13 August 2013

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 2012/13 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 2013.

Yours faithfully

Steven Perry
Company Secretary
Encl:

Bradken Limited

Appendix 4E for period end 30 June 2013

Results for Announcement to the Market

				$'000
Revenues from ordinary activities	Down	-9.5%	to	1,317,442
Profit (loss) from ordinary activities after tax attributable to members	Down	-33.4%	to	66,937
Net Profit (loss) for the period attributable to members	Down	-33.4%	to	66,937
Underlying Net Profit (loss) for the period attributable to members *	Down	-4.5%	to	96,054

* Adjusted for costs associated with the Pala legal case, judgement and associated costs

Dividends

	Amount per security	Franked amount per security
Current period:		
Final Dividend (franked to 100% at a tax rate of 30%)	18.0 cents	18.0 cents
Date the dividend is payable: 13 September 2013		
Record Date to determine entitlement to the final dividend: 23 August 2013		
Interim Dividend (franked to 100% at a tax rate of 30%)	20.0 cents	20.0 cents
Prior corresponding period:		
Final Dividend (franked to 100% at a tax rate of 30%)	21.5 cents	21.5 cents
Interim Dividend (franked to 100% at a tax rate of 30%)	19.5 cents	19.5 cents

Net Tangible Assets per Security

As at 30 June 2013	$2.23
As at 30 June 2012	$2.07

Bradken Limited

Full Financial Report 30 June 2013

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BRADKEN

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*
	Eileen Doyle, PhD *Independent Non Executive Director*
	Greg Laurie, B.Com. *Independent Non Executive Director*
	Peter Richards, B.Com. *Independent Non Executive Director*
Company Secretary and CFO	Steven Perry, B.Com. MBA, CPA
Joint Company Secretary	David Chesterfield, MBA
Business unit general managers	**Mining Products** Enda Sheridan, B. Materials Eng. MBA
	Mineral Processing Brad Ward
	Engineered Products Tom Armstrong, B. Industrial and Systems Eng.
	Rail Stephen Cantwell, B. Business (Operations Research and Information Systems) and Master of Business
Notice of annual general meeting	The annual general meeting of Bradken Limited **will be held at** Bradken Global Corporate Centre (Bradford room) 20 McIntosh Drive Mayfield West NSW **time** 2:00pm **Date** 22 October 2013
Principal registered office in Australia	20 McIntosh Drive Mayfield West NSW 2304 Telephone: +61 2 4926 8200
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
Stock exchange listings	Bradken Limited shares are listed on the Australian Stock Exchange. The home exchange is Sydney.
Web site address	www.bradken.com

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Bradken Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

This report has been divided into the following sections:

A. General information
B. Corporate governance statement
C. Operational and financial review
D. Remuneration report
E. Other information

A. General information

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	Brian Hodges	Greg Laurie
Phil Arnall	Eileen Doyle	Peter Richards

Vince O'Rourke was a director from the beginning of the financial year until his retirement on 23 October 2012.

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, oil & gas 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.

Dividends - Bradken Limited

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

	2013 $'000	2012 $'000
Final dividend for the year ended 30 June 2012 of 21.5 cents (2011: 21.0 cents) per fully paid share paid on 4 September 2012 (2011: 19 September 2011)	**36,255**	33,988
Interim dividend for the year ended 30 June 2013 of 20.0 cents (2012: 19.5 cents) per fully paid share paid 14 March 2013 (2012: 19 March 2012)	**33,848**	32,492
	70,103	66,480

In addition to the above dividends, since the end of the financial year the directors have declared the payment of a fully franked final dividend of $30,463,000 (18.0 cents per fully paid ordinary share) to be paid on 13 September 2013 out of retained profits at 30 June 2013.

Significant changes in the state of affairs

There are no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

A. General information (continued)

Likely developments and expected results of operations

Additional comments on expected results of certain operations of the group are included in this annual report under the Operating and Financial Review section on pages 13 to 15.

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.

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.

An environmental management system is in place which complies with the international standard ISO14001 in major sites in Australia, the UK and New Zealand, while the US and China operate under local legal compliance requirements equivalent to 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. Under agreements with local authorities capital expenditure is required at some Australian sites to reduce dust and odour emissions.

Greenhouse gas and energy data reporting requirements

In Australia, the energy related requirements have corporate thresholds and Bradken Group companies are subject to the reporting requirements of the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* and site thresholds for the *National Pollutant Inventory*. Bradken site emissions are below the carbon tax criteria so Bradken is not liable to purchase carbon permits directly and pays the carbon tax via increased energy prices.

In Australia, Bradken is currently carrying out energy assessments in compliance with the *Energy Efficiency Opportunities Act 2006.* This includes the identification, investigation and evaluation of energy saving opportunities. Another requirement is to complete an Energy Mass Balance. By benchmarking energy and raw material consumption efficiency across the foundries, a range of cost saving opportunities have been identified. Bradken is required to report publicly (via the Bradken website) on the assessments undertaken, including what action the Group intends to take as a result. The Group continues to meet its obligations under this Act.

In Australia, the *National Greenhouse and Energy Reporting Act 2007* requires the group to report its annual Australia wide greenhouse gas emissions and energy use from large and small facilities. The data is collected at the end of the financial year and entered into the government website as required. Bradken continues to meet its obligations under this act.

The United Kingdom sites signed the *UK Climate Change Agreements* taking effect from 1st April 2013. This requires the foundries to reduce energy intensity by 3.4% by 2020 with reporting periods every 2 years from December 2014. There are possible changes with the UK carbon tax system that may exempt the metals sector. Bradken continues to meet its obligations under this act.

In the United States, Bradken Atchison will be reporting its GHG emissions as it exceeds the US Greenhouse Gas Reporting Rule threshold of 25,000 tpa CO_2e. Other US sites do not exceed this threshold. Bradken Atchison is also participating in the US Dept of Energy Better Plants program with a pledge to reduce energy intensity by 25% over 10 years.

None of the Bradken Canadian facilities exceed the 50,000 t CO_2e threshold for reporting under the Canadian GHGRP program.

There are no mandatory GHG or energy reporting requirements that apply to Bradken operations in China, Malaysia or New Zealand.

A. General information (continued)

Information on directors

Nick Greiner, AC, B.Ec., MBA. *Independent Non-Executive Chairman.* Age 66.

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 QBE Australia, Chairman of Nuance Global Traders, Deputy Chairman of Champ Private Equity and a director of various private groups.

Former directorships in the last three years

Chairman of Infrastructure NSW and Chairman of Citigroup Australia.

Special responsibilities

Member of Human Resources Committee.

Interest in shares

371,272 ordinary shares in Bradken Limited.

Brian Hodges, B.Chem.Eng. (Hons). *Managing Director.* Age 59.

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.

Former directorships in the last three years

None

Special responsibilities

Managing Director.

Interest in shares and rights

2,316,630 ordinary shares in Bradken Limited.
305,774 rights over ordinary shares in Bradken

Phil Arnall, B.Com. *Independent Non-Executive Director.* Age 68.

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

Non-executive director of AJ Lucas Limited.

Former directorships in the last three years

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

Special responsibilities

Member of Audit and Risk Committee
Member of Human Resources Committee.

Interest in shares

387,040 ordinary shares in Bradken Limited.

A. General information (continued)

Eileen Doyle, PhD *Independent Non-Executive Director.* Age 58.

Experience and expertise

Director of Bradken Limited since 1 July 2011. Over 30 years of experience in the materials and water industries in Australia, including senior executive roles in BHP, Hunter Water and CSR. A founding Director of OneSteel Limited and board member for 10 years and Chairman of Port Waratah Coal Services Pty Ltd for 11 years.

Other current directorships

Non-executive director of Boral Group Limited and GPT Group Limited and director of various private groups and government bodies.

Former directorships in the last three years

Director of Onesteel Limited, Ross Human Directions Limited and Steel and Tube Limited (NZ).

Special responsibilities

Member of Audit and Risk Committee
Chairman of Human Resources Committee.

Interest in shares

17,650 ordinary shares in Bradken Limited.

Greg Laurie, B.Com. *Independent Non-Executive Director.* Age 71.

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

44,667 ordinary shares in Bradken Limited.

Peter Richards, B.Com. *Independent Non-Executive Director.* Age 54.

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 of NSL Consolidated Limited, Emeco Holdings Limited and Sedgman Limited.

Former directorships in the last three years

Chairman and non-executive director of Minbos Resources Limited and Kangaroo Resources Limited and non-executive director of Norfolk Group Limited.

Special responsibilities

Member of Audit and Risk Committee.

Interest in shares

42,099 ordinary shares in Bradken Limited.

A. General information (continued)

Company Secretary

The Company Secretary is Mr Steven Perry, B.Com, MBA, CPA. Mr Perry joined the Group in 1990 and progressed through a number of financial roles most recently spending nine years as Commercial Manager Mining Products. As Company Secretary and Chief Financial Officer (CFO) Mr Perry is responsible for finance, treasury, taxation, investor relations, investments, audit and insurance. The Joint Company Secretary is Mr David Chesterfield, MBA.

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 2013, and the number of meetings attended by each director were:

Director	Full meetings of directors *		Audit and Risk Committee meetings		Human Resources Committee meetings		Non-executive directors meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Nick Greiner	11	11	**	**	4	5	**	**
Brian Hodges	11	11	**	**	**	**	**	**
Phil Arnall	11	11	5	5	5	5	3	3
Eileen Doyle	11	11	5	5	5	5	3	3
Greg Laurie	11	11	5	5	**	**	3	3
Vince O'Rourke	4	4	**	**	3	3	**	**
Peter Richards	11	11	5	5	**	**	3	3

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 statement

Principle 1 - Lay solid foundations for management and oversight

Bradken Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX Corporate Governance Principles and Recommendations.

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 10)
    - 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 Chief Financial Officer (CFO) / Company Secretary
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- overseeing the operation of the Group's system for compliance and risk management.

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.

Principle 2 - Structure the Board to add value

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. The charter details the Board's composition and responsibilities.

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. Non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters
- 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 exercise independent judgement and review and constructively challenge the performance of management
- 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.

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.

B. Corporate governance (continued)

Directors' independence

The Board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the Board should consider whether the director:

- 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
- 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
- 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.

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

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" in Section A. 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 above, and the Managing Director.

Non-executive directors

The five non-executive directors met twice during the year, in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings were shared with the full Board.

Term of office

The Board Charter recommends 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 Company's Constitution specifies the tenure of the Managing Director on the Board is limited to that of his Executive Office.

Chairman and chief executive officer (CEO)

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. In accepting the position, the Chairman has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of Chairman.

The Board charter specifies that these are separate roles to be undertaken by separate people. The CEO is responsible for implementing Group strategies and policies.

Induction

The induction provided to new directors and senior managers enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and senior executives, the role of the Board committees and the Company's meeting arrangements.

B. Corporate governance (continued)

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.

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 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 July 2012.

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

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 Resources 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 and a policy of rotation of committee members applies as considered appropriate by the Chairman.

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.

Minutes of committee meetings are tabled at the subsequent Board meeting. 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.

Audit and Risk Committee

The Company also has an Audit and Risk Committee, see page 11 for details.

B. Corporate governance (continued)

Principle 3 - Promote ethical and responsible decision making

Code of conduct

The Company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

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 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 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 six 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 possess inside information.

A copy of the Code, the Whistleblower Policy and the Securities Trading Policy are available on the Company's website.

Diversity and equality policy

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Group has established an Equal Opportunity and Diversity Policy, a copy of which can be accessed from the Company's website.

The Group believes its diverse workforce is the key to its continued growth, improved productivity and performance. The Group actively values and embraces the diversity of its employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

While the Group is committed to fostering diversity at all levels, gender diversity has been and continues to be a priority for the Group. The Board has not established any specific measurable objectives in terms of percentage of women employed, however, the Group's objective is to increase gender diversity throughout all levels of the organisation. This proactive approach begins at the recruitment phase but also is an important consideration in internal promotion, training and development activities.

The following statistics are provided outlining the percentage of women employed throughout the Group at the end of the current and previous financial year end.

	2013		2012	
	Number	%	Number	%
Number of women on the board	1	17%	1	14%
Number of women in senior management positions *	3	4%	2	3%
Number of women in all positions	406	8%	403	7%

* The percentage is expressed as the proportion of available positions in the described category.

Promote ethical and responsible decision making

The Group recognises the importance of integrating the company's values and Code of conduct into a transparent social responsibility culture of compliance to meet the expectations of its stakeholders, which is described in the Company's Corporate Social Responsibility Policy.

The policy sets out the social principles, responsibilities, guidelines and features of the Company's social responsibility policy in compliance with Australian Standard AS8003 "Corporate Social Responsibility".

Management recognise that our social, economic and environmental responsibilities to our stakeholders are integral to our business and the Company aims to demonstrate these responsibilities through our actions and within our corporate policies.

B. Corporate governance (continued)

Principle 4 - Safeguard integrity in financial reporting

Audit and Risk Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Board has an Audit and Risk Committee which operates under a charter approved by the Board. The Board has delegated overseeing the establishment and maintenance of a framework of internal control, risk management and ethical standards to the Audit and Risk Committee. The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Committee are non-executive directors. The charter under which the Audit and Risk Committee operates is available on the Company website.

The Audit and Risk Committee meets with the external and internal 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.

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.

The members of the Audit and Risk Committee during the year were:

Greg Laurie (Chairman)

Phil Arnall

Eileen Doyle

Peter Richards

Details of these directors attendance at Committee meetings are set out in the directors' report on page 6.

