Bradken®
Bradken Limited (ABN 33 108 693 009)
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24 August 2005

Manager, Company Announcements
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir

Enclosed herewith Appendix 4E Results Announcement.

Yours faithfully

Andrew Poole
Company Secretary
Encl:

Bradken Limited
(ABN 33 108 693 009)

Period Ended 30th June 2005

Previous corresponding period - Not Applicable

Bradken Ltd began trading operations on 20th August 2004, following it's Initial Public Offering. Therefore, the statements of Financial Performance and Cash Flows plus the notes as attached which are included in this Appendix 4E Preliminary Final Report reflect the ten month operational period 20th August 2004 to 30th June 2005.

To provide meaningful analysis pro-forma 12 month ended 30 June 2005 and year ended 30 June 2004 numbers are included in the commentary and review of operations on the results.

The legal entity was incorporated on 13th April 2004 and has received an ASIC order under sub-section 340(1) of the Corporations Act 2001 exempting the Company from June 2004 reporting, hence, for the purposes of the Corporations Act, this report covers the statutory period 13th April 2004 to 30th June 2005.

BRADKEN LIMITED

Results for Announcement to the Market

	Percentage Change		$'000
Revenues from ordinary activities	NA	to	421,865
Profit (loss) from ordinary activities after tax attributable to members	NA	to	14,141
Net Profit (loss) for the period attributable to members	NA	to	14,141

Dividends

	Amount per Security	Percentage Franked
Final Dividend	9.2 cents	100%
Date the dividend is payable:	12th October 2005	
Record Date for determining entitlements to the dividend:	5th September 2005	

Dividend Reinvestment Plan

The Directors intend to invite Eligible Members to participate in the DRP, with a 2.5% discount, per the Rules displayed on the Bradken website. Record date for application for DRP 5th September 2005.

Interim Dividend	5.1 cents	100%

Net Tangible Assets per Security	
As at 30th June 2005	$0.76
As at 30th June 2004	NA

Brief explanation of the figures reported above:

The figures reflect the statutory period from 13 April 2004 (date of incorporation of Bradken Ltd) to 30 June 2005. Bradken received an ASIC order under sub-section 340(1) of the Corporations Act 2001 exempting the Company from 30 June 2004 reporting. As this report covers the first year of trading there are no previous period comparisons. Operationally Bradken Ltd began trading on 20 August 2004 and hence the numbers in this report reflect the operations in the period 20 August 2004 to 30 June 2005, effectively ten months. Included in the commentary and review of operations are Pro-forma 12 months ended 30 June 2005 numbers which can be compared to the Prospectus dated 9 August 2004, these pro-forma numbers are also reconciled to the Appendix 4E financials.

The Bradken Limited financial statements are currently undergoing audit by PricewaterhouseCoopers in accordance with the Corporations Act 2001 and at this stage no material issues have arisen. In addition, the Bradken Limited Group Proforma 12 Month Financial results have been subject to external review by PricewaterhouseCoopers and at this stage no material issues have arisen.

Commentary on results and review of operations

Financial Overview #

$m	FY05*	FY04**	Variance %
Sales	485.1	404.3	20%
EBITDA	57.9	50.1	16%
NPAT	15.3	N/A	N/A
Earnings per Share pre amort	28.2 cents	N/A	N/A
Cashflow***	51.0	37.1	37%

* Pro-forma 12 month period ended 30 June 2005

** Per Prospectus dated 9th August 2005

*** Before investment, financing and income tax

Refer to page 5 for explanation of this overview

Bradken Limited full year results for the 12 month (proforma) period ended 30 June 2005

- **Sales revenue of $485.1 million, up 20% on FY04**
- **EBITDA of $57.9 million, up 16% on FY04**
- **Prospectus forecast met**
- **Final dividend 9.2 cents per share fully franked, taking the total dividend to 14.3 cents per share as per prospectus forecast**

Bradken Limited today reported strong results for the full year ended 30 June 2005 in accordance with its prospectus forecast; delivering a significant increase in earnings on the previous year.

Sales revenue for the year is up 20% on 2004 levels at $485.1 million (June 2004: $404.3 million) against a prospectus forecast of $459.5 million.

Bradken reported an EBITDA result of $57.9 million for the year to June 2005 against a prospectus forecast of $56.5 million, representing a 16% increase on the previous corresponding period (June 2004: $50.1 million). NPAT for the full year is reported at $15.3 million against a prospectus forecast of $15.2 million.

The Directors have declared a final fully franked dividend of 9.2 cents per share in accordance with the prospectus forecast, bringing the total dividend to 14.3 cents per share, fully franked.

This is a pleasing result for Bradken amidst sustained growth in the resources and freight rail industries. Bradken has delivered a significant increase in earnings on 2004 levels whilst meeting its prospectus forecast.

Increased volume across Bradken's four strategic businesses, Mining, Mineral Processing, Rail and Industrial drove a significant increase in sales revenue in comparison to the prospectus forecast and 2004 levels. Sales from the consumable parts business exceeded forecast, driven by the resources sector, in particular coal and iron ore. The rail business finished the year strongly on the back of the iron ore and general freight sectors, having produced the highest freight wagon production rate in Australia at 44 wagons per week in one facility.

The level of increased business activity required a significant production capacity ramp up at selected facilities across Bradken's broad manufacturing base, positioning the Company well to service increased market demand in the coming year.

Bradken achieved an overall EBITDA margin of 11.9% which includes the March acquisition of the Henderson foundry. Excluding Henderson the EBITDA margin was 12.1%, being 11.4% in the first half and 12.8% in the second. Margins in the first half were adversely impacted by a significant increase in the world price of Molybdenum, an important raw material. Bradken achieved strong margin recovery in the second half through revised pricing strategies and alloy specifications which are now in place, leaving the company well positioned to protect its gross margins.

Since listing on the Australian Stock Exchange in August last year, Bradken has continued to execute its strategy to capture the growth in the Australian resources and freight rail industries.

Bradken has enhanced its production capacity across its existing operational base as well as acquiring a complementary foundry business in Henderson, Western Australia. The company has also opened a new facility in Mackay, Queensland. These facilities add 10% to Bradken's consumable products and services businesses.

Operational cash flow during the year was strong and Bradken's balance sheet gearing (net debt : net debt plus equity) stands at 36%, leaving the Company in a sound financial position to pursue the ongoing expansion of capacity as the opportunity arises.

Business Summary

Mining

- **Sales revenue of $174.7 million, up 32% on FY04**

Record demand for mining consumables, underpinned by global demand for Australian mining commodities, contributed to a 32% increase in sales revenue for the year to June 2005.

Strong demand for patented ground engaging tools and wear plate and block products reflected increased Australian mining production volumes in the iron ore and coal sectors. Export sales revenue for the crawler systems product range was driven by similar increases in demand for mining commodities worldwide.

Rapidly increased input costs for Molybdenum impacted gross margins for crawler shoe systems in the first half. Pricing strategies were implemented during the second half to offset the impact of rising input costs.

Mineral Processing

- **Sales revenue of $59.4 million, up 37% on FY04**

The demand for Mineral Processing consumable products in the key areas of mill liners and crusher liners remained solid on the back of strong market conditions in the mining sector.

The Henderson foundry business, acquired in March 2005, on an annualised basis will see the Mineral Processing business increase its sales revenue by 60%. The Henderson foundry revenue for the three months to June 2005 is included in the above full year result.

The Mineral Processing business experienced gross margin erosion during the first half of 2005 due to increased input costs for Molybdenum, although this was alleviated in the second half when the benefits of price correction programs were realised.

Rail

- **Sales revenue of $191.7million, up 9% on FY04**

The Rail business experienced a strong year as a result of the growth in demand for Australian mining commodities and the structural long term increase in Australia's general freight task. Rail reported a 9% increase in revenue on FY04 levels. FY04 results were 100% up on FY03.

Increased demand for new rollingstock, including freight wagons, bogies and drawgear componentry saw the Rail business execute contracts for iron ore wagons and bogies for the Pilbara region of Western Australia, container wagons for Queensland and specialised low level container wagons for New South Wales. Demand for consumable products, maintenance and refurbishment services remained strong.

Industrial

- **Sales revenue of $59.3million, up 12% on FY04**

Industrial reported an increase in sales revenue of 12% on June 2004 levels at $59.3million, underpinned by Australian mining production volumes and the power generation sector.

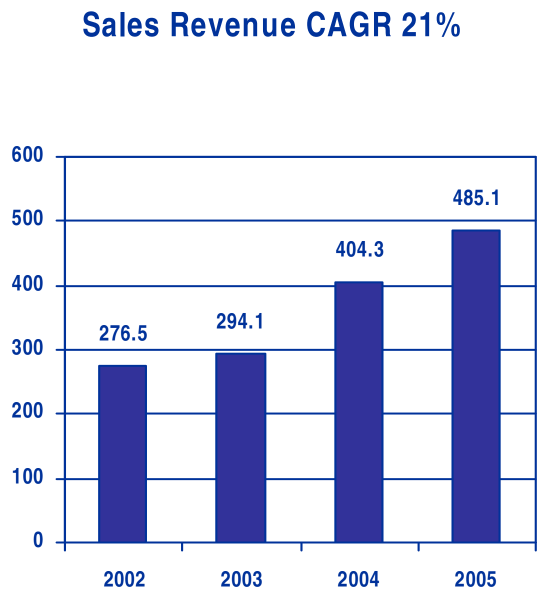
Increased demand for mining consumables, road transport consumables for heavy vehicles and coal pulverising products for the Australian and export markets drove Industrial's strong result. While demand for consumable products for the recycling, steelmaking, smelting and refining sectors continued to provide a stable base load for the business.

