

Crane Group Limited

(ABN 91 008 410 302)

Appendix 4D

Half Yearly Financial Report

Half year ended 31 December 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		<u>\$000</u>
Total revenue	Down 19.9% to	<u>933,361</u>
Profit attributable to members Crane Group Limited		
Profit after tax but before significant items attributable to members	Down 46.0% to	<u>17,958</u>
Significant item (losses)/gains after tax attributable to members		<u>(2,087)</u>
Net profit after tax attributable to members	Down 47.3% to	<u>15,871</u>

Dividends on ordinary securities

	Record date	Payment date	Amount per security	Franked amount per security (at 30%)	Total Dividend \$'000
Interim dividend*	1 Mar 2010	9 Apr 2010	18.0 cents	18.0 cents	13,983
Interim dividend - previous corresponding period			35.0 cents	35.0 cents	23,562

* The last date for receipt of election notices to participate in the Crane Group Limited Dividend Reinvestment Plan ("DRP") for the current dividend is 1 March 2010. The DRP share price will be determined over the period 4 March to 17 March 2010 inclusive and the DRP discount will be 2.5%. There is no foreign conduit income attributed to the dividend.

Explanation of results

Please refer to the separate "Commentary on half-year results to 31 December, 2009" dated 15 February 2010 for an explanation of the results for the current period.

This half year financial report is to be read in conjunction with the financial report for the year ended 30 June 2009 and any public announcements made by Crane Group Limited during the current half year.

Crane Group Limited
(ABN 91 008 410 302)

Consolidated Interim Financial Report

For the half year ended

31 December 2009



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REPORT OF THE DIRECTORS

For the half year ended 31 December 2009

The directors present their report together with the consolidated interim financial report for the half year ended 31 December 2009 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.

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 BComm

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 Group for the half year and the results of those operations is included in the "Commentary on half-year results to 31 December, 2009" released to the ASX on the same date as this half year financial report.

- 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 21 and forms part of the report of the directors.

- 4. Rounding of Amounts**

The Group 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

15 February 2010
Sydney, NSW

GL Sedgwick
Managing Director



Consolidated interim income statement
For the half year ended 31 December

	Note	2009 \$000	2008 \$000
Revenue		933,361	1,165,000
Expenses	3	<u>(906,090)</u>	<u>(1,112,844)</u>
Result from operating activities		27,271	52,156
Financial income		168	702
Financial expense		<u>(9,828)</u>	<u>(18,423)</u>
Net financing costs		(9,660)	(17,721)
Share of profit of equity accounted investments	7	<u>3,926</u>	<u>6,360</u>
Profit before tax		21,537	40,795
Income tax expense	4	<u>(5,666)</u>	<u>(10,683)</u>
Profit for the period		15,871	30,112
Profit attributable to:			
Equity holders of Crane Group Limited		15,871	30,112
Minority interest		<u>-</u>	<u>-</u>
Profit for the period		15,871	30,112
Earnings per security (EPS)			
Basic EPS attributable to ordinary equity holders (cents per share)		<u>20.8</u>	<u>45.7</u>
Diluted EPS attributable to ordinary equity holders (cents per share)		<u>20.5</u>	<u>45.0</u>

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



Consolidated interim statement of comprehensive income
For the half year ended 31 December

	2009	2008
	\$000	\$000
Profit for the period	15,871	30,112
Other comprehensive income, net of income tax		
Net movement in hedging reserve	2,760	(4,667)
Defined benefit plan actuarial gain/(loss)	304	(817)
Gain on sale of treasury shares	-	33
Foreign currency difference on translation	550	5,921
Total other comprehensive income for the period	3,614	470
Total comprehensive income for the period	19,485	30,582
Total comprehensive income attributable to:		
Equity holders of Crane Group Limited	19,482	30,552
Minority interest	3	30
Total comprehensive income for the period	19,485	30,582

