

Appendix 4D

Half-year report

Period ended 31 December 2007

Name of entity

NATIONAL HIRE GROUP LIMITED

ABN

Half-year ended
(current period)

Half-year ended
(previous period)

61 076 688 938

31 December 2007

31 December 2006

1. Results for announcement to the market

The following information is to be read in conjunction with the accounts for the six months ended 31 December 2007, attached to this document.

	Current period 31 Dec 2007 \$'000	Previous period 31 Dec 2006 \$'000	Change \$'000	Change %
Revenue from continuing operations	33,991	36,118	(2,127)	Down 6%
Profit from continuing operations	980	817	163	Up 20%
Profit from discontinued operations	11,620	6,498	5,122	Up 79%
Net profit for the period attributable to members	12,600	7,315	5,285	Up 72%

	Current Period 31 Dec 2007		Previous Period 31 Dec 2006	
	Amount per security	Franked Amount	Amount per security	Franked Amount
Interim Dividend	4.0 cents	4.0 cents	3.0 cents	3.0 cents

The record date for the dividend is 28 February 2008.

Commentary

The financial statements reflect the reclassification of the rental business units as a discontinued operation, reflecting its pending transfer to NED group of companies in accordance with the Coates Scheme. Profit from continuing operations will in future include the equity accounted contribution of the financial performance arising from the group's 47% investment in the NED group of companies.

Rental Revenue grew by 25% to \$129.6m and revenue from Capital Sales decreased by 6% to \$34.0m over the prior corresponding period predominantly due to delays in the production of products in China. It is pleasing to note that all regions in the rental business provided double digit growth over the same period last year.

The strong rental result allowed the group to sell its rental operations at a premium to net book value at a price equivalent to \$3 per share adjusted for the value of the Capital Sales division and National Hire's final dividend in respect of the 2007 financial year of 5c per share. The timing and amount of future dividends will largely depend on dividends received from the company's investment in the Ned Group.

On 31 December 2007 National Hire raised approximately \$86m through the issuance of 28,657,143 shares at a price of \$3 per share to Elph Pty Ltd (a company controlled by Mr Dale Elphinstone). Following the placement, Elph Pty Ltd has a relevant interest of 19.9% in National Hire and Mr D Elphinstone has been appointed to the board.

2. Net tangible assets

	Current period 31 Dec 2007	Previous period 31 Dec 2006
Number of ordinary shares on issue	148,401,945	119,704,802
Net tangible asset backing per ordinary share	\$1.52	\$1.08

3. Control gained/lost over entities

Details of businesses over which control has been gained or lost during the period		
Name of, or nature of, businesses acquired	Date of gain of control	Contribution to entity's profit form ordinary activities
None	N/A	N/A

4. Dividend reinvestment plans

No dividend reinvestment plan exists for the company.

5. Associates and joint ventures

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to net profit/loss where material	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
None	N/A	N/A	N/A	N/A

6. Foreign entities

The results of foreign entities are presented in accordance with Australian Accounting Standards.

7. Audit or review status

This report is based on accounts to which one of the following applies:

- | | |
|--|--|
| <input type="checkbox"/> The accounts have been audited | <input checked="" type="checkbox"/> The accounts have been subject to review |
| <input type="checkbox"/> The accounts are in the process of being audited or subject to review | <input type="checkbox"/> The accounts have not yet been audited or reviewed |

NATIONAL HIRE GROUP LIMITED (ABN 61 076 688 938)
HALF YEARLY RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2007

Financial Report Table of Contents

Directors' Report	5
Auditor's Independence Declaration	7
Consolidated income statement for the half year ended 31 December 2007.....	8
Consolidated balance sheet as at 31 December 2007	9
Consolidated statement of changes in equity for the half year ended 31 December 2007	10
Consolidated statement of cash flows for the half year ended 31 December 2007.....	11
Notes to the financial statements	12
Directors' Declaration.....	16
Independent Review Report to the Members of National Hire Group Limited	17

This 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 2007 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.

Directors' Report

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 2007.

DIRECTORS

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

- R Romano (Executive Chairman)
- S Donnelley (Managing Director)
- P Gammell (Non-Executive Director)
- C Isenberg (Non-Executive Director)
- A Aitken (Non-Executive Director)

D Elphinstone was appointed as a director on 30 January 2008. J Star was a director from the beginning of the financial year until his resignation on 24 October 2007.

