Bradken®
Bradken Limited (ABN 33 108 693 009)
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10 August 2010

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 results for the 2009/10 year, for immediate release to the market.

Included in this announcement is Appendix 4E and the Full Financial Report for the period to 30 June 2010.

Yours faithfully

Bruce Arnott
Company Secretary
Encl:

BRADKEN LIMITED

Appendix 4E

Full Year Report Period Ended 30 June 2010

Results for Announcement to the Market

		Percentage Change		$'000
Revenues from ordinary activities	Down	-17.6%	to	1,008,433
Profit (loss) from ordinary activities after tax attributable to members	Up	9.6%	to	70,441
Net Profit (loss) for the period attributable to members	Up	9.6%	to	70,441

Dividends

	Amount per Security	Percentage Franked
Current period:		
Final Dividend	21.0 cents	100%
Date the dividend is payable:	13 September 2010	
Record Date for determining entitlements to the dividend:	20 August 2010	
Interim Dividend	13.0 cents	100%
Prior corresponding period:		
Final Dividend	13.0 cents	100%
Interim Dividend	10.0 cents	100%

Net Tangible Assets per Security	
As at 30 June 2010	$2.10
As at 30 June 2009	$1.27

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Directors	Nicholas Greiner, AC, B.Ec., MBA *Independent Non-Executive Chairman*
	Brian Hodges, B.Chem.Eng. (Hons) *Managing Director and Chief Executive Officer*
	Phil Arnall, B.Com. *Independent Non Executive Director*
	Greg Laurie, B.Com. *Independent Non Executive Director*
	Vince O'Rourke, AM, B.Ec. *Independent Non Executive Director*
	Peter Richards, B.Com. *Independent Non Executive Director*
Secretary	Bruce Arnott, B.Com.
Business unit general managers	**Mining Products and Industrial** Enda Sheridan
	Rail Andrew Allen
	Power and Cement Greg Dalziel
	Engineered Products Tom Armstrong
Notice of annual general meeting	The annual general meeting of Bradken Limited **will be held at** Duxton Hotel (Ballroom), St Georges Terrace, Perth WA **time** 2:30pm **Date** 20 October 2010
Principal registered office in Australia	2 Maud Street Mayfield West NSW 2304 Telephone: +61 2 4941 2600
Share registry	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Telephone: +61 2 8280 7519
Auditor	PricewaterhouseCoopers 26 Honeysuckle Drive Newcastle NSW 2300
Bankers	Westpac Banking Corporation Level 3 Westpac Place 275 Kent Street Sydney NSW 2000
Stock exchange listings	Bradken Limited shares are listed on the Australian Stock Exchange. The home exchange is Sydney.
Web site address	www.bradken.com.au

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Bradken Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2010.

The report has been divided into five sections as follows:

A. General information
B. Corporate governance
C. Review of operations
D. Remuneration report
E. Other information

A. General information

Principal activities

During the year the principal activities of the Group consisted of:

- supply and service of wear components for mining and earthmoving equipment
- supply of equipment and consumables to the mineral processing, quarrying and power markets
- supply of cast, machined and fabricated components and highly engineered steel castings to the energy, industrial and rail transport industries
- manufacture and maintenance of freight rollingstock products
- supply of foundry consumables to the foundry and steelmaking industries

There were no major changes in the nature of the activities of the Group during the period.

Directors

The following persons were directors of Bradken Limited during the whole of the financial year and up to the date of this report unless otherwise noted:

Nick Greiner	Greg Laurie
Brian Hodges	Vince O'Rourke
Phil Arnall	Peter Richards

Information on directors

Nick Greiner, AC, B.Ec., MBA. *Independent Non-Executive Chairman.* Age 63.

Experience and expertise

Chairman of Bradken Limited since 2004. Extensive experience in corporate roles. Formerly, Premier and Treasurer of New South Wales.

Other current directorships

Chairman of Valemus Australia Pty Limited (formerly Bilfinger Berger Australia) , Chairman of Citigroup Australia, Deputy Chairman of Stockland Limited, Deputy Chairman of Champ Private Equity and a Director of various private groups. On the Committee for Economic Development of Australia's (CEDA's) Board of Governors and Trustee Sydney Theatre Company Foundation.

Former directorships in the last three years

Director of Blue Freeway Limited.

Special responsibilities

Member of Human Resource Committee.

Interest in shares

362,922 ordinary shares in Bradken Limited.

Brian Hodges, B.Chem.Eng. (Hons). *Managing Director.* Age 57.

Experience and expertise

Managing Director of the Bradken business since 2001. Formerly General Manager of the Bradken business from 1997. Extensive management and engineering experience in Australia for BHP, Australian National Industries and the Smorgon Steel Group.

Other current directorships

None.

A. General information (continued)

Former directorships in the last three years
None

Special responsibilities
Managing Director.

Interest in shares and rights
2,500,427 ordinary shares in Bradken Limited.
219,509 rights over ordinary shares in Bradken Limited.

Phil Arnall, B.Com. *Independent Non-Executive Director.* Age 65.

Experience and expertise
Director of Bradken Limited since 2004. Extensive experience in mining and steel industries in management positions. Held senior management positions with Smorgon Steel Group and Australian National Industries.

Other current directorships
Chairman of Ludowici Limited and non-executive director of Macquarie Generation.

Former directorships in the last three years
Chairman of Capral Limited.

Special responsibilities
Member of Audit and Risk Committee and member of Human Resource Committee.

Interest in shares
502,749 ordinary shares in Bradken Limited.

Greg Laurie, B.Com. *Independent Non-Executive Director.* Age 68.

Experience and expertise
Director of Bradken Limited since 2005. Extensive experience in manufacturing and distribution industries. Formerly Finance Director of Crane Group Limited and CFO of Rheem Australia Limited.

Other current directorships
Independent non-executive director of Nick Scali Limited and various private groups.

Former directorships in the last three years
None.

Special responsibilities
Chairman of Audit and Risk Committee.

Interest in shares
59,340 ordinary shares in Bradken Limited.

Vince O'Rourke, AM, B.Ec. *Independent Non-Executive Director.* Age 74.

Experience and expertise
Director of Bradken Limited since 2004. Extensive experience in the rail transport industry, 10 years as Chief Executive of Queensland Rail.

Other current directorships
Chairman of the Workplace Health and Safety Board of Queensland, Rail Innovation Australia Pty Ltd, Taylor Rail Pty Ltd, a non-executive director of Yancoal Pty Ltd and South Australian Coal Pty Ltd and a board member of Mater Health Services Brisbane Limited.

Former directorships in the last three years
Director of Felix Resources Limited and Chairman of the Co-operative Research Centre for Rail Engineering and Technologies.

Special responsibilities
Chairman of Human Resource Committee and member of Audit and Risk Committee.

Interest in shares
75,357 ordinary shares in Bradken Limited.

A. General information (continued)

Peter Richards, B.Com. *Independent Non-Executive Director.* Age 51.

Experience and expertise

Appointed Director of Bradken Limited in 2009. Over 30 years of business and international experience with global companies including BP plc, Wesfarmers Ltd and most recently as CEO of Dyno Nobel Limited.

Other current directorships

Non-executive director and chairman of Kangaroo Resources Limited and a non-executive director of Emeco Limited and NSL Consolidated.

Former directorships in the last three years

Dyno Nobel Limited.

Special responsibilities

Member of Audit and Risk Committee.

Interest in shares

21,319 ordinary shares in Bradken Limited.

Company Secretary

The Company Secretary is Mr Bruce Arnott, B.Com, CPA. Mr Arnott joined the Group in 2005 as Chief Financial Officer (CFO) and is also responsible for accounting, finance, treasury, taxation, supply, investor relations, investments, audit, risk and insurance. Prior to joining Bradken Mr Arnott held various senior finance positions within OneSteel, BHP and Tubemakers.

Meetings of directors

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2010, and the number of meetings attended by each director were:

Director	Full meetings of directors *		Audit and Risk Committee meetings		Human Resource Committee meetings	
	A	B	A	B	A	B
Nick Greiner	11	11	**	**	3	3
Brian Hodges	11	11	**	**	**	**
Phil Arnall	11	11	5	5	3	3
Greg Laurie	11	11	5	5	**	**
Vince O'Rourke	11	11	5	5	3	3
Peter Richards	10	11	5	5	**	**

A Number of meetings attended
B Number of meetings held during the time the director held office during the period
* Bradken Limited does not have a fully constituted Nominations Committee, however, as and when required the full Board participates as the Nominations Committee in order to fulfill its corporate governance responsibilities
****** = Not a member of the relevant committee

B. Corporate governance

The Company and the Board are committed to achieving and demonstrating the highest standards of corporate governance. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in 2007 unless otherwise stated.

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

A description of the Group's main corporate governance practices is set out below and on the Company's web site. All these practices, unless otherwise stated, were in place for the entire year.

The board of directors

The Board operates in accordance with broad principles set out in its charter which is available from the corporate governance information section of the Company's website at www.bradken.com.au. The charter details the Board's composition and responsibilities.

B. Corporate governance (continued)

Board composition

The charter states:

- the Board comprise both executive and non-executive directors with a majority of non-executive directors, and one executive director being the Managing Director / Chief Executive Officer
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman must be an independent non-executive director, the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their Board decision making
- the Chairman is elected by the full Board and is required to meet regularly with the Managing Director
- the Company is to maintain a mix of directors from different backgrounds with complementary skills and experience both nationally and internationally with a majority of directors having knowledge of the Group or related industries and/or financial expertise
- the Board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

Responsibilities

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy
- reviewing and approving the business plans, the annual budget and financial plans including available resources and capital expenditure initiatives
- overseeing and monitoring:
  - organisational performance and the achievement of the Group's strategic goals and objectives
  - compliance with the Company's Code of Conduct (see page 9)
  - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Group's auditors
- appointment, performance assessment and, if necessary, removal of the Managing Director
- ratifying the appointment and/or removal and contributing to the performance assessment of the members of the senior management team including the CFO / Company Secretary
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the Group
- overseeing the operation of the Group's system for compliance and risk management.

Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report under the heading "Information on directors". As at the date of this report the Board of the Company comprises five non-executive directors, all of whom are considered independent under the principles set out below, and the Managing Director.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective
- the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' independence

An independent director is a director who is not a member of management (a non-executive director) and who:

- holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than 5% of the voting shares of the Company
- has not within the last three years been employed in an executive capacity by the Company or another Group member
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member
- is not a material supplier to or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer
- has no material contractual relationship with the Company or another Group member other than as a director of the Company
- has not served on the Board of the Group for a period which could materially interfere with the Director's ability to act in the best interests of the Group
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group.

The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

B. Corporate governance (continued)

Term of office

The Company's Constitution specifies that each non-executive director may have:

- a maximum period of 12 years service as a director, subject to re-elections every year by rotation such that 1/3 of the directors are subject to re-election each year
- the tenure of the Managing Director is limited to that of his Executive Office.

Commitment

The Board has established a framework for the management of the Group including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds nine scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the Managing Director's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in Board discussions and directors have other opportunities, including visits to business operations, for contact with a wider group of employees.

To assist in the execution of its responsibilities, the Board has established a Human Resource Committee and an Audit and Risk Committee. These Committees have written mandates and operating procedures, which are reviewed on a regular basis.

The commitments of non-executive directors are considered by the Board prior to the directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time to discharge their responsibilities to the Company.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group.

Where the Board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

There were no director related entity transactions with companies of the Group.

Independent professional advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice from a suitably qualified adviser at the Group's expense. Prior written approval from the Chairman is required, but this will not be unreasonably withheld.

Performance assessment

The Board undertakes an annual self assessment of its collective performance, the performance of the Chairman and of its committees. Management are invited to contribute to this appraisal process. The results and any action plans are documented. The most recent assessment was undertaken in August 2009.

The Chairman meets privately with each director to discuss this assessment and their individual situation.

Corporate reporting

The Managing Director and the CFO have made the following certifications to the Board:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Group's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Human Resource Committee and the Audit and Risk Committee. Each is comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis and are available on the Company website. All matters determined by the committees are submitted to the full board as recommendations for board decisions.

B. Corporate governance (continued)

Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

Bradken Limited does not have a fully constituted Nominations Committee, however, as and when required the full Board participates as the Nominations Committee in order to fulfill its corporate governance responsibilities in regard to:

- Board appointments and performance;
- Directors’ induction program;
- Committee membership;
- Other relevant matters.

The full Board undertakes the functions of a Nominations Committee as described in the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations.

Human Resource Committee

The Human Resource Committee consists of the following non-executive directors:

Vince O'Rourke (Chairman)

Nick Greiner

Phil Arnall

Details of these directors attendance at Committee meetings are set out in the directors' report on page 4.

The Human Resource Committee operates in accordance with its charter which is available on the Company website. The Human Resource Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the executive directors, other senior executives and non-executive directors.

The Human Resource Committee's terms of reference include:

- reviewing and approving remuneration policies including proposed short and long term incentives, superannuation, recruitment, redundancy/termination and other major personnel practices that will attract, motivate and retain high quality employees
- recommending to the Board the total employment cost of the Managing Director and approving the total employment cost of senior executives reporting to that position. The total cost being base pay, short and long term incentives (including shares and options), superannuation and other benefits
- recommending to the Board the entitlements under incentive plans for the Managing Director, including linkages to specific goals and objectives. Approve entitlements for senior executives reporting to that position
- recommending to the Board any service contracts for the Managing Director and approve service contracts for senior executives reporting to that position
- reviewing the personal development plans for senior executives to maintain a pool of capable senior management
- reviewing the development of management succession planning to ensure ongoing professional management of the Group and the development of the individuals
- reviewing the Group’s development of human resource plans, training, workplace safety and environment systems designed to enhance corporate and individual performance
- overseeing the planning and development of business continuity, crisis management and quality and safety management systems
- undertaking any special projects delegated by the Board or deemed necessary by the Committee

Further information on directors' and executive remuneration is set out in the directors' report under the heading "Remuneration Report".

Audit and Risk Committee

The Audit and Risk Committee consists of the following non-executive directors:

Greg Laurie (Chairman)

Phil Arnall

Vince O'Rourke

Peter Richards

Details of these directors attendance at Committee meetings are set out in the directors' report on page 4.

The Audit and Risk Committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the businesses and markets in which the Group operates.

The Audit and Risk Committee operates in accordance with a charter which is available on the Company website. The main responsibilities of the Audit and Risk Committee are to:

- review and assess the integrity of the financial statements of the Group
- assess the suitability of the Group's accounting policies and processes

B. Corporate governance (continued)

- ensure a process is in place to assess the adequacy and effectiveness of the Group's internal control processes
- act as an interface between the Board and the external auditors
- liaise with the external auditors on the conduct of the external audit
- review reports on the Group's financial statements and other matters, prepared by the external auditors
- review any proposed provision of non-audit services by the external auditors
- ensure the independence of the external auditors
- consider the competence and assess the performance of the external auditors
- overview the effectiveness of the internal audit function
- ensure there is an appropriate process for the identification and management of business risks
- ensure a process is in place to monitor the Group's compliance with relevant laws and regulations
- review and monitor related party transactions and assess their propriety
- report to the Board on matters relevant to the Committee's role and responsibilities.

The Audit and Risk Committee meets with the external auditors on a regular basis. It reviews its performance and effectiveness periodically and reviews its charter and makes recommendations to the Board on its charter annually.

In fulfilling its responsibilities, the Audit and Risk Committee:

- receives regular reports from management, the external auditors and the internal auditors
- assesses the suitability of the Group's financial accounting policies, practices and procedures and the compliance with regulatory requirements
- reviews the processes the CEO and the CFO have in place to support their certifications to the Board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved
- meets separately with the external and internal auditors at least twice a year without the presence of management
- provides the external and internal auditors with a clear line of direct communication at any time to either the Chairman of the Audit and Risk Committee or the Chairman of the Board.

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The Group policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. PricewaterhouseCoopers was appointed as the external auditor in 2005. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 25 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

The external auditor is required to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk assessment and management

Bradken is committed to managing risk to protect our people, the environment, Group assets, the community and our reputation. Bradken operates an Enterprise Risk Management process consistent with AS/NZS 4360: 2004 to manage it's business risk. This risk-based system helps the Group operate effectively and efficiently, achieve business objectives, ensure reliable reporting and comply with applicable laws and regulations.

The Board implements this policy by overseeing the establishment and implementation of the risk management system through the Audit and Risk Committee, reviewing the effectiveness of the Group's implementation of that system.

Not all aspects of risk management can be formalised and Bradken places considerable reliance on the skill, experience and judgement of its people to make risk based decisions within the policy framework, and to communicate openly on all risk related matters.

The environment, health and safety management system (EHSMS)

The Group recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the EHSMS was established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured way. This system has been operating for a number of years and allows the Group to:

- implement a corporate environmental management system that is independently certified to international standards ISO 14001.
- implement the Bradken 21 Step Safety plan at all sites
- monitor its systems compliance with all relevant OH&S and environmental legislation

B. Corporate governance (continued)

- continually assess and improve the impact of its operations on the environment
- encourage employees to actively participate in the management of environmental and OH&S issues
- work with trade associations representing the Group's businesses to raise standards
- use energy and other resources as efficiently as practicable, and
- encourage the adoption of similar standards by the Group's principal suppliers and contractors.

Recently acquired operations are currently implementing environmental management systems. The Group continues to implement projects that improve the Group's environmental performance and to address any community concerns in the vicinity of manufacturing sites. Information on compliance with significant environmental regulations is set out in section E of this report on page 21.

Code of conduct

All directors, managers and employees are expected to act with the utmost integrity, objectivity and in compliance with the letter and spirit of the law and Group policies, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

The Group has advised each director, manager and employee that they must comply with the Group's Whistleblower Policy. The Policy may be viewed on the Company's website, and it covers the following:

- encouraging employees to report any behaviour that may be dishonest, fraudulent, corrupt, illegal, in breach of Commonwealth or State Legislation, unethical, improper, unsafe or any other behaviour that may cause financial or non-financial loss to the Group or would be otherwise detrimental to the interests of the Group
- ensuring that the Group complies with its obligations to protect the reporter of any such behaviour.

The Company also has a Securities Trading Policy (available on the Company's website) which details the insider trading provisions of the Corporations Act 2001. In summary, trading of the Company's shares is restricted to a period of four weeks after the release of the Group's half-year and annual results to the Australian Stock Exchange (ASX), the Annual General Meeting of the Company, at any time a prospectus or similar disclosure document has been lodged with ASIC and is open for acceptances and at such other times as the Board of Directors declare trading permissible. These windows are not available to individuals that posess inside information.

Continuous disclosure and shareholder communication

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that, a reasonable person would expect, may have a material effect on the price of the Company's securities, notifying each matter to the ASX, posting them on the Company's website, and issuing media releases. Full details of the policy are available on the Company's website.

In summary, the Continuous Disclosure Policy operates as follows:

- the Chairman, the Managing Director and the Company Secretary comprise the Disclosure Committee. The responsibilities of the Disclosure Committee include:
  - ensuring the Company complies with its disclosure obligations
  - determining and authorising what information can or should be disclosed to the market
  - liaising with the Board where necessary
- the Company Secretary is responsible for all communications with the ASX. Such continuous disclosure matters are advised to the ASX by the required time, and all senior executives must follow a 'Continuous Disclosure Discovery' process, which involves monitoring all areas of the Group's internal and external environment
- all announcements made to the market, and related information including information provided to analysts or the media during briefings, are placed on the Company's website after they are released to the ASX
- the full text of notices of meetings and associated explanatory material are placed on the Company's website.

