Bradken®
Bradken Limited (ABN 33 108 693 009)
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6 February 2007

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

Dear Sir

Please find attached the Company's announcement of it's interim results for the 2006/07 year, for immediate release to the market.

Included in this announcement is a Media Release, Appendix 4D and Half Yearly Report for the period to 31 December 2006.

Yours faithfully

Bruce Arnott
Company Secretary
Encl:

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Media / Market Release

Tuesday, 6 February 2007 For immediate release

Half yearly results – on track for another excellent year

	Dec-06	Dec-05	Comment
Sales Revenue	$294.4m	$271.1m	9% increase
EBITDA	$47.0m	$37.8m	24% increase
EBITDA margin	16.0%	13.9%	Continued margin growth
NPAT	$22.8m	$16.1m	42% increase
Earnings per share	21.5 cents	15.4 cents	40% increase
Dividend per share	14.5 cents	9.5 cents	53% increase
LTIFR	5.4	8.9	39% improvement

Note: Lost time injury frequency rate (LTIFR) is the number of occurrences of injury divided by the total number of hours worked by all workers, for each one million hours worked.

Bradken Limited (BKN), a leading manufacturer and supplier to the resources and freight rail industries has posted another record result with sales revenues up by 9%, EBITDA up 24% and NPAT up 42% on the corresponding half year to December 2005 and has upgraded its full year profit outlook.

Managing Director Brian Hodges said: "These results are due to continued margin improvement, the strong ongoing demand from the resources sector and a sound operational performance."

Due to the strong result and the Board's confidence in the Company's future performance, an interim fully franked dividend of 14.5 cents per share, up 53% compared to 9.5 cents in the corresponding period last year, has been declared. The dividend will be payable on March 13, 2007 and the record date will be February 20, 2007.

Each of Bradken's four divisions (Mining, Mineral Processing, Rail and Industrial) continues to perform well, with Rail and Mining delivering particularly strong growth.

The Rail division, which achieved results well ahead of last year's first half, recently received a letter of intent for the supply of coal wagons commencing in the fourth quarter of FY07. This will further underpin Bradken's FY07 result and provide a solid start for FY08.

In the Mineral Processing business, margins improved despite lower sales. Mr Hodges said that while the Mineral Processing division was affected by short-term mine production and consignment stock consumption issues, the other divisions servicing the resources sector remained strong.

Bradken completed acquisitions of Wundowie Foundry (WA) and Firth Rixson Castings (UK) in the first half as well as a 19% equity investment in AmeriCast Technologies (USA) in conjunction with Castle Harlan Inc (New York). Subsequent to these, Bradken still retains significant balance sheet capacity for further aligned acquisitions in profitable domestic and global markets.

Mr Hodges said: “Wundowie foundry adds substantial capacity and synergy savings opportunities to our wear plate and block products at a time when we are expanding into offshore markets.”

“Our acquisition of the UK based Firth Rixson Castings, which manufactures and supplies a range of wear consumables, extends the Company’s geography while maintaining the same core technical capabilities. Its integration into Bradken as the new ‘Power & Cement’ division provides product extension and is expected to create further opportunities for sustainable growth and expansion.”

AmeriCast produces the largest castings in North America for the rail and mining transport industries. “We are enthusiastic about the long-term prospects and likely synergies with Bradken as the relationship develops.”

Mr Hodges added that capital expenditure for the 2007 financial year would be approximately $50 million. “We expect capital expenditure will remain at this level throughout 2008 and 2009 as Bradken implements further upgrades to key facilities.”

“In the last six months, both our foundry production and fabricated product manufacturing capacities increased due to capex initiatives and acquisitions and we are confident that Bradken can continue to expand its capacity to meet the future growth potential of its underlying customer base.”

The issue of skilled labour shortages has re-emerged this half in the areas of machining, moulding and patternmaking. “We are sourcing and training labour locally wherever possible and also recruiting from offshore,” Mr Hodges said.

“Given the excellent first six months of FY07, the strength of our underlying markets, the current order book and the expected contribution from recent acquisitions, Bradken is now anticipating around 30% growth in EBITDA for the full year, up from the previous guidance of 20% plus.”

Ends

For further information, please contact:

Brian Hodges – Managing Director
Bruce Arnott – Chief Financial Officer
Tel: 0438 700 229 or 0438 758 950

More about Bradken go to: bradken.com

Bradken is a market-leading supplier to the resources and freight rail industries. It employs more than 2,800 people in 16 manufacturing facilities and more than 20 sales and service centres across Australia and overseas.

