

# Crane Group Limited

ABN 91 008 410 302



Level 14, 15 Blue Street  
North Sydney NSW 2060

Postal address  
Locked Bag 2125  
North Sydney NSW 2059  
Australia

Telephone  
61 2 8923 3000

Facsimile  
61 2 8923 3060

Website  
[www.crane.com.au](http://www.crane.com.au)

## ASX and Media Release

10 August 2009

### CRANE GROUP ANNOUNCES A \$56.4 MILLION FULL YEAR PROFIT

Building and industrial products company Crane Group Limited (ASX:CRG) has announced a \$56.4 million net profit after tax and before significant items for the year ended 30 June, 2009. The result was down 11.6% on FY08, broadly in line with previous guidance.

Crane Group Managing Director, Greg Sedgwick, said the full year result was achieved despite a significant softening in demand in the second half of the financial year. "We undertook a number of efficiency initiatives across the Group in the past year to realign our cost base with the changed economic environment. These initiatives have helped mitigate the impact of difficult trading conditions experienced in both Australia and New Zealand in the second half."

Key features of the full year result include:

- Profit after tax before significant items of \$56.4 million, in line with guidance;
- Strong operating cash flow driven by improved working capital;
- Successful capital raising via an institutional placement and subsequent Share Purchase Plan;
- Substantial debt reduction, with gearing reduced to 25.1%, placing Crane Group in a strong financial position; and
- Final dividend of 28 cents per share fully franked, taking total dividends for the year to 63 cents per share, fully franked.

Mr. Sedgwick said: "The significant progress made during the year in strengthening the company's balance sheet, consolidating the Group's operations and reducing our cost base means that Crane Group is well prepared for the eventual improvement in market conditions."

The Crane Group Board has declared a fully franked final dividend of 28 cents per share, bringing total fully franked dividends for FY09 to 63 cents per share. The full year dividend represents a payout ratio (before significant items) of 76%, in line with the Group's dividend policy and consistent with prior year payout ratios. The Record Date for the final dividend is 21 August, 2009 and the dividend is payable on 24 September, 2009. The Dividend Reinvestment Plan will operate in respect of this final dividend.

## Financial Overview

Revenue for the 12 months ended 30 June, 2009 was \$2,118.3 million, down 9.9% on last year. The fall in revenue was more pronounced in the second half of the year, with revenue down 18.9% compared with the previous corresponding period.

Segment Earnings of \$103.9 million were down 15.9% on last year with lower earnings before interest, tax and significant items (EBIT) from wholly-owned businesses partially offset by higher equity accounted earnings. EBIT for continuing businesses was \$88.0 million, down 25.9% on last year, while equity accounted earnings of \$15.9 million were up \$12.1 million compared with last year. Net profit after tax, before significant items of \$56.4 million was down 11.6% on last year. Earnings per share (before significant items) of 82.8 cents was down 16% on the prior year.

A significant item expense of \$12.8 million after tax was incurred during the year mostly relating to restructuring initiatives undertaken across the company. This expense is discussed in detail in the section entitled "Significant Items" on page 4 of this announcement.

Net debt at 30 June, 2009 was \$216.4 million, a decrease of \$121.8 million since 31 December, 2008 due primarily to lower working capital, reduced capital expenditure and equity raised via a \$40 million placement in March, 2009 and a \$22.8 million Share Purchase Plan completed in April, 2009. The Group's funding position was strengthened during the year with the renewal in February, 2009 of \$140 million of banking facilities. Crane Group's next major refinancing is not due until April 2011.

Conservative gearing at 30 June, 2009 of 25.1% (measured as net debt to net debt plus equity) is below the Group's target range of 30% to 40% and sees Crane Group well placed to take advantage of future growth opportunities as they arise. Net financing costs for the period were \$29.9 million, down 4.5% on last year, reflecting lower debt levels and interest rates in the second half of the year.

With a number of major capital investment initiatives completed in the prior year, net capital expenditure this year reduced to \$26.9 million, a decrease of \$23.5 million over last year. Segment cash flow (cash flow from operations after capital expenditure) of \$119.1 million was up \$3.2 million on last year as lower working capital and lower capital expenditure more than offset the impact of lower earnings. The group's equity accounted investment (Mitchell Water Australia) contributed \$20.4 million of cash to Crane Group via fully franked dividends paid during the period.

## Results by Division

For the 12 months to 30 June	Segment Revenue		Segment Earnings*	
	2009 \$million	2008 \$million	2009 \$million	2008 \$million
Pipelines	680.8	792.7	77.4	85.9
Tradelink	912.4	905.6	34.7	33.3
CDNZ	346.8	421.8	3.3	11.9
Metals Distribution	221.5	262.4	4.0	10.8
Crane Copper Tube	105.5	142.0	1.8	4.0
Intercompany and unallocated	(148.7)	(172.3)	(17.3)	(23.3)
<b>Total – continuing businesses</b>	<b>2,118.3</b>	<b>2,352.2</b>	<b>103.9</b>	<b>122.6</b>
Discontinued businesses	-	-	-	0.9
<b>Total</b>	<b>2,118.3</b>	<b>2,352.2</b>	<b>103.9</b>	<b>123.5</b>

\* EBIT, including equity accounted earnings after tax for Pipelines.

