

Crane Group Limited

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ASX and Media Release

16 February 2009

CRANE GROUP REPORTS STRONG PROFIT PERFORMANCE IN DIFFICULT TRADING CONDITIONS

Building and industrial products company Crane Group Limited (ASX:CRG) has announced a \$33.2 million net profit after tax and before significant items for the half year ended 31 December, 2008. The result was down 6.9% on the same period last financial year but ahead of previous guidance of an expected 12% decline.

Crane Group Managing Director, Greg Sedgwick said the cost reduction and efficiency initiatives undertaken in the past year had helped mitigate the impact of difficult economic conditions being experienced in both Australia and New Zealand. "Our acquisition of complementary businesses such as KBE, Northern's and Mitchell Water also provided an improved contribution for the half."

Highlights of the result include:

- Earnings ahead of guidance;
- Interim dividend maintained at 35 cents per share fully franked, in line with the previous corresponding period;
- Solid balance sheet with banking facilities renewed and gearing remaining well within the target range; and
- Purchase of a further 20% stake in Mitchell Water Australia, lifting Crane Group's holding to 40%.

Mr. Sedgwick said: "Crane Group's Balance sheet remains strong. Net debt at 31 December, 2008 was \$338 million and gearing (measured as net debt to net debt plus equity) at 36.6% remains comfortably within our target gearing range. In February 2009 we further strengthened our funding position by renewing \$140 million of banking facilities, extending their maturity dates from 2010 to 2012. As a result the next major refinancing for Crane Group is not due until the second half of FY2011. All of Crane Group's banking facilities are with Australian domestic banks."

"Net profit after tax before significant items for the full year is expected to be down approximately 10%."

The Crane Group Board has declared a fully franked interim dividend of 35 cents per share, in line with the previous corresponding period. The Record Date for the interim dividend is 27 February, 2009 and the dividend is payable on 31 March, 2009. The Dividend Reinvestment Plan will operate in respect of this interim dividend.

Financial Overview

Revenue for the six months ended 31 December, 2008 was \$1,165 million, down 1% on last year.

Earnings before interest, tax and significant items (EBIT) for continuing businesses was \$56.6 million for the six month period, down 11.5% on last year. Equity accounted earnings were up \$5.3 million compared with last year, contributing to a net profit after tax, before significant items of \$33.2 million, down 6.9% on the same period last year. Earnings per share (before significant items) of 50.5 cents was down 9.2% on the previous corresponding period.

A significant item expense of \$3.1 million after tax was incurred during the period relating primarily to restructuring initiatives undertaken in response to worsening economic conditions in Australia and New Zealand. These initiatives have reduced headcount by 358 positions across Crane Group's business, generating cost savings of around \$14 million for FY09 and \$20 million on an annualised basis. Crane Group is continuing to pursue further cost reductions and efficiency improvements across all of its businesses.

Net debt at 31 December, 2008 was \$338 million, an increase of \$60 million since 30 June, 2008 due primarily to higher working capital and \$21 million of acquisition expenditure. Gearing of 36.6% (measured as net debt to net debt plus equity) is up slightly compared with the previous corresponding period but remains well within our target range of 30% to 40%. Net financing costs for the period were \$17.7 million, up 27% on the corresponding period last year, reflecting acquisition activity since 30 June, 2007.

Net capital expenditure for the period was \$17 million, a decrease of \$7 million over last year. Cash flow from operations of \$31.6 million was down on last year mainly as a result of a decrease in trade creditors as purchases from suppliers reduced in line with demand.

Results by Division

| For the 6 months to 31 December | Segment Revenue | | Segment Earnings* | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 \$million | 2007 \$million | 2008 \$million | 2007 \$million |
| Pipelines | 385.1 | 400.6 | 46.4 | 43.5 |
| Tradelink | 476.1 | 443.2 | 19.4 | 17.2 |
| CDNZ | 208.3 | 221.1 | 2.4 | 9.1 |
| Metals Distribution | 131.0 | 123.8 | 3.7 | 6.3 |
| Crane Copper Tube | 61.9 | 74.8 | 1.2 | 2.2 |
| Intercompany and unallocated | (97.4) | (86.8) | (10.1) | (13.2) |
| Total – continuing businesses | 1,165.0 | 1,176.7 | 63.0 | 65.1 |
| Discontinued businesses | - | - | - | 0.9 |
| Total | 1,165.0 | 1,176.7 | 63.0 | 66.0 |

* EBIT before significant items (including equity accounted earnings after tax for Pipelines).

Pipelines

Revenue in Pipelines for the six months to 31 December 2008 was \$385 million, down 4% on the same period last year. Increased demand from the telecommunications, energy and mining markets was more than offset by declines in building, civil and rural markets. Sales to major water infrastructure projects declined due to fewer projects being underway compared with the previous corresponding period.

Total earnings, including equity accounted earnings from the Mitchell Water Australia investment, were \$46.4 million, up 6.7% compared with the previous corresponding period. EBIT was down 6% to \$40 million for the half year with a strong contribution from Kingston Bridge Engineering helping to offset the impact of lower activity in the building, civil and rural market sectors.