Bradken has been in operation for over 80 years and became a publicly listed company in August 2004. It has five key divisions.

Mining supplies ground engaging tools, wear plate and block products, crawler systems, and associated refurbishment and maintenance services. These products are replacement parts for wear parts of earth moving equipment.

Mineral Processing designs and manufactures mill liners, crusher liners, and engineered products. Mill liners and crusher liners are consumable products, which are regularly replaced by operators of mills and crushers in the mining and quarrying industries. This division also managed the Bradken specialty scrap group.

Rail designs, manufactures, and supplies rail freight rolling stock, cast and general spares, and provides rolling stock maintenance and refurbishment services. Its product and service offering, as in all our divisions, is customised to meet specific customer requirements.

Industrial manufactures and supplies iron and steel cast products, mainly consumables, directly to end users for use in their process plants or manufacturing processes. The products can vary from products manufactured to the client's specification, customised products, and products based on Bradken's proprietary designs.

Power Generation & Cement, based in the United Kingdom, manufactures and supplies a range of large white iron wear parts for the power generation and cement industries globally.

For further information about Bradken visit.bradken.com

BRADKEN LIMITED

Appendix 4D

Half Year Report Period Ended 31 December 2006

Results for Announcement to the Market

	Percentage Change		$'000
Revenues from ordinary activities	9.2%	to	296,849
Profit (loss) from ordinary activities after tax attributable to members	42.0%	to	22,839
Net Profit (loss) for the period attributable to members	42.0%	to	22,839

Dividends

	Amount per Security	Percentage Franked
Current period:		
Interim Dividend	14.5 cents	100%
Date the dividend is payable:	13th March 2007	
Record Date for determining entitlements to the dividend:	20th February 2007	
Prior corresponding period:		
Interim Dividend	9.5 cents	100%

Net Tangible Assets per Security	
As at 31st December 2006	$0.91
As at 31st December 2005	$0.79

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Bradken Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' Report

Your directors present their report on the consolidated entity consisting of Bradken Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

Directors

The following persons were directors of Bradken Limited during the whole of the half-year and up to the date of this report:

Name

Nick FH Greiner
Non Executive Chairman

Brian W Hodges
Managing Director

Phil J Arnall
Non Executive Director

Vince J O'Rourke
Non Executive Director

Greg R Laurie
Non Executive Director

Commentary on results and review of operations

Financial Overview

	HY07 $m	HY06 $m	Change %
Sales	294.4	271.1	8.6
EBITDA	47.0	37.8	24.4
NPAT	22.8	16.1	42.0
Earnings per share *	21.5	15.4	39.6
Dividends per share	14.5	9.5	52.6
Cashflow **	9.4	28.2	-66.7
Cashflow***	-7.4	22.4	
ROFE (EBITA)	26.0%	25.4%	
ROE	31.1%	26.8%	
Debt / EBITDA	1.85	1.93	
Interest cover	7.2	4.6	

** EPS is based on the number of shares at the end of the period*

*** Net operating and investing cash flows before borrowing costs & income tax*

**** Net operating and investing cash flow*

Financial Highlights

- **Sales revenue of $294.4m, up 8.6% on HY06**
- **EBITDA of $47.0m, up 24.4%**
- **NPAT of $22.8m, up 42.0%**
- **Net operating and investing cashflow of ($7.4m)**
- **Gearing (gross debt/EBITDA) reduced to 1.85 times**
- **Interim dividend of 14.5 cents per share fully franked, payable on 13 March 2007**

Sales revenue for the six months to December 2006 of $294.4m was $23.3m or 8.6% higher than for the six months to December 2005. Rail showed the strongest sales growth increasing 14.1% from HY06, continued growth in consumable products saw Mining increase by 11.2%, Industrial (including Wundowie) was up 12.3%, while Mineral processing was 12.6% below HY06 sales levels. Trading from the Power & Cement (Firth Rixson Castings) and Wundowie acquisitions for December 2006 accounted for $5m of the revenue growth.

EBITDA of $47.0m was achieved, $9.2m or 24.4% higher than the corresponding period. Growth in EBITDA was achieved via higher volumes and improved margins from price increases and cost reductions. The EBITDA to sales margin of 16.0% was well up on the corresponding period of 13.9%.

Net profit after tax attributable to ordinary equity holders (NPAT) of $22.8m was $6.7m or 42.0% ahead of the corresponding period, resulting in earnings per share of 21.5 cents (based on number of shares at 31 December 2006).