REVIEW OF OPERATIONS

A summary of revenues and results for the half year is set out below:

\$'000	Dec 2007	Dec 2006	\$ Change	% Change
Revenue from continuing operations	33,991	36,118	(2,127)	(6%)
Profit from continuing operations	980	817	163	20%
Profit from discontinued operations	11,620	6,498	5,122	79%
Profit from ordinary activities after related income tax expense	12,600	7,315	5,285	72%

The financial statements reflect the reclassification of the rental business units as a discontinued operation, reflecting its pending transfer to NED group of companies in accordance with the Coates scheme. Profit from continuing operations will in future include the equity accounted contribution of the financial performance arising from the group's investment in the NED group of companies.

Rental Revenue grew by 25% to \$129.6m and revenue from Capital Sales decreased by 6% to \$34.0m over the prior corresponding period predominantly due

to delays in the production of products in China. It is pleasing to note that all regions in the rental business provided double digit growth over the same period last year.

The strong rental result allowed the group to sell its rental operations at a premium to net book value at a price equivalent to \$3 per share adjusted for the value of the Capital Sales division and National Hire's final dividend in respect of the 2007 financial year of 5c per share. The timing and amount of future dividends will largely depend on dividends received from the company's investment in the Ned Group.

On 31 December 2007 National Hire raised approximately \$86m through the issuance of 28,657,143 shares at a price of \$3 per share to Elph Pty Ltd (a company controlled by Mr D Elphinstone). Following the placement, Elph Pty Ltd has a relevant interest of 19.9% in National Hire and Mr D Elphinstone has been appointed to the board.

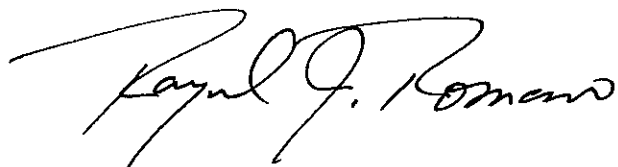
ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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



Raymond Romano
Executive Chairman



Stephen Donnelley
Director

Sydney
12 February 2008

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the review of National Hire Group Limited for the half year ended 31 December 2007, 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
12 February 2008

Consolidated income statement for the half year ended 31 December 2007

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Revenue from continuing operations	33,991	36,118
Other income	1,238	-
Changes in inventories of finished goods and work in progress	2,016	3,699
Raw materials and consumables used	(28,002)	(30,311)
Occupancy and communication	(1,310)	(904)
Advertising and promotion	(210)	(137)
Employee benefits expense	(5,064)	(5,999)
Other expenses	(811)	(602)
Depreciation and amortisation expense	(334)	(277)
Finance Costs	-	(226)
Profit before income tax	1,514	1,361
Income tax expense	(534)	(544)
Profit from continuing operations	980	817
Profit from discontinued operations	11,620	6,498
Profit for the half year	12,600	7,315

	31 Dec 2007 Cents	31 Dec 2006 Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company: (Note 1)		
Basic earnings per share	0.82	0.68
Diluted earnings per share	0.82	0.68
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	10.53	6.11
Diluted earnings per share	10.52	6.11

Note 1: In future the earnings per share from continuing operations will include the equity accounted contribution of the financial performance of NED Group.

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

Consolidated balance sheet as at 31 December 2007

	31 Dec 2007 \$'000	30 June 2007 \$'000
Current assets		
Cash and cash equivalents	87,743	3,581
Trade and other receivables	8,813	11,585
Inventories	24,503	26,519
Current Tax Assets	-	269
Derivative financial instruments	172	172
	121,231	42,126
Assets of discontinued operation classified as held for sale	470,119	433,262
Total current assets	591,350	475,388
Non-current assets		
Receivables	85	94
Property, plant and equipment	595	1,562
Deferred Tax Asset	894	1,302
Intangible assets	21,739	21,497
Total non-current assets	23,313	24,455
Total assets	614,663	499,843
Current liabilities		
Trade and other payables	14,314	11,516
Current tax liabilities	1,559	-
Provisions	124	189
	15,997	11,705
Liabilities directly associated with assets of a discontinued operation classified as held for sale	262,927	244,802
Total current liabilities	278,924	256,507
Non-current liabilities		
Provisions	148	102
Total non-current liabilities	148	102
Total liabilities	279,072	256,609
Net assets	335,591	243,234
Equity		
Contributed equity	293,769	207,760
Reserves	650	924
Retained profits	41,172	34,550
Total equity	335,591	243,234

