and operates from 2 branch locations. The unit specialises in hiring portable sanitation systems, temporary office accommodation and temporary storage facilities for builders and construction companies and events management organisations.

National Hire Pumps Unit

The National Hire Pumps Unit contributes 3.2% of National Hire's revenue and operates from two branch locations. The unit hires water pumps and dewatering systems to government and semi government authorities, industrial plants and construction, building and industrial service contractors.

5.2 Customer base

As illustrated above, National Hire's product range and customer base is diverse. National Hire's customer base comprises approximately 3,750 customers of whom approximately 1,590 use National Hire's services on a regular monthly basis. While National Hire's major customers are important to the business, the business is not dependent on any one particular customer. Opportunities exist to build further volume from the current customer base.



5.3 Current performance

| | Full Year to 30 June 2003 \$'000 | Full Year to 30 June 2002 \$'000 | Change \$'000 | Change % |
|---|---|---|--------------------------|---------------------|
| Total Revenue | 30,395 | 28,989 | 1,406 | 4.9 |
| Earnings before interest, tax, depreciation, amortisation and significant items | 5,791 | 5,221 | 570 | 10.9 |
| Profit from ordinary activities before interest, tax and significant items | 2,071 | 1,314 | 757 | 57.6 |
| Net profit from ordinary activity before tax and after significant items | 111 | (1,434) | 1,545 | N/A |
| Net profit from ordinary activities after tax and before significant items | 499 | 298 | 201 | 67.4 |
| Significant Items | 411 | 1,192* | (781) | N/A |
| Net profit after tax and significant items | 88 | (894) | 982 | N/A |
| Basic earnings per share post significant items | 0.31 cents | (3.18) cents | 3.49 cents | N/A |
| Dividend Per Share | - | - | - | - |

**Significant item due to uninsured claim resulting from collapse of the HIH Insurance group and Company restructure.*

The financial performance for the year ended 30 June 2003 reflects the improving operations of the business. The table above indicates the improved financial performance of the business at each level.

Those improvements are due to the strategic repositioning of the business by management. This has included a management restructure, focused marketing and sales initiatives aimed at core customer segments, better cost controls and an increase in capital expenditure to build scale in the business and sub-hire replacement.

Recent strong customer demand from the dwelling, alterations and additions and non-dwelling construction sectors has been experienced and in the last quarter demand has commenced from infrastructure projects that have begun, including the Sydney Cross-City Tunnel and the M7 West Link Road project.

Finally, following settlement of the uninsured claims against DWB (NH) Pty Limited caused by the collapse of the HIH Insurance group, senior management has been freed from the distractions caused by those claims and is able to focus all attention and effort on the growth of the business.

5.4 Appointment of Mr Raymond Kelsey as an executive director

Mr Raymond Kelsey was appointed to the board of National Hire as an executive director on 22 August 2003.

Mr Kelsey brings a wealth of hire industry experience to the board of National Hire having over 40 years experience in the hire industry. Mr Kelsey was with Wreckair from 1960 to 1990, the last 12 years as chief executive officer. Since leaving Wreckair Mr Kelsey has continued to consult to the hire industry and has pursued private business interests.

Mr Kelsey will be responsible, with the managing director, for assisting in developing and reviewing National Hire's strategic plan as well as providing Victorian representation for National Hire and developing the Company's Victorian business unit.

6. EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

The purpose of the Rights Issue has been set out in section 4.1.

In summary the principal effect of the Rights Issue will be to:

- immediately fund the reduction in National Hire's indebtedness to its principal financier, GE Capital Finance Pty Limited under a revolving loan facility with any balance to be placed on deposit. Thereafter it is proposed that approximately \$3.78 million of the amount raised by the Rights Issue will be used by National Hire in its capital expenditure program to expand its equipment hire fleet during the period to 30 June 2004.

National Hire will after the close of the Rights Issue seek an increase in its existing finance facilities or additional finance facilities which would be used to increase the Company's capital expenditure program however at the date of this Prospectus no increase in the Company's existing facilities has been approved nor have any additional facilities been approved and there is no assurance that such approvals will be forthcoming.

- fund the repayment of National Hire's indebtedness to the Related Party Lenders.
- increase the total number of Shares on issue by approximately 39,381,397 Shares.

In considering what investors and their advisers would reasonably require and reasonably expect to find in this Prospectus for the purposes of making an informed assessment of the effect of the Offer on National Hire, a pro-forma consolidated statement of financial position is set out in section 6.2 which summarises the financial effect of the Rights Issue.