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 and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. 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 26 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk 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.

Principle 5 and 6 - Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which focuses on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's procedures also include arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings. Full details of the Continuous Disclosure Policy is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules.

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.

B. Corporate governance (continued)

Principle 7 - Recognise and manage risk

Risk assessment and management

Bradken is committed to managing risk to protect it's people, the environment, Group assets, the community and it's reputation. Bradken operates an Enterprise Risk Management process consistent with international standards 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.

A copy of the Group's Risk Management Policy is available on the Company website.

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.

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.

Principle 8 - Remunerate fairly and responsibly

Human Resources Committee

The members of the Human Resources Committee during the year were:

Eileen Doyle (Chairman)

Nick Greiner

Phil Arnall

Vince O'Rourke - retired 23 October 2012

Details of these directors attendance at Committee meetings are set out in the directors' report on page 6.

The Human Resources 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 committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions. This includes overseeing processes in relation to meeting diversity objectives for executives and staff below board level.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' report under the heading 'Remuneration Report'.

C. Review of operations

Operating and Financial Review

	2013	2012	Change
NPAT	$66.9m	$100.5m	(33%)
EBITDA	$183.6m	$220.4m	(17%)
Underlying NPAT	$96.1m	$100.5m	(4%)
Underlying EBITDA	$214.0m	$219.2m	(2%)
Underlying EBITDA margin	16.2%	15.1%	
Sales revenue	$1,313.1m	$1,451.3m	(10%)
Operating cash flow	$217.6m	$121.2m	80%
Earnings per share	39.6 cents	60.5 cents	(35%)
Dividends per share	38.0 cents	41.0 cents	(7%)

The Group recorded a net profit after tax for the year ended 30 June 2013 of $66.9 million, however this included a one-off pre-tax charge of $30.4 million relating to the Federal Court proceedings associated with the Norcast acquisition. While statutory EBITDA was $183.6 million, underlying EBITDA before the costs resulting from the Federal Court action was $214.0 million, a decrease of only 2% on the previous year. This result was achieved in a quietening market, but with sales down only 10% to $1,313.1 million, demonstrating the strength of the Group's consumable products focus and the defensibility of its margins.

Operating cash flow before capital expenditure for the year was $217.6 million, an improvement of 80% over the previous period. The improvement was driven by working capital reductions of $79 million and reductions in tax payments, however the results included $26.7 million of cash costs relating to the Federal Court proceedings. Net capital expenditure was $96.7 million for the year, down from $131.9 million in the previous year.

Net debt levels decreased to $425.3 million from $442.8 in the previous year. The reduction in debt was achieved after allowing for the Federal Court action costs of $26.7 million and the depreciation in the AUD against the USD during May and June which resulted in an additional $28.8 million on translation of the Group's USD denominated debt. The Group's gearing remains conservative at 2.0 times (net debt / EBITDA) and unchanged from the gearing level at the end of the previous year.

In December 2012, the Group successfully commissioned a world class 20,000 tonne foundry in Xuzhou, China with the foundry producing resources-related consumable products during the start-up production phase. This facility will be a cornerstone for future growth.

Mining Products Division

The Mining Products Division supplies consumable wear products to the global mining industry. Products include ground engaging tools (GET), Crawler System products for hydraulic mining excavators and electric rope shovels and wear solutions for mining fixed plant equipment including plate, block, rubber and ceramic products. These are produced in the Group's manufacturing facilities in Australia, China, Canada, the USA and the UK. The Division also produces wear pipe products and fabrications for customers in the northern oil sands region of Alberta, Canada and has foundry capacity in the United Kingdom to serve the European markets.

A fall in commodity prices during the year led to a slowdown in capital and maintenance spending along with destocking in Australia and global markets. Despite difficult market conditions, sales revenue of $413m was 4% higher than the prior year and the gross margin increased from 33.1% to 34.1%.

Ground Engaging Tools global sales increased due to the uptake of the new range of GET products in both Australia and overseas markets. The increase reflected the strong market penetration of the new product range as well as the fact that although capital expenditure by miners slowed, production volumes were up on the previous year, which increased the demand for the Division's consumable mining products.

Crawler Systems sales increased, attributable to higher sales to Original Equipment Manufacturers' ("OEM") customers as well as growth in direct aftermarket sales in Australia and Europe. The lower prices for mining commodities saw a reduction in capital expenditure on new mining equipment that adversely impacted order intake and sales of Crawler System products particularly in the second half.

The Fixed Plant business sales revenue was down with Australian sales reduced 14% due to lower capital project activity in the Western Australia iron ore market and cutbacks in spending by major mining companies.

The Canadian Oil & Gas business sales were up 6% over F12 with a second half rebound in wear pipe sales and more project work from the oil sands secured in 2H13.

C. Review of operations (continued)

Operating and Financial Review (continued)

Mineral Processing Division

The Mineral Processing Division is a global manufacturer of custom designed products for grinding mills, crushing and conveying equipment for the hard rock mining industry and operates a metal recycling business that purchases and processes steel feed for the Group's foundries. The Division's customers include the world's largest mining companies and some OEMs, with products supplied to mining operations on five continents and over 30 countries. Products are manufactured in the Division's manufacturing facilities in Australia, Malaysia and Canada as well as obtained from other Group facilities in Australia, China, the USA and the UK. The Division is the market leader in the manufacture of grinding mill liners.

Sales of $250 million were in line with the previous year with gross margin increasing from 35.4% to 37.7%. The margin gains were achieved through excellent operational performance at the Mont Joli, Canada facility, the introduction of new differentiated products into target markets and the rationalisation of many products into the optimal plant of manufacture. This resulted in a strong improvement in the quality of earnings with the additional margin more than offsetting a moderate increase in overheads that included an increase in regional selling and product development resources in line with plans to continue growing the business in the world's major mining regions.

Engineered Products Division

The Engineered Products Division is a leading North American manufacturer of large, highly-engineered steel castings and differentiated consumable products to the mining, resource, transportation, and energy industries. The Division is a leader in the North American market for highly engineered steel castings greater than 4,500 kilograms.

Overall, sales of $309 million were down approximately 11% on the prior financial year. This net change resulted from a significant second half decline due to deteriorating market conditions. The Division responded to the reduction in demand in the second half by realigning workforce levels and reducing fixed costs and discretionary expenses to align with the current period of slower economic activity.

Annual sales in the Industrial Product's business, the largest portion of the Engineered Products Division, were impacted by a softening of demand in the mining and rail locomotive sectors, with sales declining for the year compared to the previous year. This was driven primarily by a reduction in second half sales from the comparable period in F12 after experiencing an increase in the first half. This reduced customer demand and excess industry capacity will continue to create a very competitive marketplace in the near term.

The Energy business' annual sales declined in the first half but rebounded in the second half of the financial year. The market remains highly competitive with pressure on pricing of products and services.

Rail Division

The Rail Division's products are used by customers in Australia to move more than 320 million tonnes of product annually. This represents more than one third of Australia's total mineral production. The Division is renowned for the supply of high quality rollingstock equipment and parts for mining, agricultural and general freight markets. At present, about 85% of the Division's sales are in rollingstock manufactured for the Australian market, while the remaining 15% is represented by parts sales into the same market. During F13, the Rail Division produced 1,070 rail cars in the Xuzhou manufacturing facility in China. This represented a 48% volume reduction on the prior year and is reflective of the general down-turn in the resources sector.

Overall, sales of $223 million were down approximately 33% on the prior financial year. The Division's margins have improved over the last 12 months with a return to more traditional iron ore and coal wagon manufacture. Notwithstanding the lower volumes, profitability significantly improved as a consequence of the disciplined and deliberate execution of the Division's "Contain and Consolidate" business plan.

Business Strategies and Outlook

The difficult market conditions are expected to continue into 2014 particularly in the first half of the year. The main business strategy in these difficult conditions is to reduce both operating and overhead costs in line with the reduced activity levels and to reduce working capital and capital expenditure to maximise cash flow.

Management will continue to pursue opportunities to grow the existing business both organically and through acquisitions at the appropriate time, all the while maintaining a solid balance sheet and strategic focus consistent with the Group' s global business strategies.

C. Review of operations (continued)

Operating and Financial Review (continued)

Business Strategies and Outlook (continued)

The Group's business strategy remains focused on growing the mining consumables business by designing, manufacturing and selling differentiated consumable wear products throughout the major global mining regions. A number of discrete strategies will be implemented to aid this focus including:

- expanding our sales presence direct to mining customers throughout the world;
- new product design and innovation;
- further reducing manufacturing costs; and
- global distribution network to include targeted stock holdings in key mining regions to support direct sales.

Business Risks

The Group maintains a proactive Risk Management System, which identifies potential risks by site, business, region and function, by actively pursuing the minimisation of identified business interruption risks. While each of the Group's Divisions has its own discrete business risks, as a group, the Group's Executive Management Team identify high level business risks with the potential of having a material impact on the financial prospects of the Group.

A major risk to the Group is the high cost of manufacturing within Australia. The local environment suffers from high labour costs, high energy costs and regional scale manufacture, which may over time adversely affect the viability of manufacturing in Australia.

A further high level business risk with the potential of having a material impact on the financial prospects of the Group is the general economic and business conditions, both globally and domestically, particularly an extended pull-back in mining investment due to a slowdown in China, having the potential to produce significant fluctuations in demand for the Group's products and an impact on earnings potential.

The Group is continuing to address and mitigate these risks by globalising its manufacturing footprint and by growing its capabilities offshore. Most recently, stage one of the Group's new world-class manufacturing facility in Xuzhou, China was commissioned, which will substantially reduce the Group's average cost of production, particularly for mining and mineral processing products.

D. Remuneration report

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

(a) Introduction
(b) Principles used to determine the nature and amount of remuneration
(c) Key management personnel remuneration disclosure
(d) Service agreements
(e) Share-based compensation
(f) Additional information

(a) *Introduction*

The information provided under headings (b) to (e) 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. Information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This report details the Bradken Group's remuneration objectives, practices and outcomes for Non-executive Directors, the Managing Director / Chief Executive Officer and other key management personnel of the Group for the year to 30 June 2013.

Consistent with the Company's normal process, external consultants AON Hewitt were again contracted to provide remuneration advice to the Human Resources Committee. In the 2013 financial year AON Hewitt provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid $25,000 for these services (2012: $26,500). AON Hewitt have confirmed the above recommendations were made free from undue influence by members of the Group's key management

There were no changes to the remuneration framework in the current period compared to the previous period.

Role of the Human Resources Committee

The Human Resources Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- non-executive director fees
- remuneration levels of the managing director, executive directors and other key management personnel
- the over-arching executive remuneration framework and incentive plans.

Its objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company. In doing this, the Human Resources Committee seeks advice from independent remuneration consultants.

The Corporate Governance Statement provides further information on the role of this committee.

Voting and comments made at the company's 2012 Annual General Meeting

Bradken Limited received more than 97% of "yes" votes on its remuneration report for the 2012 Financial year.

The company did not receive any specific feedback at the AGM. No other correspondence was received throughout the year pertaining to the remuneration report.

(b) *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 whilst maintaining competitiveness with the market and appropriateness 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.

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 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.

D. Remuneration report (continued)

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

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).

No key management personnel has entered into any arrangement to limit the exposure or risk related to their remuneration.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- AON Hewitt was engaged by, and reported directly to, the chair of the Human Resources Committee. The agreement for the provision of remuneration consulting services was executed by the chair of the Human Resources Committee under delegated authority on behalf of the board;
- The report containing the remuneration recommendations was provided by AON Hewitt directly to the chair of the Human Resources Committee; and
- AON Hewitt was permitted to speak to management throughout the engagement to understand Group processes, practices and other business issues and obtain management perspectives. However, AON Hewitt was not permitted to provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

In addition to providing remuneration recommendations, AON Hewitt also provided advice on other aspects of the remuneration of the Group’s employees.

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 2011. Total aggregate remuneration for all non-executive directors, last voted upon by shareholders in October 2011, is not to exceed $1,200,000 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 $130,000 (2012: $130,000) per annum. The Chairman's fee is currently $280,000 (2012: $280,000) per annum. Non-executive directors do not receive performance related remuneration. Directors’ fees cover all main board activities and membership of any Board committee.

In recognition of the prevailing external economic market conditions, the Chairman, the Non-Executive Directors and the Chief Executive Officer have decided to voluntarily forego fee and salary increases in the period to June 30 2014.

(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 NED plan is voluntary.

Executive pay

In addition to base pay, at risk short-term salary and benefits including superannuation , key management personnel are invited to participate in a long term (3 year) incentive scheme. The combination of these comprise 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 it 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 and reflects the individual's performance. An executive's pay is also reviewed on promotion.

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, 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.

D. Remuneration report (continued)

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

(ii) At risk short term salary

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 the at risk short term salary is awarded depending on performance. At risk short term salary is not awarded where there is no year on year growth for the financial year.

The at risk short term salary is paid wholly on actual improvement in profitability. The value of the at risk short term salary payable is set within a range of 30% to 60% of the executive's total cash base remuneration depending on the position held by the executive. In calculating the at risk short term salary the growth in year on year NPAT is calculated and where applicable the EBITDA of the executive's business. To achieve the full at risk short term salary value a growth of 15% on the previous year profitability must be achieved.

The Human Resources Committee recommends the at risk short term salary to be paid to the Managing Director for approval by the Board. For other senior executives the Managing Director recommends the at risk short term salary to be paid, and seeks approval from the Human Resources 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 21.