All shareholders can elect to receive a copy of the Group's annual report. In addition the Company seeks to provide opportunities for shareholders to participate through electronic means. All Company announcements, media briefings, details of Company meetings and press releases are available on the Company's website. All of the above information is made available on the Company's website within one day of public release, and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company is available on the Company's website.

C. Review of operations

(i) Financial Overview

	FY10	FY09	Change
NPAT and minorities	**$70.4m**	**$64.3m**	**Up 10%**
EBITDA	**$167.0m**	**$169.1m**	**Down 1%**
EBITDA margin	**16.6%**	**14.0%**	
Sales revenue	**$1,003.7m**	**$1,209.2m**	**Down 17%**
Operating cash flow	**$147.4m**	**$110.1m**	**Up 34%**
Earnings per share (cents) based on shares at 30 June 2010	**50.8 cents**	**50.6 cents**	**Up 0.2 cents**
Dividend per share (cents)	**34 cents**	**23 cents**	**Up 48%**
LTIFR	**2.7**	**4.3**	**Improved 38%**

(ii) Financial Highlights

Sales revenue for the twelve months to June 2010 of $1,003.7m was $205.5m or 17% lower than the corresponding period to June 2009. All divisions, except Rail, experienced reduced sales levels in FY10 as the GFC impacted markets, particularly for capital products.

EBITDA of $167.0m was achieved, $2.1m or 1% lower than the corresponding period. The EBITDA to sales margin of 16.6% was higher than the corresponding period of 14.0%. Net profit after tax attributable to ordinary equity holders (NPAT) of $70.4m was $6.1m or 10% ahead of the corresponding period, resulting in earnings per share of 50.8 cents (based on number of shares at 30 June 2010).

The Directors have declared a fully franked final dividend of 21 cents per share, an increase of 48% over the previous financial year. The Company's Dividend Reinvestment Plan (DRP) remains active, without a discount, and the dividend will be payable on 13 September 2010 with a record date and last DRP election date of 20 August 2010. The pricing period for the DRP will be 10 working days beginning on 24 August 2010.

Operating cash flow in FY10 of $147.4 million was 34% higher than that of the previous period due to reduced working capital and lower interest and tax payments. Working capital levels were managed in line with lower activity levels, reducing by $37 million from June 2009. Inventory reduced by $16 million and receivables by $19 million while creditors increased by $2 million. Capital expenditure was reduced to $35 million, from $81 million in FY09, assisting the reduction in debt.

The strong cash performance enabled a reduction in net debt of $148.0 million from June 2009 to $250.7 million at June 2010. Part of the reduction relates to the equity raised for the Almac acquisition and held as cash at 30 June 2010. Adjusted for this, net debt of $304.3 million is down $94 million from June 2009. Favourable translation of the US$ and GBP denominated debt contributed to the reduction. The Company's gearing is conservative with Net Debt to Net Debt plus Equity improved materially from 53% to 39% and with Net Debt at 1.82 times EBITDA.

Refinancing of the Australian bank debt facilities was completed in December 2009 with increased facility size and a new expiry date of December 2012.

Both the Australian businesses and the USA business operated well within their banking covenants during the period and continue to do so. Financial ratios for the Australian businesses at 30 June were Debt to EBITDA of 1.5 times and Interest Cover of 6.6 times compared to the Covenants limits of less than 3 times and greater than 3 times respectively. The USA business's borrowings, comprising US$66 million senior notes and US$21 million of bank debt, has limited covenants and are well within their respective limits.

(iii) Business Summary

- **Mining Products - Sales revenue of $342.1m, down $68m or 17% on FY09**

Sales revenue for the Mining Products Division decreased by 17% on FY09 results. The first six months reflected the bottom of the mining cycle, impacted by lower mining volumes and reduced demand for capital products such as crawler shoes, mining buckets and wear plate. The second half saw improved mining volumes and the return, in the fourth quarter, of demand for capital products. Gross margins were improved in the year by well managed costs and the benefits from previous capital expenditure.

- **Rail - Sales revenue of $323.0m, up $50.9m or 19% on FY09**

The Rail Division delivered sales growth of 19% in FY10 compared to FY09, as it completed the build of the strong order book held at June 2009. In FY10, Bradken delivered a total of 1,671 coal and iron ore wagons. Gross margins were much higher than previous periods as procurement savings and efficiencies in China were achieved. As projects were successfully completed, the Newcastle and Mittagong facilities were closed and Ipswich workforce reduced in late FY10 as competitiveness of Australian operations would be impacted by the high Australian dollar and low cost Chinese competition. The majority of freight wagon builds will now take place at the Xuzhou plant in China.

- **Industrial - Sales revenue of $61.6m, down $18.3m or 23% on FY09**

Sales revenue for Industrial decreased by 23%, reflecting the slow down across a broad range of industrial market sectors, including heavy vehicle builders, mining OEMs and general fabrication in the first half. Demand and order intake improved in the second half. The gross margin percentage improved slightly to 31%.

C. Review of operations (continued)

- **Power & Cement - Sales revenue of $35.6m, down $21.3m or 37% on FY09**

Revenue in the Power & Cement Division was down by 37%. Cement sector product sales and general industrial sales reduced significantly while Power related sales were also down. Little improvement has been seen in the second half, although demand for general industrial products has increased. Gross margins continued to improve with extensive cost restructuring at facilities in line with the lower volume.

- **Engineered Products - Sales revenue of $215.3m, down $140.5m or 39% on FY09**

Sales revenue for the US based Engineered Products Division was significantly impacted by the global recession and the strength in the Australian dollar. Sales for the FY10 of A$215.3 million were 39% down on the 11 month ownership period in FY09. In US dollars, sales of US$190.2 million were down 25% on FY09. Second half sales were 24% higher than the first half as markets strengthened. Gross margins improved to 32% through strong cost controls.

Strategy and Outlook

Bradken's business strategies remain unchanged, with the focus on key strengths in the design, manufacture and supply of consumable products to the mining, energy and rail industries. We will continue to take advantage of growth in our core resources and energy markets, look for complementary acquisitions and improve margins through capital expenditure and vertical integration initiatives.

Tangible evidence of the execution of this strategy is the introduction of a mining products business in the Americas, the recent acquisition of Almac in the Canadian oil sands, the decision to construct a foundry in China and access to significant growth opportunities in the global GET market following the end of the ESCO license in June 2011.

The Company expects volumes to exceed pre-GFC levels for Mining, strong improvement in Industrial markets, but with slower improvement in the Power and Cement sectors.

The Rail business has work booked for the first half of FY11, with the market remaining strong. However competition from a small number of producers in China is forcing prices down and initially contracting margins.

The US-based Engineered Products business anticipates a strong, sustained recovery from levels experienced during the GFC, with mining capital products leading and energy markets also improving.

Dividends

Dividends paid to members during the financial year were as follows:

	2010 **$'000**	2009 $'000
Final dividend for the year ended 30 June 2009 of 13.0 cents (2008: 22.0 cents) per fully paid share paid on 7 September 2009 (2008: 4 September 2008)	**16,499**	26,375
Interim dividend for the year ended 30 June 2010 of 13.0 cents (2009: 10.0 cents) per fully paid share paid 15 March 2010 (2009: 27 March 2009)	**16,872**	12,357
	33,371	38,732

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a fully franked final dividend of $29,137,000 (21.0 cents per fully paid ordinary share) to be paid on 13 September 2010 out of retained profits at 30 June 2010.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were the:	**2010** **$'000**
(a) increase in contributed equity of $79,378,000 (from $223,460,000 to $302,838,000) as a result of:	
■ Equity raisings in the period	57,277
■ Dividend reinvestment plan issues 2,639,562 shares @ $6.25 each	16,498
■ Dividend reinvestment plan issues 734,916 shares @ $6.76 each	4,970
■ Recognition of deferred tax asset on Americast acquisition in prior period	633
	79,378

Matters subsequent to the end of the financial year

The acquisition of the assets of Almac Machine Works in Canada was completed on 8 July 2010 for a purchase price of C$47.9 million. In addition a maximum earn-out of C$4.8 million is payable based on calendar year 2010 performance of the Almac business.

To fund the acquisition, A$49 million was raised via a fully underwritten institutional placement of shares which was completed on 18 May 2010 resulting in the issue of 7,092,200 ordinary shares. In addition a Share Purchase Plan completed on 23 June raised an additional $8.0 million resulting in the issue of a further 1,136,133 ordinary shares.

Likely developments and expected results of operations

Further disclosure on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

D. Remuneration report

The remuneration report is set out under the following main headings:

(a) Principles used to determine the nature and amount of remuneration
(b) Details of remuneration
(c) Service agreements
(d) Share-based compensation
(e) Additional information

The information provided under headings (a) to (d) includes the remuneration disclosures that are required under the Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

(a) *Principles used to determine the nature and amount of remuneration*

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward executive directors and senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an “at risk” bonus provided in the form of cash, while the long-term incentive (LTI) is provided as rights over ordinary shares of Bradken Limited under the rules of the Performance Rights Plan (PRP).

Non executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also uses the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

(i) Directors' fees

The current base remuneration was last reviewed with effect from 1 October 2008. Total aggregate remuneration for all non-executive directors, last voted upon by shareholders in October 2007, is not to exceed $800,000 per annum and actual amounts payable to individual directors are determined after considering advice from external advisors and with reference to fees paid to other non-executive directors of comparable companies.

Directors’ base fees are presently $120,000 per annum. The Chairman receives up to twice the base fee, currently $240,000 per annum. Non-executive directors do not receive performance related remuneration. Directors’ fees cover all main board activities and membership of any board committee.

(ii) Non-Executive Director Share Acquisition Plan

Non-executive directors may elect to have a percentage of their annual fixed directors’ fees provided in shares under the Non-Executive Director Share Acquisition Plan (NED plan). Participation in the plan is voluntary.

D. Remuneration report (continued)

(a) *Principles used to determine the nature and amount of remuneration (continued)*

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits including superannuation
- short-term performance incentives
- long-term incentives through participation in the Performance Rights Plan.

The combination of these comprises the executive's total remuneration.

(i) Base pay and benefits

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion and includes contributions to employee superannuation funds.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

(ii) Short-term incentives

Each year the Board sets the job goals for the Managing Director. The senior executives job goals are set and managed by the Managing Director. The job goals are focused on the growth of the business and generally include measures relating to the Group, the relevant business unit, and the individual, and include financial, people, customer and strategy and risk measures. The measures are chosen to directly align the individual's reward to the goals of the Group and to its strategy and performance.

The financial performance objectives relate to “Net profit after tax” and "EBITDA" compared to previous year results. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance, customer satisfaction and staff development.

At the end of the financial year an assessment is made of the actual performance of the Group, the relevant business unit and the individual targets set at the beginning of the financial year. A percentage of bonus is awarded depending on performance. No bonus is awarded where performance falls below the minimum growth target set for the financial year. The Managing Director and Human Resources Committee can exercise discretion when awarding bonuses.

The Human Resource Committee recommends the bonus incentive to be paid to the Managing Director for approval by the Board. For other senior executives the Managing Director recommends the bonus incentive to be paid, and seeks approval from the Human Resource Committee.

(iii) Long-term incentives - Performance Rights Plan

The Group's long-term incentive, the Performance Rights Plan, focuses on rewarding for long term growth and the retention of key people. Information on the Performance Rights Plan is set out on page 16.

(b) *Details of remuneration*

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Bradken Limited and the Bradken Limited Group are set out in the following tables.

The key management personnel of Bradken Limited and the Group are the directors of Bradken Limited (see page 2), the Chief Financial Officer and the General Managers and Chief Operating Officer of the Bradken business units who report directly to the Managing Director. The executives are:

- Andrew Allen - *General Manager Rail*
- Tom Armstrong - *Chief Operating Officer Engineered Products*
- Bruce Arnott - *CFO and Company Secretary*
- Greg Dalziel - *General Manager Power & Cement*
- Enda Sheridan - Executive *General Manager Mining and Industrial Products*

In addition, the following person must be disclosed under the *Corporations Act 2001* as he is among the 5 highest remunerated Group executives.

- Brad Ward - *President Resources*

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed Short-term incentives above. The Performance Rights (long term incentives) are not granted unless the conditions set out in Note 35 are satisfied. All other elements of remuneration are not directly related to performance.

D. Remuneration report (continued)

(b) *Details of remuneration (continued)*

Key management personnel and other executives of the Group

2010	Short-term employee benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	* Shares / Rights $	Total $
Non-executive directors							
Nick Greiner - *Chairman*	240,000	-	-	-	-	-	240,000
Phil Arnall	120,000	-	-	-	-	-	120,000
Greg Laurie	108,605	-	-	11,395	-	-	120,000
Vince O'Rourke	95,023	-	-	24,977	-	-	120,000
Peter Richards	109,155	-	-	10,845	-	-	120,000
Sub-total non-executive directors	672,783	-	-	47,217	-	-	720,000
Executive directors							
Brian Hodges	1,136,167	-	5,618	58,215	-	392,648	1,592,648
Other key management							
Andrew Allen	360,605	274,793	2,443	25,077	-	77,618	740,536
Tom Armstrong	388,238	-	-	15,092	-	62,143	465,473
Bruce Arnott	498,031	109,929	4,055	44,823	-	108,851	765,689
Greg Dalziel	191,699	-	-	10,428	-	42,862	244,989
Enda Sheridan	510,226	-	1,634	25,368	-	174,795	712,023
Total key management compensation (group)	3,757,749	384,722	13,750	226,220	-	858,917	5,241,358
Other group executives							
Brad Ward	406,980	-	-	5,214	-	92,902	505,096

2009	Short-term employee benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Shares / Rights $	Total $
Non-executive directors							
Nick Greiner - *Chairman*	221,250	-	-	-	-	13,750	235,000
Phil Arnall	117,500	-	-	-	-	-	117,500
Greg Laurie	21,000	-	-	58,500	-	38,000	117,500
Vince O'Rourke	22,500	-	-	65,625	-	29,375	117,500
Peter Richards	31,881	-	-	2,869	-	11,583	46,333
Sub-total non-executive directors	414,131	-	-	126,994	-	92,708	633,833
Executive directors							
Brian Hodges	1,021,580	-	4,111	100,690	-	312,137	1,438,518
Other key management							
Andrew Allen	301,237	-	1,784	46,305	-	65,418	414,744
Tom Armstrong	418,305	-	-	7,944	-	-	426,249
Bruce Arnott	461,424	-	2,891	52,208	-	87,102	603,625
David Brown *	420,985	-	-	25,580	-	-	446,565
Greg Dalziel	216,001	-	-	11,664	-	22,288	249,953
Enda Sheridan	437,385	-	1,193	48,475	-	124,553	611,606
Total key management compensation (group)	3,691,048	-	9,979	419,860	-	704,206	4,825,093
Other group executives							
Brad Ward	494,953	-	-	9,172	-	72,036	576,161

* David Brown left Bradken's employ on 12 June 2009.

D. Remuneration report (continued)

(c) *Service agreements*

Remuneration and other terms of employment for the Managing Director, key management personnel and other executives required to be disclosed under the *Corporations Act 2001* are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including, but not limited to, motor vehicles and participation, when eligible, in the Bradken Performance Rights Plan. Other major provisions of the agreements relating to remuneration are set out below.

Brian Hodges, *Managing Director*

- Contract of employment with Bradken Resources Pty Ltd dated 2nd July 2004 with no prescribed duration.
- The contract can be terminated either by either party providing six months written notice, or immediately in the case of gross misconduct. If Bradken Resources Pty Ltd terminates employment, other than for misconduct, then a severance payment will be made in accordance with Bradken's redundancy policy in place immediately before termination.

Andrew Allen, *General Manager Rail*

- Contract of employment with Bradken Resources Pty Ltd dated 17 June 2009 with no prescribed duration.
- The contract can be terminated on three months notice by either party, or immediately in the case of gross misconduct.

Bruce Arnott, *Chief Financial Officer and Company Secretary*

- Contract of employment with Bradken Resources Pty Ltd dated 3rd July 2006 with no prescribed duration.
- The contract can be terminated by either party providing three months written notice, or immediately in the case of gross misconduct.

Tom Armstrong, *Chief Operating Officer Engineered Products*

- Contract of employment with Bradken Holdings USA Inc. dated 25th October 2006 for a three year term renewable for successive twelve monthly periods unless either party gives ninety days written notice of their intent not to extend the term
- The contract can be terminated by the Company at any time for any reason without prior notice, the executive can terminate on thirty days notice for any reason.

Andrew G Dalziel, *General Manager Power & Cement* (appointed 4 July 2008)

- Contract of employment with Bradken UK Pty Ltd dated 31 March 2008 with no prescribed duration.
- The contract can be terminated by either party providing three months written notice, or immediately in the case of gross misconduct.

Enda Sheridan, Executive *General Manager Mining and Industrial Products*

- Contract of employment with Bradken Resources Pty Ltd dated 7th January 2000 with no prescribed duration.
- The contract can be terminated on three months notice by either party, or immediately in the case of gross misconduct.

Brad Ward, *President Resources*

- Contract of employment with Bradken Resources Pty Ltd dated 3rd September 2008 with no prescribed duration.
- The contract can be terminated on three months notice by either party, or immediately in the case of gross misconduct.

D. Remuneration report (continued)

(d) *Share-based compensation*

Non-Executive Director Share Acquisition Plan

Non-executive directors may elect to have a proportion of their quarterly directors' fees provided as shares under the NED Plan. Participation in the plan is voluntary.

Non-executive directors are not able to sell or otherwise dispose of the shares until the earliest of 10 years after acquisition or when the non-executive director ceases to be a director of the Company (except in very limited circumstances). During this period the shares are subject to a holding lock.

Due to legislative changes on the taxation of employee share plans no shares were issued under the plan in the financial period.

Rights

The Performance Rights Plan (PRP) is the Company's long-term incentive (LTI) scheme for selected key executives. The Managing Director recommends the list of executives who are entitled to participate in this scheme and seeks approval of the list from the Human Resources Committee which is then ratified by the Board. 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 and as documented in the PRP Plan rules and Trust Deed. If the exercise conditions are satisfied, the Performance Rights may be exercised and the shares issued and 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.

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 will seek shareholder approval required by the Listing Rules.

The performance conditions are based on the relative total shareholder return ("TSR") of the Company measured against other companies in the ASX Small Cap Industrials index during the performance period. TSR measures the total return on investment of a share taking into account capital appreciation, capital return and dividend income.

The TSR performance conditions in relation to the grants issued are:

Target	Percentage of Rights available in given year to vest
The Company's TSR does not meet performance of the median Company in ASX Small Cap	0
The Company's TSR equals or exceeds performance of the median Company in ASX Small Cap	50
The Company's TSR ranked in third quartile of companies in ASX Small Cap	Pro rata between 50 and 100
The Company's TSR ranked in fourth quartile of companies in ASX Small Cap	100

In assessing whether the performance hurdles have been met, the Human Resource Committee receives independent data from an investment bank which provides both the Company's TSR from previous financial years and that of the ASX Small Cap companies. The Company's performance against the hurdle is then determined with each Company in the ASX Small Cap companies and Bradken being ranked in order of TSR in results from previous financial years. The Company's percentile ranking is determined by aggregating the weighting within the ASX Small Cap companies (based on market capitalisation) of each company ranked below Bradken. The method of assessment was chosen as it provides the Committee with an objective means of measuring the Company's performance against its peer group. Once vested the performance rights remain exercisable for a period of ten years.

D. Remuneration report (continued)

(d) *Share-based compensation (continued)*

Dividends, changes in share price, and return of capital are included in the TSR calculation which is the only performance criteria assessed for the PRP scheme.