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



Consolidated interim balance sheet
As at 31 December 2009

	December 2009 \$000	June 2009 \$000
	Note	
Current assets		
Cash and cash equivalents	40,549	59,084
Receivables	240,593	273,133
Inventories	299,706	300,869
Prepayments	5,596	10,505
Current tax assets	-	1,027
Total current assets	586,444	644,618
Non-current assets		
Receivables	1,319	403
Investments	7 36,076	36,550
Property, plant and equipment	234,052	242,949
Intangible assets	8 305,403	307,447
Deferred tax assets	37,179	37,298
Total non-current assets	614,029	624,647
Total assets	1,200,473	1,269,265
Current liabilities		
Payables	254,957	280,956
Loans and borrowings	32,839	38,994
Employee benefits	27,958	33,983
Current tax liabilities	6,644	-
Provisions	15,863	16,439
Total current liabilities	338,261	370,372
Non-current liabilities		
Loans and borrowings	195,370	236,497
Employee benefits	16,231	16,765
Deferred tax liabilities	-	-
Provisions	1,375	1,373
Total non-current liabilities	212,976	254,635
Total liabilities	551,237	625,007
Net assets	649,236	644,258
Equity		
Issued capital	9 515,839	509,991
Reserves	(3,713)	(8,267)
Retained earnings	136,517	141,944
Equity attributable to equity holders of Crane Group Limited	648,643	643,668
Minority interests	593	590
Total equity	649,236	644,258

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



Consolidated interim statement of changes in equity

For the half year ended 31 December 2009	Reserves							Minority Interest \$000	Total equity \$000
	Issued capital \$000	Treasury shares \$000	Foreign currency translation reserve \$000	Hedging reserve \$000	Equity compensation reserve \$000	Total reserves \$000	Retained earnings \$000		
Balance at 1 July 2009	524,559	(14,568)	(7,114)	(5,215)	4,062	(8,267)	141,944	590	644,258
Comprehensive income for the period									
Net profit for the period	-	-	-	-	-	-	15,871	-	15,871
Net movement in hedging reserve	-	-	-	2,760	-	2,760	-	-	2,760
Defined benefit plan actuarial gain/(loss)	-	-	-	-	-	-	304	-	304
Foreign currency difference on translation	-	-	564	(17)	-	547	-	3	550
Total comprehensive income for the period	-	-	564	2,743	-	3,307	16,175	3	19,485
Transactions with owners in equity									
Shares issued*	5,848	-	-	-	-	-	-	-	5,848
Share based payments	-	-	-	-	1,247	1,247	-	-	1,247
Dividends to equity holders	-	-	-	-	-	-	(21,602)	-	(21,602)
Total transactions with owners	5,848	-	-	-	1,247	1,247	(21,602)	-	(14,507)
Balance at 31 December 2009	530,407	(14,568)	(6,550)	(2,472)	5,309	(3,713)	136,517	593	649,236

* Refer to Note 9 for details of shares issued during the current and prior half year periods.

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



Consolidated interim statement of changes in equity (continued)

	Reserves								
	Issued capital \$000	Treasury shares \$000	Foreign currency translation reserve \$000	Hedging reserve \$000	Equity compensation reserve \$000	Total reserves \$000	Retained earnings \$000	Minority Interest \$000	Total equity \$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
Comprehensive income for the period									
Net profit for the period	-	-	-	-	-	-	30,112	-	30,112
Net movement in hedging reserve	-	-	-	(4,667)	-	(4,667)	-	-	(4,667)
Defined benefit plan actuarial (loss)/gain	-	-	-	-	-	-	(817)	-	(817)
Gain on sale of treasury shares	-	-	-	-	-	-	33	-	33
Foreign currency difference on translation	-	-	5,885	6	-	5,891	-	30	5,921
Total comprehensive income for the period	-	-	5,885	(4,661)	-	1,224	29,328	30	30,582
Transactions with owners in equity									
Shares issued*	10,109	-	-	-	-	-	-	-	10,109
Share based payments	-	454	-	-	693	693	454	-	1,601
Dividends to equity holders	-	-	-	-	-	-	(23,972)	-	(23,972)
Total transactions with owners	10,109	454	-	-	693	693	(23,518)	-	(12,262)
Balance at 31 December 2008	452,537	(14,221)	(4,020)	(5,254)	5,401	(3,873)	152,056	579	587,078

* Refer to Note 9 for details of shares issued during the current and prior half year periods.