The long-term incentive (LTI) is paid wholly on relative total shareholder return (TSR) performance over a 3 year period. The initial rights are provided based on a set range of 30% to 50% of the executive's total cash base remuneration depending on the position held by the executive. No rights vest to the executive if Bradken's TSR over a 3 year period is below 50% of the ASX Small Ordinaries Index and no re-testing occurs.

(c) *Key management personnel remuneration disclosure*

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 Corporate Development*
- Tom Armstrong - *Chief Operating Officer Engineered Products*
- Stephen Cantwell - *General Manager Rail*
- Steven Perry - *CFO and Company Secretary*
- Enda Sheridan - Executive *General Manager Mining Products*
- Brad Ward - *Executive General Manager Mineral Processing (appointed 1 July 2012)*

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 values in column (A) of each table below are remuneration as defined in Australian Accounting Standard AASB2 *Share-based payment*. This consists of share rights. These values are calculated based on a Black Scholes valuation of the rights in the year in which they are granted and are amortised over the performance period to which they relate, which is typically a 3 year period. The degree to which performance conditions will be met is unclear until the end of the relevant performance periods. There is no certainty performance conditions will be met and there is therefore no direct correlation of these values to the remuneration received by the executive in any period.

The values in column (B) of each table below shows the value of the rights that were granted to the executive for the performance periods 1 July 2010 to 30 June 2013 (2013) and 1 July 2009 to 30 June 2012 (2012).

For the performance period 1 July 2010 to 30 June 2013 the performance conditions were not met and no rights are eligible to vest for that period.

D. Remuneration report (continued)

2013

Name	Short-term employee benefits: Cash salary and fees $	Short-term employee benefits: At risk short term salary $	Short-term employee benefits: Non-monetary benefits $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave accrued $	Share-based payment (A): Share Rights accrued in period $	Share-based payment (B): Share Rights to vest for period $
Non-executive directors							
Nick Greiner - *Chairman*	280,000	-	-	-	-	-	NIL
Phil Arnall	130,000	-	-	-	-	-	NIL
Eileen Doyle	119,266	-	-	10,734	-	-	NIL
Greg Laurie	119,266	-	-	10,734	-	-	NIL
Vince O'Rourke	62,500	-	-	-	-	-	NIL
Peter Richards	119,266	-	-	10,734	-	-	NIL
Sub-total non-executive directors	830,298	-	-	32,202	-	-	NIL
Executive directors							
Brian Hodges	1,334,924	-	9,429	74,864	40,048	456,979	NIL
Other key management							
Andrew Allen	399,083	-	3,860	29,150	11,972	112,930	NIL
Tom Armstrong	403,544	-	-	32,075	-	114,565	NIL
Stephen Cantwell	439,268	-	359	25,458	13,178	130,871	NIL
Steven Perry	388,734	-	-	25,266	11,662	63,372	NIL
Enda Sheridan	597,047	-	2,564	34,457	17,911	206,030	NIL
Brad Ward	431,856	-	2,404	27,291	12,956	109,076	NIL
*** Total key management compensation (group)**	4,824,754	-	18,616	280,763	107,727	1,193,823	NIL

* The payment of at risk short term salary has significantly reduced when compared to the previous year. In addition no share rights vested for the period. This is reflective of the quantum of year on year growth achieved and the current share price performance of Resource related stocks.

2012

Name	Short-term employee benefits: Cash salary and fees $	Short-term employee benefits: At risk short term salary $	Short-term employee benefits: Non-monetary benefits $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave accrued $	Share-based payment (A): Share Rights accrued in period $	Share-based payment (B): Share Rights to vest for period $
Non-executive directors							
Nick Greiner - *Chairman*	277,500	-	-	-	-	-	NIL
Phil Arnall	128,750	-	-	-	-	-	NIL
Eileen Doyle	118,119	-	-	10,631	-	-	NIL
Greg Laurie	118,119	-	-	10,631	-	-	NIL
Vince O'Rourke	128,750	-	-	-	-	-	NIL
Peter Richards	118,119	-	-	10,631	-	-	NIL
Sub-total non-executive directors	889,357	-	-	31,893	-	-	NIL
Executive directors							
Brian Hodges	1,276,276	392,901	8,631	50,693	38,288	329,234	NIL
Other key management							
Andrew Allen	374,456	80,028	3,605	33,701	11,234	81,537	NIL
Tom Armstrong	381,202	125,904	-	18,089	-	148,800	NIL
Bruce Arnott**	296,737	-	3,031	37,630	8,902	68,067	NIL
Stephen Cantwell	450,344	43,742	-	37,344	13,510	53,967	NIL
Steven Perry***	261,744	51,971	-	25,100	7,852	27,473	NIL
Enda Sheridan	575,399	126,069	2,409	25,276	17,262	151,410	NIL
*** Total key management compensation (group)**	4,505,515	820,615	17,676	259,726	97,048	860,488	NIL

** Bruce Arnott retired on 30 November 2011, values reported are for the period 1 July to 30 November 2011.

*** Steven Perry was appointed Chief Financial Officer on 1 December 2011. Before this appointment he was Senior Commercial Manager of the Group's Mining business. The amounts shown above include all Mr Perry's remuneration during the reporting period. Amounts received as Chief Financial Officer were Cash Salary $192,661, Bonus $51,971, Superannuation $17,339, Long Service Leave $5,780 and Share Rights $22,585.

D. Remuneration report (continued)

Relationship between remuneration and Bradken Limited's performance

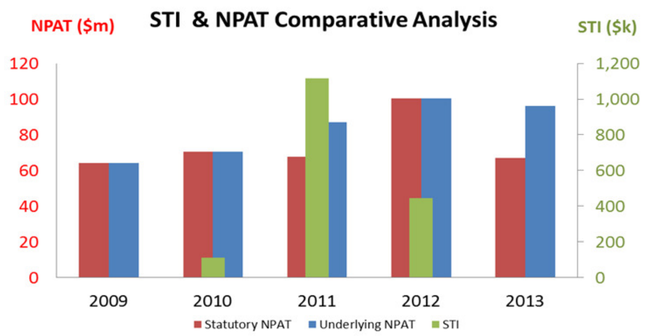
The following table shows key performance indicators for the group over the last five years:

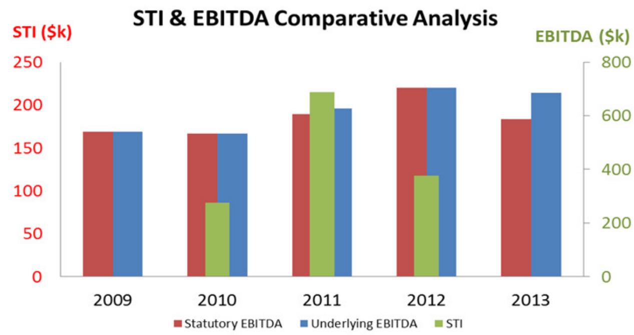
	2009	2010	2011	2012	2013
Unadjusted EBITDA ($'000)	169,098	167,034	189,422	220,402	183,604
Underlying EBITDA ($'000)	169,098	167,034	196,059	220,402	214,016
Profit for the year attributable to owners of Bradken Limited ($'000)	64,268	70,441	67,561	100,533	66,937
Underlying profit for the year attributable to owners of Bradken Limited ($'000)	64,268	70,441	87,082	100,533	96,054
Basic earnings per share (cents)	52.5	54.1	47.6	60.5	39.6
Dividends ($'000)	28,856	46,009	59,821	68,747	64,311
Dividend payout ratio (%)	44.9%	65.3%	88.5%	68.4%	96.1%
BKN Y/E Share Price ($'s)	4.31	7.20	7.96	5.19	4.31
Increase/(decrease) in share price (%)	-50%	67%	11%	-35%	-17%
Total KMP incentives as percentage of profit/ (loss) for the year (%)	1.1%	1.8%	4.1%	1.7%	1.8%

Dividends shown above and the payout ratio calculated is in respect to profit earned for the year.

The graphs below illustrate two of the key links between key management personnel remuneration and Bradken Limited's performance.

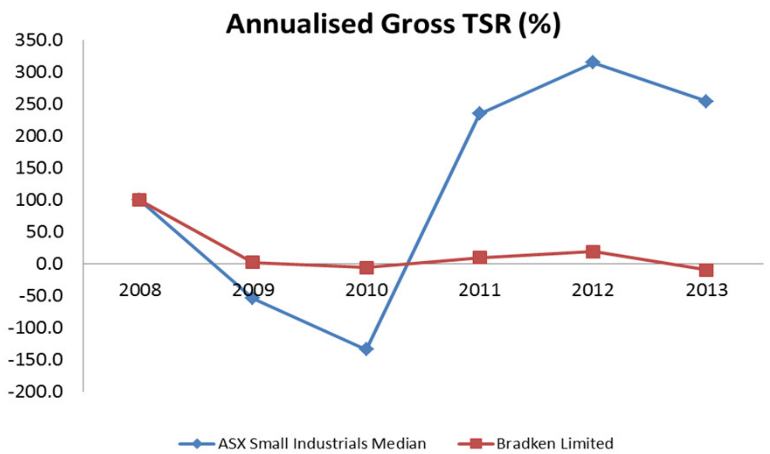
The first two graphs illustrate the link between Bradken Limited's net profit before tax and EBITDA, both unadjusted and underlying, compared to payments made under the STI plan. In the 2011 year STI payouts were calculated against underlying NPAT and underlying EBITDA.





* Profit before tax is profit from continuing operations before income tax expense.
** STI % of target reflects the percentage of the target STI pool that was paid out to executives.

The last graph illustrates the operation of the long-term incentive plan by comparing Bradken Limited's TSR performance to the median TSR of the ASX Small Industrials Index (see page 22 below) over the last five years.



D. Remuneration report (continued)

(d) *Service agreements*

Remuneration and other terms of employment for the Managing Director and key management personnel 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.

Name	Term of Agreement	* Base salary including superannuation	** Termination Benefit
Brian Hodges, *Managing Director*	Ongoing commencing 2 July 2004	$1,426,118	6 months base salary
Andrew Allen, *General Manager Corporate Development*	Ongoing commencing 1 September 2011	$432,390	3 months base salary
Steven Perry, *Chief Financial Officer and Company Secretary*	Ongoing commencing 1 December 2011	$432,000	3 months base salary
Tom Armstrong, *Chief Operating Officer Engineered Products*	Ongoing commencing 25 October 2006	$455,372	12 months base salary
Stephen Cantwell, *General Manager Rail*	Ongoing commencing 1 July 2011	$468,135	6 months base salary
Enda Sheridan, *Executive General Manager Mining Products*	Ongoing commencing 17 June 2009	$637,635	3 months base salary
Brad Ward, *Executive General Manager Mineral Processing*	Ongoing commencing 1 July 2012	$403,650	3 months base salary

* Base salaries quoted are as at 30 June 2013; they are reviewed annually by the Human Resources Committee.

** Termination benefits are payable on early termination by the company, other than for gross misconduct; unless otherwise indicated, they are equal to the base salary for the remaining term of the agreement.

(e) *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. No shares were issued under the NED 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 ASX 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 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.

D. Remuneration report (continued)

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

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 Resources 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 Industrials Index. The Company's performance against the hurdle is then determined with each Company in the ASX Small Industrials Index 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 Industrials Index (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 or the final test date depending on the conditions of the grant.

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	Exercise price	Fair value per Right	Performance Period	Test Date (date vested and exercisable)	Expiry Date
29 October 2009	$0.00	$4.41	1 Jul 09 to 30 Jun 12	Result announcement y/e 12	Final Test Date
5 November 2010	$0.00	$5.13	1 Jul 10 to 30 Jun 12	Result announcement y/e 12	Final Test Date
5 November 2010	$0.00	$6.12	1 Jul 10 to 30 Jun 13	Result announcement y/e 13	Final Test Date
7 October 2011	$0.00	$4.76	1 Jul 11 to 30 Jun 14	Result announcement y/e 14	Final Test Date
7 October 2011	$0.00	$4.76	1 Jul 11 to 30 Jun 14	Result announcement y/e 13	Final Test Date
7 October 2011	$0.00	$4.76	1 Jul 11 to 30 Jun 14	Result announcement y/e 14	Final Test Date
23 October 2012	$0.00	$2.84	1 Jul 12 to 30 Jun 13	Result announcement y/e 13	Final Test Date
23 October 2012	$0.00	$3.39	1 Jul 12 to 30 Jun 14	Result announcement y/e 14	Final Test Date
23 October 2012	$0.00	$2.84	1 Jul 12 to 30 Jun 13	Result announcement y/e 13	Final Test Date
23 October 2012	$0.00	$3.39	1 Jul 12 to 30 Jun 15	Result announcement y/e 15	Final Test Date

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 35 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**	**Value at exercise date ***
Directors of Bradken Limited				
Brian Hodges	**141,021**	**0**	**36,521**	**$ 225,335**
Other key management personnel of the Group				
Andrew Allen	**34,205**	**0**	**0**	**$ -**
Tom Armstrong	**39,334**	**0**	**0**	**$ -**
Stephen Cantwell	**49,377**	**0**	**0**	**$ -**
Steven Perry	**34,175**	**0**	**0**	**$ -**
Enda Sheridan	**63,052**	**0**	**0**	**$ -**
Brad Ward	**39,915**	**0**	**0**	**$ -**

* The value at exercise date is deemed to be the closing price of the security on the date exercised.

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

D. Remuneration report (continued)

(e) *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.

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 share remuneration: Rights

For each grant of Rights included in the tables on pages 19 to 23, the percentage of the available 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 21). Rights not vested when performance hurdles are not met do not carry forward to future periods.