The terms and conditions of each grant of Rights affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise price	Fair value per Right	Performance Period	Test Date (date vested and exercisable)
30 October 2006 *	10 years from Test Date	$0.00	$3.44	1 Jul 06 to 30 Jun 09	Result announcement y/e 09
30 March 2007 *	10 years from Test Date	$0.00	$4.70	1 Jul 06 to 30 Jun 09	Result announcement y/e 09
31 October 2007 *	10 years from Test Date	$0.00	$6.87	1 Jul 07 to 30 Jun 09	Result announcement y/e 09
31 October 2007 *	10 years from Test Date	$0.00	$8.45	1 Jul 07 to 30 Jun 10	Result announcement y/e 10
17 October 2008 *	10 years from Test Date	$0.00	$2.84	1 Jul 08 to 30 Jun 09	Result announcement y/e 09
17 October 2008 *	10 years from Test Date	$0.00	$4.11	1 Jul 08 to 30 Jun 10	Result announcement y/e 10
17 October 2008 *	10 years from Test Date	$0.00	$4.82	1 Jul 08 to 30 Jun 11	Result announcement y/e 11
29 October 2009 *	10 years from Test Date	$0.00	$2.50	1 Jul 09 to 30 Jun 10	Result announcement y/e 10
29 October 2009 *	10 years from Test Date	$0.00	$3.71	1 Jul 09 to 30 Jun 11	Result announcement y/e 11
29 October 2009 *	10 years from Test Date	$0.00	$4.41	1 Jul 09 to 30 Jun 12	Result announcement y/e 12

** Changes to the Performance Rights Plan*

Changes to the Performance Rights Plan have been made since 1 July 2006. For issues before 1 July 2006 a maximum one third may become exercisable for each of the three financial years on which the performance conditions were tested. For grants made from 1 July 2006 no retesting will be allowed and testing will take place in respect of a 3 year performance period and can only vest after the end of the 3 year performance period.

To ensure no material disadvantage to the existing scheme participants and to achieve Bradken's key objective of retaining valuable employees, there is a transition to the new vesting rules for grants made from 1 July 2006. New entrants to the scheme are provided with a transition to the 3 year plan.

Rights granted under the PRP carry no dividend or voting rights.

Details of Rights over ordinary shares in the Company provided as remuneration to each director of Bradken Limited and each of the key management personnel are set out below. When exercisable, each Right is convertible into one ordinary share of Bradken Limited. Further information on the Rights is set out in note 34 to the financial statements.

Number of Rights granted and vested and Shares provided during the year on exercise of Performance Rights

Details of Rights granted and vested and ordinary shares in the Company provided as a result of the exercise of Performance Rights to the Managing Director of Bradken Limited and each of the key management personnel and other executives of the Group required to be disclosed under the *Corporations Act 2001* are set out below.

Name	Number of Rights granted during the year	Number of Rights vested during the year	Number of ordinary shares issued on exercise of Rights during the year
Directors of Bradken Limited			
Brian Hodges	**110,381**	**64,877**	**64,877**
Other key management personnel of the Group			
Andrew Allen	**21,421**	**15,308**	**15,308**
Tom Armstrong	**38,265**	**NIL**	**NIL**
Bruce Arnott	**30,184**	**17,952**	**17,952**
Greg Dalziel	**15,681**	**NIL**	**NIL**
Enda Sheridan	**49,259**	**17,593**	**17,593**
Other Group executives			
Brad Ward	**25,442**	**13,121**	**13,121**

No amounts were payable on the exercise of Rights during the period.

D. Remuneration report (continued)

(d) *Share-based compensation (continued)*

The assessed fair value at grant date of Rights granted to the individuals is allocated equally over the financial periods in which the Rights may vest, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the Right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the Right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Right.

The following factors and assumptions have been used in determining the fair value of Rights for the issues granted:

Grant Date	Expiry Date	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
30 October 2006	30/06/2009	$0.00	$6.00	90%	5.73%	0.00%
30 March 2007	30/06/2009	$0.00	$8.81	90%	6.02%	0.00%
31 October 2007	30/06/2009	$0.00	$14.68	90%	6.18%	0.00%
31 October 2007	30/06/2010	$0.00	$14.68	90%	6.18%	0.00%
17 October 2008	30/06/2009	$0.00	$6.30	139.5%	5.19%	0.00%
17 October 2008	30/06/2010	$0.00	$6.30	139.5%	5.19%	0.00%
17 October 2008	30/06/2011	$0.00	$6.30	139.5%	5.19%	0.00%
29 October 2009	30/06/2010	$0.00	$6.05	129.0%	5.52%	0.00%
29 October 2009	30/06/2011	$0.00	$6.05	129.0%	5.52%	0.00%
29 October 2009	30/06/2012	$0.00	$6.05	129.0%	5.52%	0.00%

(e) *Additional information*

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year.

Details of cash remuneration: cash bonuses and Rights

For each cash bonus and grant of Rights included in the tables on page 14, pages 17 to 18 and page 20, the percentage of the available bonus or Right that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the performance criteria is set out below. The Rights vest over a period up to three years, provided the vesting conditions are met (see page 16). No part of cash bonuses forfeited are payable in future years.

D. Remuneration report (continued)

(e) *Additional information (continued)*

	Cash bonus	Rights						
Name	**Paid / Forfeited %**	**Financial year granted**	**Vested in prior years % ***	**Vested in current year % ***	**Forfeited (A) %**	**Financial years in which Rights may vest**	**Minimum total value of grant yet to vest (B) $**	**Maximum total value of grant yet to vest (C) $**
Andrew Allen	177 / Nil	2010	-	-	-	30/06/2013	-	154,231
		2009	-	-	-	30/06/2012	-	84,960
		2008	25	-	-	30/06/2009	-	69,451
						30/06/2010		
						30/06/2011		
		2007	33	61	6	30/06/2008	-	-
						30/06/2009		
						30/06/2010		
Tom Armstrong	Nil / Nil	2010	-	-	-	30/06/2013	-	275,508
						30/06/2012		
						30/06/2011		
Bruce Arnott	67 /33	2010	-	-	-	30/06/2013	-	217,325
		2009	-	-	-	30/06/2012	-	125,273
		2008	25	-	-	30/06/2009	-	93,370
						30/06/2010		
						30/06/2011		
		2007	37	58	6	30/06/2008	-	-
						30/06/2009		
						30/06/2010		
Greg Dalziel	Nil / Nil	2010	-	-	-	30/06/2013	-	84,679
						30/06/2011	-	28,224
		2009	-	-	-	30/06/2010	-	82,591
						30/06/2011		
						30/06/2012		
Brian Hodges	Nil / 100	2010	-	-	-	30/06/2013	-	794,743
		2009	-	-	-	30/06/2012	-	458,114
		2008	25	-	-	30/06/2009	-	327,607
						30/06/2010		
						30/06/2011		
		2007	34	60	6	30/06/2008	-	-
						30/06/2009		
						30/06/2010		
Enda Sheridan	Nil / Nil	2010	-	-	-	30/06/2013	-	354,665
		2009	-	-	-	30/06/2012	-	195,588
		2008	25	-	-	30/06/2009	-	150,149
						30/06/2010		
						30/06/2011		
		2007	31	63	6	30/06/2008	-	-
						30/06/2009		
						30/06/2010		
Brad Ward	Nil / Nil	2010	-	-	-	30/06/2013	-	183,182
		2009	-	-	-	30/06/2012	-	100,512
		2008	25	-	-	30/06/2009	-	84,542
						30/06/2010		
						30/06/2011		
		2007	34	60	6	30/06/2008	-	-
						30/06/2009		
						30/06/2010		

A= The % forfeited in the year is nil as the Rights that failed to vest in this period may vest in future periods if performance criteria are met.

B= The minimum value of Rights yet to vest is nil as the performance criteria may not be met and consequently the Right may not vest.

C= The maximum value of rights yet to vest is not determinable as it depends on the market price of shares of Bradken Limited on the Australian Stock Exchange at the date the right is exercised. The maximum values presented above are based on the closing share price at 30 June 2010 of $7.20.

D. Remuneration report (continued)

(e) *Additional information (continued)*

Details of cash remuneration: cash bonuses and Rights (continued)

Share based compensation: Rights

Further details relating to rights are set out below.

Name	A Remuneration consisting of Rights	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
Andrew Allen	10.5%	94,467	110,830	9,084
Tom Armstrong	13.4%	158,034	-	-
Bruce Arnott	14.2%	133,111	111,661	10,656
Greg Dalziel	17.5%	61,666	-	-
Brian Hodges	24.7%	486,780	403,535	38,496
Enda Sheridan	24.5%	217,232	112,595	10,440
Brad Ward	18.4%	112,199	85,549	7,788

A= The percentage of the value of remuneration consisting of Rights, based on the value at grant date set out in column B.

B= The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of Rights granted during the year as part of remuneration.

C= The value at exercise date of Rights that were granted as part of remuneration and were exercised during the year.

D= The value at lapse date of Rights that were granted as part of remuneration and that lapsed during the year.

Shares under Performance Rights

Unissued shares of Bradken Limited under Performance Right at the date of this report are as follows:

Date Rights granted	Expiry date	Exercise price	Number of shares under right
18 November 2005	Ten years from Test Date	Nil	10,344
30 October 2006	Ten years from Test Date	Nil	19,092
30 October 2006	Ten years from Test Date	Nil	52,697
31 October 2007	Ten years from Test Date	Nil	7,482
31 October 2007	Ten years from Test Date	Nil	7,863
31 October 2007	Ten years from Test Date	Nil	222,436
17 October 2008	Ten years from Test Date	Nil	25,025
17 October 2008	Ten years from Test Date	Nil	15,621
17 October 2008	Ten years from Test Date	Nil	323,537
29 October 2009	Ten years from Test Date	Nil	29,831
29 October 2009	Ten years from Test Date	Nil	69,401
29 October 2009	Ten years from Test Date	Nil	665,216

All Rights expire on the earlier of their expiry date, their exercise, their failure to meet exercise conditions or termination of the employee's employment. In addition, the ability to exercise the Rights is conditional on the Group achieving certain performance hurdles related to relative total shareholder return to the ASX Small Cap Industrial index.

Further details are included in the Remuneration Report above.

Shares issued on exercise of Rights

The following ordinary shares of Bradken Limited were issued during the year ended 30 June 2010 on exercise of Rights granted under the Performance Rights Plan No further shares have been issued since that date.

Date Rights granted	Exercise price of right	Number of shares issued
30 October 2006	0.00	230,119
31 October 2007	0.00	2,087

E. Other information

Environmental regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation governing, amongst other things, noise, air emissions, the use, handling, and disposal of hazardous substances and waste. The Group has devoted and will continue to devote resources to environmental compliance and management in each of the jurisdictions in which it operates.

A Group wide environmental management system is in place which complies with the international standard ISO14001. It is Group policy to be environmentally proactive and to adopt practices that minimise adverse environmental impacts and to communicate and provide appropriate feedback on the Group's environmental performance. In accordance with the Group's environmental policy, procedures and goals have been established aimed at ensuring:

- all manufacturing and engineering sites have developed, implemented, and maintain environmental management systems meeting the requirements of ISO14001
- the environmental management systems are integrated with the existing business systems
- zero notifiable incidents and zero justified neighbourhood complaints
- continuing reduction of industrial waste disposal costs by continual improvement of working practices, such as cleaner production and improved recycling

Based upon the results of inquiries made, the Board is not aware of any significant breaches during the period covered by this report nor does it consider the Group is subject to any presently known material environmental liabilities.

Insurance of officers

During the year, the Company paid a premium to insure the directors and secretaries of the Company and its Australian-based controlled entities, the general managers of each of the businesses, all executive officers of the Group and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify any officer of the Group or of any related body corporate against a liability incurred by any such officer.

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amounts paid to auditors for audit and non-audit services provided during the year are set out on the following page.

The Board of directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor’s own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

E. Other information (continued)

	Consolidated	
	2010	2009
	$	$
Assurance services		
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under *Corporations Act 2001*	**383,275**	372,245
Related practices of PricewaterhouseCoopers Australian firm	**200,703**	206,836
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**22,373**	29,603
Non-PricewaterhouseCoopers audit firm (KPMG US)	**24,144**	582,792
Non-PricewaterhouseCoopers audit firm (Grant Thornton US)	**332,497**	-
Total remuneration for audit services	**962,992**	1,191,476
2. Other assurance services		
Related practices of PricewaterhouseCoopers Australian firm		
Risk review services	**-**	96,675
Non-PricewaterhouseCoopers audit firm (Ernst & Young China)		
Transfer pricing services	**15,877**	-
Total remuneration for other assurance services	**15,877**	96,675
Total remuneration for assurance services	**978,869**	1,288,151
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of Company income tax returns	**150,875**	109,000
Related practices of PricewaterhouseCoopers Australian firm	**29,881**	18,144
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**6,085**	8,818
Non-PricewaterhouseCoopers audit firm (KPMG US)	**388,369**	553,671
Non-PricewaterhouseCoopers audit firm (Ham Brothers Pty Ltd)	**-**	5,176
Non-PricewaterhouseCoopers audit firm (Tianrui China)	**249**	-
Total remuneration for taxation services	**575,459**	694,809

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 23.

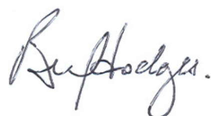
Rounding of amounts

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 directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewatehouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of the directors:



Brian Hodges
Managing Director

Sydney
9 August 2010

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Auditors Independence Declaration

As lead auditor for the audit of Bradken Limited for the year ended 30 June 2010, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

J Campion
Partner
PricewaterhouseCoopers

Sydney
9 August 2010

Liability is limited by a scheme approved under Professional Standards Legislation

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This financial report covers both Bradken Limited as an individual entity and the consolidated entity consisting of Bradken Limited and its subsidiaries. The financial report is presented in the Australian currency.

Bradken Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2 Maud Street

Mayfield West NSW 2304

A description of the nature of the consolidated entity's principal activities and a review of operations is included on page 2 and pages 10 to 11 of the directors' report, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 9 August 2010. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.bradken.com.au.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent entity 2010 $'000	Parent entity 2009 $'000
Revenue from continuing operations	5	**1,008,433**	1,223,571	**-**	75,000
Cost of sales		**(774,662)**	(983,917)	**-**	-
Gross profit		**233,771**	239,654	**-**	75,000
Other income	5	**1,158**	-	**-**	-
Selling and technical expenses		**(40,896)**	(42,156)	**-**	-
Administration expenses		**(67,027)**	(69,114)	**-**	-
Finance costs	5	**(30,484)**	(35,476)	**-**	-
Profit before income tax		**96,522**	92,908	**-**	75,000
Income tax (expense) / benefit	6	**(25,752)**	(27,885)	**-**	-
Profit for the year		**70,770**	65,023	**-**	75,000
Profit is attributable to:					
Equity holders of Bradken Limited		**70,441**	64,268	**-**	75,000
Non-controlling interests		**329**	755	**-**	-
		70,770	65,023	**-**	75,000
Other comprehensive income					
Changes in the fair value of available-for-sale financial assets	22(a)	**16,620**	(11,690)	**-**	-
Changes in the fair value of cash flow hedges	22(a)	**(622)**	(920)	**-**	-
Exchange differences on translation of foreign operations	22(a)	**(3,667)**	7,138	**-**	-
Changes in USA defined benefits pension liability	22(b)	**(1,247)**	(5,351)	**-**	-
Income tax relating to components of other comprehensive income	6(d)	**(4,798)**	3,782	**-**	-
Other comprehensive income for the year net of tax		**6,286**	(7,041)	**-**	-
Total comprehensive income for the year		**77,056**	57,982	**-**	75,000
Total comprehensive income for the year is attributable to:					
Equity holders of Bradken Limited		**76,727**	57,227	**-**	75,000
Non-controlling interests		**329**	755	**-**	-
		77,056	57,982	**-**	75,000
		Cents	Cents		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per ordinary share: (cents per share)	34	**54.1**	52.5		
Diluted earnings per ordinary share: (cents per share)	34	**53.6**	52.1		

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent entity 2010 $'000	Parent entity 2009 $'000
Current assets					
Cash and cash equivalents	7	**63,565**	13,243	**-**	-
Receivables	8	**142,348**	160,813	**-**	-
Inventories	9	**162,375**	178,075	**-**	-
Derivative financial instruments	10	**238**	680	**-**	-
Total current assets		**368,526**	352,811	**-**	-
Non-current assets					
Receivables	8	**1,485**	1,847	**340,493**	285,432
Financial assets	11	**-**	-	**172,292**	172,292
Property, plant and equipment	12	**384,982**	391,330	**-**	-
Deferred tax assets	13	**8,547**	12,478	**-**	-
Intangible Assets	14	**173,351**	183,144	**-**	-
Available for sale financial assets	15	**46,938**	10,379	**-**	-
Total non-current assets		**615,303**	599,178	**512,785**	457,724
Total assets		**983,829**	951,989	**512,785**	457,724
Current liabilities					
Payables	16	**118,543**	116,147	**-**	-
Borrowings	18	**24,054**	46,149	**-**	-
Current tax liabilities		**10,137**	3,104	**7,430**	736
Provisions	17	**36,890**	37,639	**-**	-
Derivative financial instruments	10	**532**	-	**-**	-
Total Current Liabilities		**190,156**	203,039	**7,430**	736
Non-current liabilities					
Borrowings	18	**283,729**	360,043	**-**	-
Deferred tax liabilities	20	**25,736**	29,168	**-**	-
Provisions	17	**12,500**	10,084	**-**	-
Total non-current liabilities		**321,965**	399,295	**-**	-
Total liabilities		**512,121**	602,334	**7,430**	736
Net assets		**471,708**	349,655	**505,355**	456,988
Equity					
Contributed equity	21	**302,838**	223,460	**468,460**	389,082
Reserves	22(a)	**15,402**	5,977	**5,457**	3,097
Retained earnings	22(b)	**153,270**	117,442	**31,438**	64,809
Capital and reserves attributable to owners of Bradken Limited		**471,510**	346,879	**505,355**	456,988
Non-controlling interests		**198**	2,776	**-**	-
Total equity		**471,708**	349,655	**505,355**	456,988

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

Consolidated	Notes	Attributable to owners of Bradken Limited				Non-controlling interest	Total equity
		Contributed Equity	Reserves	Retained earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008		**81,039**	**7,147**	**97,365**	**185,551**	**2,037**	**187,588**
Total comprehensive income for the year as reported in the 2009 financial statements		**-**	**(1,690)**	**58,917**	**57,227**	**755**	**57,982**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	21	138,735	-	-	**138,735**	-	**138,735**
Dividends provided for or paid	21	-	-	(38,840)	**(38,840)**	-	**(38,840)**
Dividend re-investment plan issues	21	4,468	-	-	**4,468**	-	**4,468**
Acquisition adjustment		-	-	-	**-**	(16)	**(16)**
Employee share options - value of employee services	35	(782)	520	-	**(262)**	-	**(262)**
		142,421	520	(38,840)	104,101	(16)	104,085
Balance at 30 June 2009		**223,460**	**5,977**	**117,442**	**346,879**	**2,776**	**349,655**
Total comprehensive income for the year		-	7,533	69,194	76,727	329	77,056
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	21	57,912	-	-	**57,912**	-	**57,912**
Dividends provided for or paid	21	21,466	-	(33,371)	**(11,905)**	(126)	**(12,031)**
Rounding adjustment		-	1	5	**6**	-	**6**
Transactions with non-controlling interests			(469)		**(469)**	(2,781)	**(3,250)**
Employee share options - value of employee services	35	-	2,360	-	**2,360**	-	**2,360**
		79,378	1,892	(33,366)	47,904	(2,907)	44,997
Balance at 30 June 2010		**302,838**	**15,402**	**153,270**	**471,510**	**198**	**471,708**