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



Consolidated interim statement of cash flows
For the half year ended 31 December

	Note	2009 \$000	2008 \$000
Cash flows from operating activities			
Cash receipts from customers		1,063,682	1,343,075
Cash payments to suppliers and employees		<u>(1,009,675)</u>	<u>(1,311,482)</u>
Cash generated from operations		54,007	31,593
Interest received		168	447
Interest paid		(9,630)	(17,961)
Income taxes received/(paid)		875	(29,637)
Net cash inflow/(outflow) from operating activities		<u>45,420</u>	<u>(15,558)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(4,817)	(17,049)
Proceeds from sale of non-current assets		64	68
Acquisition of equity accounted investment	7	-	(21,000)
Dividend from equity accounted investment	7	4,400	10,400
Deferred consideration paid		-	(2,460)
Loans repaid by joint venture entity		-	5,369
Other loans repaid		4	12
Net cash outflow from investing activities		<u>(349)</u>	<u>(24,660)</u>
Cash flows from financing activities			
Proceeds from borrowings		20,000	29,822
Repayment of borrowings		(66,423)	(12,193)
Proceeds from sale of treasury shares		-	696
Dividends paid (net of reinvested dividends)		(15,754)	(13,863)
Net cash (outflow)/inflow from financing activities		<u>(62,177)</u>	<u>4,462</u>
Net decrease in cash held		(17,106)	(35,756)
Cash and cash equivalents at the beginning of the financial period		57,103	31,639
Foreign currency movements on cash		91	596
Cash and cash equivalents at the end of the financial period		<u>40,088</u>	<u>(3,521)</u>
Cash and cash equivalents comprise:			
Cash and cash equivalents		40,549	5,590
Bank overdraft		(461)	(9,111)
		<u>40,088</u>	<u>(3,521)</u>

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 statements of the Company as at and for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

The consolidated 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 15 February 2010.

The consolidated interim financial report of the Company is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, and the *Corporations Act 2001*.

Except as described below, the accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report for the year ended 30 June 2009.

Accounting estimates and judgements

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies. The development, selection and disclosure of the Group’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 the consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2009.

Change in accounting policy

Presentation of financial statements

As of 1 July 2009, the Group has applied revised AASB 101 *Presentation of Financial Statements*. As a result, the Group presents in this consolidated interim financial report an income statement, a statement of comprehensive income, a balance sheet, a statement of changes in equity and a statement of cash flows.

The statement of comprehensive income is a new statement that presents the profit for the period and all other non-owner changes in equity during the period. All transactions with owners during the period are presented in the statement of changes in equity.

Comparative information has been re-presented in conformity with the revised standard. This change only affects the presentation and disclosure of information.



Note 1: Statement of Significant Accounting Policies (continued)

Change in accounting policy (continued)

Business Combinations

As of 1 July 2009, accounting standards AASB 3 *Business Combinations (2008)* and AASB 127 *Consolidated and Separate Financial Statements (2008)* must be applied to business combinations entered into after that date. This change of accounting policy will be applied by the Group prospectively from 1 July 2009.

There were no business combinations undertaken during the half year ended 31 December 2009. Accordingly, this change in policy has no impact on this financial report.

Segment reporting

As of 1 July 2009, the Group determines operating segments and presents segment information based on the information that is regularly provided to the Managing Director, who is the Group's chief operating decision maker. This change of accounting policy is due to the adoption of new accounting standard AASB 8 *Operating Segments*. Previously, the determination of operating segments and presentation of segment information was in accordance with AASB 114 *Segment Reporting*. Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. The change of accounting policy only affects the presentation and disclosure of information.