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

Consolidated statement of changes in equity for the half year ended 31 December 2007

	Notes	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Total equity at the beginning of the year		243,234	232,736
Exchange differences on translation of foreign operations		(314)	(437)
Net income or expense recognised directly in equity		(314)	(437)
Profit after tax for the half year		12,600	7,315
Total recognised income and expense for the half year		12,286	6,878
Share issues (net of issue costs)	4	86,011	80
Employee retention shares and share options		38	379
Dividend paid	3	(5,978)	(4,783)
Total equity at the end of the half year		335,591	235,290

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

Consolidated statement of cash flows for the half year ended 31 December 2007

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	178,584	142,613
Payments to suppliers and employees (inclusive of GST)	(122,600)	(97,351)
	55,984	45,262
Interest received	58	49
Interest and other costs of finance paid	(9,606)	(8,225)
Income taxes paid	(2,860)	(8,377)
Net cash inflows from operating activities	43,576	28,709
Cash flows from investing activities		
Payment for purchases of property, plant and equipment	(51,701)	(21,686)
Payments for purchase of business, net of cash	(166)	-
Payments for intangibles	(271)	-
Dividends Received	221	-
Proceeds from sale of property, plant and equipment	3,547	3,533
Net cash outflows from investing activities	(48,370)	(18,153)
Cash flows from financing activities		
Proceeds from issue of shares	86,011	80
Proceeds from borrowings	19,000	2,016
Repayment of borrowings	(8,339)	(3,824)
Dividends Paid	(5,978)	(4,783)
Net cash inflows from financing activities	90,694	(6,511)
Net increase in cash and cash equivalents	85,900	4,045
Effects of exchange rate fluctuations on the balance of cash and cash equivalents	(9)	(457)
Cash and cash equivalents at the beginning of the half year	4,057	(8,501)
Cash and cash equivalents at end of the half year	89,948	(4,913)

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Reconciliation to cash at the end of the half year		
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and cash equivalents	87,743	79
Add: Cash included in discontinued operation	2,205	-
Less: Bank overdraft	-	(4,992)
Closing cash balance	89,948	(4,913)

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

Notes to the financial statements

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This 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 2007 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 reporting

Primary reporting format – business segments

Half-year 2007	Sale of Goods \$'000	Inter- segment eliminations \$'000	Total Continuing Operations \$'000	Discontinued Operation Equipment Hire \$'000	Total \$'000
Total sales revenue	45,816	(11,825)	33,991	129,551	163,542
Other revenue	(227)	-	(227)	669	442
Total segment revenue	45,589	(11,825)	33,764	130,220	163,984
Segment result	1,048	(998)	50	26,005	26,055
Unallocated revenue					1,715
Less unallocated expenses					(9,670)
Profit before income tax expense					18,100

Half-year 2006	Sale of Goods \$'000	Inter- segment eliminations \$'000	Total Continuing Operations \$'000	Discontinued Operation Equipment Hire \$'000	Total \$'000
Total sales revenue	43,119	(7,001)	36,118	103,676	139,794
Other revenue	-	-	-	869	869
Total segment revenue	43,119	(7,001)	36,118	104,545	140,663
Segment result	2,126	(565)	1,561	16,917	18,478
Unallocated revenue					-
Less unallocated expenses					(7,655)
Profit before income tax expense					10,823

3. Dividends

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Dividends provided for or paid during the half-year	5,978	4,783

Dividends not recognised at the end of the half-year		
<p>Since the end of the half-year the directors have declared the payment of an interim dividend of 4.0 cents per share (2006: 3.0 cents per share), fully franked based on tax paid at 30%.</p> <p>The aggregate amount of the dividend expected to be paid on 14 March 2008 out of retained profits at 31 December 2007, but not recognised as a liability at the end of the half-year is:</p> <p>The proposed dividend recognises the profit arising from the group's rental operation which has now been sold to the Ned Group. The timing and amount of future dividends will largely depend on dividends received from the company's investment in the Ned Group.</p>	5,936	3,591