(f) *Additional information*

	Rights						
Name	**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	2013	-	-	-	30/06/2016	-	147,424
	2012	-	-	-	30/06/2015	-	89,398
	2011	-	-	-	30/06/2014	-	87,398
	2010	-	-	100	30/06/2013	-	-
Tom Armstrong	2013	-	-	-	30/06/2016	-	169,530
	2012	-	-	-	30/06/2015	-	83,269
	2011	-	-	-	30/06/2014	-	83,377
	2011	61	-	39	30/06/2013	-	-
	2010	61	-	39	30/06/2013	-	-
	2010	-	-	100	30/06/2013	-	-
Stephen Cantwell	2013	-	-	-	30/06/2016	-	159,612
	2013	-	-	-	30/06/2014	-	53,203
	2012	-	-	-	30/06/2015	-	73,296
	2012	-	-	-	30/06/2014	-	48,867
Brian Hodges	2013	-	-	-	30/06/2016	-	607,801
	2012	-	-	-	30/06/2015	-	365,760
	2011	-	-	-	30/06/2014	-	344,326
	2010	-	-	100	30/06/2013	-	-
Steven Perry	2013	-	-	-	30/06/2016	-	147,294
	2012	-	-	-	30/06/2015	-	29,144
	2011	-	-	-	30/06/2014	-	29,631
	2010	-	-	100	30/06/2013	-	-
Enda Sheridan	2013	-	-	-	30/06/2016	-	271,754
	2012	-	-	-	30/06/2015	-	164,793
	2011	-	-	-	30/06/2014	-	156,587
	2010	-	-	100	30/06/2013	-	-
Brad Ward	2013	-	-	-	30/06/2016	-	172,034
	2012	-	-	-	30/06/2015	-	73,546
	2011	-	-	-	30/06/2014	-	77,955
	2010	-	-	100	30/06/2013	-	-

A= The % of rights that failed to vest in the period as the performance criteria were not 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 2013 of $4.31.

D. Remuneration report (continued)

(f) *Additional information (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	20.3%	115,955	-	122,957
Tom Armstrong	20.8%	133,342	-	163,280
Stephen Cantwell	21.5%	160,599	-	-
Brian Hodges	23.8%	478,061	225,335	633,587
Steven Perry	13.0%	115,853	-	54,524
Enda Sheridan	24.0%	213,746	-	282,747
Brad Ward	18.7%	135,312	-	146,037

A= The percentage of the value of remuneration consisting of Rights, based on the value at grant date set out in column B. Remuneration percentage refers to the AASB 2 Share-based payment values reported in the table in section (b) above and does not correlate to the remuneration received by the executive in the period.

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	7,340
30 October 2006	Ten years from Test Date	Nil	14,993
31 October 2007	Ten years from Test Date	Nil	3,353
17 October 2008	Ten years from Test Date	Nil	116
17 October 2008	Ten years from Test Date	Nil	12,690
5 November 2010	Final Test Date	Nil	23,988
5 November 2010	Final Test Date	Nil	543,929
7 October 2011	Final Test Date	Nil	619,410
7 October 2011	Final Test Date	Nil	17,877
23 October 2012	Final Test Date	Nil	61,369
23 October 2012	Final Test Date	Nil	1,122,908

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 purchased on exercise of Rights

The following ordinary shares of Bradken Limited were bought on market during the year ended 30 June 2013 on exercise of Rights granted under the Performance Rights Plan. No further shares have been bought since that date.

Date Rights granted	Exercise price of right	Number of shares purchased
17 October 2008	0.00	36,521

E. Other information

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 below.

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:

	Consolidated	
	2013	2012
	$	$
Other assurance services		
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under *Corporations Act 2001*	**409,550**	444,234
Related practices of PricewaterhouseCoopers Australian firm	**389,601**	619,044
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**22,821**	28,351
Non-PricewaterhouseCoopers audit firm (Grant Thornton US)	**290,000**	249,564
Total remuneration for audit services	**1,111,972**	1,341,193
2. Other assurance services		
PricewaterhouseCoopers Australian firm:		
Accounting services	**26,000**	25,856
Related practices of PricewaterhouseCoopers Australian firm		
Accounting services	**68,431**	23,100
Non-PricewaterhouseCoopers audit firm (Ernst & Young China)		
Transfer pricing services	**21,599**	-
Non-PricewaterhouseCoopers audit firm (Fubang China)		
Capital verification services	**-**	2,404
Total remuneration for other assurance services	**116,030**	51,360
Total remuneration for assurance services	**1,228,002**	1,392,553
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of Company income tax returns	**344,860**	454,225
Related practices of PricewaterhouseCoopers Australian firm	**74,694**	136,149
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**13,487**	11,307
Non-PricewaterhouseCoopers audit firm (KPMG US)	**397,254**	430,417
Non-PricewaterhouseCoopers audit firm (Ernst & Young Malaysia)	**3,461**	-
Non-PricewaterhouseCoopers audit firm (Tianrui China)	**-**	685
Non-PricewaterhouseCoopers audit firm (PT The Practice Indonesia)	**-**	860
Non-PricewaterhouseCoopers audit firm (WK Wilton South Africa)	**-**	3,771
Total remuneration for taxation services	**833,756**	1,037,414

E. Other information (continued)

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 independent Non-Executive Directors who are not individual parties to the proceedings in the Federal Court of Australia brought by Norcast (Pala Investments) (being proceedings number VID 356 of 2012), have obtained independent legal advice concerning those proceedings. The independent Non-Executive Directors are of the view that the interests of the Company and each of the Directors are aligned in pursuing a successful appeal. The independent Non-Executive Directors are of the view that Mr Hodges and Mr Greiner were acting in good faith in relation to the conduct, the subject of the proceedings and accordingly if there is no available claim that can be made against an insurer of Mr Hodges and Mr Greiner, the Deeds of Indemnity will then operate to indemnify Mr Hodges and Mr Greiner in connection with the proceedings.

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.*

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 27.

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:

Nick Greiner
Chairman

Brian Hodges
Managing Director

Sydney
12 August 2013

Auditor's Independence Declaration

As lead auditor for the audit of Bradken Limited for the year ended 30 June 2013, 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.

John Campion
Partner
PricewaterhouseCoopers

Newcastle
12 August 2013

PricewaterhouseCoopers, ABN 52 780 433 757
PricewaterhouseCoopers Centre, 26 Honeysuckle Drive, PO Box 798, NEWCASTLE NSW 2300
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Contents

This financial report covers 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:

20 McIntosh Drive

Mayfield West NSW 2304

A description of the nature of the consolidated entity's principal activities and an operating and financial review is included on page 2 and pages 13 to 15 respectively of the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 12 August 2013. 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	2013 $'000	2012 $'000
Revenue from continuing operations	5	**1,317,442**	1,456,081
Cost of sales		**(1,035,554)**	(1,154,016)
Gross profit		**281,888**	302,065
Other income	5	**14,570**	2,017
Selling and technical expenses		**(60,726)**	(57,803)
Administration expenses	5	**(110,089)**	(76,681)
Finance costs	5	**(31,501)**	(33,785)
Share of net profit of associates accounted for using the equity method		**9,847**	2,826
Profit before income tax		**103,989**	138,639
Income tax expense	6	**(37,052)**	(38,106)
Profit for the year		**66,937**	100,533
Profit is attributable to:			
Owners of Bradken Limited		**66,937**	100,533
		66,937	100,533

	Notes	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	**39.6**	60.5
Diluted earnings per ordinary share: (cents per share)	34	**39.1**	59.8

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

	Notes	2013 $'000	2012 $'000
Profit for the period		**66,937**	100,533
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets	23(a)	**-**	(33,061)
Changes in the fair value of cash flow hedges	23(a)	**1,154**	(3,382)
Exchange differences on translation of foreign operations	23(a)	**37,972**	16,850
Income tax relating to these items	6(d)	**(346)**	10,933
Items that will not be reclassified to profit or loss			
Actuarial (losses) / gains on retirement benefit obligations	23(b)	**3,365**	(8,364)
Other comprehensive income for the period, net of tax		**42,145**	(17,024)
Total comprehensive income for the period		**109,082**	83,509
Total comprehensive income for the period is attributable to:			
Owners of Bradken Limited		**109,082**	83,509
		109,082	83,509

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

	Notes	2013 $'000	2012 $'000
Current assets			
Cash and cash equivalents	7	**92,489**	101,892
Receivables	8	**167,810**	220,911
Other receivables and other assets	9	**453**	402
Inventories	10	**266,926**	308,113
Current tax assets		**11,794**	7,150
Derivative financial instruments	11	**12,897**	-
Total current assets		**552,369**	638,468
Non-current assets			
Receivables	8	**2,880**	1,873
Other receivables and other assets	9	**5,078**	5,323
Property, plant and equipment	12	**616,225**	533,180
Deferred tax assets	13	**6,059**	17,973
Intangible assets	14	**382,739**	362,428
Investments accounted for using the equity method	16	**49,261**	38,521
Total non-current assets		**1,062,242**	959,298
Total assets		**1,614,611**	1,597,766
Current liabilities			
Payables	17	**197,029**	203,245
Borrowings	19	**29,283**	6,047
Current tax liabilities		**3,004**	6,198
Provisions	18	**52,850**	48,159
Derivative financial instruments	11	**2,310**	3,650
Total Current Liabilities		**284,476**	267,299
Non-current liabilities			
Payables	17	**8,231**	7,438
Borrowings	19	**494,749**	543,924
Deferred tax liabilities	21	**43,882**	38,158
Provisions	18	**17,963**	21,497
Total non-current liabilities		**564,825**	611,017
Total liabilities		**849,301**	878,316
Net assets		**765,310**	719,450
Equity			
Contributed equity	22	**542,071**	538,562
Reserves	23(a)	**29,145**	(13,007)
Retained earnings	23(b)	**194,094**	193,895
Capital and reserves attributable to owners of Bradken Limited		**765,310**	719,450
Total equity		**765,310**	719,450

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

		Attributable to owners of Bradken Limited			
		Contributed Equity	**Reserves**	**Retained earnings**	**Total**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Total equity at the beginning of the financial year 1 July 2011		**489,243**	**(6,386)**	**168,206**	**651,063**
Profit for the year		**-**	**-**	**100,533**	**100,533**
Other comprehensive income		**-**	**(8,660)**	**(8,364)**	**(17,024)**
Total comprehensive income for the year as reported in the 2012 financial statements		**-**	**(8,660)**	**92,169**	**83,509**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	22	(700)	-	-	**(700)**
Dividends provided for or paid	23	50,019	-	(66,480)	**(16,461)**
Employee share rights - value of employee services	35	-	2,039	-	**2,039**
Employee share rights - transfer on exercise of options	35	-	-	-	**-**
		49,319	2,039	(66,480)	(15,122)
Balance at 30 June 2012		**538,562**	**(13,007)**	**193,895**	**719,450**
Profit for the year		**-**	**-**	**66,937**	**66,937**
Other comprehensive income		**-**	**38,780**	**3,365**	**42,145**
Total comprehensive income for the year		**-**	**38,780**	**70,302**	**109,082**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	23	11,505	-	(70,103)	**(58,598)**
On-market share buyback and cancellation		(8,014)	-	-	**(8,014)**
Deferred tax adjustment for previously booked placement costs		18	-	-	**18**
Employee share rights - value of employee services	35	-	3,372	-	**3,372**
		3,509	3,372	(70,103)	(63,222)
Balance at 30 June 2013		**542,071**	**29,145**	**194,094**	**765,310**

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

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,593,602**	1,557,394
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,317,272)**	(1,351,233)
Transaction costs relating to acquisition of subsidiary and acquisition of business		**(16)**	(1,017)
		276,314	205,144
Interest received		**254**	369
Interest paid		**(30,440)**	(31,976)
Income taxes paid		**(28,493)**	(52,296)
Net cash (outflow) inflow from operating activities	32	**217,635**	121,241
Cash flows from investing activities			
Payment for property, plant and equipment		**(103,835)**	(122,887)
Payment for purchase of subsidiary, net of cash acquired		**-**	(195,792)
Payment for businesses		**(3,412)**	(382)
Payment for available for sale financial assets	15	**-**	(671)
Increase in investments by way of share purchases	30	**(5,877)**	-
Proceeds from sale of available for sale financial assets	15	**-**	681
Proceeds from sale of property, plant and equipment		**18,698**	4,418
Payment for capitalised design costs		**(8,145)**	(9,077)
Dividends received	30	**2,178**	1,725
Net cash (outflow) inflow from investing activities		**(100,393)**	(321,985)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	19,853
Transaction costs from issue of shares		**-**	(167)
Payment of finance lease liabilities		**(10,872)**	(10,409)
Repayment of borrowings		**(326,234)**	(297,493)
Proceeds from borrowings		**272,144**	485,595
Dividends paid to company's shareholders	24	**(58,598)**	(36,314)
Payments for shares bought back	22	**(8,014)**	-
Net cash (outflow) inflow from financing activities		**(131,574)**	161,065
Net increase (decrease) in cash and cash equivalents		**(14,332)**	(39,679)
Cash and cash equivalents at the beginning of the year		**101,719**	143,056
Effects of exchange rate changes on cash and cash equivalents		**4,435**	(1,658)
Cash and cash equivalents at the end of the year	7	**91,822**	101,719
Financing arrangements	19		
Non-cash financing and investing activities	33		

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

Contents to the notes to the consolidated financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Bradken Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRSs

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

New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

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.

(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 2013 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 consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill identified on acquisition (refer to note 32).