In August 2008 Crane Group increased its ownership interest in Mitchell Water Australia from 20% to 40%. Mitchell is a civil contractor specialising in the construction of water pipeline infrastructure. Subsequent to Crane Group increasing its ownership, Mitchell was awarded the stage six of construction of the Wimmera Mallee Pipeline Project, which will extend the company's involvement in this project through to August 2009. Iplex will supply the pipe and fittings for the project.

Trade Distribution

As highlighted in the FY08 results announcement, Tradelink and CDNZ have operated and reported from 1 July, 2008 as one business unit called Trade Distribution. This management restructure has reduced the cost of operating the business and will, over time, lead to more consistent business practices across the distribution network.

Tradelink

Tradelink's performance continued to improve during the period. Revenue of \$476 million represented an increase of 7% compared with the same period last year. Same store sales were stable despite difficult trading conditions in some markets and in particular a downturn in the Queensland building market.

Tradelink delivered EBIT of \$19.4 million for the period, up by 13% over the previous corresponding period. EBIT margin grew from 3.9% to 4.1% as benefits continue to be derived from the business improvement programme that has been underway in the business for some time.

Tradelink continues to focus on improving its product and service offering and developing its store network. In February 2009 Kohler, a global manufacturer of quality plumbing products, appointed Crane Group as its distributor in Australia.

During the period 3 new stores were opened and 10 stores were refurbished. Tradelink currently has 225 stores across Australia.

CDNZ

Conditions in the New Zealand housing and commercial construction markets continued to worsen over the past six months. Revenue at CDNZ fell 6% to \$208 million for the period. Margins came under pressure during the period as competition intensified in this market.

EBIT was \$2.4 million for the period, well down on the \$9.1 million recorded for the previous corresponding period. The cost reduction programme initiated last year has seen operating costs reduced significantly but this has not been sufficient to offset the pace of deterioration in the market. Further efficiency improvements and cost reductions are currently being pursued at CDNZ.

Metals Distribution

Metals Distribution continues to face challenging market conditions with falling commodity prices putting pressure on margins as inventory holdings are sold at reduced market prices. Revenue for the period was up 6% to \$131 million due primarily to increased demand from the Royal Australian Mint. Excluding the Mint, volumes were down 2% compared with the previous corresponding period, reflecting the slowdown in economic activity.

EBIT of \$3.7 million for the period was down on the \$6.3 million earned last year reflecting the market conditions outlined above. Given the volatile conditions in commodity markets, Metals Distribution is continuing to focus on careful stock and margin management.

In December 2008 Crane Group reached agreement to purchase the assets of Stoddart Metals, a small distributor of imported copper and brass products. The acquisition, which is expected to complete on 2 March, 2009, will improve Metals Distribution's share of the copper and brass market. The business has annual sales of approximately \$30 million and its operations will be fully integrated into the existing Metals Distribution business.

Crane Copper Tube

Crane Copper Tube continued to operate profitably during the period despite decreased sales volumes in line with general market conditions. Revenue for the period was down 17% to \$62 million reflecting lower copper prices and a 16% reduction in volumes.

EBIT of \$1.2 million for the period compares with \$2.2 million earned for the corresponding period last year. The business continues to work hard on improving the flexibility and productivity of its operations to ensure that it can respond to changing market conditions.

Safety

Safety remains a key focus for Crane Group. Particular emphasis is being placed this year on improving manual handling practices across all businesses. The lost time injury frequency rate for Crane Group at 31 December 2008 was 46, a reduction of 78% since January 2004.

Outlook

Current economic conditions in both Australia and New Zealand are posing significant challenges to all of Crane Group's businesses. Over the past six months demand in the New Zealand market has further weakened and building activity in Queensland has slowed. Given the events taking place in the broader economy, difficult trading conditions are expected to persist for some time and demand in resource rich areas such as Western Australia and Central Queensland is expected to decline in the coming months in response to lower mining activity.

Despite the difficult economic environment, each of Crane Group's businesses continues to trade profitably and the company's financial position remains robust. Over the past six months, appropriate actions have been taken across Crane Group to adjust its business operations and pursue cost reductions. Management will continue to respond as necessary to meet the challenging conditions.

Volatility in the broader economy makes it difficult to definitively forecast future performance. Nonetheless, given the expectation that difficult trading conditions will persist for the balance of the financial year and the cost reduction plans currently in place across Crane Group, management expects that net profit after tax before significant items for the full year will be down approximately 10% compared with last year.

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Financial Summary

| For the 6 months to December | 2008 | 2007 | % change |
|--|-------------|-------------|-----------------|
| Revenue (\$m) | 1,165.0 | 1,176.7 | -1.0 |
| Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA) (\$m) | 73.8 | 80.1 | -7.8 |
| Earnings before interest, tax and significant items (EBIT) (\$m) | 56.6 | 64.9 | -12.8 |
| Net interest costs (\$m) | (17.7) | (14.0) | +26.8 |
| Share of profit of equity accounted investments (\$m) | 6.4 | 1.1 | - |
| Tax expense (\$m) | (12.1) | (16.0) | -24.9 |
| Minority interests (\$m) | - | (0.3) | - |
| Net profit after tax before significant items (\$m) | 33.2 | 35.7 | -6.9 |
| Significant item gains/(losses) after tax and minority interests (\$m) | (3.1) | - | - |
| Net profit after tax (\$m) | 30.1 | 35.7 | -15.7 |
| Earnings per share before significant items (cents) | 50.5 | 55.6 | -9.2 |
| Basic earnings per share (cents) | 45.7 | 55.6 | -17.8 |
| Total dividend per share (cents – fully franked) | 35 | 35 | - |