The Directors have declared an interim, fully franked, dividend of 14.5 cents per share, a 52.6% increase compared to 9.5 cents in the corresponding period last year, and a payout ratio of 67.4%. The interim dividend is payable on the 13 March 2007 with a record date of 20 February 2007.

Continued strong cash generation driven by profit levels and a reduction in working capital allowed Bradken to increase capital expenditure and fund acquisitions in the period. Net debt increased by $31m, to $158.7m from December 2005 due to cash flows and the debt assumed in the Wundowie and Firth Rixson Castings acquisitions.

Business Summary

Mining

- **Sales revenue of $117.5m, up $11.8m or 11% on HY06**

Demand from the mining sector due to continued increased Australian mining production volumes, underpinned growth in mining consumables such as ground engaging tools and wear plate and block. Crawler shoe systems had strong growth due to the world wide increase in demand for mining consumables and equipment.

Price rises to recover cost increases and recover margin, resulted in continued improvement in gross margin to 34%.

Mineral Processing

- **Sales revenue of $46.1m, down $6.6m or 13% on HY06**

Sales in the Mineral Processing Division were impacted by lower Australian production volumes in copper and gold, and de-stocking in two of the major mines. Volumes are forecast to improve in the second half.

Continuation of higher margins reported in the second half of last year, allowed higher $ levels of gross margin than in HY06.

Rail

- **Sales revenue of $94.0m, up $11.6m or 14% on HY06**

A high level of sales of iron ore wagons to Rio Tinto, offset softer demand from general freight compared to HY06, allowing Rail to report increased sales compared to the corresponding period last year. Margin levels were also maintained slightly above HY06 levels.

Demand for new rolling stock, particularly for iron ore, continues to be strong following the continued expansion of mining activity in Australia, and a recovery in the general freight market is occurring with the return of Pacific National to the market.

Industrial

- **Sales revenue of $34.0m, up $3.7m or 12% on HY06**

Sales for the six months included six weeks trading from the Wundowie acquisition, which contributed $2.1m. Comparable sales increased by 5.4%, constrained by in the impact of strong sales from the other divisions. Margins dropped slightly due to product mix and manufacturing variances in the period.

Power and Cement

The new segment of Power & Cement represents the acquired business of Firth Rixson Castings in the UK. The sales of $2.8m represent the trading from the 11 December 2006 to 31 December 2006.

Segment revenues and results

A summary of consolidated revenues and results for the half-year by significant industry segments is set out on page 9.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the director's report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of directors.

BW Hodges
Managing Director

Sydney
6 February 2007

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Auditor's Independence Declaration

As lead auditor for the review of Bradken Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bradken Limited and the entities it controlled during the period.

D A Turner
Partner
PricewaterhouseCoopers

Sydney
6 February 2007

	Half-year	
	2006	2005
	$'000	$'000
Revenue from continuing operations	**294,402**	271,074
Cost of sales	**(230,348)**	(219,837)
Gross profit	**64,054**	51,237
Other income	**2,447**	870
Selling and technical expenses	**(14,315)**	(11,508)
Administration expenses	**(13,921)**	(11,351)
Finance costs	**(5,714)**	(6,316)
Profit before income tax	**32,551**	22,932
Income tax expense	**(9,712)**	(6,846)
Profit for the half-year	**22,839**	16,086
Profit attributable to members of Bradken Limited	**22,839**	16,086
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per ordinary share: (cents per share)	**$ 0.216**	$ 0.156
Diluted earnings per ordinary share: (cents per share)	**$ 0.214**	$ 0.155

The above consolidated income statement should be read in conjunction with the accompanying notes.

	31 December 2006 $'000	30 June 2006 $'000
Current assets		
Cash and cash equivalents	**15,688**	20,166
Trade and other receivables	**61,669**	58,493
Inventories	**90,103**	75,201
Derivative financial instruments	**574**	204
Total current assets	**168,034**	154,064
Non-current assets		
Receivables	**4,169**	4,235
Property, plant and equipment	**177,473**	151,546
Deferred tax assets	**16,653**	16,429
Intangible Assets	**50,560**	39,139
Available for sale financial assets	**7,623**	-
Total non-current assets	**256,478**	211,349
Total assets	**424,512**	365,413
Current liabilities		
Trade and other payables	**65,255**	53,509
Borrowings	**5,617**	4,242
Current tax liabilities	**6,422**	10,374
Provisions	**28,127**	28,502
Derivative financial instruments	**-**	192
Total Current Liabilities	**105,421**	96,819
Non-current liabilities		
Borrowings	**168,816**	130,233
Provisions	**3,615**	3,159
Total non-current liabilities	**172,431**	133,392
Total liabilities	**277,852**	230,211
Net assets	**146,660**	135,202
Equity		
Contributed equity	**83,684**	83,337
Reserves	**515**	45
Retained profits	**62,461**	51,820
Total equity	**146,660**	135,202