6.1 Contributed equity

The effect of the Rights Issue on National Hire will be that the Company's contributed equity will increase from approximately \$13.152 million comprising 28,109,498 Shares and 4,708,334 Notes to approximately \$18.928 million comprising approximately 67.49 million Shares and 4,708,334 Notes.

6.2 Pro-forma statement of financial position

The following table illustrates the financial effect of the Rights Issue on National Hire and has been prepared on the basis of the audited 30 June 2003 statement of financial position for National Hire and its controlled entities. The following pro-forma statement of financial position has been prepared on the assumption that the Rights Issue will raise approximately \$6.3 million, that estimated expenses of the Rights Issue of \$525,000 (exclusive of GST) will be written off against share capital and that the net proceeds of the Rights Issue will be applied in the manner detailed in section 4.1.

National Hire Group Limited and its controlled entities
Pro-forma statement of financial position as at 30 June 2003

| | 30 June 2003 (\$'000) (audited) | Pro forma 30 June 2003 (\$'000) |
|--------------------------------------|--|--|
| Current assets | | |
| Cash assets | 528 | 3,090 |
| Receivables | 5,697 | 5,697 |
| Investments | 500 | 500 |
| Inventories | 5 | 5 |
| Other assets | 308 | 308 |
| Total current assets | 7,038 | 9,600 |
| Non current assets | | |
| Receivables | 127 | 127 |
| Other investments | 13 | 13 |
| Other plant, property and equipment | 23,573 | 23,573 |
| Intangibles | 6,494 | 6,494 |
| Tax assets | 570 | 570 |
| Total non current assets | 30,777 | 30,777 |
| Total assets | 37,815 | 40,377 |
| Current liabilities | | |
| Payables | 3,500 | 3,500 |
| Interest bearing liabilities | 5,787 | 4,469 |
| Tax liabilities | 81 | 81 |
| Provisions | 788 | 788 |
| Total current liabilities | 10,156 | 8,838 |
| Non current liabilities | | |
| Payables | 1,896 | - |
| Interest bearing liabilities | 10,004 | 10,004 |
| Tax liabilities | 1,334 | 1,334 |
| Provisions | 246 | 246 |
| Total non current liabilities | 13,480 | 11,584 |
| Total liabilities | 23,636 | 20,422 |
| Net assets | 14,179 | 19,955 |
| Contributed equity | 13,152 | 18,928 |
| Retained profits | 1,027 | 1,027 |
| Total equity | 14,179 | 19,955 |

Note: Subsequent to 30 June 2003 a Related Party Lender lent \$100,000 to National Hire. The pro forma statement of financial position has been adjusted to incorporate this loan and its proposed repayment.



6.3 Net tangible asset backing per Share and earnings per Share

While no prospective financial information is being provided in this Prospectus:

- on the basis of the pro-forma statement of financial position set out in section 6.2 it is expected that following the completion of the Rights Issue the net tangible asset backing per Share will reduce from \$0.27 to \$0.20; and
- future earnings per Share will be directly affected by the 140% increase in the Shares on issue and earnings per Share will be calculated on the expanded capital base.

6.4 Dilutionary effect

As the Offer is made to all Noteholders in addition to Shareholders, unless Shareholders:

- hold a proportion of Existing Notes on issue which is not less than the proportion of Existing Shares on issue held by them; and
- they take up all their Rights,

the effect of the Rights Issue will be to dilute their shareholding in National Hire.

Shareholders may be able to acquire Rights on the ASX depending on whether any Rights are offered for sale on the ASX and the amount which a Shareholder is prepared to pay for the Rights.



7. RISK FACTORS

7.1 Investment risks

Prospective investors should be aware that there are risks associated with any investment in shares. National Hire, by reason of its business activities, will be subject to specific risks and there are also external risk factors all of which may affect National Hire's financial performance, the value of an investment in National Hire and the return from that investment.

Factors which may affect National Hire's financial position and prospects and the return to holders of New Shares include but are not limited to those set out in section 7.2 and section 7.3 below.

7.2 External factors

Stock market risk

The value of New Shares offered pursuant to this Prospectus will be determined by the stock market as a function of a range of factors beyond the control of National Hire or the Directors, in addition to specific risk factors which may affect National Hire's profitability and financial position.

General economic factors

National Hire's business can be affected by changes in economic factors including Australia's economic outlook, changes in government fiscal, monetary and regulatory policies and changes in interest rates, tax rates, exchange rates and inflation.

Industry risks

Notwithstanding the competitive advantages that National Hire believes it has, competition from other participants in the hire industry is a risk associated with owning securities in National Hire. New competitors may emerge in the market and potential rivals may seek to increase market share. Price competition may have the effect of reducing margins and profitability.