4. Equity securities issued

	2007 Shares	2006 Shares	2007 \$'000	2006 \$'000
National Hire Group Limited	28,697,143	80,000	86,011	80

5. Contingencies

The parent entity and controlled entities have agreed to indemnify Australia and New Zealand Banking Group Limited in respect of guarantees given by the Group in favour of third parties. At 31 December 2007 the maximum amount of the guarantees was \$953,825 (30 June 2007: \$776,000).

6. Discontinued Operation

Under the Coates scheme approved by shareholders at the AGM on 17 December 2007 the rental segment of the business will be sold to the NED Group of companies on 8 January 2008. The following details apply to the disposal for the half year ended 31 December 2007:

a) Financial Performance information

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Revenue	129,551	103,676
Expenses	(112,965)	(94,214)
Profit before income tax	16,586	9,462
Income tax expense	(4,966)	(2,964)
Profit after income tax	11,620	6,498

b) Carrying amounts of assets and liabilities

	31 Dec 2007 \$'000	30 June 2007 \$'000
Cash	2,205	476
Trade and other receivables	59,997	46,086
Inventories	918	1,151
Investments	13,245	12,003
Property, plant and equipment	305,488	282,056
Intangibles	88,266	91,490
Total Assets	470,119	433,262
Trade and other payables	(31,541)	(24,572)
Current Tax Liabilities	(154)	-
Provisions	(1,434)	(1,335)
Deferred Tax Liabilities	(1,915)	(1,673)
Borrowings	(227,883)	(217,222)
Total Liabilities	(262,927)	(244,802)
Net Assets	207,192	188,460

c) Cash flow information

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Net cash inflow from ordinary activities	37,156	29,273
Net cash outflow from investing activities	(46,088)	(22,438)
Net cash outflow from financing activities	10,661	(5,382)
Net increase in cash generated by the business	1,729	1,453

7. Events occurring after balance sheet date

The following transactions took place on 8 and 9 January 2008 in accordance with the "Coates Scheme" as approved by Shareholders at the Annual General Meeting on 30 November 2007 and approved by Coates Shareholders at a special meeting on 17 December 2007:

- NED Group Holdings Pty Limited acquired the issued capital of the following previously wholly owned subsidiaries of National Hire Group Limited for a total consideration of \$347,950,291 (which includes \$66,477,318 in cash) by way of issue of 347,950,191 convertible notes and 100 ordinary shares in NED Operations Pty Limited:
 - National Hire Trading Pty Limited
 - National Hire Equipment Pty Limited
 - National Hire Properties Pty Limited
 - National Hire Administration Pty Limited
 - National Hire Operations Pty Limited
 - National Hire Finance Pty Limited
 - NAHI Pty Limited
 - PT Allight
 - DWB (NH) Pty Limited
 - DWB Unit Trust

National Hire Group Limited will recorded a profit of approximately \$39m on a consolidated basis from the transaction and the resulting cash balance in National Hire group has reduced to approximately \$30m prior to payment of the declared dividend.

- NED Operations Pty Limited issued 389,950,291 in convertible notes to other investors in exchange for consideration of \$389,950,291. As a result of this transaction National Hire Group reduces its holding in Ned Operations Pty Limited to 47% and from 9 January 2008 will account for this investment in accordance with *AASB128 Investment in associates*.
- NED Group Holdings Pty Limited acquired the outstanding shares of Coates Hire Limited for a cash consideration of \$1,525,066,557.

Directors' Declaration

In the opinion of the Directors of National Hire Group Limited:

- (a) the financial statements and notes set out on pages 8 to 15, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting , the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

- (b) there are reasonable grounds to believe that National Hire Group Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the directors dated 12 February 2008.



Raymond Romano
Executive Chairman



Stephen Donnelley
Director

INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of National Hire Group Limited

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

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 2007, 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 2007 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>.



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.

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

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 2007 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

A handwritten signature in black ink, appearing to read 'M Lunn', written over a horizontal line.

Matthew Lunn
Partner

Sydney
12 February 2008