The new accounting policy for segment reporting is as follows.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group but excluding components of the Group that only earn revenues that are incidental to the activities of the Group. An operating segment is a component of the Group for which discrete financial information is available that is regularly reviewed by the Managing Director to assess performance and to make decisions about resource allocation to the segment.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Rounding

The Group 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 2009

Operating segments	Pipelines \$000	Trade Distribution		Industrial Products \$000	Total Reportable Segments \$000	Inter-segment eliminations \$000	Unallocated \$000	Total \$000
		Tradelink \$000	CDNZ \$000					
Segment revenue	248,777	459,126	152,144	143,938	1,003,985	(70,624)	-	933,361
Segment result								
Earnings before significant items, financing costs and tax	15,360	19,459	(929)	3,600	37,490	-	(7,237)	30,253
Significant item (losses)/gains before tax	-	-	(2,605)	(377)	(2,982)	-	-	(2,982)
Result from operating activities	15,360	19,459	(3,534)	3,223	34,508	-	(7,237)	27,271
Net financing costs								(9,660)
Share of profit of equity accounted investments	3,926	-	-	-	3,926	-	-	3,926
Income tax expense (a)								(5,666)
Minority interests								-
Profit for the period								15,871
Depreciation/amortisation	(8,325)	(4,217)	(1,897)	(568)	(15,007)	-	(1,248)	(16,255)
Impairment losses	-	-	(130)	-	(130)	-	-	(130)

(a) Includes significant items tax benefit of \$895k.

The basis for determining Crane Group's operating segments and the products/services they provide is detailed on page 14.



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

Operating segments	Pipelines \$000	Trade Distribution		Industrial Products \$000	Total Reportable Segments \$000	Inter-segment eliminations \$000	Unallocated \$000	Total \$000
		Tradelink \$000	CDNZ \$000					
Segment revenue	385,104	476,070	208,278	191,407	1,260,859	(95,859)	-	1,165,000
Segment result								
Earnings before significant items, financing costs and tax	40,033	19,417	2,371	4,915	66,736	-	(10,106)	56,630
Significant item (losses)/gains before tax	(1,969)	(1,500)	(251)	(301)	(4,021)	-	(453)	(4,474)
Result from operating activities	38,064	17,917	2,120	4,614	62,715	-	(10,559)	52,156
Net financing costs								(17,721)
Share of profit of equity accounted investments	6,360	-	-	-	6,360	-	-	6,360
Income tax expense (a)								(10,683)
Minority interests								-
Profit for the period								30,112
Depreciation/amortisation	(8,548)	(4,391)	(2,041)	(581)	(15,561)	-	(1,647)	(17,208)
Impairment losses	-	-	-	-	-	-	-	-

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

The basis for determining Crane Group's operating segments and the products/services they provide is detailed on page 14.



Note 2: Segment reporting (continued)

The Group has four reportable segments, as described below, which derive from the Group's three strategic business units. The strategic business units offer different products and services and are managed separately. For each of the strategic business units, the Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operations of each of the Group's reportable segments:

Reportable 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. It also holds equity accounted investments in two pipeline construction companies – refer Note 7.
Trade Distribution - Tradelink	Part of the Trade Distribution strategic business unit. A leading distributor of plumbing supplies and associated products in Australia.
Trade Distribution - CDNZ	Part of the Trade Distribution strategic business unit. New Zealand's leading commercial supplier of plumbing, pipelines, electrical and safety products.
Industrial Products	An importer and distributor of copper, copper alloy, aluminium and stainless steel products to a wide range of customers in the manufacturing industry. Also a manufacturer and distributor of copper tube extrusions for the plumbing, refrigeration and OEM markets.

Unallocated items mainly comprise corporate expenses.

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

As detailed in Note 1, the new accounting standard AASB 8 *Operating Segments* has been applied as of 1 July 2009. The basis of segmentation of the Group's operations (as required by the new accounting standard AASB 8 *Operating Segments*) has been considered during the period. As detailed in the Group's 30 June 2009 results announcement on 10 August 2009, the Metals Distribution and Crane Copper tube business units have been merged during the current period to form a new Industrial Products business within Crane Group. The merger involves the integration of the management team and other business functions, saving costs and improving flexibility for both businesses. As a result of this operational and internal reporting realignment, the results of the Industrial Products business are now reported as one operating segment.