Introduction of or changes to legislation or regulations governing hire industry operations, including equipment maintenance techniques, may also have the effect of reducing margins and profitability.

A large proportion of the customers of National Hire use the equipment hired in outdoor applications and adverse weather conditions have an adverse effect on the amount of equipment hired from National Hire.

Environmental regulation

Compliance with environmental regulations may result in changes in the nature of the services provided by National Hire and increase its operating costs and these may have the effect of reducing National Hire's profitability.

Market cycles

A large proportion of National Hire's operations are related to general construction activity. If a significant reduction in such activity occurs, both demand for equipment and rental rates could be subject to significant reductions which would reduce profitability.



7.3 Internal factors

General commercial risks

National Hire faces the same general commercial and economic risks faced by all businesses, including the risks of industrial disruption, litigation, interruption to the supply of equipment or changes to its pricing and terms, the success or otherwise of tendering for new contracts and other events that may unforeseeably and unpredictably interrupt normal commercial activity.

Loss of major customer

Whilst National Hire is continuing to build a wide customer base and while its business is not dependent on any one single customer, the loss of a major customer may have a material adverse impact on National Hire's revenue and profitability.

Product liability

National Hire hires equipment to a variety of customers. In the event that any equipment fails to perform as represented and/or has an adverse affect on a customer or other person, legal action may be instituted against National Hire.

Dividend payments

The consent of National Hire's major financier, GE Capital Finance Pty Limited, is required prior to the declaration of any dividend by National Hire. Accordingly, unless the trading performance and financial position of National Hire permits the declaration of a dividend and, in addition, GE Capital Finance Pty Limited gives its consent to the declaration of a dividend, the Company will be unable to declare a dividend.

Capital intensive

National Hire requires a significant investment in capital equipment on an ongoing basis. This results in a high ratio of fixed costs to revenue within National Hire's business. Relatively smaller reductions in revenue can therefore lead to greater reductions in profitability.

Key staff

Although National Hire has a large number of experienced staff, the loss of key staff may have a significant impact on the operating capabilities and profitability of the Company. In particular, an injury or event resulting in the loss of the services of the managing director, Stephen Donnelley, may have a material adverse effect on the profitability of National Hire.

8. ADDITIONAL INFORMATION

8.1 Nature of this Prospectus

This Prospectus has been prepared as a transaction specific prospectus to the standard of disclosure required by section 713 of the Corporations Act. The information in this Prospectus principally concerns the terms and conditions of the Offer and the information which investors and their professional advisers would reasonably require and reasonably expect to find in this Prospectus, for the purpose of making an informed assessment of:

- the effect of the Offer on National Hire; and
- the rights and liabilities attaching to the New Shares.

As National Hire has been listed on the ASX since 1997 and has complied with enhanced continuous disclosure requirements, a substantial amount of information concerning it has previously been notified to the ASX and is therefore publicly available.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to National Hire which has been notified to the ASX and, as permitted by section 713 of the Corporations Act, does not include all of the information which would be included in a prospectus for an initial public offer of securities in an entity that is not already listed on the ASX. Prospective investors should therefore also consider the other publicly available information in relation to National Hire before making a decision whether or not to take up New Shares.

8.2 Regular reporting and disclosure obligations

National Hire is a disclosing entity for the purposes of the Corporations Act and as such it is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require National Hire to notify the ASX of information about specified events and matters as they arise for the purpose of the ASX making that information available to the stockmarket conducted by the ASX. In particular, National Hire has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify the ASX immediately once it is or becomes aware of any information concerning National Hire which a reasonable person would expect to have a material effect on the price or value of shares or other securities issued by National Hire.

Copies of documents lodged with ASIC in relation to National Hire may be obtained from, or inspected at, an ASIC office.

8.3 Documents which will be supplied upon request

National Hire will provide a copy of each of the documents listed below, free of charge, to any person who asks for the same in the period commencing on the date of issue of this Prospectus and ending on the closing date for receipt of Entitlement and Acceptance Forms:

- the annual financial report of National Hire for the year ended 30 June 2002, being the most recent annual financial report of National Hire lodged with ASIC before the date of this Prospectus;
- the half-year financial report of National Hire for the six months ended 31 December 2002 which has been lodged with ASIC; and



