

National Can Industries Limited

ABN 89 006 266 799

Half-year Report – 31 December 2009

Lodged with the ASX under Listing Rule 4.3A

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National Can Industries Limited

Half-year Report Half-year ended 31 December 2009

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities	Up	4.6%	to	95,199
Profit from ordinary activities after tax attributable to members	Down	14.2%	to	3,881
Net profit for the period attributable to members	Down	14.2%	to	3,881

Dividends/distributions	Amount per security	Franked amount per security
Interim dividend	3.0 cents	3.0 cents

Record date for determining entitlements to the dividend

April 8, 2010

Payment date for the dividend

April 22, 2010

Commentary on financial result

Please refer to Review of Operations in the attached Directors' Report.

National Can Industries Limited

**Consolidated Statement of Comprehensive Income
For the Half-year ended 31 December 2009**

	Note	2009 \$'000	2008 \$'000
Revenue from continuing operations		95,199	91,001
Other income		98	368
Changes in inventories of finished goods and work in progress		(1,799)	4,233
Raw materials and consumables used		(41,047)	(39,809)
Employee benefits expense		(23,245)	(25,048)
Depreciation and amortisation expenses		(5,482)	(5,183)
Borrowing costs expense		(60)	(40)
Distribution expense		(5,110)	(5,472)
Repairs and maintenance of property, plant and equipment		(3,038)	(2,666)
Insurance		(1,250)	(1,133)
Rental expense relating to operating lease payments		(1,259)	(1,349)
Other expenses		(7,569)	(8,441)
Profits before income tax expense		5,438	6,461
Income tax expense		(1,557)	(1,942)
Net Profit attributable to members of NCI		3,881	4,519
Other comprehensive income			
Exchange differences on translation of foreign operations		(80)	2,841
Changes in fair value of cash flow hedge reserve			21
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of tax		(80)	2,862
Total comprehensive income for the period		3,801	7,381
Basic earnings per share		5.8	6.8
Diluted earnings per share		5.8	6.8

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

National Can Industries Limited

**Consolidated Statement of Financial Position
 As at 31 December 2009**

	Dec 31 2009 \$'000s	June 30 2009 \$'000
Current assets		
Cash and cash equivalents	20,074	12,478
Receivables	32,780	27,602
Inventories	31,771	43,308
Other	1,647	389
Total current assets	<u>86,272</u>	<u>83,777</u>
Non-current assets		
Property, plant and equipment	57,075	58,874
Investment properties	1,908	1,915
Deferred tax assets	5,121	5,085
Intangible assets	3,696	4,024
Total non-current assets	<u>67,800</u>	<u>69,898</u>
Total assets	<u>154,072</u>	<u>153,675</u>
Current liabilities		
Payables	12,265	13,505
Current tax liabilities	991	1,104
Provisions	8,402	9,716
Total current liabilities	<u>21,658</u>	<u>24,325</u>
Non-current liabilities		
Deferred tax liabilities	155	194
Provisions	627	657
Total non-current liabilities	<u>782</u>	<u>851</u>
Total liabilities	<u>22,440</u>	<u>25,176</u>
Net assets	<u>131,632</u>	<u>128,499</u>
Equity		
Contributed equity	33,699	33,699
Reserves	3,470	3,552
Retained profits	94,463	91,248
Total equity	<u>131,632</u>	<u>128,499</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

National Can Industries Limited

**Consolidated Statement of Changes in Equity
For the Half-year ended 31 December 2009**

	Note	2009 \$'000	2008 \$'000
Total equity at the beginning of the half-year		<u>128,499</u>	<u>126,489</u>
Total comprehensive income for the half-year		(80)	2,862
Profit for the half-year		<u>3,881</u>	<u>4,519</u>
Total recognised income and expense for the half-year		<u>3,801</u>	<u>7,381</u>
Dividends provided for or paid (Note 3)		(668)	(1,335)
Total equity at the end of the half-year		<u>131,632</u>	<u>132,535</u>

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

National Can Industries Limited

Consolidated Cash Flow Statement
For the Half-year ended 31 December 2009

	2009	2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts from trade and other debtors (inclusive of GST)	99,296	96,298
Payments to trade and other creditors and employees (Inclusive of GST)	(85,838)	(88,339)
Income tax paid	(1,636)	(2,043)
Interest paid	(60)	(40)
Interest received	229	289
(Net cash outflow)/ inflow from operating activities	11,991	6,165
Cash flows from investing activities		
Payments for property, plant and equipment	(3,352)	(4,861)
Proceeds from sale of property, plant and equipment		89
Payments for trademarks and goodwill		(1)
Net cash outflow from investing activities	(3,352)	(4,773)
Cash flows from financing activities		
Dividends paid	(668)	(1,335)
Net cash outflow from financing activities	(668)	(1,335)
Net increase/(decrease) in cash held	7,971	57
Cash and cash equivalents at beginning of financial year	12,478	12,883
Effect of exchange rate change on cash	(375)	1,358
Cash and cash equivalents at end of period	20,074	14,298

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

National Can Industries Limited

Notes to the Consolidated financial statements
For the Half-year ended 31 December 2009

1. Basis of preparation of half-year report

This general purpose financial report for the interim 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*.