## ***Pipelines***

Revenue in Pipelines was \$681 million, down 14% on last year. Lower sales to major water infrastructure projects was a significant factor in the revenue decline, with fewer projects being commenced in FY09 compared with last year. Demand in traditional markets also softened in the second half with growth in the telecommunications and energy markets more than offset by lower sales to the building, civil, mining and rural markets.

Segment earnings (which include after-tax equity accounted earnings from the Mitchell Water Australia investment) were \$77.4 million, down 10% compared with last year. EBIT from Pipelines' wholly owned businesses was \$61.5 million, down 25% on last year. Mitchell Water Australia made a significant contribution to earnings this year with the business fully engaged on the Wimmera Mallee Pipeline project. With this project due to conclude in the first quarter of FY10, Mitchell Water Australia is confident of securing new projects in the future but is expected to make a much smaller contribution to earnings in the coming year.

Each of the acquisitions made in Pipelines over recent years (Mitchell, KBE and ALM) delivered earnings growth for the year.

## ***Trade Distribution***

Results at Trade Distribution were mixed. Tradelink continued to deliver a pleasing improvement in earnings. However CDNZ posted a much lower result as the recession in New Zealand severely impacted sales. Overall, revenue at Trade Distribution was down 5% and EBIT was down 16% compared with FY08.

### Tradelink

Despite softening of demand in a number of markets during the period, Tradelink recorded another improved performance for the year. Revenue of \$912 million represented an increase of 1% compared with last year. Same store sales were down 3.2% due primarily to weaker demand in Queensland and Western Australia.

Tradelink delivered EBIT of \$34.7 million for the period, up by 4% over FY08. EBIT margin grew from 3.7% to 3.8% as benefits derived from the business improvement programme that has been underway for some time helped to overcome the impact of a more difficult sales environment.

Work continues on improving Tradelink's product and service offering and developing its store network. The rollout of the exclusive Kohler range of products to Tradelink stores has commenced and our own-brand Raymor product suite continues to be expanded. Increased sales of these products are expected to further improve Tradelink's margins over time.

During the year five new stores were opened and 13 stores were refurbished. Tradelink currently has 227 stores across Australia.

### CDNZ

Conditions in the New Zealand housing and commercial construction markets worsened as the downturn in the New Zealand housing sector deepened. Revenue at CDNZ fell 18% to \$347 million for the year. Margins eroded in the second half of the year as competition intensified, particularly in the electrical sector.

EBIT was \$3.3 million for the year, well down on the \$11.9 million recorded in the previous year. The business continued to reduce costs and pursue operating efficiencies during the year but these were not sufficient to offset the impact of significantly reduced sales and margins.

The integration of Tradelink and CDNZ was completed during the year, providing more consistent business practices and a more cost competitive platform going forward.

### ***Metals Distribution***

Metals Distribution had a difficult year with contraction in manufacturing activity significantly impacting volumes and weak commodity prices putting pressure on margins. Performance in New Zealand was impacted by a number of customers announcing the closure of their New Zealand manufacturing operations. Revenue for the year of \$222 million was down 16% compared with last year.

EBIT of \$4.0 million was down on the \$10.8 million earned last year reflecting the market conditions outlined above. There has been a major focus on inventory management during the year to ensure that the exposure of the business to volatile commodity markets is minimised. This focus has resulted in substantial positive cash flow generation during the year.

The Stoddart Metals acquisition proceeded as planned in March, 2009 and the business is now successfully integrated into the existing Metals Distribution business.

Metals Distribution and Crane Copper tube will be merged during FY10 to form a new Industrial Products business within Crane Group. The merger will involve the integration, over the next two years, of the distribution functions of both businesses, saving costs and improving flexibility for both businesses.

### ***Crane Copper Tube***

Crane Copper Tube operated profitably throughout the year despite decreased sales volumes and lower copper prices. Revenue for the period was down 26% to \$105 million.

EBIT of \$1.8 million for the year compares with \$4.0 million earned last year. The business continues to make good progress in implementing lean manufacturing and improving the flexibility of its operations.

### **Significant Items**

The full year result included \$12.8 million after tax of significant item expense. A breakdown of this expense is set out in the table below.

<b>Significant Items after tax (\$'millions)</b>	<b>Restructuring Costs</b>	<b>Asset Impairment</b>	<b>Total</b>
Pipelines	4.5	-	<b>4.5</b>
Trade Distribution	4.5	1.2	<b>5.7</b>
Metals Distribution	1.5	0.1	<b>1.6</b>
Crane Copper Tube	0.4	-	<b>0.4</b>
Corporate	0.6	-	<b>0.6</b>
<b>Total</b>	<b>11.5</b>	<b>1.3</b>	<b>12.8</b>

The restructuring costs incurred during the year related to job reductions in all businesses and some branch closures in Metals Distribution and Trade Distribution. The majority of these costs were incurred in the second half of the financial year in response to worsening economic conditions. The cost reduction programmes implemented across the Group saw total headcount

reduce by 23%, which is expected to generate annualised savings of \$76 million before tax. The estimated benefit in FY09 of these programmes was \$38 million before tax.