- all documents used to notify the ASX of information concerning National Hire under the ASX Listing Rules relating to continuous disclosure during the period commencing after lodgement of the National Hire's 30 June 2002 annual financial report with ASIC and ending on the lodgement of this Prospectus with ASIC which are as follows:

| ASX Announcement | Date |
|--|------------------|
| Convertible Unsecured Notes - Interest payable on 31 October 2002 | 8 October 2002 |
| Notice of 2002 Annual General Meeting | 23 October 2002 |
| 2002 Annual Report/Top 20 Shareholders | 23 October 2002 |
| Chairman's Address to 2002 Annual General Meeting | 26 November 2002 |
| Results of 2002 Annual General Meeting | 26 November 2002 |
| Half Year Results - 31 December 2002 and Appendix 4B | 3 March 2003 |
| Shareholder Information Letter - Half Year Results – 31 December 2002 | 10 March 2003 |
| Convertible Unsecured Notes - Interest payable on 30 April 2003 | 4 April 2003 |
| Convertible Unsecured Notes - Interest payable on 30 April 2003 revised notice | 7 April 2003 |
| Investor presentation - July 2003 | 22 July 2003 |
| Preliminary Final Results and Appendix 4E 2003 | 22 August 2003 |
| Appointment of Executive Director Ray Kelsey | 22 August 2003 |
| Renounceable Rights Issue | 22 August 2003 |
| Shareholder Update for the Year Ended 30 June 2003 | 22 August 2003 |

8.4 Rights and liabilities attaching to the New Shares

The rights and liabilities attaching to the New Shares are prescribed by both the Corporations Act and National Hire's constitution. A summary of the more significant rights is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of National Hire's shareholders. A full copy of the constitution is available free of charge on request from National Hire at its registered office.

The New Shares will be in the same class and have the same rights as Existing Shares.

Notice rights

Each holder of a Share is entitled to receive notice of, and to attend and vote at, general meetings of National Hire and receive all notices, financial statements and other documents required to be furnished to shareholders under the Corporations Act, National Hire's constitution or the ASX Listing Rules.



Voting rights

Subject to any special rights for the time being attaching to any class or classes of shares in National Hire, at a general meeting, every holder of a Share present at the meeting in person, by proxy, representative or attorney has one vote on a show of hands and on a poll one vote for each Share held.

Dividend rights

Subject to the rights of the holders of any shares with special or preferential rights, the profits of National Hire which the Directors may from time to time determine to distribute by way of dividends are divisible among the holders of ordinary shares and, in the case of partly paid ordinary shares, in proportion to the amount paid or credited as paid on the partly paid ordinary shares. Dividends are declared by the Directors at their discretion.

Variation of class rights

The rights, privileges and restrictions attaching to the Shares and to any other class of share can only be altered with the approval of a resolution passed at a separate general meeting of the holders of the class of shares concerned by a three quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three quarters of the shares of that class on issue.

Transfer rights

Subject to the Corporations Act, National Hire's constitution and the ASX Listing Rules, the Shares are freely transferable. The Directors may decline to register any transfer of Shares, but only where permitted to do so by the ASX Listing Rules, the business rules of the Securities Clearing House or National Hire's constitution, as the case may be.

Rights on winding up

Subject to the rights of any shares issued with any special or preferential rights (at present there are none), on a winding up of National Hire, any surplus assets shall be distributed to holders of all ordinary shares entitled to the distribution, in proportion to the amounts paid up or which ought to have been paid up on the ordinary shares at the commencement of the winding up.

Issue of further Shares

The allotment or issue of any shares is under the control of the Directors who may, subject to the Corporations Act and the ASX Listing Rules, allot or otherwise dispose of them on such terms and conditions as they think fit.

Officers' indemnity

To the full extent permitted by law and to the extent not otherwise covered by insurance, National Hire must indemnify each officer and former officer of the Company against:

- all losses and liabilities incurred by the officer as an officer of the Company, unless the liability arises out of conduct involving a lack of good faith; and



- for costs and expenses incurred in defending civil proceedings in which judgment is given in favour of the officer, or in which the officer is acquitted, or in connection with relief granted to the officer in an application under the Corporations Act.

8.5 Material contracts - Underwriting Agreement

National Hire has entered into an underwriting agreement with the Underwriter which will underwrite the issue of the New Shares under the Rights Issue.

National Hire has agreed to pay to the Underwriter the following fees:

- an underwriting commission equal to 5.25% of the amount to be raised from the Rights Issue (being a commission of \$330,804); and
- a management fee of \$62,000.

National Hire is also liable for out of pocket expenses incurred by the Underwriter in connection with the Rights Issue up to a maximum of \$25,000.00 (or such other amount agreed between National Hire and the Underwriter).