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 2009 and any public announcements made by National Can Industries Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

Since 1 July 2009, the Consolidated Entity has adopted the following new Standards:

• AASB 101 Presentation of Financial Statements

The Consolidated Entity has adopted this standard. The financial statements are presented and titled in accordance with the new standard and comparatives have been re-stated in accordance with the new standard. The new standard has not resulted in any changes to the financial performance of the Consolidated Entity.

• AASB 3 Business Combinations

The Consolidated Entity has adopted this standard but as there have been no transactions of this nature, there has been no impact from adopting this standard.

• AASB 8 Operating Segments

The Consolidated Entity has adopted this standard but there has been no impact from adopting this standard.

• AASB 123 Borrowing Costs

The Consolidated Entity has adopted this standard, but as there have been no transactions of this nature, there has been no impact from adopting this standard.

• AASB 127 Consolidated and Separate Financial Statements

The Consolidated Entity has adopted this standard, however there has been no impact. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Appendix 4D
Half-year report
Half-year ended December 31, 2009

2. Segment Information

	Australia	New Zealand	Papua New Guinea	Fiji	Intersegment eliminations/ Unallocated	Consolidated
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	76,411	19,217	2,890	721	(3,942)	95,297
Segment result	2,726	1,909	832	31	(60)	5,438
2008	Australia	New Zealand	Papua New Guinea	Fiji	Intersegment elimination's/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	70,690	20,243	4,343	804	(4,711)	91,369
Segment result	4,019	488	1,819	175	(40)	6,461

The entity's operating segments have been determined based on the internal management reporting structure and the nature of products and services provided by the consolidated entity. They reflect the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment. The segment information presented is consistent with internal management reporting. Operating segments have not been aggregated for reporting purposes.

The entity has four operating segments Australia, New Zealand, Papua New Guinea and Fiji, each of which operate predominantly in packaging material processing and packaging manufacture which represents a single industry.

3. Dividends

	2009	2008
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half-year	<u>668</u>	<u>1,335</u>

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 3.0 cents per fully paid ordinary share (2009 – 3.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on out of retained profits at 31 December 2009, but not recognised as a liability at the end of the half-year, is

<u>2,003</u>	<u>2,003</u>
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4. Contingent Liabilities

There has been no change in contingent liabilities since the last reporting date.

5. Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Directors' Report

Your directors present their report on the consolidated entity consisting of National Can Industries Limited and the entities it controlled at the end of, or during, the half-year ended December 31, 2009.

Review of Operations

Revenues for the six months to December 31, 2009 were \$95.2 million and profit after tax for the period was \$ 3.9 million.

Demand in key markets remained subdued during 1st Half with modest sales growth over the previous year mainly attributable to higher metal packaging selling prices as a consequence of steep increases in the cost of tinplate during 2009.

Earnings were lower for the period as the higher raw material costs eroded margins and weaker currencies reduced the profits of offshore entities on consolidation. Operating costs were reduced through lower workforce levels and from savings realised in distribution and facility costs. Depreciation charges were higher as a number of capacity expansion projects were commissioned during the 1st Half.

Forward Outlook

Market conditions are expected to remain steady with no significant improvement in demand during the 2nd Half. The stronger Australian currency will assist containment of raw material costs although the strong global recovery in demand for steel inputs, particularly iron ore and coal, may drive further increases in the cost of tinplate. Providing trading conditions do not deteriorate from the present outlook, Directors expect 2nd Half earnings to be at a similar level to the corresponding period last year, before the one-off costs taken up in the 2nd Half 2009.

Interim Dividend

Directors have declared an interim dividend of 3.0 cents per share fully franked and payable on Thursday April 22, 2010. Entitlement to the dividend will be on the basis of registrable transfers received up to 5.00 p.m. on Thursday April 8, 2010.


Directors advise that all dividend payments out of 2009/10 profits will be fully franked.

Directors

The following persons were directors of National Can Industries Limited during the whole of the half-year and up to the date of this report.

R. K. Horsburgh E.B. Noxon T.X. O'Brien R.G. Pitcher M.W. Tyrrell

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



E. B. Noxon
Director



M. W. Tyrrell
Director

Melbourne February 25, 2010

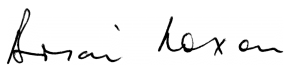
DIRECTORS' DECLARATION

In the directors' opinion:

- a) the financial statements and notes set out on pages 3 – 8 of the Half-yearly Report 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 December 31, 2009 and of its performance, as represented by the results of its operations, changes in equity and its cashflows, for the half-year ended on that date; and

- a) there are reasonable grounds to believe that the company 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.



E.B. Noxon
Director



M.W. Tyrrell
Director

Melbourne February 25, 2010

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Independent Auditor's Review Report To the Members of National Can Industries Limited

We have reviewed the accompanying half-year financial report of National Can Industries Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports 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 Can Industries 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. 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.

Independence

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

Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of National Can Industries Limited for the half-year ended 31 December 2009 included on National Can Industries Limited's web site. The Company's directors are responsible for the integrity of National Can Industries Limited's web site. We have not been engaged to report on the integrity of National Can Industries Limited's web site. The auditor's 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.

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 Can Industries 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



David Ashmore
Director - Audit & Assurance Services

Melbourne, 25 February 2010

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**Auditor's Independence Declaration
To The Directors of National Can Industries Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of National Can Industries 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



David Ashmore
Director - Audit & Assurance Services

Melbourne, 25 February 2010