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Notes	Half-year 2006 $'000	Half-year 2005 $'000
Total equity at the beginning of the half-year		**135,202**	108,112
Adjustment on adoption of AASB132 and AASB139, net of tax:			
Reserves		**-**	(610)
Restated total equity at the beginning of the half-year		**135,202**	107,502
Changes in the fair value of cash flow hedges, net of tax		**213**	182
Exchange differences on translation of foreign operations		**40**	123
Net income recognised directly in equity		**253**	305
Profit for the half-year		**22,839**	16,086
Total recognised income and expense for the year		**23,092**	16,391
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	4	**-**	5,566
Dividends provided for or paid	3	**(12,198)**	(9,457)
Performance Rights Plan		**564**	239
		(11,634)	(3,652)
Total equity at the end of the half-year		**146,660**	120,241
Total recognised income and expense for the half-year is attributable to:			
Members of Bradken Limited		**23,092**	16,391
		23,092	16,391

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Half-year 2006 $'000	2005 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**338,801**	310,863
Payments to suppliers and employees (inclusive of goods and services tax)		**(289,889)**	(273,915)
		48,912	36,948
Interest received		**431**	111
Interest paid		**(5,103)**	(5,338)
Income taxes paid		**(12,123)**	(494)
Net cash inflow from operating activities		**32,117**	31,227
Cash flows from investing activities			
Payments for purchase of businesses, net of cash acquired	5	**(20,590)**	-
Payment for property, plant and equipment		**(11,349)**	(9,143)
Payment for available for sale financial assets		**(7,623)**	-
Proceeds from sale of property, plant and equipment		**21**	297
Net cash (outflow) from investing activities		**(39,541)**	(8,846)
Cash flows from financing activities			
Proceeds from borrowings		**42,017**	-
Repayment of borrowings		**(23,973)**	-
Payment of finance lease liabilities		**(2,935)**	(1,573)
Dividends paid to company's shareholders		**(12,198)**	(3,939)
Net cash (outflow) from financing activities		**2,911**	(5,512)
Net increase / (decrease) in cash and cash equivalents		**(4,513)**	16,869
Cash and cash equivalents at the beginning of the half-year		**20,166**	1,157
Effects of exchange rate changes on cash and cash equivalents		**35**	18
Cash and cash equivalents at the end of the half-year		**15,688**	18,044

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year financial report

This general purpose financial report for the interim half year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Bradken Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment information

Primary reporting - Business segments

	Industrial	Mining	Mineral Processing	Rail	Power and Cement	Inter-segment eliminations /unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Half-year 2006							
Total segment revenue	33,997	117,519	46,069	93,973	2,844	-	294,402
Intersegment sales			5,246			(5,246)	-
Total sales revenue	33,997	117,519	51,315	93,973	2,844	(5,246)	294,402
Unallocated revenue							2,447
Total revenue and other income							296,849
Segment result	10,367	40,029	14,709	21,606	570	-	87,281
Unallocated revenue less unallocated expenses							(54,730)
Profit before income tax							32,551
Half-year 2005							
Total segment revenue	30,271	105,717	52,694	82,392	-	-	271,074
Unallocated revenue							870
Total revenue and other income							271,944
Segment result	9,242	33,756	12,981	18,487	-	-	74,466
Unallocated revenue less unallocated expenses							(51,534)
Profit before income tax							22,932

3 Dividends

	Half-year	
	2006	2005
	$'000	$'000
Ordinary shares		
Dividends provided for or paid during the half-year	**12,198**	9,457

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 14.5 cents per fully paid ordinary share (2005 - 9.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 March 2007 out of retained profits at 31 December 2006, but not recognised as a liability at the end of the half-year, is	**15,381**	9,935

4 Equity securities issued

	Half-year		Half-year	
	2006	2005	**2006**	2005
	Shares	Shares	**$'000**	$'000
Issues of ordinary shares during the half-year				
Exercise of rights issued under the Bradken Limited Performance Rights Plan	**255,007**	56,287	**-**	-
Transfer from share-based payments reserve	**-**	-	**347**	239
Issue of shares under the Bradken Limited Non-Executive Director Share Acquisition Plan	**-**	10,490	**-**	31
Issued for no consideration:				
Dividend reinvestment plan issues	**-**	1,740,216	**-**	5,518
Employee share scheme issues	**-**	6,448	**-**	17
	255,007	1,813,441	**347**	5,805

5 Business Combination

Current period

(i) Wundowie Foundry Pty Ltd

On 14 November 2006 Bradken Operations Pty Ltd (a 100% subsidiary of Bradken Limited) acquired all of the issued shares in Wundowie Foundry Pty Ltd, a manufacturer of cast products, for cash consideration of $6,421,000.

