Bradken®
Bradken Limited (ABN 33 108 693 009)
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4 February 2008

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 2007/08 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 2007.

Yours faithfully

Bruce Arnott
Company Secretary
Encl:

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Media / Market Release

Monday, 4 February 2008 For immediate release

Bradken achieves half year results in line with guidance

	Dec 07	Dec 06	Change
NPAT and minorities	$23.2m	$22.8m	Up 2%
EBITDA	$53.6m	$47.0m	Up 14%
EBITDA margin	14.9%	16.0%	
Sales Revenue	$358.8m	$294.4m	Up 22%
Earnings per share	21.9 cents	21.5 cents	Up 2%
Dividend per share	15.0 cents	14.5 cents	Up 3%
LTIFR	10.0	5.4	

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 (ASX: BKN), a leading supplier of differentiated consumable products to the resources industry, today reported interim results in line with the guidance given on 13 December 2007. For the half year ended 31 December 2007, EBITDA was up 14% to $53.6m and EPS increased 2% to 21.9 cents per share. Net profit after tax and minorities was $23.2m, a 2% increase over the previous corresponding period.

Managing Director Brian Hodges said, “The results are slightly better than the guidance given in December 2007. The poor performance of the Power & Cement Division, whose capacity was absorbed by a large but unprofitable contract, accounted for well over half the impact on EBITDA in the HY08 compared to previous market expectations. The balance of the impact on EBITDA was due to the effect of lower than expected mining volumes on the Mining and Mineral Processing Divisions. Higher interest costs due to increased interest rates and higher levels of borrowings further suppressed the growth in profit after tax.”

Excluding the recently acquired Power & Cement Division, the remaining business continued to grow the EBITDA margin, which was 16.4% compared with 16.0% in the previous corresponding period.

The Directors have declared a fully franked interim dividend of 15.0 cents per share, an increase of 3% over last year. In response to shareholder feedback, the Dividend Reinvestment Plan (DRP) has been reactivated and the dividend will be payable on 10 March 2008 with a record date of 18 February 2008. The equivalent number of shares issued under the DRP will be acquired on market so as not to increase the total number of shares in the Company.

Divisional Review

The Mining Division increased its sales revenue by 6% over the corresponding period. There was some increase in mine production volumes for iron ore, while coal and other commodities were flat at best due to infrastructure bottlenecks and delays in expansion projects. The delays in letting orders for the mine expansion projects also impacted the HY08 result compared to HY07. While foundry volumes were down slightly, ongoing management of costs resulted in a 1% gain in gross margin.

Sales in the Mineral Processing Division were flat in HY08 compared to the corresponding period. Copper and gold mine production volumes in Australia were lower in HY08 resulting in reduced demand for repeat consumable products. This was offset by higher exports and sales to Original Equipment Manufacturers (OEMs). Gross margins were held the same as HY07 with a mix affect from lower margin export work offset by cost savings.

The Rail Division delivered sales growth of 18% in HY08 compared to HY07, due to strong market demand for freight wagons, with coal and iron ore wagon builds taking place concurrently. Gross margins also improved due to the commencement of production of sub-assemblies at the new facility in China.

The Industrial Division increased sales by 52%. Of this total increase, the underlying Industrial business achieved a strong growth of 12%, notably in transport and mining equipment. Sales were also influenced by the recent acquisitions including Boogan Implement Company and Cast Metal Services, which contributed $13.1m of the total increase. Gross margins increased 1% compared to HY07, due to effective cost management.

The Power & Cement business was purchased in December 2006 with sales of $2.8m included in the HY07 results. HY08 sales were $26.2m. The profitability of the division was impacted significantly by an unprofitable cement sector contract, which adversely affected the availability of plant capacity, resulting in a total gross margin for HY08 of 15%, down on the second half 2007 result of 27%.

Acquisitions

Since June 2007 Bradken has completed the acquisitions of TMS Engineering in Tasmania (TMS), Roll Neck Rings in the United Kingdom (RNR) and 75% of Cast Metal Services in Queensland (CMS).