There has been no change to the measurement basis for the segment profit since 30 June 2009.



Note 3: Expenses and Significant items

	Consolidated	
	2009	2008
	\$000	\$000
(a) Expenses excluding net financing costs and before income tax expense comprise:		
Cost of goods sold	686,821	841,626
Selling and distribution	166,775	200,201
General and administration	52,494	71,017
	<u>906,090</u>	<u>1,112,844</u>
(b) Depreciation, amortisation and impairment		
Depreciation and amortisation	16,255	17,208
Impairment of property, plant and equipment	130	-
Total depreciation, amortisation and impairment	<u>16,385</u>	<u>17,208</u>
(c) Significant items		
Significant item losses/(gains) included in profit after tax are:		
Impairment (refer Note 3(b))	130	-
Inventory write down - product range rationalisation	1,052	-
Restructure and redundancy costs	1,800	4,073
Other	-	401
	<u>2,982</u>	<u>4,474</u>
Income tax benefit	<u>(895)</u>	<u>(1,343)</u>
	<u>2,087</u>	<u>3,131</u>

The inventory write down during the current period was charged to cost of goods sold. All other pre-tax significant items during the current and previous half year have been charged to general and administration costs.

Note 4: Income tax

	Consolidated	
	2009	2008
	\$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	<u>21,537</u>	40,795
Income tax expense calculated at 30% (2008: 30%)	6,461	12,239
Increase/(decrease) in income tax expense due to:		
Entertainment	321	430
Equity accounted profit	(1,178)	(1,908)
New Zealand note issue	(407)	(301)
Under/(over) provided in prior year	(27)	(240)
Other	496	463
	<u>5,666</u>	<u>10,683</u>



Note 5: Dividends

Dividends declared and paid during the period:

	Record date	Payment date	Amount per security	Franked amount per security (at 30%)	Total Dividend \$'000
Final 2009 dividend - ordinary shares	21 Aug 2009	24 Sep 2009	28.0 cents	28.0 cents	21,592
Final 2009 dividend - preference shares	21 Aug 2009	24 Sep 2009	2.5 cents	2.5 cents	10
Final 2009 dividend - total					21,602
Final 2008 dividend - ordinary shares	22 Aug 2008	30 Sep 2008	36.0 cents	36.0 cents	23,962
Final 2008 dividend - preference shares	22 Aug 2008	30 Sep 2008	2.5 cents	2.5 cents	10
Final 2008 dividend - total					23,972

Dividends declared but not recognised in the financial statements:

Since the end of the half year, the directors declared the following dividends. The financial effect of these dividends has not been brought to account in the Group financial statements for the half year ended 31 December 2009, and will be recognised in subsequent financial reports.

	Record date	Payment date	Amount per security	Franked amount per security (at 30%)	Total Dividend \$'000
Interim 2010 dividend - ordinary shares*	1 Mar 2010	9 Apr 2010	18.0 cents	18.0 cents	13,983
Interim 2010 dividend - preference shares	1 Mar 2010	9 Apr 2010	2.5 cents	2.5 cents	10
Interim 2010 dividend - total					13,993

* The dividend plan in operation is the Crane Group Limited Dividend Reinvestment Plan ("DRP"). The last date for receipt of election notices to participate in the Crane Group Limited DRP for the current dividend is 1 March 2010. The DRP share price will be determined over the period 4 March to 17 March 2010 inclusive and the DRP discount will be 2.5%. There is no foreign conduit income attributed to the dividend.