The Underwriter may terminate the Underwriting Agreement if any of the following events occur prior to the allotment of the New Shares in which case the underwriting commission and the management fee referred to above will not be payable to the Underwriter:

- (a)
 - (i) this Prospectus is not in the form of the prospectus annexed to the Underwriting Agreement; or
 - (ii) this Prospectus was not lodged with the ASIC on or before 25 August 2003 (or such later date agreed in writing by the Underwriter);
- (b) there is an outbreak of hostilities not presently existing (whether actual war has been declared or not) or an escalation in existing hostilities occurs involving one or more of Australia, New Zealand, Indonesia, North Korea, Philippines, Iran, Iraq, the United Kingdom, Germany, the USA, Japan or the Peoples Republic of China which, in the opinion of the Underwriter formed on reasonable grounds, has, or is likely to have, a material adverse effect on the Rights Issue;
- (c) the introduction of legislation into the Parliament of the Commonwealth of Australia or any State or Territory of Australia, the public announcement of prospective legislation or policy by the Federal or any State or Territory Government or the adoption by ASIC, its delegates, or the Reserve Bank of Australia of any regulations or policy which has, or can be reasonably expected to have, a material adverse effect on the Offer;
- (d) National Hire is in breach of any of the terms and conditions of the Underwriting Agreement (including but not limited to any representation or warranty made or given by National Hire), other than with the written consent of the Underwriter;
- (e) after the signing of this Prospectus, there is any material adverse change, or development involving a likely prospective material adverse change, in the condition or financial or trading position of National Hire (including but not limited to an administrator, trustee or similar official or a controller being appointed over any of the assets or undertaking of National Hire or any subsidiary of National Hire);



- (f) there is a material omission from, or a material statement which is, or has become, false or misleading in this Prospectus;
- (g) the Underwriter reasonably forms the view and informs National Hire that it has formed the view that a supplementary or replacement prospectus must be lodged with the ASIC under section 719 of the Corporations Act and National Hire does not lodge a supplementary prospectus or a replacement prospectus (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (h) without the prior written consent of the Underwriter any of the material contracts summarised in this Prospectus are terminated, rescinded, altered or amended in any respect;
- (i) National Hire alters its share capital (other than as a result of the Rights Issue) or its constitution in any material respect without the prior consent of the Underwriter;
- (j) at any time after this Prospectus is lodged with the ASIC and before the date on which the Underwriter must lodge or cause to be lodged valid applications for New Shares not subscribed for the ASX Industrials Index is at a level which is 90% or less than the level of that index at the close of trading on the date immediately preceding the date that this Prospectus is lodged with the ASIC;
- (k) any Director is convicted of an indictable offence or is declared bankrupt or commits an act of bankruptcy;
- (l) ASIC issues an order or indicates an intention to hold a hearing arising out of or in connection with the offers under section 739 of the Corporations Act or ASIC commences an examination of any person or requires any person to produce documents arising out of or in connection with the Offer or National Hire under sections 19 or 30 to 33 of the Australian Securities & Investments Commission Act 2001;
- (m) an application is made by ASIC for an order under section 1324B of the Corporations Act in relation to the Prospectus;
- (n) any person (other than the Underwriter) gives a notice under section 733(3) of the Corporations Act or any person (other than the Underwriter) who has previously consented to the inclusion of its name in this Prospectus or to be named in this Prospectus withdraws that consent.

National Hire has agreed to indemnify the Underwriter, its directors, officers, employees and related entities (*Indemnified Parties*) against all claims and demands, losses, expenses, damages, liability and costs (on a solicitor and own client basis) (*Losses*) that any of the Indemnified Parties may sustain or incur as a result, whether directly or indirectly, of:

- (i) any announcement, advertising, publicity or other promotion made, authorised or issued by National Hire in relation to the Rights Issue or the Prospectus or made or issued by the Underwriter in relation to the Rights Issue or the Prospectus with the prior written approval of National Hire;
- (ii) any non-compliance by National Hire, its officers or employees with any applicable law in relation to the Rights Issue or the Prospectus; or
- (iii) any review, inquiry or investigation undertaken by ASIC or any other regulatory body or government agency in relation to the Rights Issue or the Prospectus.



8.6 Sub-underwriting by Directors or their related entities

The Directors of National Hire, either personally or through their respective related entities, have agreed to commit to taking up Rights in which they have an interest and to partially sub-underwrite the Rights Issue in the manner shown in the following table:

| Director | Rights committed to be taken up | | Extent of sub-underwriting commitment | |
|--|---------------------------------|--------------|---------------------------------------|--------------|
| | Number | Dollar value | Number | Dollar value |
| Mr John Landerer (through companies related to him) | 316,940 | \$50,710 | 2,464,310 | \$394,290 |
| Mr Stephen Donnelley (through a company related to him) | 11,046,192 | \$1,767,391 | 78,958 | \$12,633 |
| Mr John Star (through a company related to him) | 122,310 | \$19,570 | 502,690 | \$80,430 |
| Mr Philip Higginson (personally or through a company related to him) | 24,000 | \$3,840 | 1,851,000 | \$296,160 |
| Mr Raymond Kelsey (through companies and a person related to him) | 238,776 | \$31,837 | 625,000 | \$100,000 |

Neither the Directors nor their related entities will receive a fee for committing to take up their respective Rights however the Directors or their respective related entities (as the case may be) will receive a sub-underwriting commission of 4% of the amount sub-underwritten (as indicated in the above table). The sub-underwriting commission will be paid as soon as practicable after the Underwriter receives its underwriting and management fees.