Metals Distribution had the most significant operational restructure with the closure of five of its 10 branches in New Zealand and a workforce reduction of 38%.

Asset impairment in Trade Distribution relates to adjustments to various branch asset values as a result of impairment testing conducted at year end, whilst impairment in Metals Distribution relates to the branch closures referred to above.

### **Safety**

Safety remains a key focus for Crane Group. Whilst Crane Group has dramatically improved its safety performance and significantly reduced the number of workplace injuries over the past five years, the rate of improvement in the number of workplace incidents slowed this year due to the impact of business restructuring. It was pleasing to note however that good progress was made during the year in reducing the severity of workplace injuries.

### **Outlook**

Conditions for the coming financial 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.

### **Enquiries contact**

#### **Crane Group Limited**

Greg Sedgwick  
Managing Director  
Ph 02 8923 3000

Mark Fitzgerald  
Finance Director  
Ph 02 8923 3000

#### **Media**

Matthew Horan  
Cato Counsel  
Ph 02 9360 6606 / 0403 934 958

## Financial Summary

<b>For the 12 months to June</b>	<b>2009</b>	<b>2008</b>	<b>% change</b>
Revenue (\$m)	2,118.3	2,352.2	-9.9
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA) (\$m)	122.0	151.6	-19.5
Earnings before interest, tax and significant items (EBIT) (\$m)	88.0	119.7	-26.5
Net interest costs (\$m)	(29.9)	(31.3)	-4.5
Share of profit of equity accounted investments (\$m)	15.9	3.9	-
Tax expense (\$m)	(17.6)	(28.1)	-37.1
Minority interests (\$m)	(0.0)	(0.4)	-
Net profit after tax before significant items (\$m)	56.4	63.8	-11.6
Significant item gains/(losses) after tax and minority interests (\$m)	(12.8)	(3.0)	-
Net profit after tax (\$m)	43.6	60.8	-28.4
Earnings per share before significant items (cents)	82.8	98.6	-16.0
Basic earnings per share (cents)	63.9	94.0	-32.0
Total dividend per share (cents – fully franked)	63	71	-11.3

**Crane Group Limited**  
(ABN 91 008 410 302)

**Appendix 4E**

**Preliminary final report**

Financial year ended 30 June 2009

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

		<u>\$000</u>
Revenue		
- continuing operations	down 9.9% to	2,118,349
- discontinued operations		-
- total	down 9.9% to	<u>2,118,349</u>
Profit after tax and minority interests but before significant items		
- continuing operations	down 10.9% to	56,394
- discontinued operations		-
- total	down 11.6% to	<u>56,394</u>
Significant item (losses) after tax and minority interests		
- continuing operations		(12,828)
- discontinued operations		-
- total		<u>(12,828)</u>
Total profit for the year	down 28.4% to	<u>43,566</u>
<b>Dividends on ordinary securities</b>	<u>Amount per security</u>	<u>Franked amount per security</u>
Final dividend	28 cents	28 cents (at 30%)
Previous corresponding period	36 cents	36 cents (at 30%)
Record date for determining entitlements to the dividend		21 August 2009

**Explanation of results**

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

**Consolidated Income Statement  
For the year ended 30 June**

	Note	2009			2008		
		Continuing Operations \$000	Discontinued Operations \$000	Total \$000	Continuing Operations \$000	Discontinued Operations \$000	Total \$000
<b>Revenue</b>	2	<b>2,118,349</b>	-	<b>2,118,349</b>	2,352,173	-	2,352,173
Expenses	3	(2,048,452)	-	(2,048,452)	(2,237,888)	892	(2,236,996)
<b>Result from operating activities</b>		<b>69,897</b>	-	<b>69,897</b>	114,285	892	115,177
Financial income		1,053	-	1,053	2,064	-	2,064
Financial expense		(30,912)	-	(30,912)	(33,345)	-	(33,345)
<b>Net financing costs</b>	4	<b>(29,859)</b>	-	<b>(29,859)</b>	(31,281)	-	(31,281)
Share of profit of equity accounted investments	8	15,930	-	15,930	3,869	-	3,869
<b>Profit before tax</b>		<b>55,968</b>	-	<b>55,968</b>	86,873	892	87,765
Income tax expense	5	(12,369)	-	(12,369)	(26,535)	(13)	(26,548)
<b>Profit after tax but before minority interests</b>		<b>43,599</b>	-	<b>43,599</b>	60,338	879	61,217
Profit for the year attributable to minority interests		(33)	-	(33)	(33)	(376)	(409)
<b>Profit for the year attributable to equity holders of Crane Group Limited</b>		<b>43,566</b>	-	<b>43,566</b>	60,305	503	60,808
<b>Earnings per security (EPS)</b>							
Basic EPS attributable to ordinary equity holders (cents per share)		63.9	-	63.9	93.2	0.8	94.0
Diluted EPS attributable to ordinary equity holders (cents per share)		62.8	-	62.8	91.6	0.8	92.4