Crane Group Limited
(ABN 91 008 410 302)

Appendix 4D

Half Yearly Financial Report

Half year ended 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | <u>\$000</u> |
|--|----------------------------|------------------------------------|
| Revenue | | |
| - continuing operations | down 1.0% to | 1,165,000 |
| - discontinued operations | | - |
| - total | down 1.0% to | <u>1,165,000</u> |
| Profit after tax and minority interests but before significant items | | |
| - continuing operations | down 5.2% to | 33,243 |
| - discontinued operations | | - |
| - total | down 6.9% to | <u>33,243</u> |
| Significant item (losses)/gains after tax and minority interests | | |
| - continuing operations | | (3,131) |
| - discontinued operations | | - |
| - total | | <u>(3,131)</u> |
| Total profit for the period | down 15.7% to | <u>30,112</u> |
| Dividends on ordinary securities | <u>Amount per security</u> | <u>Franked amount per security</u> |
| Interim dividend | 35 cents | 35 cents (at 30%) |
| Previous corresponding period - Interim | 35 cents | 35 cents (at 30%) |
| Record date for determining entitlements to the dividend | | 27 February 2009 |

Explanation of results

Please refer to the attached Press Release and commentary for an explanation of the results.

**CRANE GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**REPORT OF THE DIRECTORS
For the half year ended 31 December 2008**

The directors present their report together with the consolidated financial report for the half year ended 31 December 2008 and the independent auditor's review report thereon.

1. **Directors and Company Secretary:** The name of each of the directors and the Company Secretary of the Company in office during or since the end of the half year are:

Leo E Tutt FCA FAIM

Chairman since July 2002. Director (non-executive) since September 2001.

Greg L Sedgwick BComm MComm FAIM

Managing Director (executive) since January 2004.

Mark I Fitzgerald BComm FCPA

Finance Director (executive) since August 2003.

Cecil R Stubbs BE

Director (non-executive) since July 1998. Mr Stubbs retired as a director on 23 December 2008.

John B Harkness FCA

Director (non-executive) since September 2000.

Robert D Fraser BEc LLB (Hons)

Director (non-executive) since June 2004.

Trevor J Carroll BE

Director (non-executive) since October 2008.

Susan Leppinus BEc LLB Gdip AppFin

General Counsel, Company Secretary since February 2003.

2. **Review of Operations**

A review of the operations of the consolidated entity for the half year and the results of those operations is included in the attached commentary set out on pages 1 to 6. This commentary also forms part of the report of the directors.


3. **Lead Auditor's Independence Declaration**

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 25 and forms part of the report of the directors.

4. **Rounding of Amounts**

The consolidated entity is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and report of the directors have been rounded off to the nearest thousand dollars, unless otherwise stated.

For and on behalf of the Board and signed in accordance with its resolution.



LE Tutt
Chairman

16 February 2009
Sydney, NSW



GL Sedgwick
Managing Director

Crane Group Limited
(ABN 91 008 410 302)

Consolidated Interim Financial Report

For the half year ended

31 December 2008

**Consolidated Interim Income Statement
For the half year ended 31 December**

| | 2008 | | | 2007 | | | |
|--|------|-----------------------------------|-------------------------------------|------------------|-----------------------------------|-------------------------------------|----------------|
| | Note | Continuing Operations \$000 | Discontinued Operations \$000 | Total \$000 | Continuing Operations \$000 | Discontinued Operations \$000 | Total \$000 |
| Revenue | | 1,165,000 | - | 1,165,000 | 1,176,679 | - | 1,176,679 |
| Expenses | | (1,112,844) | - | (1,112,844) | (1,112,715) | 971 | (1,111,744) |
| Result from operating activities | | 52,156 | - | 52,156 | 63,964 | 971 | 64,935 |
| Financial income | | 702 | - | 702 | 841 | - | 841 |
| Financial expense | | (18,423) | - | (18,423) | (14,820) | - | (14,820) |
| Net financing costs | | (17,721) | - | (17,721) | (13,979) | - | (13,979) |
| Share of profit of equity accounted investment | 6 | 6,360 | - | 6,360 | 1,088 | - | 1,088 |
| Profit/(loss) before tax | | 40,795 | - | 40,795 | 51,073 | 971 | 52,044 |
| Income tax expense | 5 | (10,683) | - | (10,683) | (15,996) | (11) | (16,007) |
| Profit/(loss) after tax but before minority interests | | 30,112 | - | 30,112 | 35,077 | 960 | 36,037 |
| Loss/(profit) for the period attributable to minority interests | | - | - | - | - | (334) | (334) |
| Profit for the period attributable to equity holders of Crane Group Limited | | 30,112 | - | 30,112 | 35,077 | 626 | 35,703 |
| Earnings per security (EPS) | | | | | | | |
| Basic EPS attributable to ordinary equity holders (cents per share) | | 45.7 | - | 45.7 | 54.6 | 1.0 | 55.6 |
| Diluted EPS attributable to ordinary equity holders (cents per share) | | 45.0 | - | 45.0 | 53.6 | 1.0 | 54.6 |

The consolidated interim income statement is to be read in conjunction with the notes to the half year financial statements.