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

Parent entity		Attributable to owners of Bradken Limited					
		Contributed Equity	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008		**246,661**	**2,577**	**28,541**	**277,779**	**-**	**277,779**
Total comprehensive income for the year as reported in the 2009 financial statements		**-**	**-**	**75,000**	**75,000**	**-**	**75,000**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	21	138,735	-	-	**138,735**	-	**138,735**
Dividends provided for or paid	21	-	-	(38,732)	**(38,732)**	-	**(38,732)**
Dividend re-investment plan issues	21	4,468	-	-	**4,468**	-	**4,468**
Employee share options - value of employee services	35	(782)	520	-	**(262)**	-	**(262)**
		142,421	520	(38,732)	104,209	-	104,209
Balance at 30 June 2009		**389,082**	**3,097**	**64,809**	**456,988**	**-**	**456,988**
Total comprehensive income for the year		-	-	-	-	-	-
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	21	57,912	-	-	**57,912**	-	**57,912**
Dividends provided for or paid	21	21,466	-	(33,371)	**(11,905)**	-	**(11,905)**
Employee share options - value of employee services	35	-	2,360	-	**2,360**	-	**2,360**
		79,378	2,360	(33,371)	48,367	-	48,367
Balance at 30 June 2010		**468,460**	**5,457**	**31,438**	**505,355**	**-**	**505,355**

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

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent entity 2010 $'000	Parent entity 2009 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**1,100,966**	1,402,210	**-**	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(906,791)**	(1,224,886)	**-**	-
		194,175	177,324	**-**	-
Interest received		**163**	314	**-**	-
Interest paid		**(26,288)**	(35,056)	**-**	-
Income taxes paid		**(20,621)**	(32,524)	**-**	-
Net cash (outflow) inflow from operating activities	32	**147,429**	110,058	**-**	-
Cash flows from investing activities					
Payment for property, plant and equipment		**(35,262)**	(80,992)	**-**	-
Payment for non-controlling interest	30	**(2,925)**	-	**-**	-
Payment for purchase of subsidiary, net of cash acquired	29	**(1,146)**	(92,684)	**-**	-
Payment for businesses	29	**-**	(120)	**-**	-
Payment for available for sale financial assets	15	**(17,895)**	(13,825)	**-**	-
Proceeds from sale of property, plant and equipment		**37**	794	**-**	-
Payment for capitalised design costs		**(34)**	(312)	**-**	-
Net cash (outflow) inflow from investing activities		**(57,225)**	(187,139)	**-**	-
Cash flows from financing activities					
Proceeds from issue of shares		**69,977**	140,844	**-**	-
Transaction costs from issue of shares		**(1,047)**	(2,109)	**-**	-
Payment of finance lease liabilities		**(10,445)**	(10,092)	**-**	-
Repayment of borrowings		**(103,425)**	(101,246)	**-**	-
Proceeds from borrowings		**41,797**	59,191	**-**	-
Dividends paid to company's shareholders	23	**(23,869)**	(34,264)	**-**	-
Dividends paid to non-controlling interests in subsidiaries		**(126)**	(108)	**-**	-
Dividends received		**691**	194	**-**	-
Payments for shares bought back		**-**	(1,658)	**-**	-
Net cash (outflow) inflow from financing activities		**(26,447)**	50,752	**-**	-
Net increase (decrease) in cash and cash equivalents		**63,757**	(26,329)	**-**	-
Cash and cash equivalents at the beginning of the year		**507**	19,092	**-**	-
Effects of exchange rate changes on cash and cash equivalents		**(897)**	7,744	**-**	-
Cash and cash equivalents at the end of the year	7	**63,367**	507	**-**	-

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The above statements of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Bradken Limited as an individual entity and the consolidated entity consisting of Bradken Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*

Compliance with IFRSs

The consolidated financial statements of the Bradken Limited group and the separate financial statements of Bradken Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Financial statement presentation

The group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bradken Limited ("company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Bradken Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Bradken Limited.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Bradken Limited.

1 Summary of significant accounting policies (continued)

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iii) Changes in accounting policy

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative. The revisions to AASB 127 contained consequential amendments to AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Change in accounting policy

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes provided to the chief operating decision maker. This has resulted in a change to the reportable segments presented with the Industrial segment amended to exclude the Cast Metal Services business. Cast Metal Services is no longer managed by the Industrial segment manager and, as it does not meet the quantitative thresholds required by AASB 8, management has concluded that the results of this segment should no longer be separately reported. The results of this operation are now included in the "all other segments" column and comparative disclosures have also been amended to reflect this change. There has been no other impact on the measurement of the company’s assets and liabilities. Comparatives for 2009 have been restated.

(d) Foreign currency translation

(i) Functional currency and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is Bradken Limited’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

1 Summary of significant accounting policies (continued)

- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investments are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Sale of goods

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

(ii) 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.

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. Where it is probable that a loss will arise on a contract, the excess of total costs over revenue is recognised immediately as an expense.

(iii) Interest income

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

(iv) Sale of non-current assets

The gain or loss on disposal of non-current assets is included as other income or expense 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.

(v) Royalties

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

(vi) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 1(m).

Change in accounting policy

The group has changed its accounting policy for dividends paid out of pre-acquisition profits from 1 July 2009 when the revised AASB 127 *Consolidated and Separate Financial Statements* became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Summary of significant accounting policies (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

Bradken Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Bradken Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bradken Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about tax funding agreements are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 12). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1 Summary of significant accounting policies (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

The changes were implemented prospectively from 1 July 2009.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Receivables

Trade receivables are recognised initially at fair value and subsequently, less provision for doubtful debts. Trade receivables are normally due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the value of estimated future cash flows. The amount of the provision is recognised in the income statement.

(l) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs 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 weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale such as expenses of marketing, selling and distribution to customers.

(ii) 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. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

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 are also included.

1 Summary of significant accounting policies (continued)

(iii) 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 unless the review indicates that a sale is likely.

(m) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 8).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within other income or other expenses in the period in which they arise. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classifies as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in the profit or loss and other changes in the carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gain and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1 Summary of significant accounting policies (continued)

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(n) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 10. Movements in the hedging reserve in shareholders' equity are shown in note 22.

The full fair value of a hedging derivative is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within other income or other expense together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedge fixed rate borrowings attributable to the interest rate risk. . The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "finance costs". The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within "sales". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or a non-financial liability), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

1 Summary of significant accounting policies (continued)

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(p) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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 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. Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	35 to 66 years
Plant and equipment	1 to 20 years
Patterns	1 to 40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(q) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Licences

The ESCO licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the licence over the useful life. The licence will be fully amortised at 30 June 2011 and will not be renewed.

(iii) Customer relationships

Customer relationships acquired as part of a business acquisition are recognised separately from goodwill. The customer relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on their estimated useful lives, which currently vary from 10 to 20 years.

1 Summary of significant accounting policies (continued)

(iv) Trademarks

Some trademarks have been evaluated as having an indefinite life and are carried at their fair value at acquisition less impairment losses, while others will be amortised over their expected life.

(v) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 10 years.

(r) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) Borrowing costs

Borrowing costs are expensed as incurred. 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.

(u) Provisions

A provision is recognised in the accounts when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(i) 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 Group. 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.

(v) Employee Benefits

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

Liabilities for annual leave, accumulating sick leave and rostered days off, including non monetary benefits, expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Liabilities for unpaid wages and salaries up to the reporting date are recognised in current payables.

(ii) Long service leave

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

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(iii) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in current provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Employee share and rights plans

Share based compensation benefits are provided to employees and directors via the Performance Rights Plan ('PRP') and the Non-Executive Director Share Acquisition Plan ('NEDSAP') respectively.

The fair value of Rights granted under the PRP are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is 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 Rights. The fair value of Rights granted are measured using the Black & Scholes Pricing Model, taking into account the terms and conditions attached to the Rights. The amount recognised as an expense is adjusted to reflect the actual number of Rights that vest except where forfeiture is due to market related conditions.

The fair value of shares issued under the NEDSAP are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

(v) Retirement benefit obligations

All employees of the Group are entitled to benefit from various superannuation or pension plans on retirement, disability or death. The Group operates one defined benefit retirement plan in the United States that covers hourly employees hired before May 10, 1993 in one of our US subsidiaries. Benefits for the defined benefit plan are determined on years of credited service. The Group also operates a number of defined contribution plans which receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the funds assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on future payments which may arise from membership of the fund to the reporting date, calculated annually by independent actuaries. Consideration is given to the, experience of employee departures and periods of service.

(vi) Healthcare reserves

The Group's U.S. operations primarily self-insure employee healthcare expenses. Reserves are based on historical claims experience.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1 Summary of significant accounting policies (continued)

(z) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

(aa) 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ab) Amended accounting standards and UIG interpretations

Certain amended accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's and the parent entity's assessment of the impact of these amended standards and interpretations is set out below.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions [AASB 2] (effective from 1 January 2010)
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the group's or the parent entity's financial statements.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)
In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The group will apply the amended standard from 1 July 2010. As the group has not made any such rights issues, the amendment will not have any effect on the group's or the parent entity's financial statements.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)
AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The group has not yet decided when to adopt AASB 9.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)
AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the group or the parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the group has not entered into any debt for equity swaps since that date.

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)
In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The group does not make any such prepayments. The amendment is therefore not expected to have any impact on the group's or the parent entity's financial statements. The group intends to apply the amendment from 1 July 2011.

2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used as hedging instruments, ie not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which is it exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

Risk management is carried out centrally by the CFO and finance function under policies approved by the Board of Directors.

(a) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors forecasts of the Group's liquidity on the basis of expected cash flow. See note 18(e) for details of available facilities.

The tables below analyse the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. There is no liquidity risk at the Parent entity level.

Group - 2010	Less than 1 year $'000	Between 1 and 5 year(s) $'000	Over 5 years $'000
Non-derivatives			
Trade payables	118,543	-	-
Borrowings (excluding finance leases and hire purchases)	44,176	329,548	-
Finance leases and hire purchase liabilities	5,646	7,657	251
Derivatives			
Net settled interest rate swaps and caps	532	-	-

Group - 2009	Less than 1 year $'000	Between 1 and 5 year(s) $'000	Over 5 years $'000
Non-derivatives			
Trade payables	116,147	-	-
Borrowings (excluding finance leases and hire purchases)	64,600	316,756	89,019
Finance leases and hire purchase liabilities	5,263	6,134	-

The Group enters into forward exchange contracts to hedge foreign currency denominated receivables and also to manage foreign currency denominated inventory and capital items.

Refer to note 10(a)(ii) for the maturity profiles of the Group's existing foreign exchange hedge contracts.

Refer to note 8(f) for receivables denominated in foreign currencies.

(c) Market risk

(i) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest-rate-risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate-risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate-risk. Group policy is to fix the rates for between 30% and 70% of its Australian borrowings.

The Group manages its cash flow interest-rate-risk by using floating-to-fixed interest rate swaps and interest rate caps. Such instruments have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Refer to note 18 for further details generally of the Group's borrowings.

2 Financial risk management (continued)

(c) Market risk (continued)

A sensitivity analysis of interest rate risk on the Group's financial assets and liabilities is provided in the table at note 2(c)(iv).

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. It is the policy of the Group to enter into forward foreign exchange contracts to cover all foreign currency exposure other than those effectively covered within the natural hedging pool.

Refer to note 8 and 16 for receivables and payables denominated in foreign currencies.

Unrealised gains or losses on outstanding foreign exchange contracts are taken to the Group's income statement on a monthly basis.

A sensitivity analysis of foreign exchange risk on the Group's financial assets and liabilities is provided in the table at note

(iii) Price risk

The Group is exposed to commodity price risk through the purchase of steel and various alloys.

(iv) Summarised sensitivity analysis

The following table summarises the pre-tax sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and price risk. These sensitivities are prior to the offsetting impact of hedging instruments.

2010		Interest rate risk				Foreign exchange risk			
	Carrying	-100 bps		+100 bps		-10%		+10%	
	amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets									
Cash and cash equivalents	63,565	(634)	(634)	634	634	704	704	(704)	(704)
Accounts receivable	102,594	-	-	-	-	4,421	4,421	(4,421)	(4,421)
AFS investments	46,938	-	-	-	-	-	-	-	-
Derivatives - cash flow hedges	120	-	(104)	-	225	-	-	-	-
Derivatives - FVTPL	118	-	-	-	-	(245)	(245)	483	483
Financial liabilities									
Derivatives - cash flow hedges	120	-	(1,796)	-	1,748	-	-	-	-
Derivatives - FVTPL	(342)	-	-	-	-	7,734	7,734	(8,466)	(8,466)
Trade payables	(74,341)	-	-	-	-	(2,833)	(2,833)	2,833	2,833
Borrowings	(307,783)	3,078	3,078	(3,078)	(3,078)	(13,676)	(13,676)	13,676	13,676
Total increase/ (decrease)		2,444	544	(2,444)	(471)	(3,895)	(3,895)	3,401	3,401

2009		Interest rate risk				Foreign exchange risk			
	Carrying	-100 bps		+100 bps		-10%		+10%	
	amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets									
Cash and cash equivalents	13,243	(129)	(129)	129	129	1,240	1,240	(1,240)	(1,240)
Accounts receivable	144,978	-	-	-	-	6,025	6,025	(6,025)	(6,025)
AFS investments	10,379	-	-	-	-	-	-	-	-
Derivatives - cash flow hedges	552	-	(1,503)	-	1,456	-	-	-	-
Derivatives - FVTPL	128	-	-	-	-	1,522	1,522	(1,284)	(1,284)
Financial liabilities									
Trade payables	(85,280)	-	-	-	-	(2,752)	(2,752)	2,752	2,752
Borrowings	(406,192)	4,062	4,062	(4,062)	(4,062)	(16,758)	(16,758)	16,758	16,758
Total increase/ (decrease)		3,933	2,430	(3,933)	(2,477)	(10,723)	(10,723)	10,961	10,961

Financial risk exposure of the parent entity is limited to the exposure of the Group.

2 Financial risk management (continued)

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, Bradken Limited has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2),and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets				
Equity Securities	46,938	-	-	46,938
Derivatives used for hedging	-	238	-	238
Total assets	46,938	238	-	47,176
Liabilities				
Derivatives used for hedging	-	532	-	532
Total liabilities	-	532	-	532

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(q). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 14 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Estimated percentage completion for major contracts

The Group reviews the percentage of completion for it's major contracts monthly including assessing costs to be incurred to complete the project in accordance with the accounting policy stated in note 1(e) and note 1(l). These assessments require an estimate of the remaining labour and material costs for the projects.

4 Segment information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Managing Director.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of receivables, inventories and property, plant and equipment, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties.

Segment revenues, expenses and results include transfers between segments. Sales of scrap between controlled entities are made on an "arm's-length" basis and are eliminated on consolidation. All other transfers are made at variable cost and are eliminated on consolidation.

(a) Description of segments

Industrial is a supplier of 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 Products consists of design, supply and service of wear components for all types of earth moving and mineral processing equipment in the Mining, Mineral Processing and Quarry 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. Power & Cement based in the UK is a supplier of large white iron wear parts for the power and cement industries. Engineered Products based in the US is a supplier of cast parts to the Energy, Mining, Industrial and Rail Transport industries specialising in large (greater than 4,500 kg) highly engineered steel castings.

Although the Industrial segment does not meet the quantitative thresholds required by AASB 8, management has concluded that this segment should be reported, as it is closely monitored by the Managing Director.

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the year ending 30 June 2010 and for the year ending 30 June 2009 are as follows:

		Industrial	Mining Products	Rail	Power and Cement	Engineered Products	All other segments	Total
2010	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue		61,640	368,958	326,107	35,929	215,292	86,829	1,094,755
Inter-segment revenue		-	(26,876)	(3,073)	(348)	4	(60,770)	(91,063)
Revenue from external customers		**61,640**	**342,082**	**323,034**	**35,581**	**215,296**	**26,059**	**1,003,692**
Gross margin		**19,382**	**125,229**	**88,496**	**12,106**	**68,500**	**10,028**	**323,741**
Depreciation and amortisation expense		2,515	10,420	4,034	2,081	14,101	108	33,259
Net interest expense		(7)	-	(33)	745	9,331	608	10,644
Impairment of inventories	Note 9	11	1,102	(22)	260	874	-	2,225
Impairment of trade receivables	Note 8	71	12	13	13	42	13	164
Income tax expense (income)		1,616	18,559	16,041	169	689	1,342	38,416
Other non cash expenses / (revenue)		(84)	106	16	(209)	(612)	(156)	(939)
Total segment assets		**71,385**	**273,807**	**98,220**	**28,751**	**259,081**	**40,042**	**771,286**
Total segment assets include:								
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets		3,692	9,056	5,473	947	13,508	35	32,711
Total segment liabilities		**12,638**	**47,611**	**31,530**	**3,631**	**51,699**	**8,958**	**156,067**

4 Segment information (continued)

(b) Segment information provided to the Managing Director (continued)

2009	Notes	Industrial $'000	Mining Products $'000	Rail $'000	Power and Cement $'000	Engineered Products $'000	All other segments $'000	Total $'000
Total segment revenue		79,958	436,544	272,095	56,877	355,754	110,591	1,311,819
Inter-segment revenue		-	(26,501)	-	-	-	(76,112)	(102,613)
Revenue from external customers		**79,958**	**410,043**	**272,095**	**56,877**	**355,754**	**34,479**	**1,209,206**
Gross margin		24,471	140,356	44,148	18,362	101,591	12,332	341,260
Depreciation and amortisation expense		2,825	10,337	3,331	2,324	14,049	218	33,084
Net interest expense		-	14	(4)	1,909	12,686	2,201	16,806
Impairment of inventories	Note 9	4	1,131	378	715	120	-	2,348
Impairment of trade receivables	Note 8	3	40	-	2	1,731	-	1,776
Income tax expense (income)		1,858	22,166	5,785	(431)	7,442	980	37,800
Other non cash expenses / (revenue)		451	120	1,292	153	1,845	91	3,952
Total segment assets		**70,066**	**285,229**	**89,348**	**40,107**	**278,272**	**50,962**	**813,984**
Total segment assets include:								
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets		10,599	23,184	12,813	2,502	158,730	251	208,079
Total segment liabilities		**12,942**	**46,757**	**33,165**	**7,095**	**49,093**	**8,238**	**157,290**

(c) Other segment information

The Group's divisions are managed on a global basis and operate in four main geographical areas, Australia, the home country of the parent entity, the UK, the US, China and Other countries. The majority of revenue classified as "Other" relates to various European, Asian and North and South American countries.

(i) Segment revenue

Sales between segments under the same tax jurisdiction are made at variable cost and are eliminated on consolidation. Sales between segments under different tax jurisdictions are carried out at arms length and are eliminated on consolidation.

The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the income statement. Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000
Total segment revenue	**1,094,755**	1,311,819
Intersegment eliminations	**(91,063)**	(102,613)
Interest revenue	**163**	314
Other revenue	**691**	195
Bond repurchase gains	**35**	11,254
Rental income	**346**	358
Royalty income	**1,060**	290
Sale of scrap	**1,572**	715
Other	**874**	1,239
Total revenue from continuing operations (note 5)	**1,008,433**	1,223,571

Segment revenues are allocated based on the country in which the customer is located.