**Consolidated Balance Sheet  
As at 30 June**

	Note	2009 \$000	2008 \$000
<b>Current assets</b>			
Cash and cash equivalents		59,084	31,639
Receivables		273,133	349,138
Inventories		300,869	350,382
Prepayments		10,505	5,219
Current tax assets		1,027	-
<b>Total current assets</b>		<b>644,618</b>	<b>736,378</b>
<b>Non-current assets</b>			
Receivables		403	3,224
Investments	8	36,550	20,020
Property, plant and equipment		242,949	245,284
Intangible assets	9	307,447	310,711
Deferred tax assets		37,298	39,564
<b>Total non-current assets</b>		<b>624,647</b>	<b>618,803</b>
<b>Total assets</b>		<b>1,269,265</b>	<b>1,355,181</b>
<b>Current liabilities</b>			
Payables		280,956	362,375
Loans and borrowings		38,994	31,953
Employee benefits		33,983	43,942
Current tax liabilities		-	23,911
Provisions		16,439	21,716
<b>Total current liabilities</b>		<b>370,372</b>	<b>483,897</b>
<b>Non-current liabilities</b>			
Loans and borrowings		236,497	278,144
Employee benefits		16,765	17,832
Deferred tax liabilities		-	-
Provisions		1,373	6,550
<b>Total non-current liabilities</b>		<b>254,635</b>	<b>302,526</b>
<b>Total liabilities</b>		<b>625,007</b>	<b>786,423</b>
<b>Net assets</b>		<b>644,258</b>	<b>568,758</b>
<b>Equity</b>			
Issued capital		509,991	427,753
Reserves		(8,267)	(5,790)
Retained earnings		141,944	146,246
<b>Equity attributable to equity holders of Crane Group Limited</b>		<b>643,668</b>	<b>568,209</b>
Minority interests		590	549
<b>Total equity</b>	10	<b>644,258</b>	<b>568,758</b>

**Consolidated Statement of Recognised Income and Expense  
For the year ended 30 June**

	Note	2009 \$000	2008 \$000
Actuarial (losses) on defined benefit plan after tax		(849)	-
Gain on sale of treasury shares after tax		33	-
<b>Net (expense)/income recognised directly in retained profits</b>		<b>(816)</b>	<b>-</b>
Net movement in hedging reserve		(4,745)	1,349
Foreign currency difference on translation		2,922	(14,741)
<b>Net income/(expense) recognised directly in other equity</b>		<b>(1,823)</b>	<b>(13,392)</b>
<b>Total income/(expense) recognised directly in equity</b>		<b>(2,639)</b>	<b>(13,392)</b>
Profit for the year		43,599	61,217
<b>Total recognised income and expense for the year</b>		<b>40,960</b>	<b>47,825</b>
<b>Total recognised income and expense for the year is attributable to:</b>			
- Members of Crane Group Limited		40,919	47,490
- Minority interests		41	335
		<b>40,960</b>	<b>47,825</b>
<b>Total equity at the beginning of year</b>		<b>568,758</b>	490,972
Total recognised income and expense for the year		40,960	47,825
Dividends paid - Members of Crane Group Limited		(47,544)	(44,527)
- Minority interests		-	(333)
Shares issued		82,565	80,464
Share issue transaction costs after tax		(434)	(774)
Share based payments		(47)	(4,869)
<b>Total equity at the end of year</b>	10	<b>644,258</b>	568,758

**Consolidated Statement of Cash Flows**  
**For the year ended 30 June**

	Note	2009 \$000	2008 \$000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		2,414,526	2,573,717
Cash payments to suppliers and employees		(2,284,279)	(2,419,726)
Cash generated from operations		130,247	153,991
Interest received		798	1,966
Interest paid		(30,184)	(32,020)
Income taxes paid		(37,809)	(32,997)
<b>Net cash inflow from operating activities</b>		<b>63,052</b>	<b>90,940</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(27,159)	(51,557)
Proceeds from sale of non-current assets		281	1,179
Development expenditure		-	(1,912)
Acquisition of equity accounted investments	8	(21,000)	(16,091)
Dividend from equity accounted investments	8	20,400	-
Acquisition of subsidiaries and businesses (net of cash acquired)	11	(7,184)	(138,605)
Deferred consideration paid		(2,856)	(431)
Loans repaid by joint venture entity		5,848	5,316
Other loans extended		(45)	(40)
<b>Net cash outflow from investing activities</b>		<b>(31,715)</b>	<b>(202,141)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		96,730	78,498
Repayment of borrowings		(135,937)	(2,536)
Business acquisition liabilities settled		-	(11,021)
Purchase of treasury shares		(2,676)	(6,851)
Proceeds from sale of treasury shares		696	-
Proceeds from share issue (net of transaction costs)		62,368	59,226
Dividends paid (net of reinvested dividends)		(27,781)	(24,063)
Dividends paid to minority interests		-	(333)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(6,600)</b>	<b>92,920</b>
<b>Net increase/(decrease) in cash held</b>		<b>24,737</b>	<b>(18,281)</b>
Cash and cash equivalents at beginning of year		31,639	51,394
Foreign currency movements on cash		727	(1,474)
<b>Cash and cash equivalents at end of year</b>		<b>57,103</b>	<b>31,639</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and cash equivalents		59,084	31,639
Bank overdraft		(1,981)	-
		<b>57,103</b>	<b>31,639</b>