"TMS and RNR are machine shops, purchased to bring external machining in house and relieve machining capacity issues. Both businesses are now integrated into their local foundry operations. The acquisition of 75% of CMS, will provide an opportunity to realise significant internal synergies with Bradken. The establishment of a trading business in China will also provide access to goods, for the benefit of all current and future customers of CMS," said Mr Hodges.

Recent acquisitions, including those that were not owned for the full six months to December 2006, accounted for an increase in EBITDA of $3m in HY08, with all acquisitions trading in line with or better than expectations held at the time of purchase.

AmeriCast, in which Bradken holds a 19% equity interest, has been trading well and has successfully integrated Atlas Castings & Technology, the number two player in the US for large, mission critical steel castings, which was acquired in April 2007. Growth and improved profitability has permitted an increase in the valuation of Bradken's investment in AmeriCast from A$10.8m to A$19.1m. Bradken continues to account for AmeriCast as a passive investment.

Cash Flow and Capital Expenditure

Cash generation was below the previous period, largely owing to increased working capital requirements. Since June 2007, working capital has increased by $38m, of which $12m relates to acquisitions. Other impacts on working capital include the affect of timing changes in Rail Division contracts, on inventory, creditors and debtor receipts, with a cash inflow from debtors of $21m in early January 2008.

Net debt has increased by $61m to $254m, since June 2007. This reflects the increase in working capital, a total outlay on acquisitions of $21m and capital expenditure of $20m. Gearing has increased to 2.3 times EBITDA, which is still below the target level of 2.5 times EBITDA. On a Net Debt to Net Debt plus Equity basis, the ratio is 60%. Interest cover remains over five times and the existing debt facilities have a maturity date of September 2010.

"Stage one of our rail sub-assembly manufacturing facility in Xuzhou, Jiangsu province, China was opened in November 2007 and training of the 91 staff is complete. The recent imposition of a 12% export tax on goods will reduce anticipated cost savings somewhat but the additional capacity is needed to meet forecast freight wagon demand in coming years. Intermodal components and full wagon builds have commenced, with first deliveries into Australia completed," said Mr Hodges.

Approval to proceed with the redevelopment of the Adelaide foundry was finally received from the South Australian Government in December 2007. Due to the significant time lapse since the original proposal, the project is currently under re-examination by management and will be brought to the Board in the near future.

"The next stage of the Welshpool upgrade has been approved by the Board. This foundry is Bradken's key Ground Engaging Tool manufacturing facility and the upgrade will include the installation of an arc furnace and Argon Oxygen Decarburisation (AOD) equipment valued at $25m. The purpose of this investment is to support production growth, reduce costs and significantly enhance the quality of the product. Capital expenditure in the full year is still expected to be around $50m," said Mr Hodges.

"The current Lost Time Injury Frequency Rate has increased, primarily due to the inclusion of new acquisitions, however, the All Time Injury Frequency Rate continues its long term improvement trend and our management programs for behavioural change remain our primary focus."

Outlook and Strategy

"Bradken's long term strategy remains unchanged. We believe the long term mining production expansion in Australia will continue as each bottleneck is removed. Our work on margin growth continues to deliver improved performance through capital investment, the deepening of the value add to our customers and by way of further vertical integration," said Mr Hodges.

"We maintain capacity to expand through aligned acquisitions in Australia and overseas. In a period of higher interest rates and tightening credit, we anticipate there may be some downward adjustment in acquisition values."

"The next period will see increasing costs and tightness in the labour market, which our current programs are addressing. Our overheads, while on plan, have increased ahead of recent growth levels and will be restrained in the short term to enhance profitability."

"Power & Cement is expected to return a normal level of profitability in the second half as the completion of the unprofitable contract, from product already made in Australia, will not impact on its capacity to complete orders from its significant order book. In addition, we are expecting growth in mine production volumes and demand from infrastructure projects delayed from the first half. A full six months contribution from recent acquisitions and associated synergy benefits will also provide impetus in the second half of this financial year."

"We therefore maintain our previous guidance for the full year and expect EBITDA growth of around 20% and EPS growth of around 15%."

