

APPENDIX 4D

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

(PREVIOUS CORRESPONDING PERIOD: HALF-YEAR ENDED 31 DECEMBER 2008)

NATIONAL HIRE GROUP LIMITED ABN 61 076 688 938 (ASX: NHR)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$A'000
Revenues from continuing operations	down	27.6%	to	42,397
Profit/(loss) from continuing operations after tax attributable to members	down	81.8%	to	2,776
Net profit/(loss) for the period attributable to members	down	81.8%	to	2,776
		Amount per security		Franked amount per security
Dividends				
Interim dividend recommended but not provided for		0.0c		0.0c
Previous corresponding period interim dividend		0.0c		0.0c
Record date for determining entitlements to the dividend			N/A	

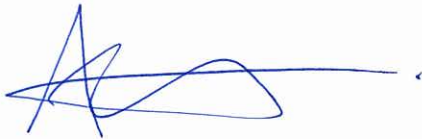
Refer to the attached announcement and interim financial report for further information on the results for the half-year ended 31 December 2009. This information should be read in conjunction with the Company's most recent annual financial report.

Net Tangible Assets per Security	31 December 2009	31 December 2008
Net tangible asset backing per ordinary security	\$2.38	\$2.21

Interests in entities which are not controlled entities

Equity accounted associates	Percentage of ownership interest held	
	31 December 2009	31 December 2008
Coates Group Holdings Pty Ltd	46.1%	46.1%

The contribution to net profit/ (loss) from the above associates was \$1,929,746.



ANDREW AITKEN
Managing Director

16 February 2010

National Hire Group Limited
Interim Financial Report

ABN 61 076 688 938

For the Half-Year Ended 31 December 2009

National Hire Group Limited ABN 61 076 688 938
Interim Financial Report – 31 December 2009

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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 2009.

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
 Richard Court

Review of Operations

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

	Revenues		Results	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sale of goods	41,490	57,279	1,723	4,690
Unallocated revenue	907	1,259	-	-
	<u>42,397</u>	<u>58,538</u>	<u>1,723</u>	<u>4,690</u>
Net unallocated expenses			(429)	(88)
Share of profit from associate			1,930	12,295
Profit before income tax expense			<u>3,224</u>	<u>16,897</u>
Income tax expense			(448)	(1,627)
Profit for the period			<u>2,776</u>	<u>15,270</u>

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

Capital sales and support revenue of \$42,397,000 decreased by 27% from the previous corresponding period due to the deterioration in general trading conditions. The weakness in general business activity and the Allied divestment process adversely impacted National Hire's equity accounted share of profits from Coates Hire for the six month period. The contribution from Coates Hire has declined to \$1,930,000 from \$12,295,000 from the previous corresponding period.

Senior debt within Coates Hire was reduced by a further \$100,000,000 during the six month period. This was funded by operating cash flows and asset sales. Together with cash at bank of \$277,000,000, effective Group net debt is \$1,635,000,000 (including subordinated debt of \$110,000,000) at the end of the period.

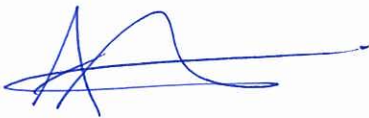
Auditor's Independence Declaration

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
16 February 2010

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Auditor's Independence Declaration

As lead auditor for the audit of National Hire Group Limited for the half year ended 31 December 2009, 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
16 February 2010

National Hire Group Limited
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2009