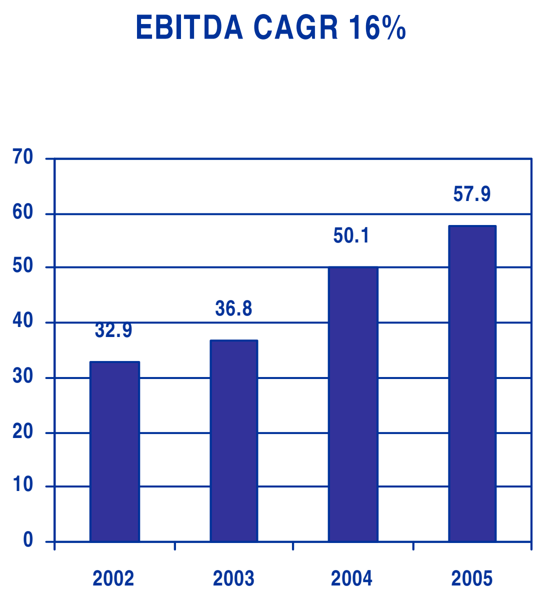
During the year, the Industrial business continued to develop its import capability to complement local manufacture.

Outlook

Bradken holds a leading market position as a supplier to the Australian resources and freight rail industries and is well placed to capture the forecast growth in the markets through its consumable products, capital equipment and maintenance offerings.

Although recently listed on the Australian stock exchange, the Bradken business has been in operation more than 80 years. Driven by the Australian resources and freight rail industries, Bradken's business growth has been achieved through expanding with these markets. As demonstrated in the below overleaf, Bradken's revenue activity continues to trend with the sustained growth in the Australian resources industry.





Following the significant ramp up of Bradken's broad manufacturing base during FY05, the Company remains well placed to service the increase in market demand in the coming year.

The shortage of available skilled tradespeople within Australia remains an ongoing challenge for the Company. Bradken has executed a number of strategies during the year to fulfill its labour requirements; including the continual training of junior and senior apprentices; involvement with local training colleges and more recently exploring the opportunity to source offshore labour.

Based on the strength of Bradken's key customer markets, Bradken's current order book and the expectancy that the Company can maintain margins at the level attained in the second half of FY05 and a full contribution from the Henderson acquisition, Bradken is targeting EBITDA growth of around 15% in FY06.

Commentary on results and review of operations (continued)

 # Explanation of Financial Overview

Presented below is an explanation of the pro-forma numbers used in the above analysis and a reconciliation back to the statutory financials provided in this Appendix 4E document.

$m	Ten months Statutory 20/8/04 to 30/6/05	Two months Pre IPO Period 1/7/04 to 19/8/04	Pro-Forma 12 m/e June 2005 (as above)	Prospectus Forecast
Sales	416.7	68.4	**485.1**	459.5
EBITDA	**51.1**	**6.7**	**57.9**	**56.5**
Depreciation	7.3	1.1	**8.5**	8.5
Interest	8.7	1.3	**10.0**	8.6
Amortisation - licences	8.7	1.4	**10.1**	10.0
Amortisation - goodwill	5.2	0.9	**6.1**	5.5
Amortisation - borrow costs	0.8	0.0	**0.8**	0.6
Net profit before tax	20.4	2.1	**22.4**	23.3
Tax expense	6.2	0.9	**7.1**	8.1
Net profit after tax	**14.1**	**1.2**	**15.3**	**15.2**

Table Contents:

1. The Ten Months Statutory numbers are as per the attached Financial Statements.
2. The two month "Pre IPO Period" refllects 51 days of activity and includes proforma adjustments to reflect the post IPO structure of the business. These numbers have been subject to external review.

Statements of financial performance

Bradken Limited and its Controlled Entities

For the 10 month period ended 30 June 2005

		CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
	Note	$'000	$'000	$'000	$'000
Sales revenue	4	416,661	-	-	-
Cost of sales	5(b)	(347,584)	-	-	-
Gross profit		69,077	-	-	-
Other revenue from ordinary activities	4	5,204	-	5,220	-
Selling and technical expenses		(18,047)	-	-	-
Administration expenses		(26,347)	-	-	-
Borrowing costs	5(b)	(9,513)			
Profit from ordinary activities before related income tax expense		20,374	-	5,220	-
Income tax expense relating to ordinary activities	7(a)	(6,233)	-	-	-
Profit from ordinary activities after related income tax expense		14,141	-	5,220	-
Net Profit attributable to members of the parent entity	24	14,141	-	5,220	-
Non-owner transaction changes in equity					
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations	23	(430)	-	-	-
Total changes in equity from non-owner related transactions attributable to members of the parent entity		13,711	-	5,220	-
Basic earnings per ordinary share: (cents per share)	8	$ 0.195	$ -		
Diluted earnings per ordinary share: (cents per share)	8	$ 0.194	$ -		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 10 to 47.

Statements of financial position

Bradken Limited and its Controlled Entities

As at 30 June 2005

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Current assets					
Cash assets	10	1,157	-	-	-
Receivables	11	66,219	-	-	-
Inventories	12	75,191	-	-	-
Other	14	1,127	-	-	-
Total current assets		143,694	-	-	-
Non-current assets					
Receivables	11	8	-	-	-
Other financial assets	13	-	-	229,979	-
Property, plant and equipment	15	151,625	-	-	-
Intangibles	16	163,161	-	-	-
Deferred tax assets	7(d)	11,113	-	11,074	-
Other	17	4,013	-	-	-
Total non-current assets		329,920	-	241,053	-
Total assets		473,614	-	241,053	-
Current liabilities					
Payables	18	53,600	-	-	-
Interest-bearing liabilities	19	7,269	-	-	-
Current tax liabilities	7(b)	6,504	-	6,526	-
Provisions	20	20,925	-	-	-
Other	21	36	-	-	-
Total Current Liabilities		88,334	-	6,526	-
Non-current liabilities					
Interest-bearing liabilities	19	130,861	-	-	-
Deferred tax liabilities	7(c)	1,952	-	1,952	-
Provisions	20	11,401	-	-	-
Total non-current liabilities		144,214	-	1,952	-
Total liabilities		232,548	-	8,478	-
Net assets		241,066	-	232,575	-
Equity					
Contributed equity	22	232,575	-	232,575	-
Reserves	23	(430)	-	-	-
Retained profits	24	8,921	-	-	-
Total parent entity interest		241,066	-	232,575	-
Outside equity interest	26	-	-	-	-
Total equity		241,066	-	232,575	-

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 10 to 47.

Statements of cashflows

Bradken Limited and its Controlled Entities

For the 10 month period ended 30 June 2005

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		471,836	-	-	-
Cash payments in the course of operations		(419,978)	-	-	-
Interest received		67	-	-	-
Borrowing costs paid		(11,936)	-	-	-
Income taxes paid	7(b)	(6,675)	-	-	-
Net cash provided by / (used in) operating activities	32(b)	33,314	-	-	-
Cash flows from investing activities					
Proceeds on disposal of non-current assets		1,564	-	-	-
Payments for controlled entities	31(b)	(139,637)	-	-	-
Payment for property, plant and equipment		(10,822)	-	-	-
Payment for businesses	31(b)	(28,188)	-	-	-
Net cash provided by / (used in) investing activities		(177,083)	-	-	-
Cash flows from financing activities					
Proceeds from issue of shares		204,637	-	-	-
Transaction costs from issue of shares		(13,483)	-	-	-
Proceeds from borrowings		28,926	-	-	-
Repayment of borrowings		(71,000)	-	-	-
Dividends paid by parent entity		(4,154)	-	-	-
Net cash used provided by financing activities		144,926	-	-	-
Net increase/(decrease) in cash held		1,157	-	-	-
Cash at the beginning of the period		-	-	-	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-	-	-
Cash at the end of the period	32(a)	1,157	-	-	-

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 10 to 47.

Notes to the financial statements

For the period ended 30 June 2005

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1 Statement of significant accounting policies

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in Note 2, are consistent with those of the previous year.

(b) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 *Consolidated Accounts*.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

A list of controlled entities appears in Note 31 to the financial statements.

(c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Contract revenue

Contract revenue and expenses are recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and total contract revenue and costs to complete can be reliably estimated.

Profit recognition does not normally commence until a contract has progressed to at least 20% complete. The stage of completion is measured by reference to an assessment of total labour hours and other costs incurred to date as a percentage of costs for each contract.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the cost will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Interest

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Foreign Currency

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in net profit or loss in the period in which they arise except that:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and
- exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

Financial statements of self-sustaining foreign controlled entities and branches are translated at reporting date using the current rate method and exchange differences are taken directly to the foreign currency translation reserve.

(f) Derivatives

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward foreign exchange contracts, forward interest rate contracts and interest rate swaps.

Further details of derivative financial instruments are disclosed in Note 27 to the financial statements.

Foreign Exchange Contracts

Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale when they are expected to reduce exposure to the risks being hedged.

The net amounts receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction.

When recognised, the net receivables or payables are revalued using the foreign currency exchange rate current at reporting date. Refer to Note 27.

In the event of the early termination of a foreign currency hedge of an anticipated purchase or sale of goods and services, the deferred gains and losses that arose on the foreign exchange contract prior to its termination are:

- deferred and included in the measurement of the purchase or sale when it takes place, where the anticipated transaction is still expected to occur; or
- recognised in the net profit or loss at the date of termination, if the anticipated transaction is no longer expected to occur.

Interest Rate Swaps

Gains and losses on interest rate swaps are included in the determination of interest expense.

(g) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs in connection with arrangement of borrowings, foreign exchange differences net of hedged amounts on borrowings, including trade creditors and lease finance charges.

(h) Taxation - Note 7

The Consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

Capital gains tax, if applicable, is provided for in establishing period income tax expense when an asset is sold.

Tax consolidation

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in Note 31.