Ends

More information:

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About Bradken

Bradken is the leading supplier of differentiated consumable products to the resources and freight rail industries. The company employs over 2,900 people in 20 manufacturing facilities and more than 20 sales and service centres across Australia, New Zealand, USA, the United Kingdom, South America and China.

Bradken has been in operation for over 85 years and became a publicly listed company in August 2004. It has five core divisions.

Mining supplies ground engaging tools wear plate and block products, crawler systems, and associated refurbishment and maintenance services. These products are primarily consumable wear parts for earth moving equipment used extensively throughout the mining industry.

Mineral Processing designs and manufactures a range of customised mill liners, crusher liners and associated 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.

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 Bradken's 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 & Cement designs and manufactures grinding elements and other related products used in coal fired power generation, cement production and other industries. The Division maintains a position of strength in the supply of wear parts and consumables through interaction with customers targeted at the development of cost effective solutions to operational problems.

For further information about Bradken visit www.bradken.com

BRADKEN LIMITED

Appendix 4D

Half Year Report Period Ended 31 December 2007

Results for Announcement to the Market

	Percentage Change		$'000
Revenues from ordinary activities	21.4%	to	360,276
Profit (loss) from ordinary activities after tax attributable to members	1.6%	to	23,209
Net Profit (loss) for the period attributable to members	1.6%	to	23,209

Dividends

	Amount per Security	Percentage Franked
Current period:		
Interim Dividend	15.0 cents	100%
Date the dividend is payable:	10th March 2008	
Record Date for determining entitlements to the dividend:	18th February 2008	
Prior corresponding period:		
Interim Dividend	14.5 cents	100%

Net Tangible Assets per Security	
As at 31st December 2007	$0.98
As at 31st December 2006	$0.91

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 2007 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 2007.

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

Phil J Arnall
Non Executive Director

Greg R Laurie
Non Executive Director

Brian W Hodges
Managing Director

Vince J O'Rourke
Non Executive Director

Commentary on results and review of operations

Financial Overview

	HY08 $m	HY07 $m	Change %
Sales	358.8	294.4	22
EBITDA	53.6	47.0	14
NPAT	23.2	22.8	2
Earnings per share *	21.9	21.5	2
Dividends per share	15.0	14.5	3
Operating and Investing Cashflow	-36.1	-7.4	
ROFE (EBITA)	22.8%	26.0%	
ROE	28.6%	31.1%	
Debt / EBITDA	2.28	1.85	
Interest cover	5.0	7.2	

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

Financial Highlights

- **Sales revenue of $358.8m, up 22% on HY07**
- **EBITDA of $53.6m, up 14%**
- **NPAT of $23.2m, up 2.0%**
- **Net operating and investing cashflow of ($36.1m)**
- **Gearing (gross debt/EBITDA) increased to 2.28 times**
- **Interim dividend of 15 cents per share fully franked, payable on 10 March 2008**

Sales revenue for the six months to December 2007 of $358.8m was $64.4m or 22% higher than for the six months to December 2006. Rail showed the strongest sales growth increasing 18% from HY07, Mining increased by only 6% with lower than expected growth in mining volumes, Industrial (including acquisitions) was up 52%, while Mineral processing sales were flat. Trading from the Power & Cement, Roll Neck Rings, Innisfail and CMS acquisitions contributed $37.4m of the increased sales.

EBITDA of $53.6m was achieved, $6.6m or 14% higher than the corresponding period. Growth in EBITDA was achieved mainly via higher Rail volumes and the contribution from recent acquisitions. Otherwise the impact of lower than expected growth in mining volumes, poor performance of the Power & Cement division impacted by an unprofitable contract negatively impacted on the HY08 result.

The EBITDA to sales margin of 14.9% was down on the corresponding period of 16.0%. Although excluding Power & Cement the ratio was 16.4%.

Net profit after tax attributable to ordinary equity holders (NPAT) of $23.2m was $0.4m or 2.0% ahead of the corresponding period, resulting in earnings per share of 21.9 cents (based on number of shares at 31 December 2007).