**Note 1: Segment reporting**  
**For the year ended**  
**30 June 2009**

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	\$000	\$000
		Tradelink \$000	CDNZ \$000							
Segment revenue	680,816	912,417	346,752	221,537	105,468	(148,641)	-	2,118,349	-	2,118,349
Segment result										
Earnings before significant items, financing costs and tax	61,436	34,704	3,324	4,037	1,797	-	(17,284)	88,014	-	88,014
Significant item losses before tax	(6,459)	(4,462)	(3,475)	(2,301)	(600)	-	(820)	(18,117)	-	(18,117)
Profit/(loss) before financing costs, tax and minority interests	54,977	30,242	(151)	1,736	1,197	-	(18,104)	69,897	-	69,897
							(a)	(a)		
Net financing costs								(29,859)	-	(29,859)
Share of profit of equity accounted investments	15,930	-	-	-	-	-	-	15,930	-	15,930
Income tax expense (b)								(12,369)	-	(12,369)
Minority interests								(33)	-	(33)
Profit for the year								43,566	-	43,566
Equity accounted investments (Note 8)	36,550	-	-	-	-	-	-	36,550	-	36,550
Total segment assets	573,041	323,912	145,004	94,618	32,823	(13,741)	113,608	1,269,265	-	1,269,265
Total segment liabilities	95,028	149,896	46,946	16,873	24,249	(13,741)	305,729	624,980	27	625,007
Capital expenditure	14,633	7,457	2,283	259	634	-	1,893	27,159	-	27,159
Depreciation/amortisation	16,941	8,783	3,989	522	650	-	3,073	33,958	-	33,958
Impairment losses	-	960	591	81	-	-	-	1,632	-	1,632

(a) The segment result before unallocated costs and discontinued operations for the period is \$88,001k.

(b) Includes significant items tax benefit of \$5,289k.

**Note 1: Segment reporting (continued)**  
**For the year ended**  
**30 June 2008**

Business segments	Continuing Operations							Discontinued Operations	Total Operations	
	Pipelines	Trade Distribution		Metals	Crane	Inter-segment	Unallocated			Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Segment revenue	792,651	905,632	421,795	262,359	141,996	(172,260)	-	2,352,173	-	2,352,173
Segment result										
Earnings before significant items, financing costs and tax	82,135	33,260	11,871	10,771	4,009	-	(23,264)	118,782	892	119,674
Significant item (losses)/gains before tax	692	(308)	(4,015)	(202)	-	-	(664)	(4,497)	-	(4,497)
Profit/(loss) before financing costs, tax and minority interests	82,827	32,952	7,856	10,569	4,009	-	(23,928)	114,285	892	115,177
							(a)	(a)		
Net financing costs								(31,281)	-	(31,281)
Share of profit of equity accounted investments	3,869	-	-	-	-	-	-	3,869	-	3,869
Income tax expense (b)								(26,535)	(13)	(26,548)
Minority interests								(33)	(376)	(409)
Profit for the year								60,305	503	60,808
Equity accounted investments (Note 8)	20,020	-	-	-	-	-	-	20,020	-	20,020
Total segment assets	600,980	343,279	168,196	126,074	49,379	(15,371)	82,644	1,355,181	-	1,355,181
Total segment liabilities	129,027	170,134	56,492	43,998	37,223	(15,371)	364,795	786,298	125	786,423
Capital expenditure	31,897	9,276	4,558	1,351	328	-	4,147	51,557	-	51,557
Depreciation/amortisation	14,421	8,611	3,959	516	641	-	3,754	31,902	-	31,902
Impairment losses	-	-	122	-	-	-	-	122	-	122

(a) The segment result before unallocated costs and discontinued operations for the period is \$138,213k.

(b) Includes significant items tax benefit of \$1,540k.

**Note 1: 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:

<b>Segment</b>	<b>Products and services</b>
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 8.
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 Original Equipment Manufacture (OEM) markets.

Discontinued operations relate to the copper alloy rod and bar extrusions business (closed 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 2: Revenue**

	<b>2009</b>			<b>Consolidated</b>			<b>2008</b>		
	<b>Continuing Operations \$000</b>	<b>Discontinued Operations \$000</b>	<b>Total \$000</b>	<b>Continuing Operations \$000</b>	<b>Discontinued Operations \$000</b>	<b>Total \$000</b>	<b>Continuing Operations \$000</b>	<b>Discontinued Operations \$000</b>	<b>Total \$000</b>
Sale of goods - external	2,048,043	-	2,048,043	2,295,712	-	2,295,712	2,295,712	-	2,295,712
- to associates	55,560	-	55,560	39,222	-	39,222	39,222	-	39,222
Other revenues	14,746	-	14,746	17,239	-	17,239	17,239	-	17,239
	<b>2,118,349</b>	<b>-</b>	<b>2,118,349</b>	<b>2,352,173</b>	<b>-</b>	<b>2,352,173</b>	<b>2,352,173</b>	<b>-</b>	<b>2,352,173</b>