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

1 Summary of significant accounting policies (continued)

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iii) 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.

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.

(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.

(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;
- income and expenses for each income statement and statement of comprehensive income 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 in other comprehensive income.

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 recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

1 Summary of significant accounting policies (continued)

(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 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 components completed to date as a percentage of total components 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).

(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.

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.

1 Summary of significant accounting policies (continued)

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.

Bradken Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

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.

(i) Investment allowances

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(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, if there is no reasonable certainty that the Group will obtain ownership at the end of 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 28). 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.

Lease income from finance leases where the group is a lessor 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 receivable for each period (note 9). The respective lease receivable is included in the balance sheet.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, 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 asset or liability resulting from a 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.

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.

1 Summary of significant accounting policies (continued)

(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. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

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.

(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. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

1 Summary of significant accounting policies (continued)

(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 way purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. 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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

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.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

1 Summary of significant accounting policies (continued)

(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 11. Movements in the hedging reserve in shareholders' equity are shown in note 23.

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) 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	20 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.

(p) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it 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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Patents, trademarks and brand names

Patents are carried at fair value at acquisition and amortised on a straight line basis over the life of the patent. Trademarks are carried at their fair value at acquisition less impairment losses and amortised over 5 years with amortisation calculated on a straight line basis. Brand names are not amortised if they continue to be used and add value. Discontinued brand names are amortised over a period of 10 years as they are phased out.

(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.

(iv) 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.

(q) 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(r) 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 profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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 reporting period.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(t) 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.

(u) 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.

(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.

1 Summary of significant accounting policies (continued)

(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 two defined benefit retirement plans, one in the United States and the other in Canada. The United States plan is closed to new members and covers hourly employees hired before May 10, 1993 at one of our US subsidiaries. The Canadian plan is currently active at one of our Canadian subsidiaries for hourly employees but closed on March 1, 2010 to salaried employees. 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.

Unrecognised actuarial gains / losses in excess of the 10% corridor are being recognised on a straight-line basis over the average life remaining service period of the active participant group.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is a deep market in high-quality corporate bonds, the market rates on those bonds are used.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(vi) Healthcare reserves

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

(v) 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.

(w) 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.

(x) 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)

(y) 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.

(z) 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.

(aa) Amended accounting standards and UIG interpretations

Certain amended accounting standards and interpretations have been published that are not mandatory for 30 June 2013 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 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities,* revised AASB 127 *Separate Financial Statements and* AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective for annual periods beginning on or after 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments. The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective for annual periods beginning on or after 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* *(effective for annual periods beginning on or after 1 January 2013)*

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures , to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001 . While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

1 Summary of significant accounting policies (continued)

AASB 119 - *Revised AASB 119 Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* *(effective for annual periods beginning on or after 1 January 2013)*
In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will be implemented retrospectively. The Group will adopt the new standard from 1 July 2013.

Amendments to AASB 136 *Recoverable Amount Disclosures for Non-Financial Assets* *(effective for annual periods beginning on or after 1 January 2014)*
The AASB has made small changes to some of the disclosures that are required under AASB 136 Impairment of Assets. These may result in additional disclosures if the group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The group intends to apply the amendment from 1 July 2014.

AASB 2012-5 *Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle*
(effective for annual periods beginning on or after 1 January 2013)
In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The group does not expect that any adjustments will be necessary as the result of applying the revised rules.

There are no other standards that are not yet effective and that are expected to have a material impact on the group in the current or future reporting periods on foreseeable future transactions.

(ab) Parent entity financial information

The financial information for the parent entity, Bradken Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Bradken Limited.

(ii) 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.

The 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 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 are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

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

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.

(iii) Financial guarantees

The parent entity is a guarantor under the Bradken Group - Common Terms Deed Poll and unconditionally and irrevocably guarantees payments due in connection with any financing facilities owed by any Group company.

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, 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.

The maximum exposure to credit risk best represents the carrying value of the financial assets at balance date.

The standard terms and conditions on sale of goods includes a clause which allows Bradken to repossess goods which have not been consumed should Bradken require it necessary to recoup unpaid debts owed to them.

Bradken's global customer base is large and diverse and subject to strict credit application and assessment criteria to minimise impairment risk.

Details on the past due but not impaired trade receivables are disclosed at note 8(b).

(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 19(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 - 2013	Less than 1 year $'000	Between 1 and 3 years $'000	Between 3 and 5 years $'000	Between 5 and 8 years $'000	Over 8 years $'000
Non-derivatives					
Payables	197,029	-	-	-	-
Borrowings (excluding finance leases)	47,910	341,263	16,649	69,981	165,111
Finance leases liabilities	4,805	5,138	1,058	890	-
Derivatives					
Net settled interest rate swaps and caps	2,310	-	-	-	-

Group - 2012	Less than 1 year $'000	Between 1 and 3 years $'000	Between 3 and 5 years $'000	Between 5 and 8 years $'000	Over 8 years $'000
Non-derivatives					
Payables	203,245	-	-	-	-
Borrowings (excluding finance leases)	26,946	264,050	145,868	73,224	162,180
Finance leases liabilities	4,845	5,672	524	-	-
Derivatives					
Net settled interest rate swaps and caps	3,650	-	-	-	-

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 8(f) for receivables denominated in foreign currencies.

(c) Market risk

(i) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets and 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 borrowings.

2 Financial risk management (continued)

(c) Market risk (continued)

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. 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 19 for further details generally of the Group's borrowings.

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 17 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 2(c)(iv).

(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 and foreign exchange risk. These sensitivities are prior to the offsetting impact of hedging instruments.

2013		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	92,489	(924)	(924)	924	924	5,735	5,735	(5,735)	(5,735)
Accounts receivable	155,353	-	-	-	-	11,552	11,552	(11,552)	(11,552)
Receivables under finance leases	5,531	-	-	-	-	-	-	-	-
Derivatives - FVTPL	12,897	-	-	-	-	20,078	20,078	5,556	5,556
Financial liabilities									
Derivatives - cashflow hedges	(2,310)	-	33	-	(32)	-	-	-	-
Trade payables	(115,931)	-	-	-	-	(8,290)	(8,290)	8,290	8,290
Borrowings	(524,032)	5,240	5,240	(5,240)	(5,240)	(37,222)	(37,222)	37,222	37,222
Total increase/(decrease)		4,316	4,349	(4,316)	(4,348)	(8,147)	(8,147)	33,781	33,781

2012		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	101,892	(1,018)	(1,018)	1,018	1,018	4,042	4,042	(4,042)	(4,042)
Accounts receivable	202,922	-	-	-	-	12,342	12,342	(12,342)	(12,342)
Receivables under finance leases	5,725	-	-	-	-	-	-	-	-
Financial liabilities									
Derivatives - cashflow hedges	(3,409)	-	494	-	(494)	-	-	-	-
Derivatives - FVTPL	(241)	-	-	-	-	546	546	(974)	(974)
Trade payables	(158,762)	-	-	-	-	(9,320)	(9,320)	9,320	9,320
Borrowings	(549,971)	5,500	5,500	(5,500)	(5,500)	(32,850)	(32,850)	32,850	32,850
Total increase/(decrease)		4,482	4,976	(4,482)	(4,976)	(25,240)	(25,240)	24,812	24,812

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.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurement 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 2013 and 30 June 2012.

2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivatives used for hedging	-	12,897	-	12,897
Total assets	-	12,897	-	12,897
Liabilities				
Derivatives used for hedging	-	2,310	-	2,310
Total liabilities	-	2,310	-	2,310

2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivatives used for hedging	-	3,650	-	3,650
Total liabilities	-	3,650	-	3,650

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. 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(p). 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 its 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.

(iii) Equity accounting for Austin Engineering

The Group has equity accounted the latest available published results of Austin Engineering Limited for the half year ending 31 December 2012 and extrapolated these to 30 June 2013 based on market conditions and analyst estimates. Differences identified when Austin Engineering Limited publishes results for the 2013 financial period will be adjusted in Bradken Limited's interim report for the half year ending 31 December 2013.

(iv) Intangibles

The group values identifiable intangibles acquired in a business combination based on a combination of independent valuations in some cases and management's estimate of the net present value of estimated future cash flows of the assets. Identifiable intangible assets are amortised over their estimated useful lives. Given the estimates involved, management review the carrying value of these assets annually for impairment.

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

Mining Products consists of design, supply and service of wear components for all types of earth moving in the Mining and Quarry industries. Mineral Processing consists of design supply and service of mill liner components in the Mineral Processing 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. Engineered Products, based in the North America, is a supplier of cast parts to the Energy, Power, Cement, Industrial and Rail Transport industries specialising in large (greater than 4,500 kg) highly engineered steel castings.

Responsibility for the North American based Resource business previously included as part of the Engineered Products segment has been moved to the Mining Products segment. The Mineral Processing business previously reporting within the Mining Products business has been removed from that segment following the acquisition and consolidation of the Canadian based Norcast business in 2011 and is now reported as a separate segment. Management has concluded that the results of the previously reported Industrial segment is no longer required to be separately disclosed. The segment does not meet any quantitative thresholds required by AASB 8 and is considered by management to be of decreasing relevance as the Group's operations continue to expand. Management has concluded that the results of this operation are better included in the "all other segments" column. Comparative disclosures have also been amended to reflect these changes.

The "all other" segment also represents other smaller businesses including Cast Metal Services.

4 Segment information (continued)

(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 2013 and for the year ending 30 June 2012 are as follows:

2013	Notes	Mining Products $'000	Mineral Processing $'000	Engineered Products $'000	Rail $'000	All other segments $'000	Total $'000
Total segment revenue		417,235	289,987	389,477	227,392	198,495	1,522,586
Inter-segment revenue		(51,933)	(39,898)	(32,875)	(4,830)	(79,911)	(209,447)
Revenue from external customers		**365,302**	**250,089**	**356,602**	**222,562**	**118,584**	**1,313,139**
Gross margin		**125,573**	**94,256**	**124,394**	**37,779**	**47,583**	**429,585**
Depreciation and amortisation expense		14,413	13,177	17,574	4,734	2,496	52,394
Net interest expense		1,689	3,409	2,312	124	(16)	7,518
Impairment of inventories	Note 10	836	73	575	(2)	20	1,502
Impairment of trade receivables	Note 8	-	-	407	-	257	664
Income tax expense / (income)		12,640	11,289	2,109	310	6,599	32,947
Other non cash expenses / (revenue)		3,808	375	82	1,609	(2,888)	2,986
Total segment assets		**403,769**	**361,859**	**336,862**	**85,364**	**119,692**	**1,307,546**
Total segment assets include:							
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets		65,391	9,301	15,188	3,515	3,855	97,250
Total segment liabilities		**53,605**	**47,999**	**61,268**	**75,607**	**22,580**	**261,059**

2012	Notes	Mining Products $'000	Mineral Processing $'000	Engineered Products $'000	Rail $'000	All other segments $'000	Total $'000
Total segment revenue		377,721	288,962	418,213	347,440	215,812	1,648,148
Inter-segment revenue		(26,886)	(36,194)	(26,649)	(17,239)	(89,924)	(196,892)
Revenue from external customers		**350,835**	**252,768**	**391,564**	**330,201**	**125,888**	**1,451,256**
Gross margin		**117,371**	**89,420**	**130,892**	**45,042**	**49,073**	**431,798**
Depreciation and amortisation expense		10,721	10,993	15,293	5,440	1,930	44,377
Net interest expense		49	1,234	3,372	(647)	(19)	3,989
Impairment of inventories	Note 10	592	-	26	(206)	86	498
Impairment of trade receivables	Note 8	(5)	-	38	-	293	326
Income tax expense / (income)		15,046	10,748	5,826	2,621	7,387	41,628
Other non cash expenses / (revenue)		2,003	5,335	4,816	1,082	830	14,066
Total segment assets *		**334,958**	**333,164**	**327,312**	**172,161**	**150,565**	**1,318,160**
Total segment assets include:							
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets		74,702	110,488	30,578	6,810	2,721	225,299
Total segment liabilities *		**59,832**	**44,282**	**79,290**	**59,910**	**33,891**	**277,205**

4 Segment information (continued)

(c) Other segment information

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

	2013	2012
	$'000	$'000
Total segment revenue	**1,522,586**	1,648,148
Intersegment eliminations	**(209,447)**	(196,892)
Interest revenue	**254**	369
Other revenue	**-**	1,218
Rental income	**400**	516
Royalty income	**506**	415
Sale of scrap	**925**	868
Commission income	**145**	62
Other	**2,073**	1,377
Total revenue from continuing operations (note 5)	**1,317,442**	1,456,081

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

Australia	**605,717**	733,420
US	**326,148**	401,910
Other countries	**381,274**	315,926
Revenue from external customers	**1,313,139**	1,451,256

(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:

	2013	2012
	$'000	$'000
Gross margin	**429,585**	431,798
Fixed manufacturing overheads and other cost of sale adjustments	**(152,000)**	(134,558)
Other reveune	**14,570**	2,017
Other income	**4,303**	4,825
Selling and technical expenses	**(60,726)**	(57,803)
Administration expenses	**(110,089)**	(76,681)
Finance costs	**(31,501)**	(33,785)
Share of net profit of associates accounted for using the equity method	**9,847**	2,826
Profit before income tax	**103,989**	138,639

4 Segment information (continued)

(c) Other segment information (continued)

(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:

	2013 $'000	2012 $'000
Segment assets	**1,307,546**	1,318,160
Unallocated:		
Inventories	**(1,593)**	(1,037)
Current receivables	**(29,913)**	(38,610)
Intangibles	**162,547**	137,743
Property, plant and equipment	**16,461**	16,023
Investments accounted for using the equity method	**49,261**	38,521
Current tax assets	**11,794**	7,150
Deferred tax assets	**6,059**	17,972
Cash and cash equivalents	**92,449**	101,844
Total assets as per the balance sheet	**1,614,611**	1,597,766

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

Australia	**434,234**	539,416
US	**212,888**	255,264
Canada	**338,254**	298,681
China	**219,113**	149,065
UK	**40,504**	31,870
Other countries	**62,553**	43,864
Total segment assets	**1,307,546**	1,318,160

(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:

	2013 $'000	2012 $'000
Segment liabilities	**261,059**	277,205
Unallocated:		
Payables	**12,853**	1,320
Derivative financial instruments	**2,310**	3,650
Current provisions	**2,506**	59
Non-current provisions	**4,155**	5,112
Current borrowings	**26,486**	3,642
Non-current borrowings	**493,046**	542,972
Current tax liabilities	**3,004**	6,198
Deferred tax liabilities	**43,882**	38,158
Total liabilities as per the balance sheet	**849,301**	878,316

5 Profit from ordinary activities

	2013 $'000	2012 $'000
Revenue		
From continuing operations		
Sales revenue		
Sale of goods	**1,313,139**	1,451,256
	1,313,139	1,451,256
Other revenue		
Interest	**254**	369
Dividends	**-**	1,218
Rental income	**400**	516
Royalty income	**506**	415
Sale of scrap	**925**	868
Commission received	**145**	62
Other	**2,073**	1,377
	1,317,442	1,456,081

	2013 $'000	2012 $'000
Other income		
Foreign exchange gains (net) (note (a))	**12,137**	2,017
Net gain on disposal of property, plant and equipment (note (b))	**2,433**	-
	14,570	2,017

(a) Net foreign exchange gains

	2013 $'000	2012 $'000
Net foreign exchange gains included in other income for the year	**12,137**	2,017
Net foreign exchange gains recognised in profit before income tax for the year (as either other income or expense)	**12,137**	2,017

(b) Net gain on disposal of property, plant and equipment

There was a net loss on disposal of property, plant and equipment in 2012 of $100,000.

5 Profit from ordinary activities (continued)

Expenses

	Notes	2013 $'000	2012 $'000
Profit before income tax includes the following specific expenses:			
Depreciation			
Buildings		**4,639**	3,802
Plant & equipment		**36,251**	32,723
Leasehold improvements		**339**	236
Plant & equipment under finance leases		**5,129**	5,080
Total depreciation		**46,358**	41,841
Amortisation			
Customer lists		**7,341**	6,846
Trademarks		**1,289**	1,294
Licences and other		**3,226**	1,192
Total amortisation		**11,856**	9,332
Finance costs - net			
Interest and finance charges paid/payable		**30,127**	35,732
Borrowing costs amortisation		**1,474**	2,203
		31,601	37,935
Amount capitalised (note (a))		**(100)**	(4,150)
Finance costs expensed		**31,501**	33,785
Net loss on disposal of property, plant and equipment		**-**	100
Rental expense relating to operating leases			
Minimum lease payments		**8,590**	7,404
Total rental expense relating to operating leases		**8,590**	7,404
Research and development		**6,861**	1,740
Costs associated with the Pala legal case, judgement and associated costs	27(b)	**30,412**	-
Restructuring provision		**2,558**	-
Warranty		**8,892**	7,713
Stock Obsolescence		**1,502**	498
Net bad and doubtful debts expense (revenue) including movements in doubtful debts provision		**664**	326
Employee benefits expense		**415,056**	412,722

(a) Capitalised borrowing costs

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

6 Income tax expense

	Notes	2013 $'000	2012 $'000
(a) Income tax expense			
Current tax		**30,860**	32,376
Deferred tax		**12,943**	4,913
Adjustment for current tax of prior periods		**(6,751)**	817
		37,052	38,106
Income tax expense is attributable to:			
Profit from continuing operations		**37,052**	38,106
Aggregate income tax expense		**37,052**	38,106
Deferred income tax (revenue) expense included in income tax expense comprises:			
Decrease (increase) in deferred tax assets (note 13)		**(2,704)**	(482)
(Decrease) increase in deferred tax liabilities (note 21)		**15,647**	5,395
		12,943	4,913
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		**103,989**	138,639
		103,989	138,639
Tax at the Australian tax rate of 30% (2012: 30%)		**31,197**	41,592
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Entertainment		**61**	68
Research and development		**(1,500)**	(493)
Share based payments		**1,012**	601
Tax offset for franked dividends		**(654)**	(518)
Legal settlements	27(b)	**8,170**	-
Sundry items		**4,642**	(2,532)
		42,928	38,718
Difference in overseas tax rates		**126**	(167)
Adjustment for tax of prior periods		**(6,116)**	1,028
Deferred tax assets restated for reduction in overseas tax rate		**114**	231
Prior year tax losses de-recognised as not probable of recovery		**-**	(1,704)
Income tax expense		**37,052**	38,106
(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 21)		**6,193**	(1,196)
		6,193	(1,196)
(d) Tax expense (income) relating to items of other comprehensive income			
Available-for-sale financial assets (note 23(a))		**-**	(9,918)
Cash flow hedges (note 23(a))		**346**	(1,015)
		346	(10,933)

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 an 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 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.

7 Cash and cash equivalents

	2013 **$'000**	2012 $'000
Cash at bank and in hand	**92,489**	101,892
	92,489	101,892

(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:

	2013 **$'000**	2012 $'000
Balances as above	**92,489**	101,892
Bank overdrafts (note 19)	**(667)**	(173)
Balances per statement of cash flows	**91,822**	101,719

(b) Interest rate risk exposure

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

8 Receivables

	2013 **$'000**	2012 $'000
Current		
Trade receivables	**155,353**	202,922
Provision for impairment of receivables	**(405)**	(499)
	154,948	202,423
Other receivables	**6,298**	11,182
Prepayments	**6,564**	7,306
	167,810	220,911
Non-current		
Other receivables	**2,880**	1,873
	2,880	1,873

8 Receivables (continued)

(a) Impaired trade receivables

As at 30 June 2013 current trade receivables of the Group with a nominal value of $405,000 (2012: $499,000) were impaired. The amount of the provision was $405,000 (2012: $499,000).

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

	2013 $'000	2012 $'000
Balance at 1 July	**499**	476
Balances acquired on acquisition	**-**	66
Charge for the year	**664**	326
Receivables written off during the year as uncollectable	**(739)**	(375)
Unused amounts reversed	**(49)**	-
Foreign currency exchange differences	**30**	6
Balance at 30 June	**405**	499

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:

	2013 $'000	2012 $'000
Current	**68,838**	138,817
0-30 days	**48,431**	48,947
31-60 days	**22,064**	9,575
61-90 days	**13,929**	3,483
91 + days	**2,091**	2,100
Total	**155,353**	202,922

As at 30 June 2013 trade receivables of $405,000 (2012:$499,000) were past due and considered impaired and trade receivables of $86,110,000 (2012:$63,606,000) 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.

(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:

	2013		2012	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Other receivables	**2,880**	2,880	**1,873**	1,873
	2,880	2,880	**1,873**	1,873

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.

8 Receivables (continued)

(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:

	2013 $'000	2012 $'000
Australian Dollars	**42,848**	82,539
US Dollars	**79,213**	95,870
Canadian Dollars	**31,968**	23,649
Chinese Yuan	**1,628**	7,808
Other *	**15,033**	12,918
	170,690	222,784

* Other refers to a basket of currencies (Euros, Great British Pounds, Japanese Yen, New Zealand Dollars, Singapore Dollars, Malaysian Ringgit, South African Rand, Chilean Pesos)

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 Other receivables

	2013 $'000	2012 $'000
Current receivables under finance leases (a)	**453**	402
Non current receivables under finance leases (a)	**5,078**	5,323

(a) Receivables under finance leases

The Group leases freight rail wagons to customers in Australia under finance lease arrangements. Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of discounted future lease payments. The receivables under finance leases are as follows:

	Not later than one year $'000	Between one and five years $'000	Later than five years $'000
2012			
Present value	402	2,180	3,143
Unearned interest income	678	2,435	1,001
Total future payments	**1,080**	**4,615**	**4,144**
2013			
Present value	453	2,453	2,625
Unearned interest income	654	2,305	479
Total future payments	**1,107**	**4,758**	**3,104**

10 Inventories

	2013 $'000	2012 $'000
Construction work in progress:		
Contract costs incurred and recognised profits less recognised losses	**86,046**	243,697
Progress billing	**(70,370)**	(181,716)
Net construction work in progress	**15,676**	61,981
Raw materials and stores	**56,843**	56,462
Work in progress	**79,518**	93,344
Finished goods	**114,889**	96,326
	266,926	308,113

(a) Inventory expense

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to $1,502,000 (2012: $498,000). The expense has been included in 'cost of sales' in the income statement.

11 Derivative financial instruments

	2013 $'000	2012 $'000
Current assets		
Forward foreign exchange contracts - cash flow hedges ((a)(ii))	**12,897**	-
Total current derivative financial instrument assets	**12,897**	-
Current liabilities		
Interest rate swap and cap contracts - cash flow hedges ((a)(i))	**2,310**	3,409
Forward foreign exchange contracts ((a)(ii))	**-**	241
Total current derivative financial instrument liabilities	**2,310**	3,650

(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 4.40% at 30 June 2013 (2012: 4.78%). 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 14% of bank loans (2012: 36%). The average fixed interest for the swaps and caps is 4.88% (2012: 4.82%).

At balance date, the notional principal amounts and periods of expiry of the interest rate swap and cap contracts are as follows:

	2013 $'000	2012 $'000
Interest rate swap contracts		
1 year or less	**30,000**	35,359
1 - 2 years	**-**	30,000
3 - 4 years	**40,000**	-
4 - 5 years	**-**	40,000
	70,000	105,359
Interest rate cap contract		
1 year or less	**-**	20,000
	-	20,000

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 $2,310,000 (2012: $3,409,000 liability). In the year ended 30 June 2013 there was a gain from the change in fair value of $1,099,000 (2012: $3,382,000 loss).

(ii) Forward exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover all foreign currency exposures greater than $100,000 AUD.

At balance date these contracts were net assets of $12,897,000 (2012: $241,000 liability). The Group has not classified any of these hedging instruments to be effective hedges.

In the year ended 30 June 2013 there was a gain from the change in fair value of the liability of $13,138,000 (2012: gain of $7,069,000)

(b) Risk exposures

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

12 Property, plant and equipment

	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 2011							
Cost or fair value	39,775	106,706	286	387,933	36,333	29,337	600,370
Accumulated depreciation	-	(10,061)	(59)	(156,605)	(25,891)	-	(192,616)
Net book amount	39,775	96,645	227	231,328	10,442	29,337	407,754
Year ended 30 June 2012							
Opening net book amount	39,775	96,645	227	231,328	10,442	29,337	407,754
Exchange differences	1,320	3,547	(65)	4,717	(354)	-	9,165
Additions	-	-	59	-	6,133	116,695	122,887
Acquisition of subsidiary	183	7,246	5,454	25,255	45	-	38,183
Transfer (to)/from capital work in progress	360	3,473	-	61,896	-	(65,729)	-
Disposals	(2,151)	(81)	-	(736)	-	-	(2,968)
Depreciation charge	-	(3,802)	(236)	(32,723)	(5,080)	-	(41,841)
Closing net book amount	39,487	107,028	5,439	289,737	11,186	80,303	533,180
At 30 June 2012							
Cost or fair value	39,487	130,286	5,985	495,288	42,681	80,303	794,030
Accumulated depreciation	-	(23,258)	(546)	(205,551)	(31,495)	-	(260,850)
Net book amount	39,487	107,028	5,439	289,737	11,186	80,303	533,180
Year ended 30 June 2013							
Opening net book amount	39,487	107,028	5,439	289,737	11,186	80,303	533,180
Exchange differences	2,200	7,258	475	29,694	349	-	39,976
Additions	-	-	153	(877)	5,889	100,530	105,695
Transfer (to)/from capital work in progress	2,257	59,676	-	76,127	-	(138,060)	-
Disposals	(21)	(14,519)	(1,439)	(286)	(3)	-	(16,268)
Depreciation charge	-	(4,639)	(339)	(36,251)	(5,129)	-	(46,358)
Closing net book amount	43,923	154,804	4,289	358,144	12,292	42,773	616,225
At 30 June 2013							
Cost or fair value	43,923	184,919	5,084	606,998	27,909	42,773	911,606
Accumulated depreciation	-	(30,115)	(795)	(248,854)	(15,617)	-	(295,381)
Net book amount	43,923	154,804	4,289	358,144	12,292	42,773	616,225

(a) Non current assets pledged as security

Refer to note 19 for information on non-current assets pledged as security by the group.