The Directors have declared a fully franked interim dividend of 15.0 cents per share, an increase of 3% over last year. In response to shareholder feedback, the Dividend Reinvestment Plan (DRP) has been reactivated and the dividend will be payable on 10 March 2008 with a record date of 18 February 2008. The equivalent number of shares issued under the DRP will be acquired on market so as not to increase the total number of shares in the Company.

Cash generation was below the previous period, largely owing to increased working capital requirements. Since June 2007, working capital has increased by $38m, of which $12m relates to acquisitions. Other impacts on working capital include the affect of timing changes in Rail Division contracts, on inventory, creditors and debtor receipts, with a cash inflow from debtors of $21m in early January 2008.

Net debt has increased by $61m to $254m, since June 2007. This reflects the increase in working capital, a total outlay on acquisitions of $21m and capital expenditure of $20m. Gearing has increased to 2.3 times EBITDA, which is still below the target level of 2.5 times EBITDA. On a Net Debt to Net Debt plus Equity basis, the ratio is 60%. Interest cover remains over five times and the existing debt facilities have a maturity date of September 2010.

Business Summary

Mining

- **Sales revenue of $124.0m, up $6.5m or 6% on HY07**

The Mining Division increased its sales revenue by 6% over the corresponding period. There was some increase in mine production volumes for iron ore, while coal and other commodities were flat at best due to infrastructure bottlenecks and delays in expansion projects. The delays in letting orders for the mine expansion projects also impacted the HY08 result compared to HY07. While foundry volumes were down slightly, ongoing management of costs resulted in a 1% gain in gross margin.

Mineral Processing

- **Sales revenue of $46.2m, up $0.1m on HY07**

Sales in the Mineral Processing Division were flat in HY08 compared to the corresponding period. Copper and gold mine production volumes in Australia were lower in HY08 resulting in reduced demand for repeat consumable products. This was offset by higher exports and sales to Original Equipment Manufacturers (OEMs). Gross margins were held the same as HY07 with a mix affect from lower margin export work offset by cost savings.

Rail

- **Sales revenue of $110.5m, up $16.5m or 18% on HY07**

The Rail Division delivered sales growth of 18% in HY08 compared to HY07, due to strong market demand for freight wagons, with coal and iron ore wagon builds taking place concurrently. Gross margins also improved due to the commencement of production of sub-assemblies at the new facility in China.

Industrial

- **Sales revenue of $51.8m, up $17.8m or 52% on HY07**

The Industrial Division increased sales by 52%. Of this total increase, the underlying Industrial business achieved a strong growth of 12%, notably in transport and mining equipment. Sales were also influenced by the recent acquisitions including Boogan Implement Company and Cast Metal Services, which contributed $13.1m of the total increase. Gross margins increased 1% compared to HY07, due to effective cost management.

Power and Cement

- **Sales revenue of $26.2m, up $23.4m on HY07**

The Power & Cement business was purchased in December 2006 with sales of $2.8m included in the HY07 results. HY08 sales were $26.2m. The profitability of the division was impacted significantly by a low margin cement sector contract, which adversely affected the availability of plant capacity, resulting in a total gross margin for HY08 of 15%, down on the second half 2007 result of 27%.

Outlook

Bradken's long term strategy remains unchanged. We believe the long term mining production expansion in Australia will continue as each bottleneck is removed. Our work on margin growth continues to deliver improved performance through capital investment, the deepening of the value add to our customers and by way of further vertical integration.

We maintain capacity to expand through aligned acquisitions in Australia and overseas. In a period of higher interest rates and tightening credit, we anticipate there may be some downward adjustment in acquisition values.

The next period will see increasing costs and tightness in the labour market, which our current programs are addressing. Our overheads, while on plan, have increased ahead of recent growth levels and will be restrained in the short term to enhance profitability.

Power & Cement is expected to return a normal level of profitability in the second half as the completion of the unprofitable contract, from product already made in Australia, will not impact on its capacity to complete orders from its significant order book. In addition, we are expecting growth in mine production volumes and demand from infrastructure projects delayed from the first half. A full six months contribution from recent acquisitions and associated synergy benefits will also provide impetus in the second half of this financial year.