Crane Group Limited - Half Yearly Report

**Consolidated Interim Balance Sheet
As at 31 December 2008**

| | Note | December 2008 \$000 | June 2008 \$000 |
|---|------|---------------------------|-----------------------|
| Current assets | | | |
| Cash and cash equivalents | | 5,590 | 31,639 |
| Receivables | | 292,158 | 349,138 |
| Inventories | | 351,521 | 350,382 |
| Prepayments | | 6,025 | 5,219 |
| Total current assets | | 655,294 | 736,378 |
| Non-current assets | | | |
| Receivables | | 750 | 3,224 |
| Investments | 6 | 36,980 | 20,020 |
| Property, plant and equipment | | 249,891 | 245,284 |
| Intangible assets | 7 | 312,388 | 310,711 |
| Deferred tax assets | | 37,020 | 39,564 |
| Total non-current assets | | 637,029 | 618,803 |
| Total assets | | 1,292,323 | 1,355,181 |
| Current liabilities | | | |
| Payables | | 283,664 | 362,375 |
| Loans and borrowings | | 40,586 | 31,953 |
| Employee benefits | | 33,606 | 43,942 |
| Current tax liabilities | | 5,323 | 23,911 |
| Provisions | | 19,262 | 21,716 |
| Total current liabilities | | 382,441 | 483,897 |
| Non-current liabilities | | | |
| Loans and borrowings | | 303,202 | 278,144 |
| Employee benefits | | 18,219 | 17,832 |
| Deferred tax liabilities | | - | - |
| Provisions | | 1,383 | 6,550 |
| Total non-current liabilities | | 322,804 | 302,526 |
| Total liabilities | | 705,245 | 786,423 |
| Net assets | | 587,078 | 568,758 |
| Equity | | | |
| Issued capital | | 438,316 | 427,753 |
| Reserves | | (3,873) | (5,790) |
| Retained earnings | | 152,056 | 146,246 |
| Equity attributable to equity holders of Crane Group Limited | | 586,499 | 568,209 |
| Minority interests | | 579 | 549 |
| Total equity | 9 | 587,078 | 568,758 |

The consolidated interim balance sheet is to be read in conjunction with the notes to the half year financial statements.

**Consolidated Interim Statement of Recognised Income and Expense
For the half year ended 31 December**

| | 2008 | 2007 |
|---|----------------|---------------|
| | \$000 | \$000 |
| | Note | |
| Actuarial gains/(losses) on defined benefit plan after tax | (817) | - |
| Gain on sale of treasury shares after tax | 487 | - |
| Net (expense)/income recognised directly in retained profits | (330) | - |
| Net movement in hedging reserve | (4,667) | 2,217 |
| Foreign currency difference on translation | 5,921 | (3,030) |
| Net income/(expense) recognised directly in other equity | 1,254 | (813) |
| Total income/(expense) recognised directly in equity | 924 | (813) |
| Profit for the period | 30,112 | 36,037 |
| Total recognised income and expense for the period | 31,036 | 35,224 |
| Total recognised income and expense for the period is attributable to: | | |
| - Members of Crane Group Limited | 31,006 | 34,907 |
| - Minority Interests | 30 | 317 |
| | 31,036 | 35,224 |
| Total equity at the beginning of the financial period | 568,758 | 490,972 |
| Total recognised income and expense for the period | 31,036 | 35,224 |
| Dividends paid | (23,972) | (21,524) |
| Shares issued | 10,109 | 68,530 |
| Share issue transaction costs after tax | - | (774) |
| Share based payments | 1,147 | (4,261) |
| Total equity at the end of the financial period | 587,078 | 568,167 |

The consolidated interim statement of recognised income and expense is to be read in conjunction with the notes to the half year financial statements.