13 Deferred tax assets

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Doubtful debts	**146**	135
Employee benefits	**16,175**	16,099
Depreciation	**1,318**	1,844
Other provisions	**4,040**	1,679
Unrealised foreign exchange differences	**6,563**	2,217
Other accruals	**6,519**	6,299
Tax losses	**2,136**	2,856
	36,897	31,129
Amounts recognised directly in equity		
Revaluation of financial assets at fair value	**2,795**	4,792
Cash flow hedges	**676**	1,023
	3,471	5,815
Total deferred tax assets	**40,368**	36,944
Set off of deferred tax liabilities of parent entity pursuant to set off provisions (note 21)		
Net deferred tax assets	**(34,309)**	(18,971)
	6,059	17,973
Movements:		
Opening balance at 1 July	**36,944**	32,873
Credited/(charged) to the income statement (note 6)	**2,704**	482
Credited/(charged) to other comprehensive income (note 6)	**(346)**	1,015
Credited/(charged) to equity	**(778)**	2,554
Acquisition of subsidiary (note 30)	**39**	20
Reclassification from other current assets to deferred tax assets	**1,805**	-
Closing balance at 30 June	**40,368**	36,944
Deferred tax asset to be recovered after more than 12 months	**24,017**	18,408
Deferred tax asset to be recovered within 12 months	**16,351**	18,536
	40,368	36,944

14 Intangible assets

	Goodwill	Customer lists	Patents, trademarks and brands	Licences and other	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2011					
Cost	149,001	42,984	5,506	43,014	240,505
Accumulated amortisation and impairment	(8,759)	(12,249)	(1,312)	(39,351)	(61,671)
Net book amount	140,242	30,735	4,194	3,663	178,834
Year ended 30 June 2012					
Opening net book amount	140,242	30,735	4,194	3,663	178,834
Additions	-	-	-	9,077	9,077
Acquisition of subsidiary	116,272	55,164	5,847	-	177,283
Foreign exchange variation	3,649	2,626	291	-	6,566
Amortisation charge	-	(6,846)	(1,294)	(1,192)	(9,332)
Closing net book amount	260,163	81,679	9,038	11,548	362,428
At 30 June 2012					
Cost	268,922	100,774	11,644	52,091	433,431
Accumulated amortisation and impairment	(8,759)	(19,095)	(2,606)	(40,543)	(71,003)
Net book amount	260,163	81,679	9,038	11,548	362,428
Year ended 30 June 2013					
Opening net book amount	260,163	81,679	9,038	11,548	362,428
Additions	1,519	-	-	8,145	9,664
Acquisition of subsidiary	-	-	-	-	-
Foreign exchange variation	13,692	7,996	815	-	22,503
Amortisation charge	-	(7,341)	(1,289)	(3,226)	(11,856)
Closing net book amount	275,374	82,334	8,564	16,467	382,739
At 30 June 2013					
Cost	284,133	108,770	12,459	60,236	465,598
Accumulated amortisation and impairment	(8,759)	(26,436)	(3,895)	(43,769)	(82,859)
Net book amount	275,374	82,334	8,564	16,467	382,739

(a) Impairment tests for goodwill and other intangibles

The impairment testing has been performed on the following operating segment levels, Industrial, Mining Products, Rail, Engineered Products.

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 perpetual per annum growth rates per segment of Mining 3.0%, Mineral Processing 3.0%, Engineered Products 2.0%, Rail 1.0% and Other in a range of 1.0% to 3.0%.

The carrying amounts of goodwill as disclosed in the balance sheet is $15.9m for the Industrial segment, $45.9m for the Mining Products segment, $117.1m for the Mineral Processing segment, $86.0m for the Engineered Products segment, $3.4m for the Rail segment and $7.1m for the Other segment.

(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 8.5% (2012: 7.4%), which would translate into a pre tax discount rate of 12.1% (2012: 10.6%).

For the US operations the post tax discount rate used is an estimated WACC of 11.1% (2012: 11.3%), which would translate into a pre tax discount rate of 16.6% (2012: 17.0%).

14 Intangible assets (continued)

(c) Impairment charge

There were no impairment charges in the period (2012: $NIL).

(d) 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.

15 Available for sale financial assets

	2013 $'000	2012 $'000
At beginning of year	-	70,054
Additions / (Disposals)	-	(681)
Revaluation surplus/(deficit) transfer to equity	-	(33,061)
Transfers to investments accounted for using the equity method	-	(36,312)
At end of year	-	-

16 Investments accounted for using the equity method

	2013 $'000	2012 $'000
Shares in associates (note 30)	49,261	38,521
	49,261	38,521

17 Payables

	2013 $'000	2012 $'000
Current		
Trade payables	115,931	158,762
Other payables	81,098	44,483
	197,029	203,245
Non current		
Other payables	8,231	7,438
	8,231	7,438

(a) Foreign currency risk

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

	2013	2012
Australian Dollars	88,708	80,329
US Dollars	60,079	83,611
Chinese Yuan	35,686	33,721
Other *	20,787	13,022
	205,260	210,683

* Other refers to a basket of currencies (Euros, Great British Pounds, Japanese Yen, New Zealand Dollars, Singapore Dollars, Malaysian Ringgit, South African Rand, Chilean Pesos)

(b) Fair value

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

18 Provisions

	2013 $'000	2012 $'000
Current		
Employee benefits	**47,652**	47,133
Restructuring	**2,558**	-
Warranty	**2,640**	1,026
	52,850	48,159
Non-current		
Employee benefits	**17,963**	21,497
	17,963	21,497

(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) Restructuring

A provision of $2,558,000 has been created in the current period to cover redundancies made in the Group's Australian operations from July 2013.

(c) Movements in provisions

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

2013	**Warranty Current $'000**	**Restructuring Current $'000**
Carrying amount at start of year	1,026	-
Additional provisions recognised	8,892	2,558
FX variations	-	-
Amounts used	(7,278)	-
Carrying amount at end of year	2,640	2,558

(d) 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.

	2013 $'000	2012 $'000
Long service leave obligation expected to be settled after 12 months	**4,137**	2,749

19 Borrowings

	2013 $'000	2012 $'000
Current - secured		
Lease liabilities (note 28)	**4,805**	4,845
Total secured current borrowings	**4,805**	4,845
Current - unsecured		
Bank overdrafts	**667**	173
Bank loans	**22,836**	-
Other loans	**975**	1,029
Total unsecured current borrowings	**24,478**	1,202
Total current borrowings	**29,283**	6,047
Non-current secured		
Lease liabilities (note 28)	**7,086**	6,196
Total secured non-current borrowings	**7,086**	6,196
Non-current unsecured		
Bank loans	**268,988**	341,187
US private placement	**218,675**	196,541
Total unsecured non-current borrowings	**487,663**	537,728
Total non-current borrowings	**494,749**	543,924

(a) Secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2013 $'000	2012 $'000
Lease liabilities	**11,891**	11,041
Total secured liabilities	**11,891**	11,041

(b) Other loans

Other loans are repayable within twelve months. The current interest rate on these loans are 4.75% (2012: 4.91%).

(c) Risk exposures

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

	2013 $'000	2012 $'000
Australian Dollars	**151,808**	221,470
US Dollars	**317,229**	297,676
Great British Pounds	**33,250**	29,238
Canadian Dollars	**727**	1,286
Chinese Yuan	**20,204**	-
Malaysian Ringgits	**163**	111
Singapore Dollars	**2**	17
Euros	**649**	173
	524,032	549,971

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.

19 Borrowings (continued)

(d) Assets pledged as security

A Canadian dollar bank loan has been extinguished during the year and there are no assets pledged as security at balance date.

	2013 $'000	2012 $'000
Non-current		
First mortgage		
Freehold land and buildings	-	8,261
Floating charge		
Property plant & equipment	-	11,107
	-	11,107
Total non-current assets pledged as security	-	19,368
Total assets pledged as security	-	19,368

(e) Financing arrangements

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

	2013 $'000	2012 $'000
Credit standby arrangements		
Total facilities		
Bank overdrafts	**41,765**	40,673
Standby letters of credit and bank guarantees	**100,655**	196,561
	142,420	237,234
Used at balance date		
Bank overdrafts	**667**	173
Standby letters of credit and bank guarantees	**77,677**	178,847
	78,344	179,020
Unused at balance date		
Bank overdrafts	**41,098**	40,500
Standby letters of credit and bank guarantees	**22,978**	17,714
	64,076	58,214
Bank loan facilities		
Total facilities	**633,190**	588,263
Used at balance date	**297,446**	348,460
Unused at balance date	**335,744**	239,803
US private placement notes		
Total facilities	**218,675**	196,541
Used at balance date	**218,675**	196,541
Unused at balance date	**-**	-

Working capital facilities comprise bank overdraft facilities and bank guarantee and letter of credit lines. Bank overdraft facilities comprise a AUD 30,000,000 bilateral overdraft facility, a USD 10,000,000 overdraft facility, a GBP 500,000 multi option facility and a NZD 100,000 overdraft facility.

Bank guarantees and letters of credit facilities comprise a AUD 82,000,000 multicurrency revolving bank guarantee facility, a GBP 500,000 bank guarantee facility, a NZD 50,000 guarantees facility and a CNY 100,000,000 bank guarantee line.

Bank loan facilities comprise the following

(i) a syndicated loan with three and five year revolving bullet term loan facilities with a AUD 425,000,000 multi-currency tranche, a USD 100,000,000 tranche and a GBP 20,000,000 tranche. Current interest rate is 4.21% (2012: 4.78%).

(ii) a USD 60 million revolving credit facility. Current interest rate is 4.90% (2012: 2.56%)

US Private Placement Notes comprise a 7 year USD 50,000,000 tranche, 10 year USD 100,000,000 tranche and 12 year USD 50,000,000 tranche. Current weighted average interest rate is 4.64% (2012: 4.64%).

On 1 July 2013 the 3 year component of the syndicated facility agreement was reduced by $117.5m AUD and $10.0m USD reflecting excess capacity over and above current debt requirements.

19 Borrowings (continued)

(f) Fair value

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

	2013		2012	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
On balance sheet				
Non traded financial liabilities				
Bank overdrafts	**667**	**667**	173	173
Bank loans	**291,824**	**294,147**	341,187	346,016
US private placement	**218,675**	**223,025**	196,541	201,256
Other loans	**975**	**975**	1,029	1,029
Lease liabilities	**11,891**	**11,891**	11,041	11,041
	524,032	**530,705**	549,971	559,515

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 27. As explained in those notes, no material losses are anticipated in respect of any of those contingencies.

20 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 two defined benefit retirement plans, one in the United States and the other in Canada. The United States plan at one of the Group's US subsidiaries is closed to new members and covers hourly employees hired before May 10, 1993. The Canadian plan is currently active at one of the Group's Canadian subsidiaries for hourly employees but closed on March 1, 2010 to salaried employees. Benefits for the defined benefit plans 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 plans only.

(b) Balance sheet amounts

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

	2013	2012
	$'000	$'000
Present value of the defined benefit obligation	**56,530**	52,110
Fair value of defined benefit plan assets	**(44,825)**	(35,111)
Net liability in the balance sheet	**(11,705)**	(16,999)

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:

	2013	2012
	$'000	$'000
Cash equivalents	**8,093**	5,772
Fixed interest	**6,174**	5,675
Equity securities	**30,558**	23,665
	44,825	35,112

(d) Reconciliations

	2013	2012
	$'000	$'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:		
Balance at the beginning of the year	**52,110**	24,653
Current service cost	**1,112**	870
Interest cost	**2,112**	2,305
Plan amendments	**-**	395
Actuarial (gains) and losses	**(1,620)**	7,381
Benefits paid	**(2,305)**	(2,120)
Acquired in business combinations	**-**	17,351
FX Translation	**5,121**	1,275
	56,530	52,110
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	**35,112**	19,616
Actual return on plan assets	**4,374**	(2,165)
Contributions by Group companies	**3,580**	3,499
Benefits paid	**(2,305)**	(2,120)
Acquired in business combinations	**-**	15,361
FX Translation	**4,064**	921
	44,825	35,112

20 Retirement benefit obligations (continued)

(e) Amounts recognised in profit or loss

The amounts recognised in profit or loss are as follow:

	2013	2012
	$'000	$'000
Current service cost	**1,112**	870
Interest cost	**2,112**	2,305
Expected return on plan assets	**(2,385)**	(2,468)
Recognised net actuarial loss	**1,404**	179
Past service cost	**138**	106
Total included in employee benefits expense	**2,381**	992

(f) Amounts recognised in other comprehensive income

	2013	2012
	$'000	$'000
Actuarial (loss)/gain recognised in the year	**5,633**	(11,924)
Cumulative actuarial (losses)/gains recognised in other comprehensive income	**(10,777)**	(15,711)

(g) Principal actuarial assumptions

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

	USA	**Canada**	USA	Canada
	2013	**2013**	2012	2012
Discount rate	**4.38%**	**4.60%**	3.75%	4.60%
Expected long-term return on plan assets	**7.00%**	**6.25%**	7.00%	6.25%
Rate of compensation increase	**N/A**	**N/A**	N/A	N/A

The Company selects the expected long-term rates of return on assets in consultation with its investment advisers and actuaries. The rates are 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 plans are assumed to continue in force as long as assets are expected to be invested. In estimating the rates, appropriate consideration is given to historical performance for the major asset classes held or anticipated to be held by the plans 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 plans are based on recommendations by the plan actuaries. Actuarial assessments are performed annually, and the last such assessments were made during June 2013.

Total employer contributions expected to be paid by Group companies for the year ending 30 June 2014 are $3,041,471.