Note 3: Expenses and significant items	Consolidated					
	2009			2008		
	Continuing Operations \$000	Discon- tinued Oper- ations \$000	Total \$000	Continuing Operations \$000	Discon- tinued Oper- ations \$000	Total \$000
<b>(a) Expenses before net financing costs and income tax expense comprise:</b>						
Cost of goods sold	1,541,191	-	1,541,191	1,695,385	-	1,695,385
Selling and distribution	374,336	-	374,336	402,602	-	402,602
General and administration	132,925	-	132,925	139,901	(892)	139,009
	<b>2,048,452</b>	<b>-</b>	<b>2,048,452</b>	<b>2,237,888</b>	<b>(892)</b>	<b>2,236,996</b>
<b>(b) Depreciation, amortisation and impairment</b>						
Depreciation and amortisation						
- Property	5,426	-	5,426	5,301	-	5,301
- Plant and equipment	23,569	-	23,569	21,987	-	21,987
- Development expenditure	4,963	-	4,963	4,614	-	4,614
	<b>33,958</b>	<b>-</b>	<b>33,958</b>	<b>31,902</b>	<b>-</b>	<b>31,902</b>
Impairment						
- Leasehold improvements	197	-	197	-	-	-
- Plant and equipment	948	-	948	122	-	122
- Goodwill	487	-	487	-	-	-
	<b>1,632</b>	<b>-</b>	<b>1,632</b>	<b>122</b>	<b>-</b>	<b>122</b>
Total depreciation, amortisation and impairment	<b>35,590</b>	<b>-</b>	<b>35,590</b>	<b>32,024</b>	<b>-</b>	<b>32,024</b>
<b>(c) Significant items</b>						
Significant item losses included in profit after tax are:						
Acquisition advisory costs	-	-	-	664	-	664
Restructure and redundancy costs	16,485	-	16,485	3,711	-	3,711
Impairment (refer note 3(b))	1,632	-	1,632	122	-	122
	<b>18,117</b>	<b>-</b>	<b>18,117</b>	<b>4,497</b>	<b>-</b>	<b>4,497</b>
Income tax benefit	(5,289)	-	(5,289)	(1,609)	-	(1,609)
Income tax expense arising from tax rate change in New Zealand	-	-	-	69	-	69
Minority interests	-	-	-	-	-	-
	<b>12,828</b>	<b>-</b>	<b>12,828</b>	<b>2,957</b>	<b>-</b>	<b>2,957</b>

**Note 4: Net financing (costs)**

	Consolidated					
	2009			2008		
	Continuing Operations \$000	Discon- tinued Oper- ations \$000	Total \$000	Continuing Operations \$000	Discon- tinued Oper- ations \$000	Total \$000
Financial income						
- bank account interest	798	-	798	1,966	-	1,966
- other	255	-	255	98	-	98
	<b>1,053</b>	<b>-</b>	<b>1,053</b>	<b>2,064</b>	<b>-</b>	<b>2,064</b>
Financial (expense)						
- bank loans/overdraft interest	(30,184)	-	(30,184)	(32,020)	-	(32,020)
- finance lease interest	(5)	-	(5)	(156)	-	(156)
- other	(723)	-	(723)	(1,169)	-	(1,169)
	<b>(30,912)</b>	<b>-</b>	<b>(30,912)</b>	<b>(33,345)</b>	<b>-</b>	<b>(33,345)</b>
Net financing (costs)	<b>(29,859)</b>	<b>-</b>	<b>(29,859)</b>	<b>(31,281)</b>	<b>-</b>	<b>(31,281)</b>

Net financing costs have not been allocated to discontinued operations as the consolidated entity's debt is managed on an aggregated basis and assumptions on divisional gearing requirements would render the allocation arbitrary.

**Note 5: Income tax expense**

**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 profit before tax

Profit before tax	<b>55,968</b>	87,765
Income tax expense calculated at 30% (2008: 30%)	<b>16,790</b>	26,330
Increase/(decrease) in income tax expense due to:		
Change in New Zealand company tax rate	-	63
Entertainment	<b>736</b>	1,074
Equity accounted profit	<b>(4,779)</b>	(1,161)
Impairment of non-current assets	<b>146</b>	-
New Zealand note issue	<b>(773)</b>	(740)
Overseas tax rate differential	-	262
Unfranked dividend from non-wholly owned subsidiary	-	107
Under/(over) provided in prior year	<b>(762)</b>	(431)
Other	<b>1,011</b>	1,044
	<b>12,369</b>	26,548



**Note 6: Dividends**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$000</b>	\$000
<b>Dividends paid (fully franked at the 30% tax rate):</b>		
Final 2008 dividend at 36.0 cents per ordinary share (Final 2007: 33.0 cents) *	<b>23,962</b>	21,514
Final 2008 dividend at 2.5 cents per preference share (Final 2007: 2.5 cents)	<b>10</b>	10
Interim 2009 dividend at 35.0 cents per ordinary share (Interim 2008: 35.0 cents)	<b>23,562</b>	22,993
Interim 2009 dividend at 2.5 cents per preference share (Interim 2008: 2.5 cents)	<b>10</b>	10
	<b>47,544</b>	44,527

\* 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.