	2009	Half-year
	\$'000	2008
		\$'000
Revenue from Continuing Operations	42,397	58,538
Other income	49	89
Changes in inventories of finished goods and work in progress	(5,457)	(11,622)
Raw materials and consumables used	(26,718)	(31,989)
Occupancy and communication	(1,457)	(977)
Advertising and promotion	(298)	(277)
Travel and accommodation	(383)	(423)
Employee benefits expense	(4,455)	(6,011)
Other expenses	(1,967)	(2,202)
Depreciation and amortisation expense	(318)	(299)
Finance costs	(99)	(225)
Share of net profits of associates accounted for using the equity method	1,930	12,295
	<hr/>	<hr/>
Profit before Income Tax	3,224	16,897
Income tax expense	(448)	(1,627)
	<hr/>	<hr/>
Profit for the Half-Year	2,776	15,270
	<hr/>	<hr/>
Other Comprehensive Income:		
Share of other comprehensive income from associates	2,833	(23,787)
Exchange difference on translation of foreign operations	14	49
	<hr/>	<hr/>
Total Comprehensive Income for the Half Year	5,623	(8,468)
	<hr/>	<hr/>
	Cents	Cents
Earnings per Share for Profit Attributable to the Ordinary Equity Holders of the Company:		
Basic earnings per share	1.87	10.29
Diluted earnings per share	1.87	10.29

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

National Hire Group Limited
Consolidated Balance Sheet
As at 31 December 2009

	31 December 2009 \$'000	30 June 2009 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	9,866	5,694
Trade and other receivables	20,652	19,109
Inventories	34,870	41,538
	65,388	66,341
Total current assets		
Non-Current Assets		
Receivables	42	42
Investments accounted for using the equity method	312,072	307,429
Property, plant and equipment	1,602	1,379
Intangible assets	21,978	21,148
Deferred tax assets	33,861	5,009
	369,555	335,007
Total non-current assets		
	434,943	401,348
Total Assets		
LIABILITIES		
Current Liabilities		
Trade and other payables	43,906	16,401
Derivative financial instruments	22	109
Provisions	295	326
	44,223	16,836
Total current liabilities		
Non-Current Liabilities		
Deferred tax liabilities	16,043	15,896
Provisions	186	177
	16,229	16,073
Total non-current liabilities		
	60,452	32,909
Total Liabilities		
	374,491	368,439
Net Assets		
EQUITY		
Contributed equity	293,771	293,771
Reserves	(7,509)	(12,582)
Retained profits	88,229	87,250
	374,491	368,439
Total Equity		

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 2009

Attributable to owners of National Hire Group Limited				
Notes	Contributed equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 July 2008	293,771	2,248	65,165	361,184
Total Comprehensive Income for the Half-Year	-	(23,738)	15,270	(8,468)
	293,771	(21,490)	80,435	352,716
Transactions with owners in their capacity as owners:				
Employee retention shares and share options	-	178	-	178
Dividends provided for or paid	-	-	(2,965)	(2,965)
	-	178	(2,965)	(2,787)
Balance at 31 December 2008	293,771	(21,312)	77,470	349,929
Notes	Contributed equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 July 2009	293,771	(12,582)	87,250	368,439
Adjustment on change in accounting policy of associate	-	1,797	(1,797)	-
Total Comprehensive Income for the Half-Year	-	2,847	2,776	5,623
	293,771	(7,938)	88,229	374,062
Transactions with owners in their capacity as owners:				
Share of share based payments reserves of associate, net of tax	-	315	-	315
Employee retention shares and share options	-	114	-	114
	-	429	-	429
Balance at 31 December 2009	293,771	(7,509)	88,229	374,491

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 2009

	Half-year	
	2009	2008
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	49,414	65,727
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(43,713)</u>	<u>(75,717)</u>
	5,701	(9,990)
Interest received	112	591
Interest and other costs of finance paid	(50)	(225)
Income taxes (paid)/received	<u>(491)</u>	<u>(1,640)</u>
Net Cash (outflow) Inflow from Operating Activities	5,272	(11,264)
Cash Flows from Investing Activities		
Payments for property, plant and equipment	(1,162)	(260)
Proceeds from sale of property, plant and equipment	48	417
Proceeds from sale of investments in associates	<u>-</u>	<u>4,715</u>
Net Cash Inflow (outflow) from Investing Activities	(1,114)	4,872
Cash Flows from Financing Activities		
Proceeds from borrowings	-	5,000
Dividends paid to company's shareholders	<u>-</u>	<u>(2,965)</u>
Net Cash Inflow from Financing Activities	-	2,035
Net Increase (decrease) in Cash and Cash Equivalents	4,158	(4,357)
Cash and cash equivalents at the beginning of the half-year	5,694	18,491
Effects of exchange rate changes on cash and cash equivalents	<u>14</u>	<u>49</u>
Cash and Cash Equivalents at end of the Half-Year	9,866	14,183