	2010 $'000	2009 $'000
Australia	**663,489**	660,863
US	**216,772**	350,577
Other countries	**123,431**	197,766
Revenue from external customers	**1,003,692**	1,209,206

4 Segment information (continued)

(c) Other segment information (continued)

(ii) Gross margin

The Managing Director assesses the performance of each operating segment based on a measure of gross margin. Gross margin is considered the most relevant measure of individual segment results as manufacturing plants all make product for the various segments and transfer product at cost. This measurement basis excludes the allocation of manufacturing variances and overheads from individual manufacturing plants as any allocation would be arbitrarily based.

A reconciliation of standard gross margin to operating profit before income tax is provided as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Gross margin	**323,741**	341,260
Fixed manufacturing overheads and other cost of sale adjustments	**(94,711)**	(115,971)
Other reveune	**1,158**	-
Other income	**4,741**	14,365
Selling and technical expenses	**(40,896)**	(42,156)
Administration expenses	**(67,027)**	(69,114)
Finance costs	**(30,484)**	(35,476)
Profit before income tax	**96,522**	92,908

(iii) Segment assets

The amounts provided to the Managing Director with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Reportable segments' assets are reconciled to total assets as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Segment assets	**771,286**	813,984
Unallocated:		
Inventories	**(2,097)**	(1,892)
Current receivables	**(29,742)**	(25,398)
Non-current receivables	**-**	5
Derivative financial instruments	**120**	16
Intangibles	**113,604**	116,926
Property, plant and equipment	**11,638**	12,281
Available for sale financial assets	**46,941**	10,379
Deferred tax assets	**8,547**	12,478
Cash and cash equivalents	**63,532**	13,210
Total assets as per the balance sheet	**983,829**	951,989

Segment assets are allocated based on where the assets are located.

Australia	**422,965**	458,911
UK	**30,575**	40,107
US	**259,081**	278,272
China	**55,586**	33,662
Other countries	**3,079**	3,032
Total segment assets	**771,286**	813,984

4 Segment information (continued)

(c) Other segment information (continued)

(iv) Segment liabilities

The amounts provided to the Managing Director with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and the physical location of the liabilities. Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Segment liabilities	**156,067**	157,290
Unallocated:		
Payables	**12,146**	4,076
Derivative financial instruments	**414**	-
Current provisions	**3,237**	3,232
Non-current provisions	**2,390**	2,390
Current borrowings	**16,007**	43,675
Non-current borrowings	**285,987**	359,399
Current tax liabilities	**10,137**	3,104
Deferred tax liabilities	**25,736**	29,168
Total liabilities as per the balance sheet	**512,121**	602,334

5 Profit from ordinary activities

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Revenue				
From continuing operations				
Sales revenue				
Sale of goods	**1,003,692**	1,209,206	**-**	-
	1,003,692	1,209,206	**-**	-
Other revenue				
Interest	**163**	314	**-**	-
Dividends	**691**	195	**-**	75,000
Bond repurchase gains	**35**	11,254	**-**	-
Rental income	**346**	358	**-**	-
Royalty income	**1,060**	290	**-**	-
Sale of scrap	**1,572**	715	**-**	-
Other	**874**	1,239	**-**	-
	1,008,433	1,223,571	**-**	75,000

Other income

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Foreign exchange gains (net) (note (a))	**1,158**	-	**-**	-
	1,158	-	**-**	-

(a) Net foreign exchange gains

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Net foreign exchange gains included in other income for the year	**1,158**	-	**-**	-
Net foreign exchange gains recognised in profit before income tax for the year (as either other income or expense)	**1,158**	-	**-**	-

5 Profit from ordinary activities (continued)

Expenses

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Buildings	**1,953**	1,645	**-**	-
Plant & equipment	**26,406**	26,575	**-**	-
Leasehold improvements	**7**	6	**-**	-
Plant & equipment under finance leases	**4,817**	4,635	**-**	-
Total depreciation	**33,183**	32,861	**-**	-
Amortisation				
Customer lists	**3,113**	3,548	**-**	-
Trademarks	**360**	324	**-**	-
Licences and other	**3,540**	4,296	**-**	-
Total amortisation	**7,013**	8,168	**-**	-
Finance costs - net				
Interest and finance charges paid/payable	**30,482**	33,677	**-**	-
Borrowing costs amortisation	**4,013**	2,678	**-**	-
	34,495	36,355	**-**	-
Amount capitalised (note (a))	**(4,011)**	(879)	**-**	-
Finance costs expensed	**30,484**	35,476	**-**	-
Net loss on disposal of property, plant and equipment	**599**	72	**-**	-
Rental expense relating to operating leases				
Minimum lease payments	**4,102**	3,350	**-**	-
Total rental expense relating to operating leases	**4,102**	3,350	**-**	-
Foreign exchange gains and losses				
Net foreign exchange losses	**-**	2,088	**-**	-
Net foreign exchange losses recognised in profit before income tax for the year (as either other income or expense)	**-**	2,088	**-**	-
Research and development	**2,843**	6,196	**-**	-
ESCO arbitration award	**9,200**	-	**-**	-
Warranty	**3,955**	4,711	**-**	-
Stock Obsolescence	**2,225**	2,348	**-**	-
Net bad and doubtful debts expense (revenue) including movements in doubtful debts provision	**164**	1,776	**-**	-
Employee benefits expense	**290,675**	350,129	**-**	-

(a) Capitalised borrowing costs

The borrowing costs capitalised represent amounts incurred upfront to renew finance facilities.

6 Income tax expense

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current tax	**26,672**	25,783	**-**	-
Deferred tax	**(2,119)**	2,077	**-**	-
Adjustment for current tax of prior periods	**1,199**	25	**-**	-
	25,752	27,885	**-**	-
Income tax expense is attributable to:				
Profit from continuing operations	**25,752**	27,885	**-**	-
Aggregate income tax expense	**25,752**	27,885	**-**	-
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 13)	**(3,226)**	(1,860)	**-**	-
(Decrease) increase in deferred tax liabilities (note 20)	**1,107**	3,937	**-**	-
	(2,119)	2,077	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**96,522**	92,908	**-**	75,000
	96,522	92,908	**-**	75,000
Tax at the Australian tax rate of 30% (2009: 30%)	**28,957**	27,872	**-**	22,500
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	**45**	53	**-**	-
Research and development	**(213)**	(762)	**-**	-
Share based payments	**708**	419	**-**	-
Tax offset for franked dividends	**(207)**	-	**-**	(22,500)
Sundry items	**(1,380)**	(509)	**-**	-
	27,910	27,073	**-**	-
Difference in overseas tax rates	**(2,185)**	787	**-**	-
Adjustment for current tax of prior periods	**458**	25	**-**	-
Deferred tax assets restated for reduction in overseas tax rate	**(6)**	-		
Prior year tax losses not recognised now recouped	**(425)**	-	**-**	-
Income tax expense	**25,752**	27,885	**-**	-
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (notes 13 and 20)	**(2,180)**	867	**-**	-
	(2,180)	867	**-**	-
(d) Tax expense (income) relating to items of other comprehensive income				
Available-for-sale financial assets (note 22(a))	**4,986**	(3,506)	**-**	-
Cash flow hedges (note 22(a))	**(188)**	(276)	**-**	-
	4,798	(3,782)	**-**	-

6 Income tax expense (continued)

(e) Tax consolidation legislation

Bradken Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Bradken Limited.

The Australian entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Bradken Limited for any current tax payable assumed and are compensated by Bradken Limited for any current tax receivable and deferred tax assets relating to the unused tax losses or unused tax credits that are transferred to Bradken Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 28(e)).

7 Cash and cash equivalents

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**63,565**	13,243	**-**	-
	63,565	13,243	**-**	-

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Balances as above	**63,565**	13,243	**-**	-
Bank overdrafts (note 18)	**(198)**	(12,736)	**-**	-
Balances per statement of cash flows	**63,367**	507	**-**	-

(b) Interest rate risk exposure

The Group's and parent entity's exposure to interest rate risk is discussed in note 2.

8 Receivables

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables	**102,594**	144,978	**-**	-
Provision for impairment of receivables	**(358)**	(991)	**-**	-
	102,236	143,987	**-**	-
Other receivables	**31,077**	10,409	**-**	-
Prepayments	**9,035**	6,417	**-**	-
	142,348	160,813	**-**	-
Non-current				
Inter-group loans	**-**	-	**340,493**	285,432
Other receivables	**1,485**	1,847	**-**	-
	1,485	1,847	**340,493**	285,432

(a) Impaired trade receivables

As at 30 June 2010 current trade receivables of the Group with a nominal value of $358,000 (2009: $991,000) were impaired. The amount of the provision was $358,000 (2009: $991,000). There were no impaired trade receivables for the parent in 2010 or 2009.

Movements in the provision for impairment of receivables are as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Balance at 1 July	**991**	93	**-**	-
Balances acquired on acquisition	**-**	590	**-**	-
Charge for the year	**164**	1,776	**-**	-
Receivables written off during the year as uncollectable	**(267)**	(1,552)	**-**	-
Unused amounts reversed	**(472)**	-	**-**	-
Foreign currency exchange differences	**(58)**	84	**-**	-
Balance at 30 June	**358**	991	**-**	-

The creation and release of the provision for impaired receivables has been included in administration expenses in the income statement. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

At 30 June, the ageing analysis of trade receivables is as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current	**61,340**	88,487	**-**	-
0-30 days	**31,031**	35,362	**-**	-
31-60 days	**3,819**	10,045	**-**	-
61-90 days	**2,191**	8,208	**-**	-
91 + days	**4,213**	2,876	**-**	-
Total	**102,594**	144,978	**-**	-

As at 30 June 2010 trade receivables of $358,000 (2009:$991,000) were past due and considered impaired and trade receivables of $40,896,000 (2009:$55,500,000) were past due but not impaired.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

In relation to the receivables recognised as past due but not impaired and impaired, collateral is held in the form of a retention of title over the goods until payment is received. Given the consumable nature of these goods the ability to determine an accurate value for this collateral has been unable to be performed.

8 Receivables (continued)

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group and also include amounts receivable based on the revenue recognised for contracts on a percentage of completion basis.

(d) Fair values

The fair values and carrying values of non-current receivables of the Group are as follows:

	2010		2009	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Other receivables	**1,485**	1,485	**1,847**	1,847
	1,485	1,485	**1,847**	1,847

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

(e) Credit risk

There is no concentration of credit risk with respect to current and non-current receivables, as the Group has a large number of customers, nationally and internationally dispersed. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

(f) Foreign exchange and interest rate risk

The carrying amounts of the Group's and parent entity current and non-current receivables are denominated in the following currencies:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Australian Dollars	**84,041**	88,642	**340,493**	285,432
US Dollars	**44,694**	61,054	**-**	-
Great British Pounds	**3,747**	4,393	**-**	-
Euros	**1,407**	4,331	**-**	-
Other *	**9,944**	4,240	**-**	-
	143,833	162,660	**340,493**	285,432

* Other refers to a basket of currencies (South African Rand, New Zealand Dollars, Canadian Dollars, Chinese Yuan)

Further information about the Group's and the parent entity's exposure to credit risk, foreign exchange risk and interest rate risk in relation to trade and other receivables is provided in note 2.

9 Inventories

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Construction work in progress:				
Contract costs incurred and recognised profits less recognised losses	**564,069**	314,570	**-**	-
Progress billing	**(558,214)**	(313,210)	**-**	-
Net construction work in progress	**5,855**	1,360	**-**	-
Raw materials and stores - at cost	**37,528**	48,338	**-**	-
Work in progress - at cost	**60,098**	66,661	**-**	-
Finished goods- at net realisable value	**58,894**	61,716	**-**	-
	162,375	178,075	**-**	-

(a) Inventory expense

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2010 amounted to $2,225,000 (2009: $2,348,000). The expense has been included in 'cost of sales' in the income statement.

10 Derivative financial instruments

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current assets				
Interest rate swap and cap contracts - cash flow hedges ((a)(i))	**120**	552	**-**	-
Forward foreign exchange contracts - cash flow hedges ((a)(ii))	**118**	128	**-**	-
Total current derivative financial instrument assets	**238**	680	**-**	-
Current liabilities				
Interest rate swap contracts - cash flow hedges ((b)(i))	**190**	-	**-**	-
Forward foreign exchange contracts ((a)(ii))	**342**	-	**-**	-
Total current derivative financial instrument liabilities	**532**	-	**-**	-
	(294)	680	**-**	-

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 2).

(i) Interest rate swap and interest rate cap contracts - cash flow hedges

Bank loans of the Group had an average variable interest rate of 6.60% at 30 June 2010 (2009: 4.25%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates, and interest rate caps which provide protection over an agreed interest rate level.

Swaps and caps currently in place cover approximately 61% (2009: 38%) of the non US bank loans while the US bank loans are 100% floating. The average fixed interest for the swaps and caps is 4.47% (2009: 5.30%). The US Senior Notes are at a fixed rate of 11%.

At 30 June 2010, the notional principal amounts and periods of expiry of the interest rate swap and cap contracts are as follows:

	2010	2009
	$'000	$'000
Interest rate swap contracts		
Less than 1 year	**-**	8,750
1 - 2 years	**60,000**	-
2 - 3 years	**37,621**	60,000
	97,621	68,750
Interest rate cap contract		
Less than 1 year	**-**	30,000
2 - 3 years	**20,000**	-
	20,000	30,000

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately.

At balance date for the Group these contracts were net liabilities with fair value of $70,000 (2009: $552,000 asset). In the year ended 30 June 2010 there was a loss from the change in fair value of $622,000 (2009: $920,000 loss).

10 Derivative financial instruments (continued)

(ii) Forward exchange contracts

It is the policy of the Group 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 and ranges of maturity as at reporting date:

	2010	2009	**2010**	2009
	$'000	$'000	**Average exchange rate**	
Sell Australian Dollars				
Buy US Dollars				
0 to 3 months	**52,464**	15,932	**0.8772**	0.7759
3 to 6 months	**7,478**	10,482	**0.8495**	0.7726
6 to 12 months	**559**	-	**0.8704**	-
Buy Euros				
0 to 3 months	**401**	3,265	**0.6441**	0.5652
3 to 6 months	**-**	2,072	**-**	0.5716
Buy Great British Pounds				
0 to 3 months	**2**	2,918	**0.5818**	0.4719
Buy Canadian Dollars				
0 to 3 months	**56,470**	-	**0.8860**	-
Buy Japanese Yen				
0 to 3 months	**-**	1,001	**-**	94.8600
3 to 6 months	**-**	55	**-**	67.4800
Sell New Zealand Dollars				
Buy Australian Dollars				
0 to 3 months	**-**	259	**-**	0.8383
3 to 6 months	**-**	313	**-**	0.7858
Sell Great British Pounds				
Buy Euros				
0 to 3 months	**-**	1,758	**-**	1.1369
3 to 6 months	**83**	-	**1.2103**	-
Buy Australian Dollars				
0 to 3 months	**199**	-	**1.7295**	-
Buy Australian Dollars				
Sell US Dollars				
0 to 3 months	**14,451**	5,850	**0.8729**	0.7497
3 to 6 months	**7,651**	4,931	**0.8622**	0.7659
6 to 12 months	**7,579**	1,693	**0.8774**	0.7991
Sell Euros				
0 to 3 months	**367**	-	**0.5897**	-
3 to 6 months	**2,370**	-	**0.5897**	-
6 to 12 months	**1,706**	-	**0.5897**	-
Sell Japanese Yen				
3 to 6 months	**1,809**	-	**81.0600**	-

10 Derivative financial instruments (continued)

(ii) Forward exchange contracts (continued)

	2010	2009	2010	2009
	$'000	$'000	Average exchange rate	
Buy Great British Pounds				
Sell US Dollars				
0 to 3 months	**269**	393	**1.4817**	1.4015
3 to 6 months	**48**	45	**1.4630**	1.5552
Sell Euros				
0 to 3 months	**1,049**	5,172	**1.1593**	1.1216
3 to 6 months	**321**	700	**1.1629**	1.1433
Sell South African Rands				
0 to 3 months	**461**	131	**11.3119**	14.5561
3 to 6 months	**132**	-	**11.3292**	-

Amounts disclosed above represent currency bought and sold measured at the contracted rate.

The Group has not classified any of these hedging instruments to be effective hedges.

Group

At balance date these contracts were net liabilities of $224,000 (2009: $128,000 asset).

In the year ended 30 June 2010 there was a loss from the change in fair value of the liability of $352,000 (2009: gain of $511,000)

(b) Risk exposures

Further information about the Group's and the parent entity's exposure to credit risk, foreign exchange risk and interest rate risk is provided in note 2.

11 Financial assets (non current)

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Shares in subsidiaries (note 30)	**-**	-	**172,292**	172,292
	-	-	**172,292**	172,292

12 Property, plant and equipment

Consolidated	Freehold land $'000	Buildings $'000	Leasehold improve-ments $'000	Plant and equipment $'000	Leased plant and equipment $'000	Capital works in progress $'000	Total $'000
At 1 July 2008							
Cost or fair value	17,290	53,804	292	224,318	20,133	17,284	333,121
Accumulated depreciation	-	(4,029)	(42)	(76,892)	(13,484)	-	(94,447)
Net book amount	17,290	49,775	250	147,426	6,649	17,284	238,674
Year ended 30 June 2009							
Opening net book amount	17,290	49,775	250	147,426	6,649	17,284	238,674
Exchange differences	-	126	3	12,274	337	-	12,740
Additions	1,417	23,418	-	-	5,114	51,043	80,992
Acquisition through entity acquired	9,096	19,192	-	59,228	1,480	3,378	92,374
Transfer (to)/from capital work in progress	-	-	-	44,051	-	(44,051)	-
Disposals	-	(207)	-	(336)	(46)	-	(589)
Depreciation charge	-	(1,645)	(6)	(26,575)	(4,635)	-	(32,861)
Closing net book amount	27,803	90,659	247	236,068	8,899	27,654	391,330
At 30 June 2009							
Cost or fair value	27,803	97,321	295	350,797	26,912	27,654	530,782
Accumulated depreciation	-	(6,662)	(48)	(114,729)	(18,013)	-	(139,452)
Net book amount	27,803	90,659	247	236,068	8,899	27,654	391,330
Year ended 30 June 2010							
Opening net book amount	27,803	90,659	247	236,068	8,899	27,654	391,330
Exchange differences	-	(2,813)	5	(5,185)	(29)	-	(8,022)
Additions	-	-	-	-	5,977	29,285	35,262
Transfer (to)/from capital work in progress	203	11,512	-	23,297	2,096	(37,108)	-
Disposals	-	(1)	-	(389)	(15)	-	(405)
Depreciation charge	-	(1,953)	(7)	(26,406)	(4,817)	-	(33,183)
Closing net book amount	28,006	97,404	245	227,385	12,111	19,831	384,982
At 30 June 2010							
Cost or fair value	28,006	105,917	301	364,824	34,558	19,831	553,437
Accumulated depreciation	-	(8,513)	(56)	(137,439)	(22,447)	-	(168,455)
Net book amount	28,006	97,404	245	227,385	12,111	19,831	384,982

Parent entity

There were no property, plant and equipment assets in the parent entity during the period 1 July 2008 to 30 June 2010.

(a) Non current assets pledged as security

Refer to note 18 for information on non-current assets pledged as security by the parent entity and its controlled entities.