The sub-underwriting arrangements referred to above were made on arms length terms and the sub-underwriting commission has been calculated at the same rate as the commission paid to other sub-underwriters of the Rights Issue.

Stirhill Pty Limited and Gandeden Investments Pty Limited will direct that the repayment of loans previously made by those entities to National Hire and which are to be repaid (as referred to earlier in this Prospectus) are to be applied towards the satisfaction of the subscription moneys for the New Shares referred to above. NS Donnelley (Holdings) Pty Limited will direct that the repayment of the loan previously made by that entity to National Hire and which is to be repaid (as referred to earlier in this Prospectus) is to be applied towards the satisfaction of the subscription moneys for the New Shares which Stirhill Pty Limited subscribes for as referred to above.

8.7 Litigation

Neither National Hire nor any of its controlled entities is engaged in any litigation which has or would be likely to have a material adverse effect on National Hire.



8.8 Tax considerations for investors

It is the responsibility of all Shareholders and Noteholders to satisfy themselves of the particular taxation treatment that applies to them in connection with the course of action they chose in connection with the Offer and they should consult their own professional tax advisers before taking up their Rights or renouncing their Rights.

The taxation consequences associated with investing in and holding New Shares or alternatively renouncing Rights will depend upon the particular circumstances of the Shareholder or Noteholder. Neither National Hire nor any of its Directors accept any liability or responsibility in respect of the taxation consequences connected with an investment in New Shares or the renouncement of Rights.

8.9 Interests of Directors

Except as disclosed below or elsewhere in this Prospectus, no Director or proposed director of National Hire holds or has held within the two years before the date of this Prospectus any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Offer; or
- the Offer.

Except as disclosed below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed director of National Hire to induce them to become, or to qualify as, a director of National Hire.

The Directors or related entities of the Directors have the following interests in Shares and Notes on issue and options in respect of unissued Shares:

| Director | Ordinary Shares | Convertible Notes | Options |
|---|-----------------|-------------------|---------|
| Mr John Landerer (through companies related to him) | 264,117 | Nil | Nil |
| Mr Stephen Donnelley (through a company related to him) | 8,871,826 | 333,334 | Nil |
| Mr John Star (through a company related to him) | 101,925 | Nil | Nil |
| Mr Philip Higginson (through a company related to him) | 20,000 | Nil | Nil |
| Mr Raymond Kelsey (through companies and a person related to him) | 198,980 | Nil | Nil |



Other Interests

- (a) The Directors are entitled to Director's fees and other entitlements for acting as Directors. Until approved by the shareholders in general meeting, the aggregate fees payable to the Directors, other than a managing director or an executive director, shall be a maximum of \$250,000 per annum.

The current amount paid to each non-executive director is in the case of Mr John Landerer as non-executive chairman, \$50,000 per annum plus statutory superannuation and in the case of each of Mr John Star and Mr Philip Higginson, \$30,000 per annum plus statutory superannuation.

The Directors are also entitled to be paid all travelling and other expenses properly incurred by them in connection with the business or affairs of National Hire and any Director who performs extra services or makes any special exertions or undertakes work for National Hire beyond his ordinary duties may be remunerated either by a fixed sum or salary.

National Hire indemnifies each Director to the fullest extent permitted by law and has effected for the benefit of the Directors a directors and officers liability indemnity policy.

The Directors holding Existing Shares and Existing Notes at the Record Date (either directly or indirectly) are permitted to and have committed to exercise their Rights.

