

23 February 2009

The Manager
Company Announcements Office
Australian Securities Exchange

By eLodgement

**NATIONAL HIRE GROUP LIMITED
HALF-YEAR REPORT TO 31 DECEMBER 2008**

In accordance with ASX listing Rule 4.2A, the following documents are attached for release to the market:

- Appendix 4D – Half-Year Report
- Half-year results announcement; and
- Half-year 2009 Results Presentation.

It is recommended that the half-year report is read in conjunction with the Annual Financial Report of National Hire Group Limited as at 30 June 2008 together with any public announcements made by National Hire Group Limited in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Yours faithfully

ANDREW AITKEN
MANAGING DIRECTOR

National Hire Group Limited financial results for the half year ended 31 December 2008**ASX Announcement
23 February 2009****First Half Performance**

National Hire Group Limited (ASX code: NHR) today reported a net profit after tax of \$15.3m for the six months ended 31 December 2008, up from \$12.3m for the previous corresponding period ("pcp"). The result was, primarily, driven by the \$12.3m share of profit from equity accounted investments (i.e. share of profits from Coates Group Holdings Pty Ltd). The balance was delivered by a stronger contribution from the Equipment Sales and Support business, which increased its net profit after tax contribution to \$3.0m in the current half from \$0.9m in the pcp (\$2.5m in the previous 6 months to 30 June 2008).

The financial implications of the Coates Group transaction on the Company make comparisons between the current reported results and those from the previous corresponding period of limited use. The previous corresponding period included 100% of the benefit of the operating results from the National Hire Rental Business while the current period reflects the equity accounted result of the Company's 46.1% investment in Coates Group.

Managing Director of National Hire, Mr Andrew Aitken, said:

"This is a good result given the current economic environment. Continued improvements in the Equipment Sales and Support business were underpinned by increased revenues and a focus on overall margins and manufacturing efficiencies. In addition, we were pleased with the contribution from our investment in Coates."

The Company has decided not to pay an interim dividend. While the reported NPAT has improved from the previous corresponding period, given the limitation on dividends out of Coates Group and the current economic environment, the Board believes it is prudent to retain cash within the business in order to fund organic and acquisitive growth opportunities. The Board has reaffirmed its view that it is not appropriate for the Company to have a set dividend policy at this time.

Results Highlights

- Equipment Sales and Support Revenue - \$57.3m up \$11.5m (25%) on pcp.
- NPAT - \$15.3m including \$3.0m from Equipment Sales and Support up from \$0.9m (204%) on pcp.
- Coates contribution to NPAT of \$12.3m
- EPS 10.3 cents.
- Net cash of \$14.2m with undrawn facilities at balance date of \$20m available for organic and acquisitive growth opportunities.

Key Financial Result Comparatives

Six months ended 31 December (\$million)	2008	2007	Change
Revenue from continuing operations	58.5	34.0	72%
EBITDA	5.1	1.8	177%
Depreciation & amortisation	(0.3)	(0.3)	-
EBIT	4.8	1.5	219%
Finance costs	(0.2)	-	-
Share of net profits of associates accounted for using the equity method	12.3	-	-
Profit before tax	16.9	1.5	1,016%
Tax expense	(1.6)	(0.5)	(205%)
Net profit after tax from continuing operations	15.3	1.0	1,458%
Profit from discontinued operations	-	11.6	-
Reported net profit after tax	15.3	12.6	21%
EPS cents	10.3	10.5	(2%)
Interim DPS cents	-	4.0	(100%)

Divisional Commentary for the Period

Equipment Sales and Support

The principal activities of this business relate to the manufacture, assembly and sales of mobile lighting, power generation and dewatering equipment and distribution of Perkins engines, FG Wilson power generation sets and Godwin wetends.

Increased revenue in the Equipment Sales and Support business is a result of the release of the Nightshifter product internationally, continued strong demand for the MineSeries product domestically in the mining industry and growth in the power generation business.

Improvement in the EBIT margin has been achieved by targeted cost saving initiatives and increased efficiencies in the manufacturing process at the Landsdale facility.