13 Deferred tax assets

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful debts	**266**	273	**-**	-
Employee benefits	**11,848**	11,984	**-**	-
Pension contributions subject to spreading (UK)	**14**	116	**-**	-
Depreciation	**1,212**	-	**-**	-
Other provisions	**2,519**	2,515	**-**	-
Unrealised foreign exchange differences	**1,156**	1,899	**-**	-
Other accruals	**7,184**	1,068	**-**	-
Tax losses *	**1,693**	3,238	**-**	-
Unrealised loss available for sale financial assets	**-**	1,030	**-**	-
	25,892	22,123	**-**	-
Amounts recognised directly in equity				
Revaluation of financial assets at fair value	**3,703**	-	**-**	-
Cash flow hedges	**21**	-	**-**	-
	3,724	-	**-**	-
Total deferred tax assets	**29,616**	22,123	**-**	-
Set off of deferred tax liabilities of parent entity pursuant to set off provisions (note 20)				
Net deferred tax assets	**(21,069)**	(9,645)	**-**	-
	8,547	12,478	**-**	-
Movements:				
Opening balance at 1 July	**22,123**	17,042	**-**	-
Credited/(charged) to the income statement (note 6)	**3,226**	1,860	**-**	-
Credited/(charged) to other comprehensive income (note 6)	**188**	1,306	**-**	-
Credited/(charged) to equity	**1,193**	(55)	**-**	-
Pension assets transferred to deferred tax assets	**2,886**	-	**-**	-
Acquisition of subsidiary (note 29)	**-**	1,970	**-**	-
Closing balance at 30 June	**29,616**	22,123	**-**	-
Deferred tax asset to be recovered after more than 12 months	**15,923**	10,852	**-**	-
Deferred tax asset to be recovered within 12 months	**13,693**	11,271	**-**	-
	29,616	22,123	**-**	-

* The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

14 Intangible assets

Consolidated	Goodwill	Customers	Trademarks	Licences and other	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2008					
Cost	49,350	-	-	38,983	88,333
Accumulated amortisation and impairment	-	-	-	(27,991)	(27,991)
Net book amount	49,350	-	-	10,992	60,342
Year ended 30 June 2009					
Opening net book amount	49,350	-	-	10,992	60,342
Additions	-	-	-	311	311
Acquisition of subsidiary	84,472	33,344	3,352	359	121,527
Foreign exchange variation	3,263	5,304	392	173	9,132
Amortisation charge	-	(3,548)	(324)	(4,296)	(8,168)
Closing net book amount	137,085	35,100	3,420	7,539	183,144
At 30 June 2009					
Cost	137,085	38,648	3,744	39,826	219,303
Accumulated amortisation and impairment	-	(3,548)	(324)	(32,287)	(36,159)
Net book amount	137,085	35,100	3,420	7,539	183,144
Year ended 30 June 2010					
Opening net book amount	137,085	35,100	3,420	7,539	183,144
Additions	-	-	-	34	34
Foreign exchange variation	(1,209)	(1,457)	(139)	(9)	(2,814)
Amortisation charge	-	(3,113)	(360)	(3,540)	(7,013)
Closing net book amount	135,876	30,530	2,921	4,024	173,351
At 30 June 2010					
Cost	135,876	37,191	3,605	39,851	216,523
Accumulated amortisation and impairment	-	(6,661)	(684)	(35,827)	(43,172)
Net book amount	135,876	30,530	2,921	4,024	173,351

(a) Impairment tests for goodwill and other intangibles

The impairment testing has been performed on the following cash generating units, Industrial, Mining Products, Rail, Power & Cement, Engineered Products and CMS.

The recoverable amount of the CGU is determined based on a value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a perpetual growth rate of between 1.5% and 3.0% pa.

The carrying amounts of goodwill as disclosed in the balance sheet is $5.0m for the Industrial segment, $4.8m for the Rail segment, $25.0m for the Mining Products segment,$8.9m for the Power & Cement segment, $86.6m for the Engineered Products segment and $5.5m for CMS included in All Other Segments.

Included in Trademarks is an indefinite life intangible of $2,546,000 relating to a trading name in the US, due to the nature of this intangible and the likelihood that the Company will continue to use the name well into the future, an indeterminate life was estimated. The fair value of the trade name is calculated using the Relief from Royalty Rate method, which provides sufficient cover over the book value.

(b) Key assumptions used for value in use calculations

Management determined assumptions on revenue growth, gross margin, overhead level, working capital and capital expenditure have been determined based on past performance and expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports.

In performing the value-in-use calculations, the company has applied a post tax discount rate to discount the forecast future attributable post tax cash flows. The post tax discount rate used is an estimated WACC of 11.0% (2009: 8.9%), which would translate into a pre tax discount rate of 15.7% (2009: 12.7%).

The pre tax discount rate for the US operations was 19.4% (2009: 19.1%) reflecting specific issues in the US.

14 Intangible assets (continued)

(c) Impact of possible changes in key assumptions

The impairment testing highlights a reasonable buffer between the value-in-use amount and the net book value of assets of the CGU's. Significant changes in the major assumptions would be required to generate an impairment charge.

(d) Licence renewal

The Amsted licence expires in May 2011. The carrying value of the licence is nil. The Esco licence expires on 30 June 2011 and will not be renewed.

15 Available for sale financial assets

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At beginning of year	**10,379**	19,100	**-**	-
Reversal on 100% acquisition of Americast Technology Inc.	**-**	(19,100)	**-**	-
Additions	**19,938**	13,814	**-**	-
Revaluation surplus/(deficit) transfer to equity	**16,621**	(3,435)	**-**	-
At end of year	**46,938**	10,379	**-**	-
Listed securities (note (a))				
Equity securities	**46,938**	10,379	**-**	-
	46,938	10,379	**-**	-

(a) Listed securities

Listed securities represent an investment in Austin Engineering Limited made in the period.

16 Payables

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables	**74,341**	85,280	**-**	-
Other payables	**44,202**	30,867	**-**	-
	118,543	116,147	**-**	-

(a) Foreign currency risk

The carrying amounts of the Group's and parent entity's payables are denominated in the following currencies:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent entity 2010 $'000	Parent entity 2009 $'000
Australian Dollars	**70,849**	67,354	**-**	-
US Dollars	**33,137**	35,386	**-**	-
Great British Pounds	**3,809**	5,777	**-**	-
Other *	**10,748**	7,630	**-**	-
	118,543	116,147	**-**	-

* Other refers to a basket of currencies (Euros, Japanese Yen, New Zealan Dollars, Chinese Yuan, Chilean Pesos)

(b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

17 Provisions

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current				
Employee benefits	**35,207**	34,898	**-**	-
Warranty	**1,683**	2,741	**-**	-
	36,890	37,639	**-**	-
Non-current				
Employee benefits	**12,500**	10,084	**-**	-
	12,500	10,084	**-**	-

17 Provisions (continued)

(a) Warranties

Provision is made for known warranty claims at balance date. Most claims are expected to be settled in the next financial year. Management estimates the provision based on expected costs to be incurred to resolve the warranty claim.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated - 2010 Warranty	Current $'000	Non current $'000
Carrying amount at start of year	2,741	-
Additional provisions recognised	3,955	-
FX variations	(38)	
Amounts used	(4,975)	-
Carrying amount at end of year	1,683	-

(c) Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Long service leave obligation expected to be settled after 12 months	**728**	1,279	**-**	-

18 Borrowings

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current - secured				
Bank overdrafts	**198**	12,736	**-**	-
Bank loans	**16,847**	26,535	**-**	-
Lease liabilities (note 27)	**4,447**	4,427	**-**	-
Hire purchase liabilities (note 27)	**1,199**	836	**-**	-
Total secured current borrowings	**22,691**	44,534	**-**	-
Current - unsecured				
Other loans	**1,363**	1,615	**-**	-
Total unsecured current borrowings	**1,363**	1,615	**-**	-
Total current borrowings	**24,054**	46,149	**-**	-
Non-current secured				
Bank loans	**198,888**	268,791	**-**	-
Lease liabilities (note 27)	**7,908**	5,095	**-**	-
Hire purchase liabilities (note 27)	**-**	1,039	**-**	-
Total secured non-current borrowings	**206,796**	274,925	**-**	-
Non-current unsecured				
US senior notes	**76,933**	85,118	**-**	-
Total unsecured non-current borrowings	**76,933**	85,118	**-**	-
Total non-current borrowings	**283,729**	360,043	**-**	-

18 Borrowings (continued)

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Secured liabilities				
The total secured liabilities (current and non-current) are as follows:				
Bank loans	**215,933**	308,062	**-**	-
Lease liabilities	**12,355**	9,522	**-**	-
Hire purchase liabilities	**1,199**	1,875	**-**	-
Total secured liabilities	**229,487**	319,459	**-**	-

(b) Other loans

Other loans are repayable within twelve months. The current interest rate on these loans are 5.48% (2009: 5.13%).

(c) Risk exposures

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent entity 2010 $'000	Parent entity 2009 $'000
Australian Dollars	**171,020**	238,615	**-**	-
Great British Pounds	**31,718**	36,742	**-**	-
US Dollars	**99,488**	130,835	**-**	-
Chinese Yuan	**5,557**	-	**-**	-
	307,783	406,192	**-**	-

Further information about the Group's and the parent entity's exposure to foreign exchange risk and interest rate risk and an analysis of the sensitivity of borrowings to interest rate and foreign exchange risk, is provided in note 2.

(d) Assets pledged as security

The security arrangements are split into two different sections, one for the US bank loans and another for the non-US bank loans. The US bank loans are secured by a first priority security interest in and lien on substantially all the assets of the US subsidiaries. The non-US bank loans are secured by fixed and floating charges over all the assets of the guarantor group together with mortgages over interest in real property.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. Hire purchase liabilities are effectively secured as the rights to the hire purchase assets recognised in the financial statements under plant and equipment revert to the hirer in the event of default.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current				
Floating charge				
Cash and cash and cash equivalents	**61,382**	9,518	**-**	-
Receivables	**136,441**	145,732	**-**	-
Inventories	**135,982**	136,512	**-**	-
Derivative financial instruments	**238**	680	**-**	-
Total current assets pledged as security	**334,043**	292,442	**-**	-
Non-current				
First mortgage				
Freehold land and buildings	**58,284**	56,556	**-**	-
Finance lease and hire purchase				
Plant & equipment	**12,063**	8,746	**-**	-
Floating charge				
Receivables - non-current	**1,485**	1,820	**340,493**	285,432
Financial assets	**-**	-	**172,292**	172,292
Property plant & equipment	**290,880**	295,496	**-**	-
Available for sale financial assets	**46,938**	10,379	**-**	-
	339,303	307,695	**512,785**	457,724
Total non-current assets pledged as security	**409,650**	372,997	**512,785**	457,724
Total assets pledged as security	**743,693**	665,439	**512,785**	457,724

18 Borrowings (continued)

(e) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Credit standby arrangements				
Total facilities				
Bank overdrafts	**30,962**	30,000	**-**	-
Standby letters of credit and bank guarantees	**101,762**	70,000	**-**	-
	132,724	100,000	**-**	-
Used at balance date				
Bank overdrafts	**-**	12,736	**-**	-
Standby letters of credit and bank guarantees	**70,941**	55,701	**-**	-
	70,941	68,437	**-**	-
Unused at balance date				
Bank overdrafts	**30,962**	17,264	**-**	-
Standby letters of credit and bank guarantees	**30,821**	14,299	**-**	-
	61,783	31,563	**-**	-
Bank loan facilities				
Total facilities	**408,517**	384,925	**-**	-
Used at balance date	**222,214**	300,902	**-**	-
Unused at balance date	**186,303**	84,023	**-**	-
US senior notes				
Total facilities	**76,933**	85,118	**-**	-
Used at balance date	**76,933**	85,118	**-**	-
Unused at balance date	**-**	-	**-**	-

Bank overdrafts, standby letters of credit and bank guarantees comprise the following:

(a) $A130m working capital facility incorporating bank guarantee issuance facilities and an overdraft facility component

(b) £1.5m multi option facility comprising a committed overdraft limit and a guarantee and bonds limit

(c) NZD $100k overdraft limit.

The non US facility can be drawn at any time and has two tranches, one in Australian dollars (A$280,000,000) and the other in Great British Pounds (£18,000,000), and has a maturity date of December 2012. Current interest rates are 7.19% (2009: 4.25%)

The term amortising loan for the US business is in US dollars (US$20,000,000), with a maturity date of November 2011. Current interest rate 2.37% (2009: 2.22%)

The US dollar revolving facility for the US businesses (US$55,000,000) can be drawn at any stage, with a maturity date of November 2011. Current interest rate of 2.04% (2009: 1.86%).

The revolving loan/overdraft for the Chinese business (RMB 100,000,000) has a maturity date of November 2010. Current interest rate of 5.21% (2009: N/A).

The US senior notes are unsecured notes financing the US businesses with a maturity date of December 2014 with a fixed interest rate of 11%

(f) Fair value

The carrying amounts and fair values of interest bearing liabilities at balance date are:

	2010		2009	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
On balance sheet				
Non traded financial liabilities				
Bank overdrafts	**198**	**198**	12,736	12,736
Bank loans	**215,735**	**215,735**	295,326	295,326
US senior notes	**76,933**	**76,933**	85,118	85,118
Other loans	**1,363**	**1,363**	1,615	1,615
Lease liabilities	**12,355**	**12,355**	9,522	9,522
Hire purchase liabilities	**1,199**	**1,199**	1,875	1,875
	307,783	**307,783**	406,192	406,192

18 Borrowings (continued)

(f) Fair value (continued)

Fair value is inclusive of costs which would be incurred on settlement of a liability.

(i) On balance sheet

The fair value of interest bearing liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

(ii) Off balance sheet

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 26. As explained in those notes, no material losses are anticipated in respect of any of those contingencies.

19 Retirement benefit obligations

(a) Superannuation plan

All employees of the Group are entitled to benefit from various superannuation or pension plans on retirement, disability or death. The Group operates one defined benefit retirement plan in the United States that covers hourly employees hired before May 10, 1993 in one of our US subsidiaries. Benefits for the defined benefit plan are determined on years of credited service. The Group also operates a number of defined contribution plans which receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

The following sets out details in respect of the defined benefit plan only. The expense recognised in relation to the defined contribution plans is disclosed in note 5.

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Present value of the defined benefit obligation	**30,643**	27,599	**-**	-
Fair value of defined benefit plan assets	**(20,295)**	(20,007)	**-**	-
Net liability in the balance sheet	**(10,348)**	(7,592)	**-**	-

The Group has no legal obligation to settle this liability with an immediate contribution or additional one off contributions. The Company contributes such amounts as deemed necessary on an actuarial basis to provide the Plan with assets sufficient to meet benefits paid to Plan participants.

(c) Categories of the plan assets

The major categories of plan assets are as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash equivalents	**4,476**	2,609	**-**	-
Fixed interest	**1,839**	2,307	**-**	-
Equity securities	**13,980**	15,091	**-**	-
	20,295	20,007	**-**	-

(d) Reconciliations

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**27,599**	-	**-**	-
Current service cost	**269**	328	**-**	-
Interest cost	**1,590**	1,842	**-**	-
Plan amendments	**-**	875	**-**	-
Actuarial (gains) and losses	**4,026**	1,703	**-**	-
Benefits paid	**(1,477)**	(1,714)	**-**	-
Acquired in business combinations	**-**	21,229	**-**	-
FX Translation	**(1,364)**	3,336	**-**	-
	30,643	27,599	**-**	-
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	**20,007**	-	**-**	-
Actual return on plan assets	**2,719**	(4,941)	**-**	-
Contributions by Group companies	**97**	-	**-**	-
Benefits paid	**(1,477)**	(1,714)	**-**	-
Acquired in business combinations	**-**	22,216	**-**	-
FX Translation	**(1,051)**	4,446	**-**	-
	20,295	20,007	**-**	-

19 Retirement benefit obligations (continued)

(e) Amounts recognised in profit or loss

The amounts recognised in profit or loss are as follow:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current service cost	**269**	328	**-**	-
Interest cost	**1,590**	1,842	**-**	-
Expected return on plan assets	**(1,263)**	(1,957)	**-**	-
Recognised net actuarial loss	**559**	-	**-**	-
Past service cost	**96**	69	**-**	-
Total included in employee benefits expense	**1,251**	282	**-**	-

(f) Amounts recognised in other comprehensive income

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Actuarial (loss)/gain recognised in the year	**(2,012)**	(8,600)	**-**	-
Cumulative actuarial (losses)/gains recognised in other comprehensive income	**(8,945)**	(8,401)	**-**	-

(g) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
Discount rate	**5.17%**	6.23%	**-**	-
Expected long-term return on plan assets	**7.00%**	7.00%	**-**	-
Rate of compensation increase	**N/A**	N/A	**-**	-

The Company selects the expected long-term rate of return on assets in consultation with its investment advisers and actuary. This rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits, and the plan is assumed to continue in force as long as assets are expected to be invested. In estimating that rate, appropriate consideration is given to historical performance for the major asset classes held or anticipated to be held by the plan and to current forecasts of future rates of return for those asset classes. Cash flow and expenses are taken into consideration to the extent that the expected return would be affected by them. Because assets are held in a qualified trust, anticipated returns are not reduced for taxes.

(h) Employer contributions

Employer contributions to the defined benefit plan are based on recommendations by the plan's actuary. Actuarial assessments are performed annually, and the last such assessment was made at 31 May 2010.

Total employer contributions expected to be paid by Group companies for the year ending 30 June 2011 are $682,891 (parent entity - $Nil).

(i) Historic summary

	2010	2009
	$'000	$'000
Defined benefit plan obligation	**30,643**	27,599
Plan assets	**(20,295)**	(20,007)
Surplus / (deficit)	**(10,348)**	(7,592)

20 Deferred tax liabilities

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Prepayments	**429**	840	**-**	-
Design assets	**230**	300	**-**	-
Unrealised foreign exchange differences	**4,198**	2,920	**-**	-
Leased assets	**-**	-	**-**	-
Financial at fair value through profit or loss	**1,658**	1,620	**-**	-
Licences	**968**	345	**-**	-
Depreciation	**33,987**	31,561	**-**	-
Other	**1,379**	-	**-**	-
	42,849	37,586	**-**	-
Amounts recognised directly in equity				
Acquisition adjustment for unrealised income	**-**	4,203	**-**	-
Revaluation of financial assets at fair value	**-**	(3,142)	**-**	-
Revaluation of Available-for-sale asset	**3,956**	-	**-**	-
Cash flow hedges	**-**	166	**-**	-
	3,956	1,227	**-**	-
Total deferred tax liabilities	**46,805**	38,813	**-**	-
Set off of deferred tax liabilities of parent entity pursuant to set off provisions (note 13)	**(21,069)**	(9,645)	**-**	-
Net deferred tax liabilities	**25,736**	29,168	**-**	-
Movements:				
Opening balance at 1 July	**38,813**	7,711	**-**	-
Pension assets transferred to deferred tax assets	**2,886**	-	**-**	-
Charged/(credited) to the income statement (note 6)	**1,107**	3,937	**-**	-
Charged/(credited) to other comprehensive income (note 6)	**4,986**	(2,476)	**-**	-
Charged/(credited) to equity (notes 21 and 22)	**(987)**	812	**-**	-
Acquisition of subsidiary (note 29)	**-**	28,829	**-**	-
Closing balance at 30 June	**46,805**	38,813	**-**	-
Deferred tax liabilities to be settled after more than 12 months	**43,696**	7,281	**-**	-
Deferred tax liabilities to be settled within 12 months	**3,109**	31,532	**-**	-
	46,805	38,813	**-**	-

21 Contributed equity

	Notes	Parent entity 2010 Shares	Parent entity 2009 Shares	Parent entity 2010 $'000	Parent entity 2009 $'000
(a) Share capital					
Ordinary shares	(b),(c)				
Fully paid		**138,747,494**	126,912,477	**468,460**	389,082
Total contributed equity				**468,460**	389,082

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue price	Parent entity $'000
At 1 July 2008	**Opening balance**		**106,071,765**		**246,661**
10 October 2008 to 9 February 2009	Exercise of Rights - shares acquired on market	(e)	-		(782)
7 August 2008 to 28 November 2008	Equity raising net of placement costs		17,496,171		138,735
27 March 2009	Dividend reinvestment plan issues	(d)	3,344,541		4,468
At 30 June 2009	**Balance**		**126,912,477**		**389,082**
8 September 2009 to 22 February 2010	Exercise of Rights	(e)	232,206		-
25 May 2009 to 23 June 2010	Equity raisings net of placement costs		8,228,333		57,912
7 September 2009	Dividend reinvestment plan issues	(d)	2,639,562		16,496
15 March 2010	Dividend reinvestment plan issues	(d)	734,916		4,970
At 30 June 2010	**Balance**		**138,747,494**		**468,460**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend reinvestment plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. The plan was active during the 2009 and 2010 years.