We therefore maintain our previous guidance for the full year and expect EBITDA growth of around 20% and EPS growth of around 15%.

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
4 February 2008

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Auditor's Independence Declaration

As lead auditor for the review of Bradken Limited for the half-year ended 31 December 2007, 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
4 February 2008

	Half-year 2007 $'000	Half-year 2006 $'000
Revenue from continuing operations	**358,789**	294,402
Cost of sales	**(282,539)**	(230,348)
Gross profit	**76,250**	64,054
Other income	**1,487**	2,447
Selling and technical expenses	**(16,702)**	(14,315)
Administration expenses	**(18,627)**	(13,921)
Finance costs	**(8,984)**	(5,714)
Profit before income tax	**33,424**	32,551
Income tax expense	**(10,131)**	(9,712)
Profit for the half-year	**23,293**	22,839
Profit attributable to:		
Members of Bradken Limited	**23,209**	22,839
Minority interest	**84**	-
	23,293	22,839
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per ordinary share: (cents per share)	**$ 0.219**	$ 0.216
Diluted earnings per ordinary share: (cents per share)	**$ 0.217**	$ 0.214

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

	31 December 2007 $'000	30 June 2007 $'000
Current assets		
Cash and cash equivalents	**6,944**	15,747
Trade and other receivables	**103,885**	86,745
Inventories	**109,038**	91,451
Derivative financial instruments	**1,310**	854
Total current assets	**221,177**	194,797
Non-current assets		
Receivables	**2,671**	3,155
Property, plant and equipment	**221,486**	206,927
Deferred tax assets	**8,832**	14,540
Intangible Assets	**63,952**	55,158
Available for sale financial assets	**19,100**	10,845
Total non-current assets	**316,041**	290,625
Total assets	**537,218**	485,422
Current liabilities		
Trade and other payables	**72,195**	74,114
Borrowings	**4,972**	5,579
Current tax liabilities	**2,957**	10,500
Provisions	**29,202**	31,597
Derivative financial instruments	**808**	150
Total Current Liabilities	**110,134**	121,940
Non-current liabilities		
Borrowings	**255,581**	202,532
Provisions	**3,633**	3,242
Total non-current liabilities	**259,214**	205,774
Total liabilities	**369,348**	327,714
Net assets	**167,870**	157,708
Equity		
Contributed equity	**81,033**	83,684
Reserves	**6,713**	691
Retained profits	**78,510**	73,333
Parent entity interest	**166,256**	157,708
Minority interest	**1,614**	-
Total equity	**167,870**	157,708

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

	Half-year 2007 $'000	Half-year 2006 $'000
Changes in the fair value of available-for-sale financial assets, net of tax *	**5,779**	-
Changes in the fair value of cash flow hedges, net of tax	**319**	213
Exchange differences on translation of foreign operations	**(333)**	40
Net income recognised directly in equity	**5,765**	253
Profit for the half-year	**23,293**	22,839
Total recognised income and expense for the year	**29,058**	23,092
Total recognised income and expense for the half-year is attributable to:		
Members of Bradken Limited	**28,974**	23,092
Minority interest	**84**	-
	29,058	23,092

* The movement in the fair value of available-for-sale financial assets in the Half Year Ended 31 December 2007 represents the uplift in the valuation of the Americast investment after tax.

The above consolidated statement of recognised income and expense should be read in conjunction with the accompanying notes.