Coates Business Update

Six months ended 31 December (\$million)	2008
Revenue	591.2
Tax expense	(11.6)
Net profit after tax from continuing operations	26.7
Total Assets	2,920
Total Liabilities	2,210

- National Hire's equity accounted share of profits from the Coates Group for the six month period was \$12.3m.

- Leigh Ainsworth commenced as CEO in November 2008 following an international search. Leigh was previously CEO of Thiess Services (part of the Leighton Group).
- The combination of the National Hire and Coates rental businesses is on track to deliver pre-tax synergies of approximately \$30m per annum.
- National Hire and Carlyle each marginally reduced their economic interest in Coates Group to 46.1% to facilitate investment by senior management in Coates Group. National Hire received \$4.7m cash as a result.
- Senior debt within the Coates Group was reduced by \$140m during the six month period, funded by asset sales and operating cash flows.
- Interest rate swaps and caps were put in place in December 2007 as part of the Coates Group transaction to hedge against upward movements in interest rates. Accounting standards require these instruments to be marked to market at each reporting period. A negative mark to market of \$74m before tax (\$52m after tax) has been recognised in the equity section of the Coates Group balance sheet. This has also resulted in a reduction in the value of National Hire's equity accounted investment in Coates Group of \$24m. A large number of these interest rate instruments will expire before the end of the current financial year. The mark to market at the end of the current financial year may be a substantially different value compared to the amount recognised at December 2008 which may result in a reversal of a substantial portion of this negative amount.

Going Forward

Management is focussed on the continued growth of the group through expanded product offerings and export market penetration while maintaining strict financial controls due to the current difficult economic environment.

Contact

Andrew Aitken
Managing Director
0400 236 975

APPENDIX 4D

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

(PREVIOUS CORRESPONDING PERIOD: HALF-YEAR ENDED 31 DECEMBER 2007)

NATIONAL HIRE GROUP LIMITED ABN 61 076 688 938

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$A'000
Revenues from continuing operations	up	72.2%	to	58,538
Profit/(loss) from continuing operations after tax attributable to members	up	1,458.2%	to	15,270
Net profit/(loss) for the period attributable to members	up	21.2%	to	15,270
		Amount per security		Franked amount per security
Dividends				
Interim dividend recommended but not provided for		0.0c		0.0c
Previous corresponding period interim dividend		4.0c		4.0c
Record date for determining entitlements to the dividend			N/A	

Refer to the attached announcement, investor presentation and interim financial report for further information on the results for the half-year ended 31 December 2008.

Dividends

No dividend is payable for the current period.

Dividends	Amount per security	Franked amount per security at 30% tax rate
Interim dividend (current year)	0.0c	0.0c
Interim dividend (previous year)	4.0c	4.0c
Final dividend (previous year)	2.0c	2.0c

Net Tangible Assets per Security	31 December 2008	31 December 2007
Net tangible asset backing per ordinary security	\$2.21	\$1.52

Interests in entities which are not controlled entities

Equity accounted associates	Percentage of ownership interest held	
	31 December 2008	31 December 2007
Coates Group Holdings Pty Ltd	46.1%	-

The contribution to net profit/ (loss) from the above associates was \$12,295,000.



ANDREW AITKEN
Managing Director

23 February 2009

National Hire Group Limited
Interim Financial Report

ABN 61 076 688 938

For the Half-Year Ended 31 December 2008

National Hire Group Limited ABN 61 076 688 938
Interim Financial Report – 31 December 2008

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Directors' Report

Your directors present their report on the consolidated entity consisting of National Hire Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

Directors

The following persons were directors of National Hire Group Limited during the whole of the half-year and up to the date of this report:

John Langoulant
 Andrew Aitken
 Stephen Donnelley
 Dale Elphinstone
 Clive Isenberg
 James Walker

In addition, the Hon. Richard Court, AC was appointed a director on 29 July 2008 and continues in office at the date of this report.