The head entity recognises all of the current and deferred tax assets and liabilities of the tax consolidated group (after elimination of intragroup transactions).

The tax-consolidated group has entered into a tax funding agreement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax assets and liabilities and movements in deferred tax balances arising from external transactions during the year.

Under the tax funding agreement, the contributions are calculated on a “stand-alone basis” so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity’s obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.

(i) Earnings per share

Basic earnings per share (“EPS”) is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

It should be noted that the company's weighted average number of ordinary shares reflects the period from 13 April 2004 to 30 June 2005 and is not representative of what the weighted average is for the operational period of 20 August 2004 to 30 June 2005. Further details of share issues during the period are contained in Note 22.

(j) Acquisition of Assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are recorded at their cost of acquisition, being the fair value of the consideration determined as at the date of acquisition plus costs incidental to the acquisition. Where subsequent to acquisition it becomes known that assets existed at balance date but were not recognised an adjustment is made to recognise the asset and to adjust goodwill on acquisition.

The costs of assets constructed or internally generated by the consolidated entity other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the consolidated entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Research and development

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is capitalised.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise, the costs are expensed as incurred.

(k) Use and revision of accounting estimates
The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The 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.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(l) Receivables
Trade receivables, which are normally collected within 60 days, and other receivables are recorded at amounts due. The collectability is assessed at reporting date and specific provision is made for any doubtful accounts.

(m) Inventories
Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on either standard or average basis. Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

Construction and service contract work in progress
Construction and service contract work in progress is carried at cost plus profit recognised to date based on the value of work completed, less progress billings and less provision for foreseeable losses, allocated between amounts due from customers and amounts due to customers.
Cost includes variable and fixed costs directly related to specific contracts, those costs related to contract activity in general which can be allocated to specific contracts on a reasonable basis and other costs specifically chargeable under the contract. Costs expected to be incurred under penalty clauses and rectification provisions, and borrowing costs where contracts are classified as qualifying assets are also included.

(m) Investments
Investments in controlled entities are recorded at the lower of cost and recoverable amount. Other investments are recorded at cost. Interest revenue is recognised on an accrual basis. Dividends from controlled entities are recognised when they are declared.

(n) Leased Assets
Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases
A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.
Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating Leases
Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.
Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight line basis over the period of the incentive.

(o) Goodwill
Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised over a period of 20 years.

(p) Recoverable Amount of Non-Current Assets
Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(q) Depreciation and amortisation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Assets are depreciated or amortised from the date of acquisition, or in respect of internally constructed assets, from the time an asset is completed and held ready for use.

The following estimated useful lives are used in the calculation of depreciation:

	Year Ended 30 June 2005	Year Ended 30 June 2004
Property, plant and equipment		
Buildings	66 years	66 years
Plant and equipment	1 to 20 years	1 to 20 years
Patterns	1 to 40 years	1 to 40 years
Intangibles		
Goodwill	20 years	20 years

(r) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 60 days.

(s) Interest bearing liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the shorter of the period of the loan or 5 years and disclosed in Note 17.

(t) Employee Benefits

Wages, salaries, annual leave, sick leave, rostered days off and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave, sick leave and rostered days off represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Bonus plans

A liability is recognised for bonuses payable to employees for achievement of specific targets.

Employee share and option plans

Where shares or options are issued to employees, including directors, as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the shares or options issued is recorded in contributed equity.

Other shares or options issued to employees, including directors, are recorded in contributed equity at the fair value of consideration received, if any.

Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

Superannuation plan

The consolidated entity contributes to several accumulation superannuation plans. Contributions are recognised as an expense as they are made.

(u) Provisions

A provision is recognised in the accounts when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that that the recovery will be received and the recovery is measured on a basis consistent with the measurement of the related provision.

In the statement of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity:

- has a legally recognised right to set-off the recovery receivable and the provision and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

Stock Obsolescence

All inventory items are reviewed on a regular basis during the year and a provision raised for products which have not been sold for one year.

Warranties

Products are warranted against faulty workmanship and in some cases these are specifically extended to periods up to seven years or hours used depending on the type of product and contract in place. Rectification claims are settled in cash or by repair of the item, at the discretion of the consolidated entity. Provision for warranty claims are made for claims received and claims expected to be received in relation to sales made prior to reporting date adjusted for specific information arising from internal quality assurance processes. Significant uncertainties relate to estimates for construction provisions as these depend on circumstances particular to each site.

(u) Patents, Trademarks and Licences

Patents, trademarks and licences are recorded at cost and amortised on a straight line basis over the period which the expected benefits will arise.

2 Changes in accounting policies

There were no changes in accounting policies in Bradken Limited during the period. Any changes in accounting policies must be disclosed as follows:

Where there has been a change in accounting policy, which has a material effect in the current financial year or any prior financial years presented in the financial report, or is expected to have an effect in a subsequent financial year, the following must be disclosed in the summary of accounting policies or in a note referred to in the summary of accounting policies:

(a) the nature of the change
(b) the reasons for the change
(c) the amount of the adjustment, if any, recognised as a revenue or an expense in the statement of financial performance for the year
(d) the amount of the adjustment, if any, to the opening balance of retained profits or accumulated losses of the current financial year
(e) the amount of the adjustment relating to prior financial years, including:
    (i) where practicable, the restatement of comparative information for each prior financial year presented in the financial report to show the information that would have been disclosed in the prior financial year had the new policy always been applied. If it is impracticable to restate the comparative information for each prior financial year presented, that fact must be disclosed
    (ii) the amount of the adjustment relating to financial years prior to those presented in the financial report.

Where a change in an accounting policy made in the preceding financial year was not disclosed in that year, but has a material effect in the current financial year, the following must be disclosed in the current year's financial statements:

(a) the nature of the change
(b) the reasons for the change
(c) that the change was made in the preceding financial year
(d) the financial effect of the change in the current financial year.

3 Reporting period and comparatives

The company has obtained relief from the Australian Securities and Investments Commission under section 340 of the Corporations Act 2001 to allow the company's first half year reporting period to be 13 April 2004 to 31 December 2004. The first full year reporting period is 13 April 2004 to 30 June 2005.

The company was incorporated on 13 April 2004 and as such no comparative numbers are disclosed in this financial report.

It should be noted that whilst this period commenced on 13 April 2004 the company did not commence operations until 20 August 2004 (at the time of the IPO) and hence the financial results in this report cover the operational period 20 August 2004 to 30 June 2005.

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000

4 Revenue from ordinary activities

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Sales of goods revenue from operating activities		416,661	-	-	-
Other revenues:					
From operating activities					
Net foreign exchange gain		4,080	-	-	-
Interest revenue:					
Other entities		67	-	-	-
Dividends received					
Related parties		-	-	5,220	-
Rental income		183			
Royalty income		166			
Other (aggregate of immaterial items)		645	-	-	-
From outside operating activities					
Gross proceeds from the sale of non-current assets:		63	-	-	-
Total other revenues		5,204	-	5,220	-
Total revenue from ordinary activities		421,865	-	5,220	-

5 Profit from ordinary activities before income tax expense

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
(a) Individually significant expenses/(revenues) included in profit from ordinary activities before income tax expense					
Foreign exchange gain on hedges		(3,851)	-	-	-
(b) Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:					
Cost of sales		347,584	-	-	-
Borrowing costs:					
Interest - other entities		8,308	-	-	-
Other borrowing costs		368	-	-	-
Borrowing costs amortisation		837	-	-	-
		9,513	-	-	-
Depreciation of non-current assets:					
Property, plant and equipment		7,303	-	-	-
Amortisation of non-current assets:					
Goodwill		5,205	-	-	-
Other intangibles		8,689	-	-	-
Leased Plant & Equipment		42	-	-	-
Capitalised borrowing and loan setup costs		837	-	-	-
Research and development costs written off		4,344	-	-	-
Net transfers to /(from) provisions:					
Warranty		(67)	-	-	-
Stock Obsolescence		(321)	-	-	-
Employee Benefits		1,415	-	-	-
Net bad and doubtful debts expense including movements in doubtful debts provision		85	-	-	-
Operating lease rental minimum lease payments		3,631	-	-	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$	$	$	$

6 Auditors' remuneration

Audit services				
Auditors of the Company				
KPMG Australia				
– audit and review of financial reports	114,395	-	-	-
This fee covers all of the Bradken group of companies				
Other auditors				
Auditing the financial reports of controlled entities	23,661	-	-	-
	138,056	-	-	-
Other services				
Auditors of the Company				
KPMG Australia				
– other assurance services	49,000	-	-	-
– taxation services	37,595	-	-	-
	86,595	-	-	-
KPMG related practices				
Due diligences services	230,985	-	-	-
Other auditors				
Tax services for controlled entities	8,872			
Due diligences services	129,800			
	456,252	-	-	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

7 Taxation

(a) Income Tax Expense

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	6,112	-	1,566	-
Increase in income tax expense due to:				
Amortisation of intangible assets	1,563	-	-	-
Effect of higher tax rates of tax on overseas income	7	-	-	-
Income tax expense related to current and deferred tax transactions of the wholly-owned subsidiaries in the tax-consolidated group	-	-	6,153	-
Sundry items	17	-	-	-
Decrease in income tax expense due to:				
Non deductible fixed assets amortisation	(61)	-	-	-
Amortisation of IPO costs on acquisition	(809)	-	-	-
Recovery of income tax under a tax sharing agreement	-	-	(6,153)	-
Non assessable intergroup dividend	-	-	(1,566)	-
Research and Development allowance	(324)	-	-	-
Income tax under/(over) provided in prior year	(272)	-	-	-
Total income tax expense attributable to profit from ordinary activities	6,233	-	-	-
Total income tax expense is made up of :				
Current income tax provision	5,734	-	5,651	-
Deferred income tax provision	194	-	194	-
Future income tax benefit	577	-	580	-
Tax related payable from wholly-owned subsidiary	-	-	(6,153)	-
Under / (over) provision in prior year	(272)	-	(272)	-
	6,233	-	-	-
	-			