- (b) Landerer & Company, a legal firm in which Mr John Landerer is a director and who is chairman of the board of National Hire, in the two years preceding the date of lodgement of this Prospectus with ASIC received or was entitled to receive fees for legal services provided to National Hire and its controlled entities as specified in section 8.10 of this Prospectus in the usual course of business.
- (c) DWB (NH) Pty Limited, a controlled entity of the Company, rents premises from Brooke Developments Pty Limited a company associated with Mr Stephen Donnelley in the usual course of business. The total rent paid and payable to Brooke Developments Pty Limited in the two years preceding the date of this Prospectus was \$182,000.
- (d) DWB (NH) Pty Limited, a controlled entity of the Company, rents premises from Abbott Properties Pty Limited, a company associated with Mr John Landerer, Mr John Star and Mr Stephen Donnelley in the usual course of business. The total rent paid and payable to Abbott Properties Pty Limited in the two years preceding the date of this Prospectus was \$736,000.
- (e) Mr Stephen Donnelley, as managing director of National Hire:
- will in respect of the year ending 30 June 2004 receive a total remuneration of approximately \$247,400 (including superannuation);
 - has in respect of the year ended 30 June 2003 received total remuneration of approximately \$232,900 (including superannuation); and
 - has in previous years received remuneration as set out in National Hire's annual reports for those years.



- (f) Mr Raymond Kelsey, as an executive director of National Hire, will in respect of the year ending 30 June 2004 receive a total remuneration of approximately \$97,000 (including superannuation).
- (g) Directors or related entities of the Directors have agreed to sub-underwrite the Rights Issue as detailed in section 8.6.

8.10 Interests of other persons

Except as disclosed below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in conjunction with the preparation or distribution of this Prospectus;
- promoter of National Hire; or
- stockbroker or Underwriter to the Rights Issue

holds or has held within the two years before the date of this Prospectus any interest in:

- the formation or promotion of National Hire;
- property acquired or proposed to be acquired by National Hire in connection with its formation or promotion or with the Offer; or
- the Offer.

Except as disclosed below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in conjunction with the preparation or distribution of this Prospectus;
- promoter of National Hire; or
- stockbroker or Underwriter to the Rights Issue

for services provided in connection with the formation or promotion of National Hire or in connection with the Offer.

The exceptions referred to above are:

- Landerer & Company, of which firm Mr John Landerer is a partner, have acted as solicitors to National Hire in connection with the Rights Issue and have performed work in relation to the due diligence process for which they will be paid approximately \$60,000 (exclusive of GST). Landerer & Company have received \$256,252 for the provision of other legal services provided to National Hire during the two years prior to the date of this Prospectus.
- Weston Woodley & Robertson have acted as auditor to the Company and its controlled entities. Weston Woodley & Robertson have received \$322,165 for the provision of audit and other services provided to National Hire during the two years prior to the date of this Prospectus.



- Registries Limited have provided share registry services to National Hire. Registries Limited have received \$12,714 for the provision of registry services provided to National Hire during the two years prior to the date of this Prospectus.
- Hindal Securities Pty Limited has agreed to underwrite the Rights Issue for which National Hire has agreed to pay an aggregate fee of \$392,804 (exclusive of disbursements and GST) comprising underwriting fee of 5.25% of the amount raised by the Rights Issue (\$330,804) and a management fee of \$62,000. Hindal has received \$49,500 for the provision of corporate advisory services to National Hire during the two years prior to the date of this Prospectus.
- Bell Potter Securities Limited has agreed to act as broker to the Rights Issue for which National Hire has agreed to pay a fee of \$40,000 (exclusive of GST). Bell Potter Securities Limited is also acting as a sub-underwriter of the Rights Issue and will receive from the Underwriter a sub-underwriting commission of \$88,040 (exclusive of GST).

8.11 Consents

Hindal Securities Pty Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to being named in this Prospectus as underwriter to the Rights Issue in the form and context in which it is named.

Bell Potter Securities Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to being named in this Prospectus as broker to the Rights Issue in the form and context in which it is named. Bell Potter Securities Limited has not been involved in the preparation of and has not authorised or caused the issue of, any part of this Prospectus and expressly disclaims and takes no responsibility for any part of this Prospectus.

Registries Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to being named in this Prospectus as share registrar in the form and context in which it is named. Registries Limited has not been involved in the preparation of and has not authorised or caused the issue of, any part of this Prospectus and expressly disclaims and takes no responsibility for any part of this Prospectus.

Landerer & Company have given and have not, before lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus as solicitors to National Hire in the form and context in which they are named. Landerer & Company have been involved in providing advice to National Hire on the law relating to the Rights Issue and reviewing this Prospectus for verification purposes. However, Landerer & Company do not make this Offer; have not authorised or caused the issue of any part of this Prospectus; do not make, or purport to make, any statement in this Prospectus, nor is any statement based upon a statement made by Landerer & Company, other than the references to their name; and to the maximum extent permitted by law, Landerer & Company expressly disclaim and take no responsibility for any part of this Prospectus other than the references to their name.