**Consolidated Statement of Cash Flows
For the half year ended 31 December**

| | Note | 2008 \$000 | 2007 \$000 |
|---|------|-----------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 1,343,075 | 1,310,217 |
| Cash payments to suppliers and employees | | (1,311,482) | (1,243,659) |
| Cash generated from operations | | 31,593 | 66,558 |
| Interest received | | 447 | 804 |
| Interest paid | | (17,961) | (14,096) |
| Income taxes paid | | (29,637) | (26,913) |
| Net cash (outflow)/inflow from operating activities | | (15,558) | 26,353 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (17,049) | (24,051) |
| Proceeds from sale of non-current assets | | 68 | 40 |
| Development expenditure | | - | (1,412) |
| Acquisition of subsidiaries and businesses (net of cash acquired) | 10 | - | (128,292) |
| Deferred consideration paid | | (2,460) | - |
| Acquisition of equity accounted investment | 6 | (21,000) | (16,215) |
| Dividend from equity accounted investment | 6 | 10,400 | - |
| Loans repaid by/(extended to) joint venture entity | | 5,369 | 5,397 |
| Other loans repaid/(extended) | | 12 | 20 |
| Net cash outflow from investing activities | | (24,660) | (164,513) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 29,822 | 80,878 |
| Repayment of borrowings | | (12,193) | (1,171) |
| Business acquisition liabilities settled | | - | (11,655) |
| Purchase of treasury shares | | - | (5,158) |
| Proceeds from sale of treasury shares | | 696 | - |
| Proceeds from share issue (net of transaction costs) | | - | 59,226 |
| Dividends paid (net of reinvested dividends) | | (13,863) | (12,994) |
| Net cash inflow from financing activities | | 4,462 | 109,126 |
| Net decrease in cash held | | (35,756) | (29,034) |
| Cash and cash equivalents at the beginning of the financial period | | 31,639 | 51,394 |
| Foreign currency movements on cash | | 596 | (415) |
| Cash and cash equivalents at the end of the financial period | | (3,521) | 21,945 |
| Cash and cash equivalents comprise: | | | |
| Cash and cash equivalents | | 5,590 | 21,945 |
| Bank overdraft | | (9,111) | - |
| | | (3,521) | 21,945 |

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the half year financial statements.

Condensed Notes to the Consolidated Interim Financial Statements

Note 1: Statement of Significant Accounting Policies

Reporting entity

Crane Group Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB134 *Interim Financial Reporting*, and the *Corporations Act 2001*. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in associates and jointly controlled entities.

The interim financial report is to be read in conjunction with the most recent annual financial report. This report must also be read in conjunction with any public announcements made by Crane Group Limited during the half year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Statement of Compliance

The consolidated interim financial report was approved for issue by the directors on 16 February 2009.

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2008.

Accounting estimates and judgements

The preparation of the interim financial report required management to make judgements, estimates and assumptions that affect the application of accounting policies. The development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies and estimates are approved by the Audit and Risk Management Committee.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

Change of Accounting Policy

On 1 July 2008 the accounting policy for actuarial gains and losses on Crane Group's defined benefit superannuation plan changed. Previously, actuarial gains and losses were reflected in the income statement. From 1 July 2008, such gains and losses will be reflected directly in equity. The financial impact of this change on the current period's reported results, an after tax loss of \$817k, has been taken directly to equity (amount taken to the income statement for the half year to 31 December 2007 – NIL). The new policy will provide more relevant and reliable information to the user of the financial statements because such gains and losses are not related to the operational performance of Crane Group.

Rounding

The consolidated entity is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission relating to rounding off of amounts in the financial report and the report of the directors. Unless otherwise stated, amounts have been rounded to the nearest thousand dollars.

Note 2: Segment reporting
For the half year ended
31 December 2008

| Business segments | Continuing Operations | | | | | | | | Discontinued Operations | Total Operations |
|---|-----------------------|--------------------|---------------|---------------------------------|----------------------------------|--|----------------------|----------------|-------------------------|------------------|
| | Pipelines \$000 | Trade Distribution | | Metals Distribution \$000 | Crane Copper Tube \$000 | Inter-segment eliminations \$000 | Unallocated \$000 | Total \$000 | | |
| | | Tradelink \$000 | CDNZ \$000 | | | | | | | |
| Segment revenue | 385,104 | 476,070 | 208,278 | 130,992 | 61,925 | (97,369) | - | 1,165,000 | - | 1,165,000 |
| Segment result | | | | | | | | | | |
| Earnings before significant items, financing costs and tax | 40,033 | 19,417 | 2,371 | 3,749 | 1,166 | - | (10,106) | 56,630 | - | 56,630 |
| Significant items (losses)/gains before tax | (1,969) | (1,500) | (251) | (301) | - | - | (453) | (4,474) | - | (4,474) |
| Profit/(loss) before financing costs, tax and minority interests (a) | 38,064 | 17,917 | 2,120 | 3,448 | 1,166 | - | (10,559) | 52,156 | - | 52,156 |
| Net financing costs | | | | | | | | (17,721) | - | (17,721) |
| Share of profit of equity accounted investments | 6,360 | - | - | - | - | - | - | 6,360 | - | 6,360 |
| Income tax expense (b) | | | | | | | | (10,683) | - | (10,683) |
| Minority interests | | | | | | | | - | - | - |
| Profit for the period | | | | | | | | 30,112 | - | 30,112 |
| Depreciation/amortisation | (8,548) | (4,391) | (2,041) | (266) | (315) | - | (1,647) | (17,208) | - | (17,208) |

(a) The segment result before unallocated costs and discontinued operations for the period is \$62,715k.

(b) Includes significant items tax benefit of \$1,343k.