(b) Current Tax Liabilities

Provision for current income tax

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Movements during the period were as follows :				
Balance at beginning of period	-	-	-	-
Balances acquired on acquisition of entities	7,717	-	7,773	-
Income tax paid :				
– operating activities – prior year	(5,995)	-	(6,069)	-
– operating activities – current year	(680)	-	(557)	-
Income tax expense / (revenue) related to wholly-owned subsidiaries transactions in a tax consolidated group	5,734	-	5,651	-
Under / (over) provision in prior period	(272)	-	(272)	-
Balance at end of period	6,504	-	6,526	-

(c) Deferred Tax Liabilities

Provision for Deferred Income Tax

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on the following items :				
Difference in depreciation and amortisation of property, plant & equipment for accounting and income tax purposes	1,890	-	1,890	-
Capitalised leases	52		52	
Unrealised currency differences	10	-	10	-
	1,952	-	1,952	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

7 Taxation (continued)

(d) Deferred Tax Assets

Future Income Tax Benefit

Future income tax benefit comprises the estimated future benefit, at the applicable rate of 30% on the following items :

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Provisions and accrued employee benefits not currently deductible	11,019	-	10,980	-
Other items	94	-	94	-
	11,113	-	11,074	-

8 Earnings per share

Classification of securities as ordinary shares

The following securities have been classified as ordinary shares and included in basic earnings per share, as they have different entitlements to dividends:

(a) ordinary shares

	CONSOLIDATED	
	2005	2004
	$'000	$'000
Earnings reconciliation		
Net profit	14,141	-
Net profit attributable to outside equity interests	-	-
Basic earnings	14,141	-
Diluted earnings	14,141	-
Allocation of earnings to category of ordinary share:		
Basic		
■ ordinary shares	14,141	-
Diluted		
■ ordinary shares	14,141	-
Weighted average number of shares used as the denominator		
Number for basic earnings per share		
Ordinary shares	72,646,778	-
Number for diluted earnings per share		
Ordinary shares	72,646,778	-
Effect of performance rights on issue	67,906	-
	72,714,684	-

The weighted average number of ordinary shares reported above reflects the period from 13 April 2004 to 30 June 2005 and is not representative of what the weighted average is for the operational period of 20 August 2004 to 30 June 2005. Further details of share numbers on issue during the period are contained in Note 22.

9 Segment reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest bearing loans, borrowing and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Products and Services within Each Business Segment

For management purposes, the consolidated entity is organised into four major operating divisions – Industrial, Mining, Mineral Processing and Rail. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Industrial supplies cast, machined and fabricated components manufactured to customer specifications or purpose designed to suit customer needs into industries such as Smelters and Refineries, Steel Manufacturers, Power Generation Providers and Sugar Production.
- Mining offers the design, supply and service of wear components for all types of earth moving equipment in the Mining and Quarry industries.
- Mineral Processing supplies equipment, servicing and consumables to the mineral processing and quarrying industries.
- Rail is a package provider of Freight Rollingstock products and services including freight wagons, bogies, drawgear, inventory management, spare and renewed parts and the maintenance and refurbishment of rollingstock.

The consolidated entity's four divisions operate mainly in one geographical area, being Australia with smaller operations in New Zealand and Chile.

9 Segment reporting (continued)

Primary reporting - Business segments	Industrial 2005 $'000	Industrial 2004 $'000	Mining 2005 $'000	Mining 2004 $'000	Mineral Processing 2005 $'000	Mineral Processing 2004 $'000	Rail 2005 $'000	Rail 2004 $'000	Other 2005 $'000	Other 2004 $'000	Consolidated 2005 $'000	Consolidated 2004 $'000
Revenue												
External segment revenue	50,346	-	153,354	-	52,152	-	160,809	-	-	-	416,661	-
Total segment revenue											416,661	-
Unallocated revenue											5,204	-
Total revenue											421,865	-
Result												
Segment result	13,498	-	46,594	-	12,184	-	32,115	-	-	-	104,391	-
Unallocated revenues and expenses											(84,017)	-
Profit from ordinary activities before income tax											20,374	-
Income tax expense											(6,233)	-
Profit from ordinary activities after income tax											14,141	-
Extraordinary items after tax											-	-
Net profit											14,141	-
Depreciation and amortisation	1,357	-	7,487	-	1,224	-	5,846	-	6,231	-	22,145	-
Non cash expenses other than depreciation and amortisation	126	-	314	-	653	-	(71)	-	90	-	1,112	-
Assets												
Segment assets	54,454	-	133,840	-	58,996	-	90,022	-	-	-	337,312	-
Unallocated corporate assets											136,302	-
Consolidated total asets											473,614	-
Liabilities												
Segment liabilities	18,346	-	27,123	-	14,283	-	30,504	-	-	-	90,256	-
Unallocated corporate liabilities											142,292	-
Consolidated total liabilities											232,548	-
Acquisition of non-current assets	2,967	-	2,821	-	1,644	-	3,306	-	84	-	10,822	-

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
10 Cash assets					
Cash at bank and on hand		1,157	-	-	-
	32	1,157	-	-	-
11 Receivables					
Current					
Trade debtors		66,692	-	-	-
Less: Provision for doubtful trade debtors		(473)	-	-	-
		66,219	-	-	-
Non Current					
Other		8	-	-	-
		8	-	-	-
12 Inventories					
Current					
Raw materials and stores - at cost		10,359	-	-	-
Work in progress - at cost		21,583	-	-	-
Finished goods:					
- at cost		41,397	-	-	-
- stock obsolescence provision		(1,905)	-	-	-
Construction work in progress:					
- amounts due from customers		3,757	-	-	-
		75,191	-	-	-
Construction work in progress comprises:					
Contract costs incurred to date		101,104	-	-	-
Profit recognised to date		20,557	-	-	-
		121,661	-	-	-
Less: Provision for losses		-	-	-	-
		121,661	-	-	-
Less: Progress billings		(117,904)	-	-	-
Net construction work in progress		3,757	-	-	-
Net Construction work in progress comprises:					
Amounts due from customers - inventories		3,757	-	-	-
Amounts due to customers - trade creditors		-	-	-	-
		3,757	-	-	-
13 Other financial assets					
Non-current					
Shares in controlled entities - at cost		-	-	172,292	-
Amounts owing by related parties		-	-	57,687	-
		-	-	229,979	-
14 Other current assets					
Prepayments		1,076	-	-	-
Deferred foreign currency hedge receivable		36	-	-	-
Other		15	-	-	-
		1,127	-	-	-

15 Property, plant and equipment

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	CONSOLIDATED 2005 $'000	THE COMPANY 2005 $'000
Freehold land		
Carrying amount at beginning of period	-	-
Additions	1,535	-
Acquisition through entity acquired	8,808	-
Carrying amount at end of period	10,343	-
Buildings		
Carrying amount at beginning of period	-	-
Additions	2,496	-
Acquisition through entity acquired	44,397	-
Depreciation	(465)	-
Carrying amount at end of period	46,428	-
Leasehold improvements		
Carrying amount at beginning of period	-	-
Acquisition through entity acquired	325	-
Amortisation	(9)	-
Net foreign currency differences on translation of self-sustaining operations	(3)	-
Carrying amount at end of period	313	-
Plant and equipment		
Carrying amount at beginning of period	-	-
Additions	12,995	-
Acquisition through entity acquired	73,584	-
Transfer from capital works in progress	9,867	-
Disposals	(66)	-
Depreciation	(6,829)	-
Net foreign currency differences on translation of self-sustaining operations	1	-
Carrying amount at end of period	89,552	-
Leased plant and equipment		
Carrying amount at beginning of period	-	-
Acquisition through entity acquired	752	-
Amortisation	(42)	-
Carrying amount at end of period	710	-
Capital works in progress		
Carrying amount at beginning of period	-	-
Additions	10,512	-
Acquisition through entity acquired	3,634	-
Transfers to property, plant and equipment	(9,867)	-
Carrying amount at end of period	4,279	-
Net book value at end of period	151,625	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
16 Intangible assets				
Goodwill				
At cost	125,078	-	-	-
Accumulated amortisation	(6,870)	-	-	-
	118,208	-	-	-
Licences				
At cost	65,683	-	-	-
Accumulated amortisation	(20,730)	-	-	-
	44,953	-	-	-
	163,161	-	-	-
Aggregate amortisation recognised as an expense during the period:				
Goodwill	5,205	-	-	-
Licences	8,689	-	-	-
	13,894	-	-	-
17 Other non-current assets				
Capitalised borrowing and loan setup costs	4,850	-	-	-
Accumulated amortisation	(837)	-	-	-
	4,013	-	-	-
Amortisation recognised as an expense during the period:				
Capitalised borrowing and loan setup costs - amortisation	837	-	-	-
	837	-	-	-
18 Payables				
Trade creditors	49,960	-	-	-
Other creditors and accruals	3,640	-	-	-
	53,600	-	-	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
19 Interest bearing liabilities				
Current - Secured:				
Bank loans *(i)*	7,000	-	-	-
Lease Liabilities (ii)	160	-	-	-
Hire Purchase Liabilities (iii)	109	-	-	-
	7,269	-	-	-
Non-current - Secured:				
Bank loans *(i)*	130,238	-	-	-
Lease Liabilities (ii)	113	-	-	-
Hire Purchase Liabilities (iii)	510	-	-	-
	130,861	-	-	-

(i) In accordance with the security arrangements fixed and floating charges secure all the assets and undertakings of the consolidated entity together with mortgages over all the consolidated entity's interest in real property.