**Subsequent event**

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

	<b>2009</b>
	<b>\$000</b>
Dividends declared (fully franked at the 30% tax rate):	
Final 2009 dividend at 28.0 cents per ordinary share	21,592
Final 2009 dividend at 2.5 cents per preference share	10
	<b>21,602</b>

The financial effect of these dividends has not been brought to account in the consolidated entity financial statements for the year ended 30 June 2009, 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 21 August 2009.

Date the dividend is payable 24 September 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) 21 August 2009

**Note 7: NTA backing**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
Net tangible asset backing per ordinary security	<b>\$4.35</b>	<b>\$3.86</b>

**Note 8: Equity accounted investments**

<b>Consolidated</b>	<b>Ownership interest</b>		<b>Investment carrying amount</b>		<b>Dividends received</b>	
	<b>June</b>	June	<b>June</b>	June	<b>June</b>	June
	<b>2009</b>	2008	<b>2009</b>	2008	<b>2009</b>	2008
<b>Entity and business activity</b>	<b>%</b>	<b>%</b>	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Mitchell Water Australia Pty Ltd (Pipeline construction)	<b>40</b>	20	<b>36,271</b>	19,869	<b>20,400</b>	-
Mitchell Water (Vic) Pty Ltd (Pipeline construction)	<b>70</b>	60	<b>279</b>	151	-	-
Iplex Asia Pte Limited (Plastic pipelines and fittings)	-	50	-	-	-	-
			<b>36,550</b>	20,020	<b>20,400</b>	-

**Reconciliation**

Carrying amount at beginning of year	<b>20,020</b>	60
Acquisition of equity accounted investments	<b>21,000</b>	16,091
Dividend from equity accounted investments - fully franked	<b>(20,400)</b>	-
Share of profit of equity accounted investments after tax	<b>15,930</b>	3,869
Carrying amount at end of year	<b>36,550</b>	20,020

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). This 70% effective interest does not enable Crane Group to control Mitchell Water (Vic) Pty Ltd, as Crane Group and the other investor each still retain a 50% representation on the board. As such, this entity is not deemed to be a subsidiary but rather an equity accounted investment.

Iplex Asia Pte Limited has been deregistered.

**Note 9: Intangible assets**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
Goodwill at cost	<b>271,729</b>	269,734
Accumulated impairment losses	<b>(1,262)</b>	(775)
	<b>270,467</b>	268,959
Trade names at cost	<b>21,923</b>	21,788
Accumulated impairment losses	<b>(4,144)</b>	(4,085)
	<b>17,779</b>	17,703
Development expenditure:		
ERP system and computer software at cost	<b>46,348</b>	50,756
Accumulated amortisation and impairment losses	<b>(27,147)</b>	(26,707)
	<b>19,201</b>	24,049
	<b>307,447</b>	310,711

**Net movements during the current and previous financial year include:**

	<b>Goodwill</b>	<b>Trade Names</b>	<b>Development</b>
	<b>\$000</b>	<b>\$000</b>	<b>Expenditure</b>
			<b>\$000</b>
<b>Balance at 1 July 2008</b>	<b>268,959</b>	<b>17,703</b>	<b>24,049</b>
Additions to development expenditure	-	-	-
Impairment expense	<b>(487)</b>	-	-
Amortisation expense	-	-	<b>(4,963)</b>
Goodwill arising from business acquisitions (Note 11)	<b>868</b>	-	-
Foreign currency translation	<b>1,127</b>	<b>76</b>	<b>115</b>
<b>Balance at 30 June 2009</b>	<b>270,467</b>	<b>17,779</b>	<b>19,201</b>
Balance at 1 July 2007	186,201	18,449	27,517
Additions to development expenditure	-	-	1,912
Amortisation expense	-	-	(4,614)
Goodwill arising from business acquisitions (Note 11)	91,366	-	-
Foreign currency translation	<b>(8,608)</b>	<b>(746)</b>	<b>(766)</b>
Balance at 30 June 2008	268,959	17,703	24,049