Review of Operations

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sale of goods	57,279	45,816	4,690	1,048
Discontinued operation – equipment hire	-	129,551	-	26,005
Intersegment eliminations	-	(11,825)	-	(998)
Unallocated revenue	1,259	-	-	-
	<u>58,538</u>	<u>163,542</u>	<u>4,690</u>	<u>26,055</u>
Unallocated revenue less unallocated expenses			(88)	(7,955)
Share of profit from associate			<u>12,295</u>	-
Profit before income tax expense			<u>16,897</u>	18,100
Income tax expense			<u>(1,627)</u>	(5,500)
Profit for the period			<u>15,270</u>	12,600

Comments on the operations and the results of those operations are set out below:

Equipment sales and support revenue has grown by 25% from the previous corresponding period. Increased revenue reflects the movement into the international market with the Nightshifter lighting tower product range, continued strong demand for domestically manufactured Mine Series lighting tower products and strong performance in the power generation product range.

The EBIT margin for this business has increased from 4.4% to 8.4% as a result of stronger revenues, targeted cost saving initiatives and increased efficiencies in the manufacturing process at the Landsdale facility.

National Hire's equity accounted share of profits from the Coates Group for the six month period was \$12.3m.

Senior debt within the Coates Group was reduced by \$140m during the six month period, funded by asset sales and operating cash flows.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of Amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and 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.

This report is made in accordance with a resolution of directors.



Andrew Aitken
Managing Director

PERTH
23 February 2009

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Auditors' Independence Declaration

As lead auditor for the review of National Hire Group Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of National Hire Group Limited and the entities it controlled during the period.



Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
23 February 2009

National Hire Group Limited
Consolidated Income Statement
For the half-year ended 31 December 2008

	2008 \$'000	Half-year 2007 \$'000
Notes		
Revenue from Continuing Operations	58,538	33,991
Other income	89	1,238
Changes in inventories of finished goods and work in progress	(11,622)	2,016
Raw materials and consumables used	(31,989)	(28,002)
Occupancy and communication	(977)	(1,310)
Advertising and promotion	(277)	(210)
Employee benefits expense	(6,011)	(5,064)
Other expenses	(2,625)	(811)
Depreciation and amortisation expense	(299)	(334)
Finance costs	(225)	-
Share of net profits of associates accounted for using the equity method	12,295	-
	<hr/>	<hr/>
Profit before Income Tax	16,897	1,514
Income tax expense	(1,627)	(534)
	<hr/>	<hr/>
Profit from Continuing Operations	15,270	980
Profit from discontinued operations	-	11,620
Profit for the Half-Year	<hr/> 15,270 <hr/>	<hr/> 12,600 <hr/>
	<hr/>	<hr/>
	Cents	Cents
Earnings per Share for Profit from Continuing Operations Attributable to the Ordinary Equity Holders of the Company:		
Basic earnings per share	10.29	0.82
Diluted earnings per share	10.29	0.82
	<hr/>	<hr/>
	Cents	Cents
Earnings per Share for Profit Attributable to the Ordinary Equity Holders of the Company:		
Basic earnings per share	10.29	10.53
Diluted earnings per share	10.29	10.52

The above consolidated income statement should be read in conjunction with the accompanying notes.

**National Hire Group Limited
Consolidated Balance Sheet
As at 31 December 2008**

	31 December 2008 \$'000	30 June 2008 \$'000
Notes		
ASSETS		
Current Assets		
Cash and cash equivalents	14,183	18,491
Trade and other receivables	21,489	26,646
Inventories	44,367	29,282
Derivative financial instruments	-	409
Current tax assets	4,834	-
	84,873	74,828
Total current assets		
Non-Current Assets		
Receivables	39	39
Investments accounted for using the equity method	291,569	309,887
Property, plant and equipment	1,351	1,625
Intangible assets	21,226	21,300
	314,185	332,851
Total non-current assets		
Total Assets	399,058	407,679
LIABILITIES		
Current Liabilities		
Trade and other payables	25,945	20,763
Derivative financial instruments	1,115	-
Current tax liabilities	-	8,872
Provisions	452	45
	27,512	29,680
Total current liabilities		
Non-Current Liabilities		
Borrowings	5,000	-
Deferred tax liabilities	16,446	16,582
Provisions	170	232
	21,616	16,814
Total non-current liabilities		
Total Liabilities	49,128	46,494
Net Assets	349,930	361,185
EQUITY		
Contributed equity	293,771	293,771
Reserves	(21,312)	2,248
Retained profits	77,471	65,166
	349,930	361,185
Total Equity	349,930	361,185