(ii) The consolidated entity's lease liabilities are secured by the leased assets of $710,000, as in the event of default, the assets revert to the lessor.

(iii) The consolidated entity's hire purchase liabilities are secured by the hire purchased assets of $593,000, as in the event of default, the assets revert to the lessor.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Financing arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Bank loans	146,500	-	-	-
Bank overdrafts	20,000	-	-	-
Standby letters of credit and bank guarantees	20,000	-	-	-
	186,500	-	-	-
Facilities utilised at reporting date:				
Bank loans	137,238	-	-	-
Standby letters of credit and bank guarantees	14,930	-	-	-
	152,168	-	-	-
Facilities not utilised at reporting date:				
Bank loans	9,262	-	-	-
Bank overdrafts	20,000	-	-	-
Standby letters of credit and bank guarantees	5,070	-	-	-
	34,332	-	-	-

Bank loans

All bank loans are denominated in Australian dollars. The bank loans amount in current liabilities comprises the portion of the consolidated entity’s bank loan payable within one year. The carrying amount of the pledged properties are as follows:

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Freehold land	10,343	-	-	-
Buildings	46,741	-	-	-
Plant and equipment	93,831	-	-	-
Total pledged	150,915	-	-	-

Fees are payable at rates between 0.48% and 0.56% per annum on the amount of the facility that has not been drawn down . For further details in respect to the secured borrowings refer to note 27(a).

Bank overdraft, standby letter of credit and bank guarantee facilities

The standby letter of credit and bank guarantee facility is a bullet revolving working capital facility incorporating a bank overdraft set-off sub-component and a bank guarantee and letter of credit sub-component. The facility provides access to a line of credit up to a limit of $40,000,000 at a cost of 0.85% per annum.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

20 Provisions

Current				
Employee benefits (refer note 33)	14,683	-	-	-
Warranties	6,242	-	-	-
	20,925	-	-	-
Non-current				
Employee benefits (refer note 33)	8,899	-	-	-
Warranty	2,502	-	-	-
	11,401	-	-	-

Reconciliations

Reconciliations of the carrying amounts of each class of provision except for employee benefits are set out below.

Warranty - Current				
Carrying amount at beginning of period	-	-	-	-
Increase through acquisition of entity	8,673	-	-	-
Provisions made during the period	809	-	-	-
Payments made during the period	(3,240)	-	-	-
Carrying amount at end of period	6,242	-	-	-
Warranty - Non Current				
Carrying amount at beginning of period	-	-	-	-
Increase through acquisition of entity	2,502	-	-	-
Carrying amount at end of period	2,502	-	-	-

21 Other current liabilities

Deferred foreign currency hedge exchange difference	36	-	-	-
	36	-	-	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

22 Contributed Equity

Share capital

102,766,699 (Jun 2004: 3) ordinary shares, fully paid	232,575	-	232,575	-
	232,575	-	232,575	-

(a) Ordinary shares

Movements during the year

Balance at beginning of period				
0 shares	-	-	-	-
Shares issued				
– 3 at $1.00 per share on incorporation	-	-	-	-
– 102,080 for cash pursuant to a prospectus	244,992	-	244,992	
– Transaction costs arising from issue for cash pursuant to prospectus	(13,482)	-	(13,482)	-
– 270,400 under the Employee Share Ownership Plan	-	-	-	-
– 416,296 under the Dividend Reinvestment Plan	1,065	-	1,065	-
Balance at end of period	232,575	-	232,575	-

On 14 April 2004 Bradken Limited issued 3 shares at a price of $1.00 per share on incorporation of the company.
On 20 August 2004 Bradken Limited issued 102,080,000 shares at a price of $2.40 each in accordance with a prospectus dated 9 August 2004. Transaction costs of $13,482,000 were recognised as a reduction of the proceeds of issue.
On 29 October 2004 Bradken Limited issued 270,400 shares to eligible employees under the "Employee Gift Offer" outlined in the Australian Employee Gift Offer Booklet.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.
In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

23 Reserves

Foreign currency translation	(430)	-	-	-
	(430)	-	-	-
Movements during the period				
Foreign Currency Translation Reserve				
Balance at beginning of period	-	-	-	-
Net translation adjustment	(430)	-	-	-
Balance at end of period	(430)	-	-	-

Nature and purpose of reserves

Foreign currency translation

Exchange differences relating to the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve, as described in note 1.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

24 Retained Profits

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Balance at beginning of period	-	-	-	-
Net profit attributable to members of the parent entity	14,141	-	5,220	-
Dividends recognised during the year	(5,220)	-	(5,220)	-
Impact of change in outside equity interest	-	-	-	-
Balance at end of financial period	8,921	-	-	-

25 Dividends

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payments
2005				
Interim 2005 ordinary	5.1	5,220	franked	23 March 2005
Total amount		5,220		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Subsequent events

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

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payments
Final 2005 ordinary	9.2	9,455	franked	12 October 2005
Total amount		9,455		

The financial effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports.

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
Dividend franking account		
30% franking credits available to shareholders of Bradken Limited for subsequent financial years	12,633	-

The above available amounts are based on the balance of the dividend franking account at period end adjusted for:

(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the period end
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the period end
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

26 Total equity reconciliation

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Total equity at beginning of year	-	-	-	-
Total changes in parent entity interest in equity recognised in statement of financial performance	13,711	-	5,220	-
Transactions with owners as owners:				
Contributions of equity	232,575	-	232,575	-
Dividends	(5,220)	-	(5,220)	-
Total changes in outside equity interest	-	-	-	-
Total equity at end of year	241,066	-	232,575	-

27 Additional financial instruments disclosure

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including:

- interest rate swaps to mitigate the risk of interest rate rises; and
- interest rate caps to mitigate the risk of rising interest rates.
- forward exchange contracts to hedge the exchange rate risk arising on the export of product and import of material from primarily the United States;

The consolidated entity does not enter into or trade derivative financial instruments for speculative purposes.

(a) Interest Rate Risk

The consolidated entity uses various types of interest rate contracts in managing interest rate exposure, including interest rate swap contracts and forward interest rate contracts.

Interest rate swaps and forward rate agreements

Under interest rate swap contracts the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of rising interest rates.

Under the interest rate cap contract the consolidated entity has agreed to pay an up-front amount to cap the interest rate to a specified rate on agreed notional principal amounts. Such contracts enable the company to mitigate the risk of rising interest rates.

Interest rate risk exposures

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date.

Outstanding Contracts	Average Interest Rate		Contracted Notional Principal Amount	
	2005	2004	2005	2004
	%	%	$'000	$'000
2 to 5 years	6.008%	0.000%	54,500	-
			54,500	-

The average interest rate is based on the outstanding balances at the end of the financial year.

The consolidated entity is not exposed to interest rate risk except for

- cash balances on hand of $1,157,000 which attract an average variable interest rate of 1.891%;
- secured borrowings of $54,500,000 which attract a fixed interest rate of 6.008%; and
- secured borrowings of $82,738,495 which attract an average variable interest rate of 7.0107%.
- lease liabilities of $273,000 which attract a fixed interest rate of 6.95%.
- hire purchase liabilities of $619,000 which attract a fixed interest rate of 7.33%.

27 Additional financial instruments disclosure (continued)

(b) Foreign exchange risk

It is the policy of the consolidated entity to enter into forward foreign exchange contracts to cover all foreign currency exposures other than those effectively covered within the natural hedging pool.

The following table details the forward foreign currency contracts outstanding as at reporting date:

	CONSOLIDATED			
	2005	2004	2005	2004
Outstanding Contracts	**Weighted AverageRate**		**$'000**	**$'000**
Buy South African Rands				
Less than 3 months	4.8481	-	200	-
			200	-
Buy Great British Pounds				
Less than 3 months	0.4087	-	1,785	-
3 to 6 months	0.4066	-	960	-
Longer than 6 months but less than 1 year	0.4065	-	480	-
			3,225	-
Sell Japanese Yen				
Longer than 1 year but not later than 2 years	77.3300	-	1,060	-
			1,060	-

The net deferred costs and exchange gains and losses on hedges of anticipated foreign currency purchases and sales recognised in other current assets in Note 14 and the timing of their anticipated recognition as part of sales or purchases are:

	CONSOLIDATED Net gains/(losses)	
	2005 $'000	2004 $'000
Less than 3 months	69	-
3 to 6 months	35	-
Longer than 6 months but less than 1 year	18	-
Longer than 1 year but not later than 2 years	(86)	-
	36	-

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(d) Net fair values of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

The carrying amount of financial instruments not recorded in the statement of financial position and detailed in this note reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate contracts (net of transaction costs), or replace the contracts at their current market rates as at reporting date. This is based on market approximates of their net fair values.

	CONSOLIDATED	
	2005 $'000	2004 $'000
Interest rate swaps	872	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000

28 Commitments

Capital Expenditure Commitments				
Land & Buildings				
Contracted but not provided for and payable:				
Within one year	148	-	-	-
	148	-	-	-
Plant and equipment				
Contracted but not provided for and payable:				
Within one year	3,587	-	-	-
One year or later and not longer than five years	19	-	-	-
	3,606	-	-	-
Non-cancellable operating lease expense commitments				
Contracted but not provided for and payable:				
Within one year	4,827	-	-	-
One year or later and not longer than five years	6,887	-	-	-
Longer than five years	24	-	-	-
	11,738	-	-	-

Operating leases relate to factories and plant and equipment with lease terms generally between 1 to 5 years with a small amount being payable over 5 years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Finance Lease Payment Commitments				
Contracted but not provided for and payable:				
Within one year	172	-	-	-
One year or later and not longer than five years	118	-	-	-
	290	-	-	-
Less: Future lease finance charges	17	-	-	-
	273	-	-	-
Lease liabilities provided for in financial statements:				
Current	160	-	-	-
Non-current	113	-	-	-
Total Lease Liability	273	-	-	-

The consolidated entity leases some vehicles under finance leases expiring from one to 5 years. At the end of the lease term the consolidated entity has the option to purchase the vehicles at the residual value.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Hire Purchase Payment Commitments				
Contracted but not provided for and payable:				
Within one year	149	-	-	-
One year or later and not longer than five years	586	-	-	-
	735	-	-	-
Less: Future lease finance charges	116	-	-	-
	619	-	-	-
Lease liabilities provided for in financial statements:				
Current	109	-	-	-
Non-current	510	-	-	-
Total Lease Liability	619	-	-	-

The consolidated entity has acquired some production plant and equipment under hire purchase arrangements with a final payment in May 2010.