**Note 10: Capital and reserves**

**(a) 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
<b>For the year ended 30 June 2009</b>									
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	-	-	-	(4,745)	-	(4,745)	-	-	(4,745)
Net profit for the year	-	-	-	-	-	-	43,566	33	43,599
Foreign currency difference on translation	-	-	2,791	123	-	2,914	-	8	2,922
Shares issued *	82,565	-	-	-	-	-	-	-	82,565
Share issue transaction costs after tax	(434)	-	-	-	-	-	-	-	(434)
Share based payments	-	107	-	-	(646)	(646)	525	-	(14)
Defined benefit plan actuarial (loss)	-	-	-	-	-	-	(849)	-	(849)
Dividends to shareholders	-	-	-	-	-	-	(47,544)	-	(47,544)
Balance at 30 June 2009	<b>524,559</b>	<b>(14,568)</b>	<b>(7,114)</b>	<b>(5,215)</b>	<b>4,062</b>	<b>(8,267)</b>	<b>141,944</b>	<b>590</b>	<b>644,258</b>
<b>For the year ended 30 June 2008</b>									
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	-	-	-	1,349	-	1,349	-	-	1,349
Net profit for the year	-	-	-	-	-	-	60,808	409	61,217
Foreign currency difference on translation	-	-	(14,568)	(99)	-	(14,667)	-	(74)	(14,741)
Shares issued *	80,464	-	-	-	-	-	-	-	80,464
Share issue transaction costs after tax	(774)	-	-	-	-	-	-	-	(774)
Share based payments	-	(6,248)	-	-	1,379	1,379	-	-	(4,869)
Dividends to shareholders	-	-	-	-	-	-	(44,527)	-	(44,527)
Dividends to minority interest	-	-	-	-	-	-	-	(333)	(333)
Balance at 30 June 2008	442,428	(14,675)	(9,905)	(593)	4,708	(5,790)	146,246	549	568,758

\* Refer to Note 10(b) for details of shares issued during the current and prior year.

Note 10: Capital and reserves (continued)

(b) Shares issued during the year

	Consolidated and the Company			
	2009		2008	
	Number of Shares	\$000	Number of Shares	\$000
<b>Ordinary shares (fully paid)</b>				
Balance at beginning of year	66,560,731	442,028	61,490,738	362,338
Issued pursuant to DRP for Final 2008 (2007) dividend	760,632	10,109	500,879	8,530
Issued pursuant to DRP for Interim 2009 (2008) dividend	1,417,602	9,654	865,410	11,934
Issued via private placement	5,333,334	40,000	3,703,704	60,000
Issued pursuant to a share purchase plan	3,040,280	22,802	-	-
Share issue transaction costs	-	(434)	-	(774)
Balance at end of year	<u>77,112,579</u>	<u>524,159</u>	<u>66,560,731</u>	<u>442,028</u>
<b>Preference shares (fully paid, non redeemable)</b>				
Balance at beginning and end of year	400,000	400	400,000	400
<b>Total issued capital</b>		<u>524,559</u>		<u>442,428</u>

Note 11: Business acquisitions

Details of business acquisitions completed during the year ended 30 June 2009 by the consolidated entity are detailed below:

Business acquisitions - year ended 30 June 2009	Date acquired	Interest acquired	Cash outflow on acquisition \$000	Fair value of net tangible assets acquired \$000	Goodwill arising on acquisition \$000	Total cost of acquisition \$000
Stoddart Metals	2-Mar-09	100%	<u>7,184</u>	<u>6,316</u>	<u>868</u>	<u>7,184</u>

Details of business acquisitions completed during the year ended 30 June 2008 by the consolidated entity are detailed below:

Business acquisitions - year ended 30 June 2008	Date acquired	Interest acquired	Cash outflow on acquisition \$000	Fair value of net tangible assets acquired \$000	Goodwill arising on acquisition \$000	Total cost of acquisition \$000
KBE*	31-Aug-07	100%	97,200	32,827	64,375	97,202
Plumbing stores by Tradelink	2-Nov-07, 2-Jun-08	100%	31,791	10,157	21,704	31,861
Other	28-Sep-07	100%	9,614	4,364	5,250	9,614
			<u>138,605</u>	<u>47,348</u>	<u>91,329</u>	<u>138,677</u>
Cost adjustments relating to prior period acquisitions			-	-	37	37
			<u>138,605</u>	<u>47,348</u>	<u>91,366</u>	<u>138,714</u>

\* KBE includes Kingston Bridge Engineering Pty Ltd and Polymer Fusion Education Pty Ltd (legal entities acquired).

**Note 12: Contingent liabilities**

The estimated maximum amounts of contingent liabilities not provided for in the financial statements as at 30 June 2009 are set out below. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$000</b>	\$000
<b>Contingent liabilities</b>		
Bank guarantees in favour of customers and suppliers	<b>11,302</b>	11,107

In the ordinary course of business, the Group is involved in various claims and legal proceedings. Where appropriate, Crane Group takes legal advice. A liability has been recognised for any known losses expected to be incurred where such losses are capable of reliable measurement. Crane Group does not consider that the outcome of any claims or legal proceedings not provided for in the financial statements are likely to have a material effect on its operations or financial position.

**Note 13: Subsequent events**

Information regarding the final dividends declared subsequent to 30 June 2009 can be found in note 6.

Other than dividends declared after 30 June 2009, no matter or circumstance has arisen since the end of the financial year which, in the opinion of the directors, has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs in future financial years of the consolidated entity.

**Note 14: Basis of preparation**

This preliminary final report is based upon accounts, which have been audited.

---

**The annual general meeting will be held as follows:**

Place	Museum of Sydney AGL Theatre Level 2 37 Philip Street (cnr Bridge Street) Sydney NSW
Time	11.00 am
Date	30 October 2009
Approximate date the annual report will be available	28 September 2009