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

National Hire Group Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2008

		Half-year
Notes	2008	2007
	\$'000	\$'000
Total Equity at the Beginning of the Half-Year	361,185	243,234
Share of foreign currency translation reserve of associate, net of tax	<u>291</u>	-
Share of hedging reserve of associate, net of tax	(24,078)	-
Exchange differences on translation of foreign operations	<u>49</u>	(314)
Net Income (expense) Recognised Directly in Equity	(23,738)	(314)
Profit for the half-year	<u>15,270</u>	12,600
Total Recognised Income and (expense) for the Half-Year	(8,468)	12,286
<hr/>		
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	-	86,011
Employee retention shares and share options	178	38
Dividends provided for or paid	<u>(2,965)</u>	<u>(5,978)</u>
	(2,787)	80,071
<hr/>		
Total Equity at the End of the Half-Year	349,930	335,591
<hr/>		
Total recognised income and (expense) for the half-year is attributable to:		
Members of National Hire Group Limited	<u>(8,468)</u>	12,286

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

National Hire Group Limited
Consolidated Cash Flow Statement
For the half-year ended 31 December 2008

	2008	Half-year
Notes	\$'000	2007
		\$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	65,727	178,584
Payments to suppliers and employees (inclusive of goods and services tax)	(75,717)	(122,600)
	(9,990)	55,984
Interest received	591	58
Interest and other costs of finance paid	(225)	(9,606)
Income taxes (paid)/received	(1,640)	(2,860)
Net Cash (outflow) Inflow from Operating Activities	(11,264)	43,576
Cash Flows from Investing Activities		
Payments for property, plant and equipment	(260)	(51,701)
Payments for purchase of business, net of cash	-	(166)
Proceeds from sale of property, plant and equipment	417	3,547
Proceeds from sale of investments in associates	4,715	-
Payments for intangible assets	-	(271)
Dividends received	-	221
Net Cash Inflow (outflow) from Investing Activities	4,872	(48,370)
Cash Flows from Financing Activities		
Proceeds from issues of shares and other equity securities	-	86,011
Proceeds from borrowings	5,000	19,000
Repayment of borrowings	-	(8,339)
Dividends paid to company's shareholders	(2,965)	(5,978)
Net Cash Inflow from Financing Activities	2,035	90,694
Net Increase (decrease) in Cash and Cash Equivalents	(4,357)	85,900
Cash and cash equivalents at the beginning of the half-year	18,491	4,057
Effects of exchange rate changes on cash and cash equivalents	49	(9)
Cash and Cash Equivalents at end of the Half-Year	14,183	89,948

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Basis of Preparation of Half-Year Report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by National Hire Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment Information

(a) Primary Reporting Format - Business Segments

Half-Year 2008	Sale of Goods \$'000	Total Continuing Operations \$'000	Discontinued Operation Equipment Hire \$'000	Total \$'000
Total Segment Revenue	57,279	57,279	-	57,279
Intersegment elimination		-	-	-
Unallocated revenue		1,259	-	1,259
Consolidated Revenue		58,538	-	58,538
Segment Result	4,690	4,690	-	4,690
Intersegment elimination		-	-	-
Unallocated revenue less unallocated expenses				(88)
Share of profit from associate				12,295
Profit before Income Tax		4,690	-	16,897
<hr/>				
Half-Year 2007	Sale of Goods \$'000	Total Continuing Operations \$'000	Discontinued Operation Equipment Hire \$'000	Total \$'000
Total Segment Revenue	45,816	45,816	129,551	175,367
Intersegment elimination		(11,825)	-	(11,825)
Consolidated Revenue		33,991	129,551	163,542
Segment Result	1,048	1,048	26,005	27,053
Intersegment elimination		(998)	-	(998)
Unallocated revenue less unallocated expenses				(7,955)
Profit before Income Tax		50	26,005	18,100