	Notes	Half-year 2007 $'000	Half-year 2006 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**386,118**	338,801
Payments to suppliers and employees (inclusive of goods and services tax)		**(367,630)**	(289,889)
		18,488	48,912
Interest received		**340**	431
Interest paid		**(7,636)**	(5,103)
Income taxes paid		**(14,804)**	(12,123)
Net cash inflow / (outflow) from operating activities		**(3,612)**	32,117
Cash flows from investing activities			
Payments for purchase of businesses, net of cash acquired	5	**(13,652)**	(20,590)
Payment for property, plant and equipment		**(20,016)**	(11,349)
Payment for available for sale financial assets		**-**	(7,623)
Proceeds from sale of property, plant and equipment		**1,198**	21
Net cash inflow / (outflow) from investing activities		**(32,470)**	(39,541)
Cash flows from financing activities			
Proceeds from borrowings		**56,789**	42,017
Repayment of borrowings		**(7,404)**	(23,973)
Payment of finance lease liabilities		**(3,867)**	(2,935)
Dividends paid to company's shareholders		**(18,032)**	(12,198)
Dividends paid to minority interests in subsidiaries		**(76)**	-
Net cash inflow / (outflow) from financing activities		**27,410**	2,911
Net increase / (decrease) in cash and cash equivalents		**(8,672)**	(4,513)
Cash and cash equivalents at the beginning of the half-year		**15,747**	20,166
Effects of exchange rate changes on cash and cash equivalents		**(131)**	35
Cash and cash equivalents at the end of the half-year		**6,944**	15,688

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 2007 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 2007 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 2007							
Total segment revenue	51,832	124,015	46,221	110,504	26,217	-	358,789
Intersegment sales			7,402			(7,402)	-
Total sales revenue	51,832	124,015	53,623	110,504	26,217	(7,402)	358,789
Unallocated revenue							1,487
Total revenue and other income							360,276
Segment result	15,960	43,559	14,892	27,198	3,921	-	105,530
Unallocated revenue less unallocated expenses							(72,106)
Profit before income tax							33,424
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

3 Dividends

	Half-year 2007 $'000	Half-year 2006 $'000
Ordinary shares		
Dividends provided for or paid during the half-year	**18,032**	12,198

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 15.0 cents per fully paid ordinary share (2006 - 14.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 10 March 2008 out of retained profits at 31 December 2007, but not recognised as a liability at the end of the half-year, is	**15,911**	15,381

4 Equity securities issued

	Half-year		Half-year	
	2007	2006	**2007**	2006
	Shares	Shares	**$'000**	$'000
Issues of ordinary shares during the half-year				
Exercise of rights issued under the Bradken Limited Performance Rights Plan	**288,460**	255,007	**-**	-
Transfer from share-based payments reserve	**-**	-	**660**	347
	288,460	255,007	**660**	347

5 Business Combination

Current period

(i) TMS Engineering

On 6 August 2007 Bradken Resources Pty Ltd (a 100% subsidiary of Bradken Limited) acquired all of the assets of TMS Engineering, a machining services supplier, for cash consideration of $1,794,000.

Disclosure of the revenue and the profit and loss as if the acquisition had occurred on 1 July 2007 has not been included as it is impractical to do so.

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

	$'000
Purchase consideration	
Cash paid	**1,794**
Direct costs relating to the acquisition	**77**
Total purchase consideration	**1,871**
Provisional fair value of net identifiable assets acquired (refer below)	**1,871**
Provisional goodwill	**-**

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 2008.

5 Business combination (continued)

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

	Acquiree's carrying amount $'000	Provisional fair value $'000
Property, plant and equipment	817	1,602
Inventories	128	128
Receivables	257	257
Payables	(75)	(75)
Employee benefit liabilities, including superannuation	(59)	(59)
Net deferred tax assets	18	18
Net identifiable assets acquired	**1,086**	**1,871**

(ii) Roll Neck Rings

On 10 September 2007 Bradken Holdings Limited (UK), (a 100% subsidiary of Bradken Limited) acquired all of the issued shares in Roll Neck Rings Limited, a sub-contract machining company, for cash consideration of $3,037,000.

Disclosure of the revenue and the profit and loss as if the acquisition had occurred on 1 July 2007 has not been included as it is impractical to do so.

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

	$'000
Purchase consideration	
Cash paid	**3,037**
Direct costs relating to the acquisition	**183**
Total purchase consideration	**3,220**
Provisional fair value of net identifiable assets acquired (refer below)	**244**
Provisional goodwill	**2,976**

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, 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 2008.