Weston Woodley & Robertson Chartered Accountants have given and have not, before lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus as auditor of National Hire in the form and context in which they are named. Weston Woodley & Robertson do not make this Offer; have not authorised or caused the issue of any part of this Prospectus; do not make, or purport to make, any statement in this Prospectus, nor is any statement based upon a statement made by Weston Woodley & Robertson, other than the references to their name; and to the maximum extent permitted by law, Weston Woodley & Robertson expressly disclaim and take no responsibility for any part of this Prospectus other than the references to their name.



9. AUTHORISATION

This Prospectus is dated 22 August 2003 and is issued by National Hire.

The lodgement of this Prospectus with ASIC was consented to by each Director in accordance with section 720 of the Corporations Act.

Signed on behalf of National Hire Group Limited.



John Landerer CBE AM
Director

10. GLOSSARY

In this Prospectus the following words have the following meanings unless the context otherwise requires:

| | |
|---|--|
| <i>AEST</i> | Australian Eastern Standard Time. |
| <i>ASIC</i> | Australian Securities & Investments Commission. |
| <i>ASX</i> | Australian Stock Exchange Limited. |
| <i>ASX Listing Rules</i> | the listing rules of the ASX. |
| <i>Company or National Hire</i> | National Hire Group Limited. |
| <i>Closing Date</i> | 5.00pm AEST on 26 September 2003. |
| <i>Corporations Act</i> | Corporations Act 2001 of the Commonwealth of Australia. |
| <i>Directors</i> | the Directors of National Hire named in section 11 of this Prospectus. |
| <i>Entitlement</i> | the right of a holder of Existing Shares or Existing Notes to subscribe for New Shares pursuant to the Offer. |
| <i>Entitlement and Acceptance Form</i> | the personalised entitlement and acceptance form accompanying this Prospectus. |
| <i>Existing Notes</i> | Convertible Notes on issue at the date of this Prospectus. |
| <i>Existing Shares</i> | Shares on issue at the date of this Prospectus. |
| <i>New Shares</i> | Shares offered pursuant to this Prospectus being in total approximately 39,381,397 Shares at an issue price of \$0.16 per Share. |
| <i>Non-Participating Foreign Holders</i> | Shareholders or Noteholders with a registered address not in either Australia or New Zealand. |
| <i>Noteholders</i> | the holders of Notes at the Record Date. |
| <i>Notes</i> | convertible unsecured notes issued by National Hire under the Convertible Unsecured Notes Trust Deed dated 27 March 2000 between National Hire and Trust Company of Australia Limited. |
| <i>Offer</i> | the offer of New Shares made pursuant to this Prospectus. |
| <i>Prospectus</i> | this prospectus. |
| <i>Record Date</i> | 5.00pm AEST on 2 September 2003. |
| <i>Related Party Lenders</i> | each of Stirhill Pty Limited and NS Donnelley (Holdings) Pty Limited (which are related parties to Stephen Donnelley), Ganceden Investments Pty Limited (which is a related party to John Landerer) and Permian Holdings Pty Limited |



which is a shareholder of National Hire at the date of this Prospectus and not related to any of the Directors.

| | |
|--------------------------------------|---|
| <i>Rights</i> | the rights to subscribe for New Shares pursuant to the Offer. |
| <i>Rights Issue</i> | the issue of New Shares pursuant to the Offer. |
| <i>Shares</i> | fully paid ordinary shares in the capital of National Hire. |
| <i>Shareholders</i> | the holders of Existing Shares at the Record Date. |
| <i>Underwriter</i> | Hindal Securities Pty Limited ACN 067 618 615. |
| <i>Underwriting Agreement</i> | the underwriting agreement referred to in section 8.5. |



11. CORPORATE DIRECTORY

DIRECTORS AND COMPANY SECRETARY

John Landerer CBE AM
Non-Executive Chairman

Stephen Sherwood Donnelley
Managing Director

Philip Ronald Higginson
Non-Executive Director

John Edward Star
Non-Executive Director

Raymond Martin Kelsey
Executive Director

Kevin John Stanton
Company Secretary

REGISTERED OFFICE

Cnr Smith & Denison Streets
Hillsdale NSW 2036
Website: www.nationalhire.com.au

AUDITOR

Weston Woodley & Robertson
Level 18
201 Elizabeth Street
Sydney NSW 2000

SOLICITORS TO THE COMPANY

Landerer & Company
Level 31
133 Castlereagh Street
Sydney NSW 2000

UNDERWRITER TO THE RIGHTS ISSUE

Hindal Securities Pty Limited
Level 9
131 Macquarie Street
Sydney NSW 2000

BROKER TO THE RIGHTS ISSUE

Bell Potter Securities Limited
Level 33
225 George Street
Sydney NSW 2000

SHARE REGISTRY

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000