(e) Performance Rights Plan

Information relating to the Performance Rights Plan, including details of shares issued under the plan, is set out in note 35.

(f) Non-executive director share acquisition plan

Information relating to the non-exective director share acquisition plan, including details of shares issued under the plan, is set out in note 35.

(g) Share buy-back

There were no share buy-backs in the period.

22 Reserves and retained profits

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Hedging reserve - cash flow hedges	**(46)**	388	**-**	-
Share based payments reserve	**5,457**	3,097	**5,457**	3,097
Foreign currency translation reserve	**1,230**	4,897	**-**	-
Revaluation reserve	**9,230**	(2,405)	**-**	-
Transactions with non-controlling interests	**(469)**	-	**-**	-
	15,402	5,977	**5,457**	3,097
Movements:				
Hedging reserve - cash flow hedges				
Balance 1 July	**388**	1,032	**-**	-
Revaluation-gross (note 10)	**(622)**	(920)	**-**	-
Deferred tax (note 13)	**188**	276	**-**	-
Balance 30 June	**(46)**	388	**-**	-
Share-based payments reserve				
Balance 1 July	**3,097**	2,577	**3,097**	2,577
Rights expense	**2,360**	1,396	**2,360**	1,396
Transfer to share capital (Rights exercised)	**-**	(876)	**-**	(876)
Balance 30 June	**5,457**	3,097	**5,457**	3,097
Foreign currency translation reserve				
Balance 1 July	**4,897**	(2,241)	**-**	-
Currency translation differences arising during the year	**(3,667)**	7,138	**-**	-
Balance 30 June	**1,230**	4,897	**-**	-
Available-for-sale financial assets reserve				
Balance 1 July	**(2,405)**	5,779	**-**	-
Reversal of Americast investment	**-**	(5,779)	**-**	-
Revaluation-gross (note 15)	**16,621**	(3,435)	**-**	-
Deferred tax (note 20)	**(4,986)**	1,030	**-**	-
Balance 30 June	**9,230**	(2,405)	**-**	-
Transactions with non-controlling interests				
Balance 1 July	**-**	-	**-**	-
Acquisition of additional ownership Cast Metal Services Pty Ltd (see note 30)	**(469)**	-	**-**	-
Balance 30 June	**(469)**	-	**-**	-
(b) Retained profits				
Balance 1 July	**117,442**	97,365	**64,809**	28,541
Net profit for the year	**70,441**	64,268	**-**	75,000
Dividends	**(33,371)**	(38,840)	**(33,371)**	(38,732)
Taxation adjustment	**5**	-	**-**	-
US Defined Benefits pension adjustment	**(1,247)**	(5,351)	**-**	-
Balance 30 June	**153,270**	117,442	**31,438**	64,809

(c) Nature and purpose of reserves

(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(n). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) Share-based payments reserve

The share based payments reserve is used to recognise the fair value of rights issued but not exercised.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

22 Reserves and retained profits (continued)

(iv) Available-for-sale financial assets reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income as described in note 1(m) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(v) Transactions with non-controlling interests

This reserve is used to record the differences described in note 1(b)(ii) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

23 Dividends

	Parent entity	
	2010	2009
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2009 of 13.0 cents (2008: 22.0 cents) per fully paid share paid on 7 September 2009 (2008: 4 September 2008)		
Fully franked based on tax paid @ 30%	**16,499**	26,375
Interim dividend for the year ended 30 June 2010 of 13.0 cents (2009: 10.0 cents) per fully paid share paid 15 March 2010 (2009: 27 March 2009)		
Fully franked based on tax paid @ 30%	**16,872**	12,357
Total dividends provided for or paid	**33,371**	38,732
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2009 and 30 June 2010 were as follows:		
Paid in cash	**11,905**	34,264
Satisfied by issue of shares	**21,466**	4,468
	33,371	38,732
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 21.0 cents per fully paid ordinary share, (2009: 13.0 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 September 2010 out of retained profits at 30 June 2010, but not recognised as a liability at year end, is	**29,137**	16,499

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2010 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2011.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2009: 30%)	**40,484**	31,051	**40,484**	31,051

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $12,487,000 (2009: $7,071,000).

24 Key management personnel disclosures

(a) Directors

The following persons were directors of Bradken Limited during the financial year:

(i) Chairman - non-executive

Nick Greiner

(ii) Executive director

Brian Hodges, Managing Director

(iii) Non executive directors

Phil Arnall
Vince O'Rourke
Greg Laurie
Peter Richards

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	*Position*	*Employer*
Tom Armstrong	Chief Operating Officer - Engineered Products	Bradken Holdings USA, Inc
Bruce Arnott	Chief Financial Officer	Bradken Resources Pty Ltd
Andrew Allen	General Manager - Rail	Bradken Resources Pty Ltd
Andrew G Dalziel	General Manager - Power & Cement	Bradken UK Limited
Enda Sheridan	General Manager - Mining Products & Industrial Products	Bradken Resources Pty Ltd

(c) Key management personnel compensation

	Consolidated		**Parent entity**	
	2010	2009	**2010**	2009
	$	$	**$**	$
Short-term employee benefits	**4,156,221**	3,701,027	**-**	-
Post-employment benefits	**226,220**	419,860	**-**	-
Share-based payments	**858,917**	704,206	**-**	-
	5,241,358	4,825,093	**-**	-

The company has taken advantage of the relief provided by *Corporations Regulation* 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections (a) to (d) of the remuneration report on pages 12 to 18.

(d) Equity instrument disclosures relating to key management personnel

(i) Rights provided as remuneration and shares issued on exercise of rights

Details of Performance Rights provided as remuneration and shares issued on the exercise of such Rights, together with terms and conditions of the Rights, can be found in section (d) of the remuneration report on pages 16 to 18.

24 Key management personnel disclosures (continued)

(ii) Rights holdings

The number of Rights over ordinary shares in the company held during the financial year by each director of Bradken Limited and other key management personnel of the Group, including their personally related entities, are set out below.

2010 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Bradken Limited						
Brian Hodges	180,421	110,381	(64,877)	(6,416)	219,509	-
Other key management personnel of the Group						
Andrew Allen	38,268	21,421	(15,308)	(1,514)	42,867	-
Tom Armstrong	-	38,265	-	-	38,265	-
Bruce Arnott	50,095	30,184	(17,952)	(1,776)	60,551	-
Greg Dalziel	11,471	15,681	-	-	27,152	-
Enda Sheridan	67,352	49,259	(17,593)	(1,740)	97,278	-

2009 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Bradken Limited						
Brian Hodges	178,718	63,627	(61,924)	-	180,421	-
Other key management personnel of the Group						
Andrew Allen	41,303	11,800	(14,835)	-	38,268	-
Bruce Arnott	52,996	17,399	(20,300)	-	50,095	-
David Brown	13,233	-	(3,308)	(9,925)	-	-
Greg Dalziel	-	11,471	-	-	11,471	
Enda Sheridan	59,294	27,165	(19,107)	-	67,352	-

(iii) Share holdings

The number of shares in the company held during the financial year by each director of Bradken Limited and other key management personnel of the Group, including their personally related entities, are set out below. There were no shares granted during the year as compensation.

2010 Name	Balance at the start of the year	Received during the year from Non-Executive Director Share Acquisition Plan	Received during the year on exercise of Rights	Other changes during the year	Balance at the end of the year
Directors of Bradken Limited					
Nick Greiner	407,274	-	-	(44,352)	362,922
Brian Hodges	2,745,307	-	64,877	(309,757)	2,500,427
Phil Arnall	600,622	-	-	(97,873)	502,749
Greg Laurie	57,922	-	-	1,418	59,340
Vince O'Rourke	69,347	-	-	6,010	75,357
Peter Richards	20,000	-	-	1,319	21,319
Other key management personnel of the Group					
Andrew Allen	351,398	-	15,308	-	366,706
Tom Armstrong	70,302	-	-	2,700	73,002
Bruce Arnott	112,054	-	17,952	1,651	131,657
Enda Sheridan	644,737	-	17,593	(49,938)	612,392

24 Key management personnel disclosures (continued)

(iii) Share holdings (continued)

2009 Name	Balance at the start of the year	Received during the year from Non-Executive Director Share Acquisition Plan	Received during the year on exercise of Rights	Other changes during the year	Balance at the end of the year
Directors of Bradken Limited					
Nick Greiner	318,685	2,827	-	85,762	407,274
Brian Hodges	2,848,441	-	61,924	(165,058)	2,745,307
Phil Arnall	550,001	-	-	50,621	600,622
Greg Laurie	41,085	15,595	-	1,242	57,922
Vince O'Rourke	45,354	10,998	-	12,995	69,347
Peter Richards	-			20,000	20,000
Other key management personnel of the Group					
Andrew Allen	335,942	-	14,835	621	351,398
Tom Armstrong	-	-	-	70,302	70,302
Bruce Arnott	63,356	-	20,300	28,398	112,054
David Brown	3,825	-	3,308	(7,133)	-
Enda Sheridan	525,707	-	19,107	99,923	644,737

25 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non related audit firms:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
(a) Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under *Corporations Act 2001*	**383,275**	372,245	**-**	-
Related practices of PricewaterhouseCoopers Australian firm	**200,703**	206,836	**-**	-
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**22,373**	29,603	**-**	-
Non-PricewaterhouseCoopers audit firm (KPMG US)	**24,144**	582,792	**-**	-
Non-PricewaterhouseCoopers audit firm (Grant Thornton)	**332,497**	-	**-**	-
Total remuneration for audit services	**962,992**	1,191,476	**-**	-
Other assurance services				
Related practices of PricewaterhouseCoopers Australian firm				
Risk review services	**-**	96,675	**-**	-
Non-PricewaterhouseCoopers audit firm (Ernst & Young China)				
Transfer pricing services	**15,877**	-	**-**	-
Total remuneration for other assurance services	**15,877**	96,675	**-**	-
Total remuneration for assurance services	**978,869**	1,288,151	**-**	-
(b) Taxation services				
PricewaterhouseCoopers Australian firm:				
Tax compliance including review of company income tax returns	**150,875**	109,000	**-**	-
Related practices of PricewaterhouseCoopers Australian firm	**29,881**	18,144	**-**	-
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**6,085**	8,818	**-**	-
Non-PricewaterhouseCoopers audit firm (KPMG US)	**388,369**	553,671	**-**	-
Non-PricewaterhouseCoopers audit firm (Ham Brothers Pty Ltd)	**-**	5,176	**-**	-
Non-PricewaterhouseCoopers audit firm (Tianrui China)	**249**	-	**-**	-
Total remuneration for taxation services	**575,459**	694,809	**-**	-

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

26 Contingent liabilities

(a) Contingent Liabilities

The parent entity and Group had contingent liabilities at 30 June 2010 and 2009 in respect of:

Guarantees and letters of credit

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Bank guarantees for contract performance	**60,744**	51,858	**-**	-
Letters of credit	**10,197**	3,843	**-**	-
Total estimated contingent liabilities	**70,941**	55,701	**-**	-

Cross guarantees given by Bradken Limited, Bradken Holdings Limited, Bradken SPV Pty Limited, Bradken Operations Pty Limited, Bradken Resources Pty Limited are described in note 31. No deficiencies of assets exist in any of these companies.

These guarantees may give rise to liabilities in the parent entity if the subsidiaries do not meet their obligations under the terms of their liabilities subject to the guarantees.

Claims

The Bradken Group has been involved from time to time in various claims and lawsuits incidental to the ordinary course of business, including damages and commercial disputes relating to its products and services. The Group has disclaimed liability and will defend any action flowing from specific claims. It is not practical to estimate the potential effect of these claims but legal advice obtained indicates that any liability that may arise in the unlikely event these claims are successful will not be significant.

No material losses are anticipated in respect of any of the above contingent liabilities.

27 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Land & buildings				
Payable:				
Within one year	**2,688**	7,715	**-**	-
	2,688	7,715	**-**	-
Property, plant and equipment				
Payable:				
Within one year	**5,576**	10,279	**-**	-
	5,576	10,279	**-**	-

(b) Lease and hire purchase commitments

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent entity 2010 $'000	Parent entity 2009 $'000
Commitments in relation to leases and hire purchases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**4,502**	4,657	**-**	-
Later than one year but not later than five years	**6,168**	6,599	**-**	-
Later than five years	**900**	1,428	**-**	-
	11,570	12,684	**-**	-
Representing:				
Non cancellable operating leases	**9,599**	11,432	**-**	-
Future finance charges on finance leases	**1,941**	1,181	**-**	-
Future finance charges on hire purchases	**30**	71	**-**	-
	11,570	12,684	**-**	-

27 Commitments (continued)

(i) Operating leases

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

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:				
Within one year	**3,584**	3,958	**-**	-
Later than one year but not later than five years	**5,133**	6,046	**-**	-
Later than five years	**882**	1,428	**-**	-
	9,599	11,432	**-**	-

(ii) Finance leases

The Group leases various plant and equipment with a carrying amount of $12,111,000 (2009: $8,899,000) under finance leases expiring within three to five years. Under the terms of the leases, the Group has the option to acquire some of the leased assets on expiry of the leases.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Commitments in relation to finance leases are payable as follows:				
Within one year	**5,286**	5,081	**-**	-
Later than one year but not later than five years	**8,742**	5,622	**-**	-
Later than five years	**268**	-	**-**	-
Minimum lease payments	**14,296**	10,703	**-**	-
Future finance charges	**(1,941)**	(1,181)	**-**	**-**
Total lease liabilities	**12,355**	9,522	**-**	-
Representing lease liabilities:				
Current (note 18)	**4,447**	4,427	**-**	-
Non current (note 18)	**7,908**	5,095	**-**	-
	12,355	9,522	**-**	-

The weighted average interest rate implicit in the leases is 8.59**%** (2009: 8.69%).

(iii) Hire purchase payment commitments

The Group acquired some production plant and equipment under hire purchase arrangements.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Commitments in relation to hire purchases are payable as follows:				
Within one year	**1,229**	886	**-**	-
Later than one year but not later than five years	**-**	1,060	**-**	-
Minimum lease payments	**1,229**	1,946	**-**	-
Future finance charges	**(30)**	(71)	**-**	-
Recognised as a liability	**1,199**	1,875	**-**	-
Total lease liabilities	**1,199**	1,875	**-**	-
Representing lease liabilities:				
Current (note 18)	**1,199**	836	**-**	-
Non-current (note 18)	**-**	1,039	**-**	-
	1,199	1,875	**-**	-

The weighted average interest rate implicit in the agreement is 6.57**%** (2009: 6.62%).

28 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Bradken Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 30.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	**-**	-	**7,429,752**	736,080
Dividend revenue				
Subsidiaries	**-**	-	**-**	75,000,000

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Current receivables (tax funding agreement)				
Wholly-owned tax consolidated entities	**-**	-	**7,429,752**	736,080

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Loans to/from related parties

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Loans to subsidiaries				
Beginning of the year	**-**	-	**285,431,911**	114,216,000
Loans received	**-**	-	**55,060,980**	171,215,911
End of year	**-**	-	**340,492,891**	285,431,911

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(g) Terms and conditions

Transactions relating to dividends were on the same conditions that applied to other shareholders.

The terms and conditions of the tax funding agreement are set out in note 6(e).

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Outstanding balances are unsecured with no fixed term for

29 Business combination

(a) Summary of acquisitions and assets and liabilities acquired

Prior Period

(i) Americast Technologies

On 6 August 2008 Bradken Operations Pty Ltd (a 100% subsidiary of Bradken Limited) acquired the remaining equity interest that it did not already own in AmeriCast Technologies Inc. for a consideration of $111,398,000.

The total consideration comprised a cash outlay of $122,243,000 including $10,845,000 for the initial 17% interest in the issued equity of the acquired company and an equity issue to fund the balance of the purchase.

The equity raising undertaken resulted in the issue of 17,496,171 shares in Bradken Limited at an issue price of $8.05 each realising $138,735,000 after placement costs.

The equity raising undertaken resulted in the issue of 17,496,171 shares in Bradken Limited at an issue price of $8.05 each realising $138,735,000 after placement costs.

A total of $111,397,000 of the equity raising was used as consideration to complete the Americast acquisition.

The acquired business contributed revenues of $355,754,000 and net profit after tax of $15,707,000 to the Group for the period 6 August 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008, consolidated revenue and consolidated net profit after tax and non-controlling interests for the half-year ended 31 December 2008 would have been $1,255,107,000 and $63,362,000 respectively.

Details of net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	**122,243**
Direct costs relating to the acquisition	**5,748**
Total purchase consideration	**127,991**
Fair value of net identifiable assets acquired (refer below)	**43,505**
Goodwill	**84,486**

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 of plant & equipment, 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	Fair value $'000
Cash	24,090	24,090
Property, plant and equipment	91,229	92,374
Inventories	54,072	54,072
Receivables	53,171	55,236
Deferred Tax Assets	1,970	1,970
Other Assets	13,120	13,120
Other Intangibles	41,437	37,055
Payables	(52,821)	(44,056)
Current Tax Liability	(991)	(991)
Deferred Tax Liabilities	(26,143)	(28,829)
Provisions	(503)	(503)
Employee benefit liabilities, including superannuation	(10,356)	(10,356)
Borrowings	(149,677)	(149,677)
Net identifiable assets acquired	**38,598**	**43,505**

29 Business combination (continued)

(b) Purchase consideration

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration	**-**	129,111	**-**	-
Less: Balances acquired				
Cash	**-**	24,090	**-**	-
Bank overdraft	**-**	-	**-**	-
	-	24,090	**-**	-
Outflow of cash	**-**	105,021	**-**	-

There remains an amount payable of $1,200,000 in respect of the aquisition of Wundowie Foundry Pty Ltd. These amounts have been brought to account in goodwill values disclosed in prior periods in note 14.

