



**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.

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.

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.

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.

\$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



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.

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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.

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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