Note 2: Segment reporting (continued)

**For the half year ended
31 December 2007**

| Business segments | Continuing Operations | | | | | | | | Discontinued Operations | Total Operations |
|---|-----------------------|--|---------------|---------------------------------|----------------------------------|--|----------------------|----------------|-------------------------|------------------|
| | Pipelines \$000 | Trade Distribution Tradelink \$000 | CDNZ \$000 | Metals Distribution \$000 | Crane Copper Tube \$000 | Inter-segment eliminations \$000 | Unallocated \$000 | Total \$000 | \$000 | \$000 |
| Segment revenue | 400,644 | 443,190 | 221,128 | 123,813 | 74,824 | (86,920) | - | 1,176,679 | - | 1,176,679 |
| Segment result | | | | | | | | | | |
| Earnings before significant items, financing costs and tax | 42,407 | 17,180 | 9,067 | 6,252 | 2,240 | - | (13,182) | 63,964 | 971 | 64,935 |
| Significant items (losses)/gains before tax | - | - | - | - | - | - | - | - | - | - |
| Profit/(loss) before financing costs, tax and minority interests (a) | 42,407 | 17,180 | 9,067 | 6,252 | 2,240 | - | (13,182) | 63,964 | 971 | 64,935 |
| Net financing costs | | | | | | | | (13,979) | - | (13,979) |
| Share of profit of equity accounted investments | 1,088 | - | - | - | - | - | - | 1,088 | - | 1,088 |
| Income tax expense (b) | | | | | | | | (15,996) | (11) | (16,007) |
| Minority interests | | | | | | | | - | (334) | (334) |
| Profit for the period | | | | | | | | 35,077 | 626 | 35,703 |
| Depreciation/amortisation | (6,595) | (4,122) | (1,940) | (266) | (321) | - | (1,911) | (15,155) | - | (15,155) |

(a) The segment result before unallocated costs and discontinued operations for the period is \$77,146k.

(b) Includes significant items tax benefit of \$nil.

Note 2: Segment reporting (continued)

Segment information is presented in respect of the consolidated entity's business segments. The primary segment reporting format, business segments, is based on the consolidated entity's management and internal reporting structure. The major products and services from which the segments derive revenue are:

| Segment | Products and services |
|--------------------------------|--|
| Pipelines | Australasia's largest manufacturer and supplier of plastic pipeline systems. It operates manufacturing facilities in Australia and New Zealand and supplies pipeline solutions to the building products, civil/infrastructure, irrigation, mining, and telecommunications markets. |
| Trade Distribution - Tradelink | A leading distributor of plumbing supplies and associated products in Australia. |
| Trade Distribution - CDNZ | New Zealand's leading commercial supplier of plumbing, pipelines, electrical and safety products. |
| Metals Distribution | An importer and distributor of copper, copper alloy, aluminium and stainless steel products to a wide range of customers in the manufacturing industry. |
| Crane Copper Tube | A manufacturer and distributor of copper tube extrusions for the plumbing, refrigeration and OEM markets. |
| Discontinued | <ul style="list-style-type: none"> – aluminium extrusions (business disposed in October 2005) – aluminium products and window components (business disposed in October 2005) – copper alloy rod and bar extrusions (business closed in December 2005) |

Unallocated items mainly comprise corporate expenses.

Inter-segment pricing is determined on an arm's length basis.

Geographic segments

The consolidated entity operates wholly in Australasia.

Note 3: Dividends

| | Consolidated | |
|--|---------------------------|--------------------|
| | 2008 | 2007 |
| | \$000 | \$000 |
| | <hr/> | |
| Dividends paid (fully franked at the 30% tax rate): | | |
| Final 2008 dividend at 36.0 cents per ordinary share (Final 2007: 33.0 cents)* | 23,962 | 21,514 |
| Final 2008 dividend at 2.5 cents per preference share (Final 2007: 2.5 cents) | 10 | 10 |
| | <hr/> 23,972 <hr/> | <hr/> 21,524 <hr/> |

* The final 2007 dividend on ordinary shares included amounts paid on 3,703,704 shares issued via private placement to institutional investors on 10 July 2007.

Note 3: Dividends (continued)

Subsequent event

Since the end of the half year, the directors declared the following dividends:

| | |
|---|---------------|
| | 2008 |
| | \$000 |
| Dividends declared (fully franked at the 30% tax rate): | |
| Interim 2009 dividend at 35 cents per ordinary share | 23,562 |
| Interim 2009 dividend at 2.5 cents per preference share | 10 |
| | <u>23,572</u> |

The financial effect of these dividends has not been brought to account in the consolidated entity financial statements for the half year ended 31 December 2008, and will be recognised in subsequent financial reports.

The dividend plan in operation is the Crane Group Limited Dividend Reinvestment Plan. The last date for receipt of election notices for the dividend plan is 27 February 2009.

Date the dividend is payable 31 March 2009

Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers by 5.00 pm if Securities are not CHES approved or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHES approved) 27 February 2009

Note 4: Significant items

| | Consolidated | | | | | |
|---|--------------------------|--------------------------------------|--------------|--------------------------|--------------------------------------|----------|
| | 2008 | | | 2007 | | |
| | Continuing Operations | Discon- tinued Oper- ations | Total | Continuing Operations | Discon- tinued Oper- ations | Total |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Significant items | | | | | | |
| Significant item losses/(gains) included in profit after tax are: | | | | | | |
| Restructure and redundancy costs | 4,073 | - | 4,073 | - | - | - |
| Other | 401 | - | 401 | - | - | - |
| | <u>4,474</u> | <u>-</u> | <u>4,474</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Income tax benefit | (1,343) | - | (1,343) | - | - | - |
| Minority interests | - | - | - | - | - | - |
| | <u>3,131</u> | <u>-</u> | <u>3,131</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The above pre-tax significant items have been charged to general and administration costs.