Note 6: NTA backing

	Consolidated	
	December 2009	June 2009
Net tangible asset backing per ordinary security	\$4.41	\$4.35



Note 7: Equity accounted investments

Consolidated	Ownership interest		Dividends received		Investment carrying amount	
	December 2009	December 2008	December 2009	December 2008	December 2009	December 2008
	%	%	\$000	\$000	\$000	\$000
Entity and business activity						
Mitchell Water Australia Pty Ltd (Pipeline construction)	40	40	4,400	10,400	35,797	36,829
Mitchell Water (Vic) Pty Ltd (Pipeline construction)	70	70	-	-	279	151
			4,400	10,400	36,076	36,980
Reconciliation						
Carrying amount at beginning of period					36,550	20,020
Acquisition of equity accounted investments					-	21,000
Share of profit of equity accounted investments					3,926	6,360
Dividend from equity accounted investment - fully franked					(4,400)	(10,400)
Carrying amount at end of period					36,076	36,980

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. 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.

Crane Group holds a 70% effective equity interest in Mitchell Water (Vic) Pty Ltd (50% directly and 20% indirectly via Mitchell Water Australia Pty Limited). Crane Group only maintains a 50% representation on the board. As such, this entity is not deemed to be a subsidiary but rather an equity accounted investment.

Note 8: Intangible assets

	Consolidated	
	December 2009	June 2009
	\$000	\$000
Goodwill at cost	272,103	271,729
Accumulated impairment losses	(1,262)	(1,262)
	270,841	270,467
Trade names at cost	21,980	21,923
Accumulated impairment losses	(4,170)	(4,144)
	17,810	17,779
Development expenditure:		
ERP system and computer software at cost	46,406	46,348
Accumulated amortisation and impairment losses	(29,654)	(27,147)
	16,752	19,201
	305,403	307,447

Net movements during the current financial half year include:	Goodwill	Trade Names	Development Expenditure
	\$000	\$000	\$000
Balance at 1 July 2009	270,467	17,779	19,201
Amortisation expense	-	-	(2,474)
Foreign currency translation	374	31	25
Balance at 31 December 2009	270,841	17,810	16,752



Note 9: Issued capital

Shares issued during the half year:	Consolidated			
	2009		2008	
	Number of Shares	Value \$000	Number of Shares	Value \$000
Ordinary shares (fully paid)				
Balance at 1 July	77,112,579	524,159	66,560,731	442,028
Issued pursuant to DRP for Final 2009 (2008) dividend	571,644	5,848	760,632	10,109
Balance at 31 December	77,684,223	530,007	67,321,363	452,137
Preference shares (fully paid, non redeemable)				
Balance at beginning and end of period	400,000	400	400,000	400
Treasury shares - issued ordinary shares				
Balance at 1 July	1,217,235	(14,568)	1,177,048	(14,675)
GESP(NZ) shares sold on-market	-	-	(52,693)	454
Balance at 31 December	1,217,235	(14,568)	1,124,355	(14,221)
Total issued capital (net of treasury shares)		515,839		438,316

Note 10: Business acquisitions

There were no business acquisitions effected during the current half year ended 31 December 2009 or the half year ended 31 December 2008.

Note 11: Commitments and Contingent liabilities

There have been no material changes in commitments or contingent liabilities since 30 June 2009.

Note 12: Subsequent events

Information regarding the interim dividends declared subsequent to 31 December 2009 is detailed in Note 5.

Other than dividends declared after 31 December 2009, no matter or circumstance has arisen since the end of the period which, in the opinion of the directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.



DIRECTORS' DECLARATION

For the half year ended 31 December 2009

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

1. the financial statements and notes, set out on pages 4 to 18, are in accordance with the *Corporations Act 2001* and:
 - (a) give a true and fair view of the financial position of the Group as at 31 December 2009 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

15 February 2010
Sydney, NSW

GL Sedgwick
Managing Director



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 2009, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 12 and the directors' declaration set out on pages 4 to 19 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 2009 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 Group's financial position as at 31 December 2009 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

15 February 2010
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 2009 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

A handwritten signature in black ink, appearing to read 'KA Leighton', followed by a long horizontal line extending to the right.

KA Leighton
Partner

15 February 2010
Sydney, NSW