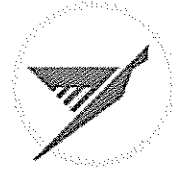


Crane Group Limited

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9 November 2009

Luxmy Wigneswaran
Adviser, Issuers (Sydney)
ASX Markets Supervision Pty Limited

via email: luxmy.wigneswaran@asx.com.au

Crane Group Limited

I refer to your email of 5 November 2009 and respond to your questions as follows:

1. Yes, the Company considers that the information contained in the Announcement concerning the Expected Variations to Profit is material to the Company.
2. Not applicable
3. On 10 August 2009, the Company lodged with Australian Securities Exchange (ASX) its FY09 results announcement, Appendix 4E and FY09 Analyst Presentation.

In the FY09 Analyst Presentation (page 10) the Company provided a breakdown of divisional earnings between 1H and 2H FY09 compared with corresponding periods in FY08. This clearly showed that adverse trading conditions had been more pronounced in 2HFY09 (Net Profit after Tax of \$23.2m) than in 1HFY09 (Net Profit after Tax of \$33.2m), particularly when compared with the corresponding periods in the previous year.

The FY09 Analyst Presentation FY10 Outlook (page 36) showed Group daily sales trends by month for FY09 noting that there had been a noticeable drop in sales from November 2008 (a 17% fall in average sales per day 2HFY09 compared with 1HFY09), that since February 2009 sales had stabilised and that sales were expected to remain at these lower levels for 1HFY10.

The Company also noted in its FY09 Presentation (page 11) that the Group's equity accounted investment in Mitchell Water Australia contributed \$15.9 million to EBIT. On page 3 of the FY09 results announcement it is also stated clearly that *"Mitchell Water Australia is expected to make a much smaller contribution to earnings in the coming year."*



In the FY09 Analyst Presentation, further information was provided on the FY10 Outlook (page 37), including that:

- significant annualised cost savings would underpin FY10 results;
- Australian housing is expected to improve by 2H10;
- civil and water infrastructure markets and NZ economy are expected to remain difficult; and
- due to lower equity accounted profits, it is unlikely that FY10 full year profit will exceed FY09.

On page 5 of the FY09 results announcement the Company also stated that:

“Conditions for the coming year are expected to be at least as difficult as those experienced over the past year. In particular, the recession in New Zealand and the sharp decline in activity in the civil and water infrastructure sectors of the Australian Pipelines market are expected to impact sales, margins and equity accounted earnings unfavourably in the coming year. Any recovery in building sector demand in Australia is not expected to positively impact Crane Group’s results until at least the second half of FY10.

Earnings performance in FY10 will be supported by cost reduction initiatives undertaken during FY09, but results will be heavily dependent on trading conditions through the year. Volatility in the broader economy and the relatively short period of trading in the year to date make it difficult to definitively forecast future performance. However, unless sales demand during the year improves, it appears unlikely that FY10 profit after tax before significant items will exceed that of FY09”

The Company did not become aware of further information to clarify more fully its FY10 Outlook Statement ie: it did not become aware of the Expected Variations to Profit until it had undertaken:

- a thorough review of the Company’s Q1 FY10 trading results;
- a thorough assessment of all available information, including:
 - the existing conditions in the New Zealand housing market, the outlook for H1 and H2 FY10 in the New Zealand housing sector and its impact on the New Zealand businesses
 - forecast sales by the Pipelines division and Mitchell Water Australia into the civil and water infrastructure pipe market for the remainder of H1FY10 and H2 FY10 having regard to projects awarded and under tender and the outlook for such projects for the remainder of FY10;
 - the Australian Federal Government stimulus spending program on schools, public and defence housing, roads, solar hot water rebates

and their expected impact on the remainder of the FY10 trading results; and

- o forecast sales and margin trends by division for H1 FY10 and the FY10 full year having regard to the Group's daily sales trend over FY09 and 1QFY10.

In light of the inherent uncertainty in forecasting the outlook for H1FY10 and the FY10 full year having only one quarter of trading results, it was imperative that a proper and considered assessment be undertaken by the Board of all relevant information available at that time. This included consideration of the above factors, to ascertain their potential impact on the Company's future trading performance and to ensure the Company was in compliance with its continuous disclosure requirements.

The relevant information was collected, reviewed and analysed and this process was finalised with the determination of the FY10 Outlook at a meeting of the Board of Directors of the Company late in the afternoon on 29 October 2009.

The Announcement was released to the market prior to the commencement of trading on Friday 30 October 2009 which was the earliest possible time immediately after the Board determined the Company's profit outlook for FY10. This process was in accordance with the Company's Continuous Disclosure Policy.

- 4. Not applicable but see response to 3.
- 5. Not applicable but see response to 3.
- 6. The Company confirms it is in compliance with listing rule 3.1

Yours sincerely



Susan Leppinus
Company Secretary



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5 November 2009

Ms Susan Leppinus
General Counsel and Company Secretary
Crane Group Limited
Level 14
15 Blue Street
North Sydney NSW 2060

By Email

Dear Susan,

Crane Group Limited (the "Company")

ASX Limited ("ASX") refers to the Company's announcement lodged with ASX on 30 October 2009 and released at 8:25 am AEDT, entitled 'AGM Presentation and FY10 Outlook' (the "Announcement").

In particular, I draw your attention to page 25 of the Announcement in which the Company states, in respect of the half year ended 31 December 2009, that "*the impact on trading will be most pronounced in the first half compared with the strong performance last year prior to the economic downturn (with PAT expected to be down approximately 50%)*", and in respect of the financial year ending 30 June 2010, that "*full year profit after tax before significant items (PAT) is currently expected to be approximately 30% below the level of last year*" (together, the "Expected Variations to Profit").

As you are aware, listing rule 3.1 requires an entity, once it becomes *aware* of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"An entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Furthermore, paragraph 17 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

I also note paragraph 93 of Guidance Note 8 which states as follows:

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

"Listing rule 3.1 provides examples of information that, if material, would require disclosure. One of those examples is a change in the entity's previously released financial forecast or expectation. As a general policy, a variation in excess of 10% to 15% may be considered material, and should be announced by the entity as soon as the entity becomes aware of the variation. If the entity has not made a forecast, a similar variation from the previous corresponding period will need to be disclosed. In certain circumstances a smaller variation will be disclosable."

This was reiterated in the Companies Updates dated 22 January 2009 and 1 July 2009.

In light of the statements in the Company's Announcement relating to the Expected Variations to Profit, and having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Whether the Company considers that the information contained in the Announcement concerning the Expected Variations to Profit as material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Expected Variations to Profit to be material.
3. If the answer to question 1 is "yes", when did the Company first become aware of the Expected Variations to Profit?
4. If this was before the Announcement, please identify any earlier announcement from the Company which disclosed the Expected Variations to Profit.
5. If there was no earlier announcement, and the Company became aware of the Expected Variations to Profit prior to the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
6. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by email at luxmy.wigneswaran@asx.com.au or by facsimile on **facsimile number (02) 9241 7620**. It should **NOT** be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (**i.e. before 5:00 pm AEDT**) on **Monday, 9 November 2009**.

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we may ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading

halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Lux Wigneswaran

Adviser, Issuers (Sydney)