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

	Acquiree's carrying amount $'000	Provisional fair value $'000
Property, plant and equipment	1,912	1,912
Inventories	19	19
Other Assets	47	47
Receivables	175	175
Payables	(522)	(522)
Borrowings	(1,431)	(1,431)
Net deferred tax assets	44	44
Net identifiable assets acquired	**244**	**244**

5 Business combination (continued)

(iii) CMS

On 17 October 2007 Bradken Resources Pty Ltd (a 100% subsidiary of Bradken Limited) acquired 75% of the issued shares in Cast Metal Services Pty Ltd, a manufacturer and distributor of consumable products for the steelmaking and foundry industries, for cash consideration of $10,243,000. The remaining 25% can be acquired in two years time under a call option.

Disclosure of the revenue and the profit and loss as if the acquisition had occurred on 1 July 2007 has not been included as it is impractical to do so.

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

	$'000
Purchase consideration	
Cash paid	**10,243**
Direct costs relating to the acquisition	**67**
Total purchase consideration	**10,310**
Provisional fair value of net identifiable assets acquired (refer below)	**4,735**
Provisional goodwill	**5,575**

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 2008.

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

	Acquiree's carrying amount $'000	Provisional fair value $'000
Cash	49	49
Property, plant and equipment	1,611	1,611
Inventories	8,681	8,681
Receivables	8,453	8,453
Other Assets	114	114
Goodwill	100	100
Payables	(5,963)	(5,963)
Provisions	(36)	(36)
Employee benefit liabilities, including superannuation	(695)	(695)
Borrowings	(5,973)	(5,973)
Less Minority Interest	(1,606)	(1,606)
Net identifiable assets acquired	**4,735**	**4,735**

Prior period

(i) 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 $19,776,000.

Details of net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	**19,776**
Direct costs relating to the acquisition	**791**
Total purchase consideration	**20,567**
Fair value of net identifiable assets acquired (refer below)	**12,015**
Goodwill	**8,552**

5 Business combination (continued)

The 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 fair value plant & equipment is based on an independent valuation. The fair value of other assets and liabilities are based on current book values. No acquisition provisions were created.

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	23,314
Inventories	8,281	8,281
Receivables	11,626	11,626
Cash on hand	5	5
Payables	(9,945)	(9,945)
Provisions	(211)	(211)
Employee benefit liabilities, including superannuation	(117)	(117)
Bank overdraft	(516)	(516)
Borrowings	(21,973)	(21,973)
Current tax liability	448	448
Net deferred tax assets	1,738	1,738
Deferred tax liabilities	(635)	(635)
Net identifiable assets acquired	**5,108**	**12,015**

(ii) Boogan Implement Company

On 30 March 2007 Bradken Resources Pty Ltd (a 100% subsidiary of Bradken Limited) acquired the assets of the Boogan Implement Company, a manufacturer of consumable and engineered products, for cash consideration of $16,892,000.

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

	$'000
Purchase consideration	
Cash paid	**16,892**
Direct costs relating to the acquisition	**966**
Total purchase consideration	**17,858**
Provisional fair value of net identifiable assets acquired (refer below)	**5,667**
Provisional goodwill	**12,191**

The provisional goodwill is attributable to the profitability of the acquired business and synergies expected to arise after the company's acquisition of the assets of the business. 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 and are in the process of being finalised. 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 2008.

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

	Provisional fair value $'000
Property, plant and equipment	3,210
Inventories	1,853
Receivables	2,155
Payables	(1,387)
Employee benefit liabilities, including superannuation	(234)
Net deferred tax assets	70
Net identifiable assets acquired	**5,667**

The acquiree's carrying values of assets and liabilities has not been disclosed as it is impractical to do so.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 13 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 2007 and of its performance, 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
4 February 2008

PRICEWATERHOUSECOOPERS

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Independent auditor's review report to the members of Bradken Limited

Report on the half year financial report

We have reviewed the accompanying half year financial report of Bradken Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of recognised income and expense and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration for the Bradken Group (the consolidated entity). The consolidated entity comprises Bradken Limited (the company) and the entities it controlled during that half year.

Directors' responsibility for the half year financial report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bradken Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

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.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Bradken Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position at 31 December 2007 and of its performance for the half year ended on that date, and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

D A Turner

Partner

Sydney

4 February 2008

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.

Web site address
www.bradken.com.au