30 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding ** 2010 %	Equity holding ** 2009 %
Bradken Holdings Pty Limited *	Australia	Ordinary	**100**	100
Bradken SPV Pty Limited *	Australia	Ordinary	**100**	100
Bradken Operations Pty Limited *	Australia	Ordinary	**100**	100
Bradken Resources Pty Limited *	Australia	Ordinary	**100**	100
Bradken Finance Pty Limited *	Australia	Ordinary	**100**	100
Bradken Mining SPV Pty Limited *	Australia	Ordinary	**100**	100
G W Brown and Co Pty Limited	Australia	Ordinary	**100**	100
Bradken Ingenieria Limitada	Chile	Ordinary	**100**	100
Bradken UK Limited	UK	Ordinary	**100**	100
Bradken (Xuzhou) Metal Equipment Manufacturing Company Limited	China	Ordinary	**100**	100
Forefront Associates Limited	UK	Ordinary	**100**	100
Bradken Sheffield Limited	UK	Ordinary	**100**	100
Bradken (Xuzhou) International Trading Company Limited	China	Ordinary	**100**	100
Cast Metal Services Pty Limited	Australia	Ordinary	**100**	75
CMS HAA Coatings Pty Limited (70% owned by Cast Metal Services Pty Limited)	Australia	Ordinary	**70**	52.5
Bradken Holdings USA, Inc.	USA	Ordinary	**100**	100
Bradken, Inc.	USA	Ordinary	**100**	100
Bradken - Global Services, Inc.	USA	Ordinary	**100**	100
Bradken - Primecast, Inc.	USA	Ordinary	**100**	100
Bradken - Atchison / St Joseph, Inc.	USA	Ordinary	**100**	100
Bradken - Amite, Inc.	USA	Ordinary	**100**	100
Bradken - London, Ltd.	Canada	Ordinary	**100**	100
Bradken - Atlas, LLC	USA	Ordinary	**100**	100
Bradken - Atlas Limited Partnership	USA	Ordinary	**100**	100
PT Bradken Indonesia	Indonesia	Ordinary	**100**	0

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 31.

** The proportion of ownership interest is equal to the proportion of voting power held.

30 Subsidiaries (Continued)

(a) Transactions with non-controlling interests

On 31 January 2010, Bradken Resources Pty Ltd acquired the remaining 25% of the issued shares of Cast Metal Services Pty Ltd that it did not already own for a purchase consideration of $3,250,000. The carrying amount of the non-controlling interests in Cast Metal Services Pty Ltd on the date of acquisition was $2,781,000. The group recognised a decrease in non-controlling interests of $2,781,000 and a decrease in equity attributable to owners of the parent of $469,000. The effect of changes in the ownership interest of Cast Metal Services Pty Ltd on the equity attributable to owners of Bradken Resources Pty Ltd during the year is summarised as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Carrying amount of non-controlling interests acquired	**2,781**	-	**-**	-
Consideration paid to non-controlling interests	**(3,250)**	-	**-**	-
Excess of consideration paid recognised in the transactions with noncontrolling interests reserve within equity	**(469)**	-	**-**	-

31 Deed 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 companies subject to the Deed are:

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

The companies above, with the exception of Bradken Finance Pty Ltd and Bradken Mining SPV Pty Ltd, became a party to the Deed on 12 May 2005. Bradken Finance Pty Ltd and Bradken Mining SPV Pty Ltd, became a party to the Deed on 10 November 2005.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Bradken Limited, they also represent the 'Extended Closed Group'.

The following entities, wholly or part owned and controlled by Bradken Limited, are not a party to the Deed of Cross Guarantee:

- G W Brown and Co Pty Limited
- Bradken Ingenieria Limitada
- Bradken UK Limited
- Forefront Associates Limited
- Bradken Sheffield Limited
- Bradken (Xuzhou) Metal Equipment Manufacturing Company Limited
- Bradken (Xuzhou) International Trading Company Limited
- Cast Metal Services Pty Limited
- CMS HAA Coatings Pty Limited
- Bradken Holdings USA, Inc.
- Bradken, Inc.
- Bradken - Global Services, Inc.
- Bradken - Primecast, Inc.
- Bradken - Atchison / St Joseph, Inc.
- Bradken - Amite, Inc.
- Bradken - London, Ltd.
- Bradken - Atlas, LLC
- Bradken - Atlas Limited Partnership
- PT Bradken Indonesia

31 Deed of cross guarantee (continued)

(a) Consolidated income statement and a summary of movements in consolidated retained profits

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2010 of the Closed Group outlined above.

	2010 $'000	2009 $'000
Income statement		
Revenue from continuing operations	**611,963**	672,475
Cost of sales	**(443,008)**	(516,586)
Gross profit	**168,955**	155,889
Other income	**2,119**	-
Selling and technical expenses	**(30,481)**	(31,632)
Administration expenses	**(44,394)**	(37,374)
Finance costs	**(18,547)**	(16,702)
Profit before income tax	**77,652**	70,181
Income tax (expense) / benefit	**(22,648)**	(20,625)
Profit for the year	**55,004**	49,556
Other comprehensive income		
Changes in the fair value of available-for-salefinancial assets	**16,620**	(3,435)
Changes in the fair value of cash flow hedges	**(622)**	(920)
Exchange differences on translation of foreign operations	**38**	15
Income tax relating to components of other comprehensive income	**(4,798)**	1,306
Other comprehensive income for the year net of tax	**11,238**	(3,034)
Total comprehensive income for the year	**66,242**	46,522
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**108,874**	98,050
Profit for the year	**55,004**	49,556
Dividends provided for or paid	**(33,371)**	(38,732)
Retained profits at the end of the financial year	**130,507**	108,874

31 Deed of cross guarantee (continued)

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2010 for the Closed Group outlined above.

	2010 $'000	2009 $'000
Current assets		
Cash and cash equivalents	**54,896**	952
Trade and other receivables	**122,040**	158,513
Inventories	**61,984**	81,716
Derivative financial instruments	**120**	21
Total current assets	**239,040**	241,202
Non-current assets		
Receivables	**13**	39
Available for sale financial assets	**46,938**	10,379
Property, plant and equipment	**221,899**	222,989
Intangible assets	**38,302**	43,312
Deferred tax assets	**4,862**	8,850
Other financial assets	**200,374**	177,845
Total non-current assets	**512,388**	463,414
Total assets	**751,428**	704,616
Current liabilities		
Trade and other payables	**67,823**	62,893
Borrowings	**8,670**	15,723
Current tax liabilities	**7,433**	751
Provisions	**29,679**	30,114
Derivative financial instruments	**414**	-
Total Current Liabilities	**114,019**	109,481
Non-current liabilities		
Borrowings	**186,818**	259,472
Provisions	**2,736**	2,409
Total non-current liabilities	**189,554**	261,881
Total liabilities	**303,573**	371,362
Net assets	**447,855**	333,254
Equity		
Contributed equity	**302,838**	223,460
Reserves	**14,510**	920
Retained profits	**130,507**	108,874
Total equity	**447,855**	333,254

32 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit for the year	**70,770**	65,023	**-**	75,000
Depreciation and amortisation of licences and designs	**40,196**	41,029	**-**	-
Amortisation of finance costs	**4,013**	2,678	**-**	-
Non-cash employee benefits expense - share-based payments	**2,360**	1,396	**2,360**	1,396
Net (gain) loss on sale of non-current assets	**599**	72	**-**	-
Net exchange differences	**813**	374	**-**	-
(Increase) / decrease in trade debtors and bills of exchange	**13,961**	29,167	**-**	-
(Increase) / decrease in inventories	**10,031**	(1,541)	**-**	-
(Increase) / decrease in other financial assets at fair value through profit or loss	**442**	792	**(2,360)**	(76,396)
(Increase) / decrease in deferred tax assets	**4,668**	(128)	**-**	-
Increase / (decrease) in trade creditors	**(4,282)**	(28,491)	**-**	-
(Increase) / decrease in other financial liabilities at fair value through profit or loss	**532**	(383)		
Increase / (decrease) in provision for income taxes payable	**7,202**	(7,285)	**-**	-
Increase / (decrease) in provision for deferred income tax	**(6,590)**	6,233	**-**	-
Increase / (decrease) in other provisions	**2,714**	1,122	**-**	-
Net cash inflow from operating activities	**147,429**	110,058	**-**	-

33 Non cash investing and financing activities

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Acquisition of plant and equipment by means of finance leases	**5,977**	5,114	**-**	-
	5,977	5,114	**-**	-

Dividends satisfied by the issue of shares under the dividend reinvestment plan are shown in note 23 and rights and shares issued to employees under the Bradken Limited Performance Rights Plan and the Bradken Limited Employee Share Plan for no cash consideration are shown in note 35.

Ordinary shares issued for acquisition of entities for no cash consideration are shown in note 21.

34 Earnings per share

	Consolidated	
	2010	2009
	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**54.1**	52.5
Profit attributable to the ordinary equity holders of the company	**54.1**	52.5
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**53.6**	52.1
Profit attributable to the ordinary equity holders of the company	**53.6**	52.1

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2010	2009
	$'000	$'000
Basic earnings per share		
Profit from continuing operations	**70,770**	65,023
Profit from continuing operations attributable to non-controlling interests	**(329)**	(755)
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**70,441**	64,268
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**70,441**	64,268
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**70,441**	64,268
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**70,441**	64,268

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2010	2009
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**130,191,911**	122,374,162
Adjustments for calculation of diluted earnings per share:		
Rights	**1,261,850**	933,663
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**131,453,761**	123,307,825

(e) Information concerning the classification of securities

(i) Rights

Rights granted to employees under the Bradken Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The Rights have not been included in the determination of basic earnings per share. Details relating to the Rights are set out in note 35.

35 Share based payments

(a) Non-Executive Director Share Acquisition Plan

The Company has a Non-Executive Director Share Acquisition Plan (NED Plan). All current and future Non-Executive Directors are encouraged to have a percentage of their annual Directors' fees provided in shares under the 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 may elect to have a percentage of their annual fixed directors' fees provided in shares under the Non-Executive Director Share Acquisition Plan (NED plan). Participation in the plan is voluntary.

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.

For the 2009 year shares were acquired on-market for an equivalent value to the percentage of Directors Fees nominated. No shares were acquired in the 2010 year.

Due to legislative changes on the taxation of employee share plans no shares were issued under the plan in the financial period.

Summary of share purchases in the plan:

	Consolidated		**Parent entity**	
	2010	2009	**2010**	2009
Shares purchased under the plan for participating directors 2010: NIL (2009: 13 August 2008)	**-**	6,502	**-**	6,502
Shares purchased under the plan for participating directors 2010: NIL (2009: 16 February 2009)	**-**	22,918	**-**	22,918
	-	29,420	**-**	29,420

At 30 June 2010 Directors participating in the plan have an entitlement to the value of $0 (2009: $33,000).

(b) Performance Rights Plan

The Performance Rights Plan (PRP) is the Company's long-term incentive (LTI) scheme for selected key executives. The Managing Director recommends the list of executives who are entitled to participate in this scheme and seeks approval of the list from the Human Resources Committee which is then ratified by the Board. 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 and as doocumented in the PRP Plan rules and Trust Deed. If the exercise conditions are satisfied, the Performance Rights may be exercised and the shares issued and 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.

All grants of Performance Rights issued so far have been at no cost to participating executives. 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.

The performance conditions are based on the relative total shareholder return ("TSR") of the Company measured against other companies in the ASX Small Cap Industrials index during the performance period. TSR measures the total return on investment of a share taking into account capital appreciation, capital return and dividend income.

35 Share based payments (continued)

(b) Performance Rights Plan (continued)

In assessing whether the performance hurdles have been met, the Human Resources Committee receives independent data from an independent investment bank which provides both Bradken's growth from previous financial years and that of the ASX Small Cap companies. The Company's performance against the hurdle is then determined with each company in the ASX Small Cap companies and Bradken being ranked in order of growth in results from previous financial years. The Company's percentile ranking is determined by aggregating the weighting within the ASX Small Cap companies (based on market capitalisation) of each company ranked below Bradken. The method of assessment was chosen as it provides the Committee with an objective means of measuring the Company's performance against its peer group.

Dividends, changes in share price, and return of capital are included in the TSR calculation which is one of the performance criteria assessed for the LTI. The specific TSR performance conditions in relation to the grants are:

Target	Percentage of Rights available in given year to vest
The Company's TSR does not meet performance of the median company in ASX Small Cap	0
The Company's TSR equals or exceeds performance of the median company in ASX Small Cap	50
The Company's TSR ranked in third quartile of companies in ASX Small Cap	Pro rata between 50 and 100
The Company's TSR ranked in fourth quartile of companies in ASX Small Cap	100

Changes to the Performance Rights Plan have been made since 1 July 2006. For issues before 1 July 2006 a maximum one third may become exercisable for each of the three financial years on which the performance conditions were tested. For grants made from 1 July 2006 no retesting will be allowed and testing will take place in respect of a 3 year performance period and can only vest after the end of the 3 year performance period.

To ensure no material disadvantage to the existing scheme participants and to achieve Bradken's key objective of retaining valuable employees, there is a transition to the new vesting rules for grants made from 1 July 2006. New entrants to the scheme are provided with a transition to the 3 year plan.

Summary of Rights issues in the plan:

Grant date	Number of Rights	Fair value per Right	Financial periods in which Rights may vest
30 October 2006	360,838	$3.44	30 June 2010
31 October 2007	11,682	$6.87	30 June 2010 / 2011
31 October 2007	259,691	$8.45	30 June 2011
17 October 2008	25,025	$2.84	30 June 2010 / 2011
17 October 2008	15,621	$4.11	30 June 2011
17 October 2008	340,655	$4.82	30 June 2012
29 October 2009	29,831	$2.50	30 June 2011
29 October 2009	69,401	$3.71	30 June 2011 / 2012
29 October 2009	665,216	$4.41	30 June 2013

There were no other Rights eligible for issuance under the scheme at 30 June 2010.

35 Share based payments (continued)

The movements in Rights issues in the plan are as follows:

Grant Date	Expiry date	Fair value at grant date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated and parent entity - 2010								
18 November 2005	10 years from Test date	2.35	10,344	-	-	-	10,344	10,344
30 October 2006	10 years from Test date	2.80	19,092	-	-	-	19,092	19,092
30 October 2006	10 years from Test date	3.44	310,785	-	(230,119)	(27,969)	52,697	52,697
31 October 2007	10 years from Test date	4.44	9,569	-	(2,087)	-	7,482	7,482
31 October 2007	10 years from Test date	6.87	7,863	-	-	-	7,863	-
31 October 2007	10 years from Test date	8.45	222,436	-	-	-	222,436	-
17 October 2008	10 years from Test date	2.84	25,025	-	-	-	25,025	-
17 October 2008	10 years from Test date	4.11	15,621	-	-	-	15,621	-
17 October 2008	10 years from Test date	4.82	323,537	-	-	-	323,537	-
29 October 2009	10 years from Test date	2.50	-	29,831	-	-	29,831	-
29 October 2009	10 years from Test date	3.71	-	69,401	-	-	69,401	-
29 October 2009	10 years from Test date	4.41	-	665,216	-	-	665,216	-
Total			944,272	764,448	(232,206)	(27,969)	1,448,545	89,615
Weighted average price			5.10	4.27	3.45	3.44	4.96	3.26

Vesting for the performance period to 30 June 2010 will occur following the test date on 9 August 2010.

Grant Date	Expiry date	Fair value at grant date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated and parent entity - 2009								
18 November 2005	10 years from Test date	2.35	134,501	-	(124,157)	-	10,344	10,344
30 October 2006	10 years from Test date	2.80	101,197	-	(82,105)	-	19,092	19,092
30 October 2006	10 years from Test date	3.44	335,617	-	-	(24,832)	310,785	-
30 March 2007	10 years from Test date	4.70	19,202	-	-	(19,202)	-	-
31 October 2007	10 years from Test date	4.44	82,779	-	(72,700)	(510)	9,569	9,569
31 October 2007	10 years from Test date	6.87	11,682	-	-	(3,819)	7,863	-
31 October 2007	10 years from Test date	8.45	259,691	-	-	(37,255)	222,436	-
17 October 2008	10 years from Test date	2.84	-	25,025	-	-	25,025	-
17 October 2008	10 years from Test date	4.11	-	15,621	-	-	15,621	-
17 October 2008	10 years from Test date	4.82	-	340,655	-	(17,118)	323,537	-
Total			944,669	381,301	(278,962)	(102,736)	944,272	39,005
Weighted average price			4.75	4.66	3.03	5.85	5.10	3.08

35 Share based payments (continued)

The weighted average share price at the date of exercise of Rights exercised regularly during the year ended 30 June 2010 was $6.51 (2009: $4.39). The weighted average remaining contractual life of share Rights outstanding at the end of the period was 1.63 years (2009: 1.57 years).

Fair value of Rights granted

The assessed fair value at grant date of Rights granted during the year ended 30 June 2010 was between $2.50 and $4.41 per right (2009: between $2.84 and $4.82). The fair value at grant date is determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the Right, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the Right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Right.

The following factors and assumptions have been used in determining the fair value of Rights for the issues granted:

Grant Date	Expiry Date	Fair value per Right	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
18/11/2005	Ten years from Test Date	2.35	-	4.15	90%	5.35%	0.00%
30/10/2006	Ten years from Test Date	2.80	-	6.00	90%	5.73%	0.00%
30/10/2006	Ten years from Test Date	3.44	-	6.00	90%	5.73%	0.00%
31/10/2007	Ten years from Test Date	4.44	-	14.68	90%	6.18%	0.00%
31/10/2007	Ten years from Test Date	6.87	-	14.68	90%	6.18%	0.00%
31/10/2007	Ten years from Test Date	8.45	-	14.68	90%	6.18%	0.00%
17/10/2008	Ten years from Test Date	2.84	-	6.30	139%	5.19%	0.00%
17/10/2008	Ten years from Test Date	4.11	-	6.30	139%	5.19%	0.00%
17/10/2008	Ten years from Test Date	4.82	-	6.30	139%	5.19%	0.00%
29/10/2009	Ten years from Test Date	2.50	-	6.05	129%	5.52%	0.00%
29/10/2009	Ten years from Test Date	3.71	-	6.05	129%	5.52%	0.00%
29/10/2009	Ten years from Test Date	4.41	-	6.05	129%	5.52%	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(d) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Rights issued under Performance Rights Plan	**2,360**	1,396	**2,360**	1,396
Shares purchased under the Non-Executive Directors Share Acquisition Plan	**-**	78	**-**	78
	2,360	1,474	**2,360**	1,474

36 Events occurring after balance sheet date

Since 30 June 2010 we have completed the acquisition of the assets of Almac Machine Works in Canada for C$47.9 million. In addition a maximum earn-out of C$4.8 million is payable based on calendar year 2010 performance of the Almac business.

To fund the acquisition A$49.3 million was raised via a fully underwritten institutional placement which was completed on 18 May 2010 resulting in the issue of 7,092,200 ordinary shares. In addition a Share Purchase Plan raised an additional $8.0 million resulting in the issue of a further 1,136,133 ordinary shares.
Assets and liabilities acquired include Current Receivables $5,663,000, Inventories $7,873,000, Property, Plant and Equipment of $8,197,000 and Current payables of $4,650,000. Fair value and goodwill calculations have not yet been established.

No other material events have occurred that affect the operations of the Group from the end of the financial period ended 30 June 2010 to the date of issue of this report.

In the directors' opinion:

(a) the financial statements and notes set out on pages 24 to 88 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 company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company and the consolidated entity will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 31.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors:

Nick Greiner
Chairman

Brian Hodges
Managing Director

Sydney
9 August 2010

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Independent audit report to the members of Bradken Limited

Report on the financial report

We have audited the accompanying financial report of Bradken Limited (the company), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Bradken Limited and the Bradken Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Bradken Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial report and parent entity financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 20 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Bradken Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Bradken Limited (the company) for the year ended 30 June 2010 included on Bradken Limited web site. The company's directors are responsible for the integrity of the Bradken Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

J Campion
Partner

Sydney
9 August 2010