Note 5: Income tax**Consolidated**

| | |
|--------------|--------------|
| 2008 | 2007 |
| \$000 | \$000 |

Income tax expense - recognised in the income statement

Reconciliation of income tax expense included in the income statement with income tax calculated on the profit/(loss)

Profit before tax

| | |
|---------------|--------|
| 40,795 | 52,044 |
|---------------|--------|

Income tax expense calculated at 30% (2007: 30%)

| | |
|---------------|--------|
| 12,239 | 15,613 |
|---------------|--------|

Increase/(decrease) in income tax expense due to:

| | | |
|-------------------------------------|----------------|--------|
| Entertainment | 430 | 509 |
| Employee share plan | - | 28 |
| New Zealand note issue | (301) | (389) |
| Equity accounted profit | (1,908) | (326) |
| Overseas tax rate differential | - | 315 |
| Under/(over) provided in prior year | (240) | (116) |
| Other | 463 | 373 |
| | 10,683 | 16,007 |

Note 6: Equity accounted investments**Consolidated**

| Entity and business activity | Ownership interest | | Investment carrying amount | | Dividends received | |
|--|--------------------|---------------|----------------------------|---------------|--------------------|---------------|
| | December 2008 | December 2007 | December 2008 | December 2007 | December 2008 | December 2007 |
| | % | % | \$000 | \$000 | \$000 | \$000 |
| Mitchell Water Australia Pty Ltd (Pipeline construction) | 40 | 20 | 36,829 | 17,303 | 10,400 | - |
| Mitchell Water (Vic) Pty Ltd (Pipeline construction) | 70 | 60 | 151 | 60 | - | - |
| Iplex Asia Pte Limited (Plastic pipelines and fittings) | - | 50 | - | - | - | - |
| | | | 36,980 | 17,363 | 10,400 | - |

Reconciliation

| | | |
|---|-----------------|--------|
| Carrying amount at beginning of period | 20,020 | 60 |
| Acquisition of equity accounted investments | 21,000 | 16,215 |
| Dividend from equity accounted investment - fully franked | (10,400) | - |
| Share of profit of equity accounted investments | 6,360 | 1,088 |
| Carrying amount at end of period | 36,980 | 17,363 |

Crane Group acquired, via its 100% owned subsidiary Iplex Pipelines Australia Pty Limited, a 20% equity interest in Mitchell Water Australia Pty Limited on 31 July 2007 (cost of acquisition \$16 million). On 14 August 2008, Crane Group paid \$21 million to increase this equity interest from 20% to 40%. Mitchell Water Australia Pty Limited is involved in the construction of large diameter pipeline systems.

Mitchell Water (Vic) Pty Ltd is a joint venture entity established on 3 July 2006 between Crane Group's 100% owned subsidiary Iplex Pipelines Australia Pty Limited and Mitchell Water Australia Pty Limited. Due to the 40% investment in Mitchell Water Australia Pty Limited, Crane Group now holds a 70% effective equity interest in Mitchell Water (Vic) Pty Ltd (50% directly and 20% indirectly).

Iplex Asia Pte Limited has been deregistered.

| Note 7: Intangible assets | Consolidated | |
|---|---------------------|----------------|
| | December | June |
| | 2008 | 2008 |
| | \$000 | \$000 |
| Goodwill at cost | 273,311 | 269,734 |
| Accumulated impairment losses | (775) | (775) |
| | 272,536 | 268,959 |
| Trade names at cost | 22,296 | 21,788 |
| Accumulated impairment losses | (4,309) | (4,085) |
| | 17,987 | 17,703 |
| Development expenditure: | | |
| System re-engineering and computer software at cost | 46,729 | 50,756 |
| Accumulated amortisation and impairment losses | (24,864) | (26,707) |
| | 21,865 | 24,049 |
| | 312,388 | 310,711 |

Net movements during the current financial half year include:

| | Goodwill | Trade Names | Development |
|---|-----------------|--------------------|--------------------|
| | \$000 | \$000 | Expenditure |
| | | | \$000 |
| Balance at 1 July 2008 | 268,959 | 17,703 | 24,049 |
| Additions to development expenditure | - | - | - |
| Amortisation expense | - | - | (2,512) |
| Goodwill arising from business acquisitions | - | - | - |
| Foreign currency translation | 3,577 | 284 | 328 |
| Balance at 31 December 2008 | 272,536 | 17,987 | 21,865 |

Note 8: NTA backing

| | Consolidated | |
|--|---------------------|---------------|
| | December | June |
| | 2008 | 2008 |
| Net tangible asset backing per ordinary security | \$4.07 | \$3.86 |

Note 9: Capital and reserves

Reconciliation of movement in consolidated capital and reserves attributable to equity holders of Crane Group Limited.