3 Dividends

	Half-Year Ended	
	2008	2007
	\$'000	\$'000
(a) Ordinary Shares		
Dividends provided for or paid during the half-year	2,965	5,978
(b) Dividends not Recognised at the End of the Half-Year		
The directors have not recommended the payment of an interim dividend since the end of the half-year 31 December 2008. In the prior half-year (2007) the directors recommended the payment of an interim dividend of 4 cents per fully paid ordinary share, fully franked based on tax paid at 30%.	-	5,936

4 Equity Securities Issued

	2008	2007	2008	2007
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year	-	28,697,143	-	86,011

5 Contingencies

Allight Pty Ltd has agreed to indemnify its bankers in respect of guarantees, amounting to \$149,010 at 31 December 2008, given in favour of third parties. In the prior half-year the parent and controlled entities agreed to indemnify its bankers in respect of guarantees given by the Group in favour of third parties in the amount of \$953,825.

6 Events Occurring after the Balance Sheet Date

There is no matter or circumstance that has arisen since 31 December 2008, that has significantly affected or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in the future financial periods.

In the Directors' Opinion:

- (a) the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that National Hire Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Andrew Aitken
Managing Director

PERTH
23 February 2009

Independent auditor's review report to the members of National Hire Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of National Hire Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the National Hire Group Limited Group (the consolidated entity). The consolidated entity comprises both National Hire Group Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of National Hire Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independent auditor's review report to the members of National Hire Group Limited (continued)

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2008 included on National Hire Group Limited's web site. The company's directors are responsible for the integrity of the National Hire Group Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 of National Hire Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers



Matthew Lunn
Partner

Sydney
23 February 2009

National Hire Group Limited

Half Year 2009 Results Presentation

23 February 2009

National Hire



NIGHTSHIFTER
6000

Allight

Perkins®

Distributor



coates

godwin
pumps

Highlights

Financial Performance Highlights		6 Months Ended 31 Dec 2008	6 Months Ended 31 Dec 2007	Change
NPAT - Equipment Sales & Support & NHGL Corporate		\$3.0m	\$0.9m	204%
Share of Profit of Equity Accounted Investments – Coates		\$12.3 m	N/A	N/A
Profit from Discontinued Operations		N/A	\$11.6m	N/A
Total NPAT		\$15.3 m	\$12.6m	21%
EPS from Continuing Operations	Basic:	10.29	0.82	1,154%
	Diluted:	10.29	0.82	1,154%
EPS Attributable to Ordinary Shareholders	Basic:	10.29	10.53	(2.3%)
	Diluted:	10.29	10.52	(2.3%)

- **Equipment Sales & Support & NHGL Corporate NPAT \$3.0m up 204% on pcp and 20% against NPAT of \$2.5m for 6 months to 30 June 2008**
- **Coates contribution to NPAT of \$12.3m (46% of Coates NPAT)**
- **Cash of \$14.2m with undrawn facilities of \$20m at balance date**
- **Cost saving initiatives & efficiencies continuing to be implemented in manufacturing process & the broader operations**

•The financial implications of the Coates Group transaction on the Company make comparisons between the current reported results and those from the previous corresponding period (“pcp”) of limited use. The previous corresponding period included operating results from the National Hire Rental Business while the current period reflects the equity accounted result of the investment in Coates Group.

Summary P&L

Half Year Ended (\$ million)	31 Dec 2008	31 Dec 2007	Change
Revenue from continuing operations	58.5	34.0	72%
EBIT*	4.9	1.5	219%
EBIT/ Revenue Margin	8.4%	4.4%	91%

* EBIT is up 25% against 6 months to 30 June 2008

- **Increased revenue reflects:**
 - Movement into international market with Nightshifter lighting tower product range
 - Continued strong demand for domestically manufactured Mine Series lighting tower product
 - Strong sales performance of power generation product range.
- **Improved EBIT margin is a reflection of increased revenue base, efficiencies in the manufacturing process and targeted overhead cost saving initiatives.**