29 Contingent liabilities and contingent assets

Contingent liabilities not considered remote

Details of contingent liabilities where the probability is not considered remote 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.

Product Warranty Claim

(i) During the normal course of business, the consolidated entity incurs normal contractors' and product liability in relation to contracts which may include claims against the consolidated entity. The consolidated entity provides for all known claims. There are potential contractor or product liability claims that may arise in respect of contracts which, at the date of this report, are unknown and, as such, any outcome cannot be reliably determined.

	CONSOLIDATED		THE COMPANY	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Guarantees				
Bank guarantees for contract performance	14,566	-	-	-
Letters of credit	364	-	-	-
Total estimated contingent liabilities	14,930	-	-	-

Other than set out above there have been no material changes in contingent liabilities or contingent assets.

30 Deeds of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit, and lodgement of financial reports, and directors' report.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Bradken Limited
- Bradken Holdings Limited
- Bradken SPV Pty Limited
- Bradken Operations Pty Limited
- Bradken Resources Pty Limited

All companies above became a party to the Deed on 12 May 2005.

The following entities are not a party to the Deed of Cross Guarantee.

- Bradken Finance Pty Limited
- Bradken Mining SPV Pty Limited
- ANI Chile Ingenieria Limitada

These parties are wholly owned entitities controlled by Bradken Limited.

A consolidated statement of financial performance and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2005 is set out on the following page:

30 Deeds of cross guarantee (continued)

	CONSOLIDATED	
	2005	2004
	$'000	$'000
Summarised statement of financial performance and retained profits		
Profit from ordinary activities before related income tax expense	20,278	-
Income tax expense relating to ordinary activities	(6,233)	-
Profit from ordinary activities after related income tax expense	14,045	-
Profit/(loss) from extraordinary items after related income tax expense	-	-
Net profit	14,045	-
Retained profits at beginning of year	-	-
Dividends recognised during the year	(5,220)	-
Retained profits at end of year	8,825	-
Statement of financial position		
Current assets		
Cash assets	1,126	-
Receivables	66,207	-
Inventories	75,171	-
Other	1,127	-
Total current assets	143,631	-
Non-current assets		
Receivables	8	-
Other financial assets	260,806	-
Property, plant and equipment	151,625	-
Intangibles	165,170	-
Deferred tax assets	11,113	-
Other	4,013	-
Total non-current assets	592,735	-
Total assets	736,366	-
Current liabilities		
Payables	53,533	-
Interest-bearing liabilities	7,269	-
Current tax liabilities	6,508	-
Provisions	20,925	-
Other	36	-
Total Current Liabilities	88,271	-
Non-current liabilities		
Interest-bearing liabilities	393,303	-
Deferred tax liabilities	1,952	-
Provisions	11,401	-
Total non-current liabilities	406,656	-
Total liabilities	494,927	-
Net assets	241,439	-
Equity		
Contributed equity	232,575	-
Reserves	39	-
Retained profits	8,825	-
Total parent entity interest	241,439	-
Outside equity interest	-	-
Total equity	241,439	-

31 Controlled entities

	Note	ORDINARY SHARE CONSOLIDATED EQUITY INTEREST 2005 %	2004 %
(a) Particulars in relation to controlled entities			
Name			
Parent entity			
Bradken Limited			
Controlled entities			
Bradken Holdings Limited	(i)	100.0	-
Bradken SPV Pty Limited	(i)	100.0	-
Bradken Operations Pty Limited	(i)	100.0	-
Bradken Resources Pty Limited	(i)	100.0	-
Bradken Finance Pty Limited		100.0	-
Bradken Mining SPV Pty Limited		100.0	-
ANI Chile Ingenieria Limitada	(ii)	100.0	-

(i) Refer to note 30 for details of Deed of Cross Guarantee.
(ii) This controlled entity carries on business in Chile.
All other controlled entities were incorporated in Australia.

(b) Acquisition of businesses and entities

Businesses

A foundry business located in Western Australia, formerly known as Roche Castings Pty Ltd, was acquired on 31 March 2005. The operating results from that date have been included in consolidated operating profit. The cost comprised cash and details of the acquisition were as follows:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Consideration	28,188	-	-	-
Cash acquired	-	-	-	-
Outflow of cash	28,188	-	-	-
Fair value of net assets acquired:				
Property, plant and equipment	16,716	-	-	-
Inventories	3,371	-	-	-
Other assets	63	-	-	-
Receivables	8,403	-	-	-
Future Income Tax Benefit	326	-	-	-
Payables	(4,156)	-	-	-
Provisions	(1,085)	-	-	-
Net assets acquired	23,638	-	-	-
Goodwill on acquisition	4,550	-	-	-
Consideration (cash)	28,188	-	-	-

31 Controlled entities (continued)

(b) Acquisition of businesses and entities (continued)

Entities

Following the raising of funds at the IPO on 20 August 2004 the consolidated entity purchased the Existing Group which owned the Bradken business as described in the prospectus dated 9 August 2004. The businesses acquired were 100% of the voting shares of Bradken Holdings Ltd and 28.1% of the voting shares of Bradken SPV Pty Ltd. Al businesses in the Bradken group are 100% owned by the consolidated entity.

		CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
Consideration	(i)	232,052	-	-	-
Cash acquired		3,133	-	-	-
Share script issue		(40,355)	-	-	-
Loan Repayment		(65,000)	-	-	-
Transaction costs	(i)	12,940	-	-	-
Outflow of cash		142,770	-	-	-
Fair value of net assets acquired:					
Property, plant and equipment		131,500	-	-	-
Cash		(15,953)	-	-	-
Inventories		68,172	-	-	-
Other assets		60,020	-	-	-
Receivables		66,174	-	-	-
Future Income Tax Benefit		11,325	-	-	-
Payables		(45,804)	-	-	-
Provisions		(46,843)	-	-	-
Borrowings		(115,401)	-	-	-
Net assets acquired		113,190	-	-	-
Goodwill on acquisition		118,862	-	-	-
Consideration (cash)		232,052	-	-	-

(i) Consideration for goodwill is net of transaction costs.

Total consideration (equity raised)	244,992
Less IPO transaction costs	(12,940)
Consideration (cash)	232,052

32 Notes to the statements of cash flows

(a) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

		CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
	Note	$'000	$'000	$'000	$'000
Cash assets	10	1,157	-	-	-
Bank overdraft	19	-	-	-	-
		1,157	-	-	-

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
(b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities				
Profit from ordinary activities after related income tax	14,141	-	5,220	-
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non-current assets	9	-	-	-
Add/(less) non-cash items:				
Amortisation of intangibles	14,731	-	-	-
Depreciation of property, plant and equipment	7,345	-	-	-
Unrealised foreign exchange (gain)/loss	(33)	-	-	-
Increase/(decrease) in current tax liability	(1,213)	-	(1,247)	-
Increase/(decrease) in deferred tax liability	233	-	233	-
(Increase)/decrease in deferred tax asset	538	-	541	-
Net cash provided by operating activities before change in assets and liabilities	35,751	-	4,747	-
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
(Increase)/decrease in trade debtors	6,796	-	-	-
(Increase)/decrease in inventories	(3,648)	-	-	-
(Increase)/decrease in prepayments	506	-	-	-
(Increase)/decrease in other non-current assets	(3,210)	-	-	-
(Increase)/decrease in other non-current financial assets	-	-	(4,747)	-
(Increase)/decrease in non-current receivables	33	-	-	-
(Decrease)/increase in accounts payable	950	-	-	-
(Decrease)/increase in provisions	(3,631)	-	-	-
(Decrease)/increase in finance lease liabilities	(133)	-	-	-
(Decrease)/increase in other current liabilities	(100)	-	-	-
Net cash provided by/(used in) operating activities	33,314	-	-	-

33 Employee benefits

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Aggregate liability for employee benefits, including on-costs					
Current					
Employee benefits provision	20	14,683	-	-	-
Non Current					
Employee benefits provision	20	8,899	-	-	-
		23,582	-	-	-

The present values of employee entitlements not expected to be settled within twelve months of reporting date have been calculated using the following weighted averages:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Assumed rate of increase in wage and salary rates	4.0%	0.0%	0.0%	0.0%
Discount rate	5.1%	0.0%	0.0%	0.0%
Settlement term (years)	15	-	-	-
Number of employees				
Number of employees at year end	2,619	-	-	-

Equity-based plans

Employee Share Acquisition Plan (ESAP)

The Company has an employee share acquisition plan approved at a members meeting on 22 April 2004.

The Employee Share Acquisition Plan is a general employee share plan pursuant to which employees of the Company or any of its subsidiaries may participate, at the invitation of the Board, in the acquisition of shares on terms and conditions determined by the Board. shares issued under ESAP rank equally with other fully paid ordinary shares.

In accordance with current Australian tax legislation in order to allow employees to make an election to seek an exemption from tax in relation to shares acquired under the ESAP, shares acquired under the ESAP must be held in the ESAP for a minimum of three years (or earlier cessation of relevant employment). During that time, the shares are subject to a disposal restriction such that the participant cannot deal in (i.e. sell or transfer) the shares.