| | Reserves | | | | | | | | |
|---|----------------|-----------------|---------------------|-----------------|----------------------|----------------|-------------------|--------------------|----------------|
| | Issued capital | Treasury shares | Foreign currency | Hedging reserve | Equity | Total reserves | Retained earnings | Minority interests | Total equity |
| | | | translation reserve | | compensation reserve | | | | |
| \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| For the half year ended 31 December 2008 | | | | | | | | | |
| Balance at 1 July 2008 | 442,428 | (14,675) | (9,905) | (593) | 4,708 | (5,790) | 146,246 | 549 | 568,758 |
| Net movement in hedging reserve | - | - | - | (4,667) | - | (4,667) | - | - | (4,667) |
| Net profit for the period | - | - | - | - | - | - | 30,112 | - | 30,112 |
| Foreign currency difference on translation | - | - | 5,885 | 6 | - | 5,891 | - | 30 | 5,921 |
| Shares issued * | 10,109 | - | - | - | - | - | - | - | 10,109 |
| Share issue transaction costs after tax | - | - | - | - | - | - | - | - | - |
| Share based payments | - | 454 | - | - | 693 | 693 | 487 | - | 1,634 |
| Defined benefit plan actuarial (loss)/gain | - | - | - | - | - | - | (817) | - | (817) |
| Dividends to shareholders | - | - | - | - | - | - | (23,972) | - | (23,972) |
| Balance at 31 December 2008 | 452,537 | (14,221) | (4,020) | (5,254) | 5,401 | (3,873) | 152,056 | 579 | 587,078 |
| For the half year ended 31 December 2007 | | | | | | | | | |
| Balance at 1 July 2007 | 362,738 | (8,427) | 4,663 | (1,843) | 3,329 | 6,149 | 129,965 | 547 | 490,972 |
| Net movement in hedging reserve | - | - | - | 2,217 | - | 2,217 | - | - | 2,217 |
| Net profit for the period | - | - | - | - | - | - | 35,703 | 334 | 36,037 |
| Foreign currency difference on translation | - | - | (3,002) | (11) | - | (3,013) | - | (17) | (3,030) |
| Shares issued * | 68,530 | - | - | - | - | - | - | - | 68,530 |
| Share issue transaction costs after tax | (774) | - | - | - | - | - | - | - | (774) |
| Share based payments | - | (5,158) | - | - | 897 | 897 | - | - | (4,261) |
| Dividends to shareholders | - | - | - | - | - | - | (21,524) | - | (21,524) |
| Balance at 31 December 2007 | 430,494 | (13,585) | 1,661 | 363 | 4,226 | 6,250 | 144,144 | 864 | 568,167 |

* During the period the Company issued the following fully paid ordinary shares:

- (a) 760,632 shares at \$13.29 per share pursuant to the Crane Group Limited Dividend Reinvestment Plan (DRP) from the Final 2008 dividend, amounting to \$10.1 million (Final 2007 dividend was 500,879 shares at \$17.03 per share, amounting to \$8.5 million); and
- (b) In the prior period, 3,703,704 shares at \$16.20 per share via private placement to institutional investors, amounting to \$60.0 million.

Note 10: Business acquisitions

There were no business acquisitions effected during the current half year ended 31 December 2008. Details of business acquisitions completed during the half year ended 31 December 2007 are detailed below:

| Business acquisitions – half year ended 31 December 2007 | Date Acquired | Interest Acquired | Cash outflow on Acquisition \$000 | Cost of Acquisition \$000 | Fair Value of Net Tangible Assets Acquired \$000 |
|--|---------------|-------------------|--------------------------------------|------------------------------|---|
| During the half year ended 31 December 2007 the consolidated entity acquired the businesses of: | | | | | |
| - KBE - Kingston Bridge Engineering Pty Limited and Polymer Fusion Education Pty Limited (legal entities acquired) | 31 Aug 2007 | 100% | 95,710 | 96,978 | 30,550 |
| - Plumbing stores by Tradelink | 2 Nov 2007 | 100% | 31,470 | 31,480 | 9,822 |
| - Other | 28 Sept 2007 | 100% | 1,112 | 1,075 | 625 |
| | | | <u>128,292</u> | <u>129,533</u> | <u>40,997</u> |
| Cost adjustments relating to prior period acquisitions | | | - | 37 | - |
| | | | <u>128,292</u> | <u>129,570</u> | <u>40,997</u> |

Note 11: Contingent liabilities

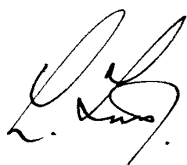
There were no material changes in contingent liabilities since 30 June 2008.

DIRECTORS' DECLARATION

In the opinion of the directors of Crane Group Limited ('the Company'):

1. the financial statements and notes, set out on pages 7 to 22, are in accordance with the *Corporations Act 2001* and:
 - (a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance for the half year ended on that date; and
 - (b) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



LE Tutt
Chairman



GL Sedgwick
Managing Director

16 February 2009
Sydney, NSW

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CRANE GROUP LIMITED**

Report on the financial report

We have reviewed the accompanying half-year financial report of Crane Group Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration set out on pages 9 to 23 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the half year financial report

The directors of the company are responsible for the preparation and fair presentation of the interim 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 interim 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 interim financial report based on our review. We conducted our review in accordance with 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Crane Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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 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 interim financial report of Crane 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 interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG



KA Leighton
Partner

16 February 2009
Sydney, NSW

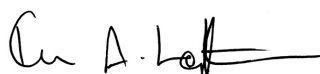
**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CRANE GROUP LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG



KA Leighton
Partner

16 February 2009
Sydney, NSW