Balance Sheet

As at Period Ended (\$ million)	Dec 2008	June 2008	Change
Cash & Cash Equivalents	14.1	18.5	(23%)
Receivables	21.5	26.6	(19%)
Inventories	44.4	29.3	52%
Investments Accounted for using the Equity Method	291.6	309.9	(6%)
Intangibles	21.2	21.3	-
Other	6.2	2.1	200%
Total Assets	399.1	407.7	(2%)
Payables	26.0	20.8	25%
Deferred Tax Liabilities	16.4	16.6	(1%)
Borrowings	5.0	-	-
Other Liabilities	1.7	9.1	(81%)
Total Liabilities	49.1	46.5	6%
Net Assets	349.9	361.2	(3%)
Net Assets Tangible Backing per Ordinary Share	2.21	2.29	(3%)

- Increase in inventory reflects:
 - Higher sales volumes
 - Increased purchasing costs as a result of the significant devaluation of the Australian dollar
 - Investment in new product – Nightshifter lighting tower
- Movement in value of Coates Group investment primarily due to National Hire's share of:
 - Negative mark to market on interest rate hedges (\$24m)
 - NPAT \$12.3m
 - Management equity plan (\$4.7m)
- Movement in Other assets and Other liabilities include tax adjustments following completion of consolidated tax group tax returns

Cash Flow

Half Year Ended (\$ million)	31 Dec 2008	31 Dec 2007
Net Cash Flow – Trading	(10.0)	56.0
Interest & Tax Paid	(1.3)	(12.4)
Net Cash (Outflow)/Inflow Operations	(11.3)	43.6
Net Cash Inflow/(Outflow) - Investing	4.9	(48.4)
Net Cash Inflow Financing	2.0	90.7
Net Increase/ (Decrease) in Cash Held	(4.4)	85.9

- The cash flow statement for the 6 month period ended 31 Dec 2007 includes the cash flows from the National Hire rental division which was disposed of as part of the Coates Group transaction
- The change in cash flow from operating activities is primarily due to the increased investment in inventory arising from devaluation of AUD\$ and product expansion into international markets
- Cash flow from investing activities reflects funds received as part of the Coates Group management equity plan which reduced National Hire's investment in Coates Group
- Cash flow from financing activities reflects \$5m drawdown on Allight loan facility and final dividend paid by National Hire of \$2.9m

Summary Financials – Coates Group

Half Year Ended (\$ million)	31 Dec 2008	31 Dec 2007
Revenue	591.2	N/A
Profit Before Tax	38.3	N/A
Income Tax Expense	(11.6)	N/A
NPAT	26.7	N/A

Total Assets	2,920	N/A
Total Liabilities	2,210	N/A

Coates Group Update

- New CEO Leigh Ainsworth commenced November 2008 – previously CEO of Thiess Services (part of the Leighton Group).
- National Hire's equity accounted share of profits from Coates Group for the 6 month period is \$12.3m.
- The combination of the National Hire and Coates rental businesses is on track to deliver pre-tax synergies of approximately \$30m per annum.
- National Hire and Carlyle each marginally reduced their economic interest in Coates Group to facilitate management investment.
- Senior debt facility is for 6 years with a bullet repayment required at maturity in December 2013.
- Senior debt within Coates Group was reduced by \$140m during the half from operating cashflows and asset sales.
- Value of Coates Group investment affected by mark to market of interest rate hedges put in place at date of original Coates Group transaction. The mark to market of these hedges may be substantially different at the financial year end which may result in a reversal of a substantial portion of this negative amount.
- Current economic environment has Coates Group management focused on:
 - Cost management and margin maintenance – voluntary redundancy program completed in December
 - Maximising customer revenue opportunities - Government infrastructure spending

Summary

- Forward order book of more than \$30m within Equipment Sales & Support business at end of January 2009
- Benefits to Equipment Sales & Support business of preferred supplier arrangement with Coates starting to take effect
- National Hire has \$14.2m of cash and \$20m in undrawn facilities to take advantage of growth opportunities
- The Company will not pay an interim dividend. Given the limitation on dividends out of Coates Group and the current economic environment, the Board believes it is prudent to retain cash within the business in order to fund organic and acquisitive growth opportunities.
- Management is focused on:
 - maintaining strict financial controls during the current difficult economic environment
 - continued growth of the group through expansion of product offering and export markets