Further, an employee participating in the ESAP cannot forfeit shares allocated by the Company in any circumstances. The Board has the discretion to determine the specific terms and conditions applying to each offer.

Summary of share issues in the plan:

Grant date	Number of shares	Fair value per share
29 October 2004	270,400	$3.08

There were no other shares eligible for issuance under the scheme at 30 June 2005.

Solely at the discretion of the Board, similar allocations may be made in subsequent years, subject to the performance of the Company.

In general, it is intended that for any future invitation, all permanent full-time and part-time employees of Bradken having completed a minimum length of service specified by the Board (or other individuals nominated by the Board) will be eligible to subscribe for, or acquire, shares under the ESAP on the terms and conditions determined by the Board. Directors who participate in the Non-Executive Director Share Acquisition Plan or the Performance Rights Plan are not currently eligible to participate in offers under the ESAP.

33 Employee benefits (continued)

Equity-based plans (continued)

Performance Rights Plan (PRP)

The Company has a Performance Rights Plan approved at a members meeting on 22 April 2004.

The Performance Rights Plan ("PRP") is the Company's long-term incentive scheme for selected key senior executives. Under the PRP, eligible executives may be granted performance rights (each being a right to acquire a share, subject to the satisfaction of exercise conditions) on terms and conditions determined by the Board. If the exercise conditions are satisfied, the performance rights may be exercised and the shares delivered to the executive. The Board may impose restrictions on the disposal of the shares and implement procedures to enforce the restrictions.

The rules of the PRP provide that the Board may determine a price that is payable to exercise a performance right, or that no amount is payable by the executive upon exercise of the right.

Shares will immediately be allocated on exercise of a performance right. Performance rights may only be exercised following satisfaction of performance conditions, unless the Board determines an event (such as a takeover bid) has occurred.

Under the initial grant, performance rights are granted at no cost to the executive. In relation to future grants, the Board may impose performance conditions that reflect the Company's business plans, targets, budgets and its performance relative to peer groups of companies.

If any additional persons become entitled to participate in the PRP and their participation requires approval under Chapter 10 of the Listing Rules, they will not participate in the PRP until shareholder approval is received pursuant to Listing Rule 10.14. Mr Brian Hodges, being the only Executive Director of the Company, is the only Director entitled to participate in the PRP. If any other Director is to participate in the PRP, the Company would seek shareholder approval as required by the Listing Rules.

Summary of rights issues in the plan:

Grant date	Number of rights	Fair value per share
8 August 2004	91,667	1.57
30 June 2005	174,749	1.41

There were no other rights eligible for issuance under the scheme at 30 June 2005.

Non-Executive Director Share Acquisition Plan (NED Plan)

The Company has a Non-Executive Director Share Acquisition Plan approved at a members meeting on 22 April 2004.

All current and future Non-Executive Directors will be required to have a percentage of their annual Directors' fees provided in shares under the Non-Executive Director Share Acquisition Plan ("NED Plan"). Shares will be allocated to the Non-Executive Directors under the NED Plan and must be held for a specified period.

Non-Executive Directors are required to have at least 25% (or such other minimum percentage determined by the Board from time to time) of their annual Directors' fees (including Board committee fees) provided as shares under the NED Plan. The Company may provide Non-Executive Directors with more than 25% of their fees, up to a maximum of 90%, in any year in shares under the NED Plan.

Non-Executive Directors will not be able to sell or otherwise dispose of the shares until the earliest of 10 years after acquisition or the Non-Executive Director ceasing to be a director of the Company (except in very limited circumstances). During this period the shares will be subject to a holding lock.

Shares will be issued as new shares and the number of shares allocated will be determined on the basis of the weighted average price of Shares on ASX on the five trading days up to and including the allocation date to satisfy the allocation.

The appropriate number of shares are issued on a semi-annual basis. In general, the allocation date will be the day following the end of the relevant fee period. As the first relevant fee period was the six months ended 30 June 2005 there were no grants of shares under the plan for the period ended 30 June 2005.

34 Director and executive disclosures for disclosing entities

Equity instruments
All options refer to options over ordinary shares of Bradken Limited, which are exercisable on a one-for-one basis under the Performance Rights plan.

Options and rights over equity instruments granted as remuneration
The movement during the reporting period in the number of options over ordinary shares in Bradken Limited held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities, is as follows:

	Held at 1 July 2004	Granted as remuneration	Exercised	Other charges*	Held at 30 June 2005	Vested during the year	Vested and exercisable at 30 June 2005
Specified directors							
Mr BW Hodges	-	91,667	-	-	91,667	-	-
Specified executives							
Mr A Poole	-	26,583	-	-	26,583	-	-
Mr S Buraston	-	25,087	-	-	25,087	-	-
Mr E Sheridan	-	24,490	-	-	24,490	-	-
Mr A Allen	-	24,499	-	-	24,499	-	-
Mr B Ward	-	19,288	-	-	19,288	-	-

All options granted in the current year were granted by 30 June 2005, have a Performance period 3 years from that date and an exercise price of nil per share. No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.
No options held by specified directors or specified executives are vested but not exercisable.
*Other changes represent options that expired or were forfeited during the year.

34 Director and executive disclosures for disclosing entities (continued)

Equity instruments (continued)

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of Bradken Limited held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2004	Purchases	Received on exercise of options	Sales	Held at 30 June 2005
Specified directors					
Mr NFH Greiner	1	227,490	-	-	227,491
Mr PJ Arnall	1	690,134	-	-	690,135
Mr VJ O'Rourke	-	12,500	-	-	12,500
MR GR Laurie	-	-	-	-	-
Mr BW Hodges	1	2,623,722	-	-	2,623,723
Specified executives					
Mr A Poole	-	1,263,402	-	-	1,263,402
Mr S Buraston	-	208,333	-	-	208,333
Mr E Sheridan	-	418,357	-	-	418,357
Mr A Allen	-	292,142	-	-	292,142
Mr B Ward	-	10,416	-	-	10,416

35 Non-director related parties

The classes of non-director related parties are:

- controlling entity of the Company
- wholly-owned controlled entities
- directors of related parties and their director-related entities.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
The aggregate amounts included in the profit from ordinary activities before income tax that resulted from transactions with non-director related parties are:				
Dividend revenue				
Wholly-owned controlled entities	-	-	5,220	-
Aggregate amounts receivable from non-director related parties				
Amounts receivable other than trade debts				
Non-current				
Wholly-owned controlled entities	-	-	57,687	-

Transactions

Tax

Bradken Resources Pty Ltd makes all tax payments on behalf of Bradken Limited which is the head entity of the Australian tax consolidated group. A tax funding agreement is in place, refer Note 1(h).

Loan Accounts

Loan accounts are maintained for all Australian companies within the consolidated group as transactions are not settled in cash. These loan balances are non-interest bearing and have no fixed period.

All transactions between companies within the group are done on an arm's length basis.

Directors of related parties (not being directors of the entity or their director-related entities)

From time to time, directors of related parties or their director-related entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by consolidated entity employees or customers and are trivial or domestic in nature.

36 Impact of adopting Australian equivalents to International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.
This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ended 30 June 2005.
As at 1 July 2004 Bradken limited was a non trading entity and as a result the transition to AIFRS has no impact on the Statement of Financial Position at that date.

Transition management
The board has established a formal implementation project, monitored by a steering committee, to assess the impact of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005.
The project is achieving its scheduled milestones and the consolidated entity is expected to be in a position to fully comply with the requirements of AIFRS for the 30 June 2006 financial year.

Assessment and planning phase

The assessment and planning phase generated a high level overview of the impacts of conversion to AIFRS on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. This phase included:

- high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS
- assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes
- evaluation of the implications for staff, for example training requirements, and
- preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

The assessment and planning phase is completed as at 30 June 2005.

Design phase
The design phase formulated the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS. The design phase included various project teams working on areas such as treasury operations, application of impairment requirements and transitional elections.
The design phase incorporated:

- formulation of revised accounting policies and procedures for compliance with AIFRS requirements
- identification of potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS
- development of revised AIFRS disclosures
- formulation of accounting and business processes to support AIFRS reporting obligations
- identification of required changes to financial reporting and business source systems, and
- development of training programs for staff.

The design phase is completed as at 30 June 2005.

Implementation phase
The implementation phase includes implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff and enables the consolidated entity to generate the required reconciliations and disclosures of AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*.
This phase is substantially complete as at 30 June 2005.

Impact of transition to AIFRS
The impact of transition to AIFRS, including the transitional adjustments disclosed [in the reconciliations from current Australian GAAP to AIFRS, and the selection and application of AIFRS accounting policies,], are based on AIFRS standards that management expect to be in place, or where applicable, early adopted, when preparing the first complete AIFRS financial report (being the half-year ending 31 December 2005). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the Company's and consolidated entity's financial position, results of operations and cash flows in accordance with AIFRS. This note provides only a summary, therefore, further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

Impact of transition to AIFRS (continued)

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to AIFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this Note.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the Company's and consolidated entity's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian
- additional guidance on the application of AIFRS in a particular industry or to a particular transaction
- changes to the Company's and consolidated entity's operations.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

The rules for first time adoption of AIFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The Standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The accounting policies note includes details of the AASB 1 elections adopted.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out below:

(a) Reverse Acquisition

Under current AGAAP the acquisition of the Bradken Holdings Pty Limited Group by Bradken Limited on 20 August 2004 was recognised in the consolidated entity at cost, being the fair value of the assets acquired. This resulted in an increase in the value of Licences, Land, Buildings and Goodwill recognised in the Bradken Limited Consolidated Statement of Financial Position compared to the carrying value previously recognised by the Bradken Holdings Group.