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 interim financial report for the half-year reporting period ended 31 December 2009 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 2009 and any public announcements made by National Hire Group Limited ('the Group') 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) Description of segments

Management has determined the Group's reportable segments based on the reports and information reviewed by the key decision makers of the company. Management has identified two reportable segments which are its Allight business ('Allight') and the equity accounted investment in Coates Hire. The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2009 is as follows:

(b) Primary Reporting Format - Business Segments

Half-Year 2009	Allight \$'000	Investment in Coates \$'000	All other segments \$'000	Total \$'000
Total Segment Revenue	41,490	-	-	41,490
Unallocated revenue	-	-	907	907
Consolidated Revenue	41,490	-	907	42,397
Segment Result	1,723	-	-	1,723
Net unallocated expenses	-	-	(429)	(429)
Share of profit from associate	-	1,930	-	1,930
Profit before Income Tax	1,723	1,930	(429)	3,224
Total Segment Assets	122,871	312,072	-	434,943
Total Segment Liabilities	60,452	-	-	60,452
Half-Year 2008	Allight \$'000	Investment in Coates \$'000	All other segments \$'000	Total \$'000
Total Segment Revenue	57,279	-	-	57,279
Unallocated revenue	-	-	1,259	1,259
Consolidated Revenue	57,279	-	1,259	58,538
Segment Result	4,690	-	-	4,690
Unallocated revenue less unallocated expenses	-	-	(88)	(88)
Share of profit from associate	-	12,295	-	12,295
Profit before Income Tax	4,690	12,295	(88)	16,897
Total Segment Assets	93,919	307,429	-	401,348
Total Segment Liabilities	32,909	-	-	32,909

2 Segment Information (continued)

(c) Other segment information

i) Segment revenue

Sales between segments are carried out at arms length and are eliminated on consolidation. Revenue to external customers is derived from the sale of goods and services. The revenue reported to the key decisions makers is measured in a manner consistent with the income statement.

ii) Segment assets

Segment assets reported to the key decision makers are measured consistent with the balance sheet.

iii) Segment liabilities

Segment liabilities reported to the key decision makers are measured consistent with the balance sheet.

3 Dividends

	Half-Year Ended	
	2009	2008
	\$'000	\$'000
(a) Ordinary Shares		
Dividends provided for or paid during the half-year	-	2,965
(b) Dividends not Recognised at the End of the Half-Year		
The directors did not declare an interim dividend in relation to the half-year 31 December 2009. In the prior half-year (2008) the directors declared an interim dividend of 4 cents per fully paid ordinary share, fully franked based on tax paid at 30%.	-	-

4 Equity Securities Issued

	2009	2008	2009	2008
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year	-	-	-	-

5 Contingencies

Guarantee – Rental Bond

National Hire Group Ltd has agreed to indemnify its bankers in respect of a guarantee for a rental bond, amounting to \$82,000 at 31 December 2009, given in favour of third parties. This guarantee may give rise to liabilities in the event the company defaults on its obligations under the terms of the lease agreement for its premises located at Murarrie, Queensland.

Guarantee – Retention

Allight Pty Ltd has agreed to indemnify its bankers in respect of guarantees, amounting to \$53,000 at 31 December 2009, given in favour of third parties.

These insurance bonds may give rise to liabilities in the event the company fails to meet performance under the sale of goods and services contract.

No material losses are anticipated in respect of the above contingent liabilities.

6 Events Occurring after the Balance Sheet Date


There is no matter or circumstance that has arisen since 31 December 2009, 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 11 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 2009 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
16 February 2010

**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 statements of National Hire Group Limited, which comprise the balance sheet as at 31 December 2009, and the statement of comprehensive income, 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 2009 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.

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.

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

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

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 2009 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
16 February 2010