Disclosure of the revenue and the profit and loss as if the acquisition had occurred on 1 July 2006 has not been included as it is impractical to do so.

Details of provisional net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	**6,421**
Direct costs relating to the acquisition	**214**
Total purchase consideration	**6,635**
Provisional fair value of net identifiable assets acquired (refer below)	**6,140**
Provisional goodwill	**495**

The provisional goodwill is attributable to the profitability of the acquired business and synergies expected to arise after the company's acquisition of the new subsidiary. The provisional fair value plant & equipment is based on an independent valuation. The provisional fair value of other assets and liabilities are based on current book values. No acquisition provisions were created.

The provisional fair value will be finalised and any adjustments disclosed in the Group's financial statements for the year ended 30 June 2007.

5 Business combination (continued)

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Provisional fair value $'000
Cash and cash equivalents	642	642
Property, plant and equipment	1,447	4,503
Other current assets	273	273
Inventories	2,657	2,657
Receivables	3,517	3,517
Payables	(3,698)	(3,698)
Current tax liabilities	52	52
Employee benefit liabilities, including superannuation	(362)	(362)
Borrowings	(2,000)	(2,000)
Net deferred tax assets	556	556
Net identifiable assets acquired	**3,084**	**6,140**

(ii) Firth Rixson Castings Limited

On 11 December 2006 Bradken Operations Pty Ltd (a 100% subsidiary of Bradken Limited) acquired all of the issued shares in Firth Rixson Castings Limited, a manufacturer of cast products, for cash consideration of $19,760,000.

Disclosure of the revenue and the profit and loss as if the acquisition had occurred on 1 July 2006 has not been included as it is impractical to do so.

Details of net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	**19,760**
Direct costs relating to the acquisition	**812**
Total purchase consideration	**20,572**
Provisional fair value of net identifiable assets acquired (refer below)	**7,766**
Provisional goodwill	**12,806**

The provisional goodwill is attributable to the profitability of the acquired business and synergies expected to arise after the company's acquisition of the new subsidiary. The provisional fair value plant & equipment is based on an independent valuation. The provisional fair value of other assets and liabilities are based on current book values. No acquisition provisions were created.

The provisional fair value will be finalised and any adjustments disclosed in the Group's financial statements for the year ended 30 June 2007.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Provisional fair value $'000
Property, plant and equipment	16,407	16,407
Inventories	11,125	11,125
Receivables	11,743	11,743
Payables	(9,945)	(9,945)
Provisions	(211)	(211)
Employee benefit liabilities, including superannuation	(117)	(117)
Borrowings	(22,484)	(22,484)
Net deferred tax assets	1,248	1,248
Net identifiable assets acquired	**7,766**	**7,766**

Directors' declaration

In the directors' opinion:

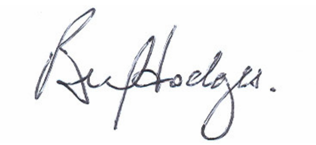
(a) the financial statements and notes set out on pages 5 to 11 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Bradken Limited will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of directors.



BW Hodges
Managing Director

Sydney
6 February 2007

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Independent review report to the members of Bradken Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Bradken Limited:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the Bradken Group (defined below) at 31 December 2006 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Bradken Group (the consolidated entity), for the half-year ended 31 December 2006. The consolidated entity comprises both Bradken Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

Independent review report to the members of Bradken Limited (continued)

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PRICEWATERHOUSE COOPERS

PricewaterhouseCoopers

D A Turner

Partner

Sydney

6 February 2007

Corporate directory

Directors

Nick F H Greiner
Chairman

Brian W Hodges
Managing Director

Phil J Arnall

Greg R Laurie

Vince J O'Rourke

Company Secretary
Mr Bruce D Arnott

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Facsimile: +61 2 9261 8489
Internet: www.linkmarketservices.com.au

Auditors
PricewaterhouseCoopers

Stock Exchange
The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.