The structure of the acquisition was such that Bradken Limited was incorporated to issue equity instruments in order to effect a business combination and as such AASB3 paragraph 22 applies and treats the transaction as a reverse acquisition. As a result the uplift in fair value of assets recognised in the consolidated Statement of Financial Position under AGAAP will not be available.

For the consolidated entity it is expected that as at 30 June 2005 the value of the Licences will decrease by $22,944,000, Land and Buildings will decrease by $18,756,000 and Goodwill will decrease by $102,005,000. No adjustments are expected for the company. In addition, Amortisation and Depreciation for the period end 30 June 2005 is expected to decrease by $4,766,000 and $114,000 respectively. This will be offset by a reduction in equity of $153,619,000.

(b) Leased assets

Classification

At the date for transition to AIFRS leases will be classified as operating leases or finance leases on the basis of circumstance existing at inception of the lease. Under Australian GAAP certain leases were classified as operating leases, in accordance with prescribed quantitative measures, however are classified as finance leases under AIFRS due to the need to consider the probability of expected risks and benefits not just the possible risks and benefits.

For the consolidated entity, the change in classification is expected to result in an increase in property, plant and equipment of $6,733,000, an increase in interest bearing loans and borrowings of $7,019,000, and a decrease of $286,000 in Retained Earnings at 30 June 2005 . Amortisation is expected to increase by $2,503,000 and Borrowing costs are expected to increase by $469,000 for the financial period ended 30 June 2005.

This will be offset by a decrease in Cost of sales, Selling and Technical expenses and Administration expenses of $1,671,000, $869,000 and $389,000 respectively for the financial period ended 30 June 2005. Retained earnings are expected to increase by $43,000 at 30 June 2005.

No adjustments are expected for the Company.

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

(c) Intangible assets

Goodwill

Goodwill represents the difference between the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

In respect of acquisitions prior to transition date, goodwill is expected to be included on the basis of its deemed cost, which represents the amount recorded under Australian GAAP, adjusted for reclassifications of other intangible assets not meeting the AIFRS recognition criteria and for reclasifications of other assets such as deferred tax assets that would be recognised under AIFRS recognition criteria. No reclassifications are expected.

Goodwill will be stated at cost less any accumulated impairment losses. Goodwill will be allocated to cash generating units and tested annually for impairment (refer (d) for further details on impairment testing).

Negative goodwill arising on acquisition will be recognised directly in profit and loss unless it is deemed to be a transaction with owners. Under current Australian GAAP negative goodwill is allocated to the non-monetary assets acquired. As business combinations have not been restated there is no expected impact of this change in treatment on transition.

Amortisation

Amortisation will be recognised on a straight-line basis over the estimated useful lives of the intangible assets, unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life will not be subject to amortisation but tested for impairment when impairment indicators are present, but at least annually. Other intangible assets will be amortised from the date they are available for use. Changes in useful life on transition to AIFRS will be accounted for prospectively. The estimated useful lives for 20 August 2004 are expected to be as follows:

	AIFRS	Current A GAAP
Licences	life	life
Goodwill	indefinite	20 years

The impact on the results for the period ended 30 June 2005 is expected to be an increase of $5,205,000 from the reversal of the goodwill amortisation for the consolidated entity. No adjustments are expected for the Company.

(d) Impairment

Under current Australian GAAP the carrying amounts of non-current assets valued on a cost basis, other than exploration and evaluation expenditure carried forward, are reviewed at reporting date to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds its recoverable amount the asset is written down to the lower amount, with the write-down recognised in the income statement in the period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

Under current Australian GAAP the collectibility of receivables is assessed at each reporting date and a provision is raised based on the age of the outstanding overdue balance to allow for doubtful accounts.

Under AIFRS, the carrying amount of the consolidated entity's non-current assets, excluding investment property, defined benefit assets, deferred tax assets, goodwill and indefinite life intangible assets will be reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount.

Goodwill, which is not amortised under AIFRS (refer (c)), intangible assets that have an indefinite useful life and intangible assets not yet ready for use are tested for impairment, when impairment indicators are present, but at least annually.

If there is any indication that an asset is impaired (or for those tested annually), the recoverable amount will be estimated for the individual asset. If it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit to which the asset belongs will be determined.

A cash generating unit will be the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or group of assets, each cash-generating unit must be no larger than a segment.

An impairment loss will be recognised whenever the carrying amount of an asset, or its cash generating unit exceeds its recoverable amount. Impairment losses will be recognised in the income statement unless they relate to a revalued asset, where the impairment loss will be treated in the same way as a revaluation decrease.

Impairment losses recognised in respect of a cash generating unit will be allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit pro rata based on their carrying amounts.

Goodwill and indefinite life intangible assets will be tested for impairment as at transition date. No adjustments are expected for the consolidated entity or the company.

Reversals of impairment

Under current Australian GAAP impairment losses have not been reversed.

Under AIFRS an impairment loss in respect of goodwill must not be reversed. In respect of other assets, an impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There is no expected impact of this change in treatment on transition.

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

(e) Taxation

On transition to AIFRS the balance sheet method of tax effect accounting will be adopted, rather than the liability method applied currently under Australian GAAP.

Under the balance sheet approach, income tax on the profit and loss for the period comprises current and deferred taxes. Income tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it will be recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The expected impact of the changes is still being assessed.

Tax consolidation

The UIG is currently deliberating the recognition of tax amounts under the tax consolidation regime in the AIFRS framework. It is currently proposed that wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly, and the current tax liability or asset will be assumed by the head entity via an equity contribution or distribution. As the Interpretation is yet to be issued the impact of any change has not been quantified.

(f) Employee benefits

Share based payments

Employee Gift Offer

Under current Australian GAAP no expense is recognized for shares issued to employees under an Employee Gift Offer.

Under AIFRS, the fair value of the Gift Offer must be recognized as an employee benefit expense with a corresponding increase in equity. The fair value will be measured at grant date at the closing market price on that date. For the financial period ended 30 June 2005, Administration expense and contributed equity are expected to be increased by $833,000 in the Consolidated Entity and $833,000 in the Company representing the employee benefit expense associated with the Employee Gift Offer for the period.

Performance Rights Plan

Under current Australian GAAP no expense is recognized for performance rights or options issued to employees.

Under AIFRS, the fair value of options granted must be recognized as an employee benefit expense with a corresponding increase in equity. The fair value will be measured at grant date taking into account market performance conditions only, and spread over the vesting period during which the employees become unconditionally entitled to the options. The fair value of options granted will be measured using the Black & Scholes Pricing Model, taking into account the terms and conditions attached to the options. The amount recognized as an expense will be adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions.

For the financial period ended 30 June 2005, administration expense and contributed equity are expected to be increased by $130,000 in the Consolidated Entity and $130,000 in the Company representing the employee benefit expense associated with the Performance Rights Plan for the period.

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

(f) Employee benefits (continued)

Non-Executive Director Share Acquisition Plan

Under current Australian GAAP no expense is recognized for shares issued under the Non-Executive Director Share Acquisition Plan.

Under AIFRS, the fair value of shares issued under the Non-Executive Director Share Acquisition Plan must be recognized as an employee benefit expense with a corresponding increase in equity. The fair value will be measured at grant date at the weighted average price of shares on ASX on the five trading days up to an including the allocation date.

As total Director's remuneration (including the fair value of the shares) has already been expensed, for the financial period ended 30 June 2005, Director's expense and retained earnings will not be effected in the Consolidated Entity and in the Company

(g) Borrowing costs

Current Australian GAAP requires borrowing costs relating to qualifying assets to be capitalised as part of the cost of the asset.

Under AIFRS borrowing costs may either be recognised as an expense in the period in which they are incurred, or where they are directly attributable to the acquisition, construction or production of a qualifying asset they may be capitalised as part of the cost of the asset.

Bradken Limited expects to apply the allowed alternative treatment under AASB 123 and therefore will continue to capitalise borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset.

There is no expected impact on either the Company or the consolidated entity in relation to this choice of AIFRS accounting policy as there is no expected change from the current policy under Australian GAAP.

(h) Earnings per share

Under AIFRS basic and diluted earnings per share are calculated using the profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The basic and diluted earnings per share for the discontinued operations is calculated and disclosed separately.

The earnings per share for the financial period ending 30 June 2005 calculated on the AIFRS basis is still being assessed.

(i) Financial instruments / insurance contracts

Bradken Limited expects to take advantage of the election in AASB 1 to not restate comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 139 *Financial Instruments: Recognition and Measurement*. There are no expected adjustments in relation to these standards for 20 August 2004 or the financial period ended 30 June 2005 as current Australian GAAP is expected to continue to apply.

The entity has followed Australian GAAP in accounting for financial instruments within the scope of AASB 132 and AASB 139 as described in Note 1 Statement of significant accounting policies.

Impact of change in accounting policy on prior periods

The nature of the main adjustments to the transitional AIFRS balance sheet as at 20 August 2004 and the statement of financial performance for the financial period ended 30 June 2005 to achieve full compliance with AIFRS had accounting standards AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 139 *Financial Instruments: Recognition and Measurement*, been applied from 20 August 2004 are expected be recognition of all derivatives on the balance sheet at fair value and the recognition of the movement in the fair value of derivatives through profit and loss.

37 Events subsequent to reporting date

On the 27 June 2005 Bradken announced its New Zealand Employee Share Gift under which each eligible New Zealand employee was entitled to approximately A$500 of shares at no cost to the employee, based on an issue price of A$2.40 per share as foreshadowed in the prospectus lodged with the Australian Securities and Investments Commission on 9 August 2004. It was announced on 19 July 2005 that thirty one New Zealand employees will each be issued 208 ordinary shares resulting in an aggregate of 6,448 new ordinary shares to be issued. These shares will rank equally with existing fully paid ordinary shares.