(i) Historic summary

	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Defined benefit plan obligations	**56,530**	52,110	24,653	30,643	27,599
Plan assets	**(44,825)**	(35,111)	(19,616)	(20,295)	(20,007)
Surplus / (deficit)	**(11,705)**	(16,999)	(5,037)	(10,348)	(7,592)

21 Deferred tax liabilities

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Prepayments	**608**	449
Design assets	**4,940**	741
Unrealised foreign exchange differences	**8,977**	310
Financial assets at fair value through profit or loss	**1,595**	1,434
Depreciation	**56,752**	48,596
Other	**5,319**	5,599
Total deferred tax liabilities	**78,191**	57,129
Set off of deferred tax liabilities of parent entity pursuant to set off provisions (note 13)	**(34,309)**	(18,971)
Net deferred tax liabilities	**43,882**	38,158
Movements:		
Opening balance at 1 July	**57,129**	42,987
Charged/(credited) to the income statement (note 6)	**15,647**	5,395
Charged/(credited) to other comprehensive income (note 6)	**-**	(9,918)
Charged/(credited) to equity (notes 22 and 23)	**5,415**	1,358
Acquisition of subsidiary (note 30)	**-**	17,307
Closing balance at 30 June	**78,191**	57,129
Deferred tax liabilities to be settled after more than 12 months	**72,575**	54,097
Deferred tax liabilities to be settled within 12 months	**5,616**	3,032
	78,191	57,129

22 Contributed equity

	Notes	Parent entity 2013 Shares	Parent entity 2012 Shares	Parent entity 2013 $'000	Parent entity 2012 $'000
(a) Share capital					
Ordinary shares	(b),(c)				
Fully paid		**169,240,662**	168,629,376	**707,693**	704,184
Total contributed equity				**707,693**	704,184

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Parent entity $'000
At 1 July 2011	**Opening balance**		161,837,406	654,865
3 August 2011 to 17 February 2012	Exercise of Rights	(e)	188,673	-
16 September 2011	Dividend reinvestment plan issues	(d)	1,940,948	14,136
16 September 2011	Dividend reinvestment plan issue	(d)	2,657,773	19,853
19 March 2012	Dividend reinvestment plan issues	(d)	2,004,576	16,030
1 July 2011 to 30 June 2012	Adjustments to June 2011 institutional placement costs		-	(700)
At 30 June 2012	**Balance**		168,629,376	704,184

22 Contributed equity (continued)

(b) Movements in ordinary share capital (continued):

Date	Details	Notes	Number of shares	Parent entity $'000
4 September 2012	Dividend reinvestment plan issues	(d)	611,286	3,810
31 December 2012	Deferred tax asset adjustment relating to prior period equity raising costs		-	18
14 March 2013	Dividend reinvestment plan issues	(d)	1,064,244	7,695
6 March 2013 to 8 March 2013	Share buyback and cancellation	(g)	(1,064,244)	(8,014)
At 30 June 2013	**Balance**		**169,240,662**	**707,693**

(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 2013 year.

(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

During March 2013 the company purchased and cancelled 1,064,244 fully paid ordinary shares on-market in order to cover the issue of shares for the interim dividend for the half year ending 31 December 2012. The buyback and cancellations were approved by the Board at a meeting held on 11 February 2013. The shares were acquired at an average price of $7.51 per share, with prices ranging from $6.45 to $7.55.

The total cost of $8,014,000, including $18,165 of after tax transaction costs, was deducted from shareholder equity.

There is no current on-market buy-back.

(h) Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors it's performance against these objectives on the basis of its gearing levels expressed as a ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA).

During 2013, the group's strategy, which was unchanged from 2012, was to maintain the net debt level to around 2.0 times EBITDA. The comparative ratios at 30 June 2013 and 30 June 2012 were as follows:

	Notes	**2013 $'000**	2012 $'000
Net Debt	7, 19	**431,543**	448,079
EBITDA *		**214,016**	220,402
Net debt to EBITDA		**2.0**	2.0

* EBITDA for 2013 adjusted for Pala judgement and associated costs

Bradken Limited has complied with the financial covenants of its borrowing facilities during the 2013 and 2012 reporting periods.

23 Reserves and retained profits

	2013 $'000	2012 $'000
(a) Reserves		
Hedging reserve - cash flow hedges	**(1,575)**	(2,383)
Share based payments reserve	**11,386**	8,014
Foreign currency translation reserve	**19,898**	(18,074)
Revaluation reserve	**-**	-
Transactions with non-controlling interests	**(564)**	(564)
	29,145	(13,007)
Movements:		
Hedging reserve - cash flow hedges		
Balance 1 July	**(2,383)**	(16)
Revaluation-gross (note 11)	**1,154**	(3,382)
Deferred tax (note 13)	**(346)**	1,015
Balance 30 June	**(1,575)**	(2,383)
Share-based payments reserve		
Balance 1 July	**8,014**	5,975
Rights expense	**3,597**	2,064
Transfer to share capital (Rights exercised)	**(225)**	(25)
Balance 30 June	**11,386**	8,014
Foreign currency translation reserve		
Balance 1 July	**(18,074)**	(34,924)
Currency translation differences arising during the year	**37,972**	16,850
Balance 30 June	**19,898**	(18,074)
Available-for-sale financial assets reserve		
Balance 1 July	**-**	23,143
Revaluation-gross (note 15)	**-**	(33,061)
Deferred tax (note 21)	**-**	9,918
Balance 30 June	**-**	-
Transactions with non-controlling interests		
Balance 1 July	**(564)**	(564)
Balance 30 June	**(564)**	(564)
(b) Retained profits		
Balance 1 July	**193,895**	168,206
Net profit for the year	**66,937**	100,533
Dividends	**(70,103)**	(66,480)
Actuarial (losses) / gains on retirement benefit obligations, net of tax	**3,365**	(8,364)
Balance 30 June	**194,094**	193,895

(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.

23 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.

Amounts are reversed when the classification of the investment changes to an associate.

(v) Transactions with non-controlling interests

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

24 Dividends

	2013	2012
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2012 of 21.5 cents (2011: 21.0 cents) per fully paid share paid on 4 September 2012 (2011: 19 September 2011)		
Fully franked based on tax paid @ 30%	**36,255**	33,988
Interim dividend for the year ended 30 June 2013 of 20.0 cents (2012: 19.5 cents) per fully paid share paid 14 March 2013 (2012: 19 March 2012)		
Fully franked based on tax paid @ 30%	**33,848**	32,492
Total dividends provided for or paid	**70,103**	66,480
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2012 and 30 June 2013 were as follows:		
Paid in cash	**58,598**	16,461
Satisfied by issue of shares	**11,505**	50,019
	70,103	66,480
(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 18.0 cents per fully paid ordinary share franked to 100%, (2012: 21.5 cents franked to 100%) based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 September 2013 out of retained profits at 30 June 2013, but not recognised as a liability at year end, is	**30,463**	36,255

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2013 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 2014.

	Consolidated		**Parent entity**	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%)	**5,917**	34,121	**5,917**	34,121

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 consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

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 $13,056,000 (2012: $15,538,000).

25 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
Eileen Doyle
Vince O'Rourke (resigned 23 October 2012)
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 Inc.
Andrew Allen	General Manager - Corporate Development	Bradken Resources Pty Ltd
Stephen Cantwell	General Manager Rail	Bradken Resources Pty Ltd
Steven Perry	Chief Financial Officer	Bradken Resources Pty Ltd
Enda Sheridan	General Manager - Mining Products & Industrial Products	Bradken Resources Pty Ltd
Brad Ward	General Manager - Mineral Processing (from 1 July 2012)	Bradken Resources Pty Ltd

(c) Key management personnel compensation

	2013	2012
	$	$
Short-term employee benefits	**4,843,370**	5,343,806
Post-employment benefits	**280,763**	259,726
Other long-term benefits	**107,727**	97,048
Share-based payments	**1,193,823**	860,488
	6,425,683	6,561,068

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.

25 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.

2013 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	311,655	141,021	(36,521)	(110,381)	305,774	-
Other key management personnel of the Group						
Andrew Allen	62,441	34,205	-	(21,421)	75,225	-
Tom Armstrong	67,111	39,334	-	(28,446)	77,999	-
Stephen Cantwell	28,344	49,377	-	-	77,721	-
Steven Perry	23,136	34,175	-	(9,499)	47,812	-
Enda Sheridan	123,825	63,052	-	(49,259)	137,618	-
Brad Ward	60,593	39,915	-	(25,442)	75,066	-

2012 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	253,898	84,863	-	(27,106)	311,655	36,521
Other key management personnel of the Group						
Andrew Allen	53,499	20,742	(6,773)	(5,027)	62,441	-
Tom Armstrong	56,405	19,320	(8,614)	-	67,111	-
Bruce Arnott	76,712	-	(9,987)	(66,725)	-	-
Stephen Cantwell	-	28,344	-	-	28,344	-
Steven Perry	28,502	6,762	(9,795)	(2,333)	23,136	
Enda Sheridan	112,755	38,235	(15,592)	(11,573)	123,825	-

(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.

2013 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	371,272	-	-	-	371,272
Brian Hodges	2,362,028	-	36,521	(81,919)	2,316,630
Phil Arnall	437,749	-	-	(50,709)	387,040
Eileen Doyle	6,850	-	-	10,800	17,650
Greg Laurie	46,651	-	-	(1,984)	44,667
Vince O'Rourke	93,522	-	-	(93,522)	-
Peter Richards	37,279	-	-	4,820	42,099
Other key management personnel of the Group					
Andrew Allen	339,743	-	-	-	339,743
Tom Armstrong	42,988	-	-	-	42,988
Steven Perry	77,088	-	-	(16,970)	60,118
Enda Sheridan	584,182	-	-	-	584,182
Brad Ward	80,139	-	-	1,781	81,920

25 Key management personnel disclosures (continued)

(iii) Share holdings (continued)

2012 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	363,789	-	-	7,483	371,272
Brian Hodges	2,352,224	-	-	9,804	2,362,028
Phil Arnall	502,749	-	-	(65,000)	437,749
Eileen Doyle	-	-	-	6,850	6,850
Greg Laurie	59,340	-	-	(12,689)	46,651
Vince O'Rourke	79,274	-	-	14,248	93,522
Peter Richards	22,148	-	-	15,131	37,279
Other key management personnel of the Group					
Andrew Allen	374,724	-	6,773	(41,754)	339,743
Tom Armstrong	38,002	-	8,614	(3,628)	42,988
Bruce Arnott	131,333	-	9,987	(141,320)	-
Steven Perry	-	-	9,795	67,293	77,088
Enda Sheridan	629,492	-	15,592	(60,902)	584,182

26 Remuneration of auditors

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. 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:

	2013	2012
(a) Assurance services	**$**	$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under *Corporations Act 2001*	**409,550**	444,234
Related practices of PricewaterhouseCoopers Australian firm	**389,601**	619,044
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**22,821**	28,351
Non-PricewaterhouseCoopers audit firm (Grant Thornton)	**290,000**	249,564
Total remuneration for audit services	**1,111,972**	1,341,193
Other assurance services		
PricewaterhouseCoopers Australian firm:		
Accounting services	**26,000**	25,856
Related practices of PricewaterhouseCoopers Australian firm		
Accounting services	**68,431**	23,100
Non-PricewaterhouseCoopers audit firm (Ernst & Young China)		
Transfer pricing services	**21,599**	-
Non-PricewaterhouseCoopers audit firm (Fubang China)		
Capital verification services	**-**	2,404
Total remuneration for other assurance services	**116,030**	51,360
Total remuneration for assurance services	**1,228,002**	1,392,553
(b) Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance including review of company income tax returns	**344,860**	454,225
Related practices of PricewaterhouseCoopers Australian firm	**74,694**	136,149
Non-PricewaterhouseCoopers audit firm (Deloittes NZ)	**13,487**	11,307
Non-PricewaterhouseCoopers audit firm (KPMG US)	**397,254**	430,417
Non-PricewaterhouseCoopers audit firm (Ernst & Young Malaysia)	**3,461**	-
Non-PricewaterhouseCoopers audit firm (Tianrui China)	**-**	685
Non-PricewaterhouseCoopers audit firm (PT The Practice Indonesia)	**-**	860
Non-PricewaterhouseCoopers audit firm (WK Wilton South Africa)	**-**	3,771
Total remuneration for taxation services	**833,756**	1,037,414

27 Contingencies

(a) Contingent Liabilities

The parent entity and Group had contingent liabilities at 30 June 2013 and 2012 in respect of:

Guarantees and letters of credit

	2013	2012
	$'000	$'000
Bank guarantees for contract performance	**76,915**	177,634
Letters of credit	**762**	1,213
Total estimated contingent liabilities	**77,677**	178,847

Information about guarantees given by entities within the Group, including the parent entity are described in note 31. No deficiencies of assets exist in any of these companies.

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. Also refer to Note 27 (b) below.

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

Austin Engineering

There are no contingent liabilities that are known to Bradken that relate to Austin Engineering.

(b) Pala litigation

Bradken has appealed the adverse decision with regards to the Norcast / Pala case that was handed down by the Federal Court in April 2013. As a result of this decision an amount of $24,594,000 being the judgment sum, was placed in escrow with the Federal Court pending the outcome of the appeal. Bradken does not control the escrow account and in the event that Bradken is successful on appeal, the escrow sum, together with an estimated amount covering Bradken's legal and other associated costs, which have both been taken as an expense in the year ended 30 June 2013, would be expected to be shown as income in the financial statements for the year ended 30 June 2014.

28 Commitments

(a) Capital commitments

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

	2013	2012
	$'000	$'000
Land & buildings		
Payable:		
Within one year	**66**	15,430
	66	15,430
Property, plant and equipment		
Payable:		
Within one year	**26,532**	25,947
Later than one year but not later than five years	**3,266**	1,043
	29,798	26,990

(b) Lease commitments

	2013	2012
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**11,276**	7,826
Later than one year but not later than five years	**29,556**	14,853
Later than five years	**18,303**	2,338
	59,135	25,017
Representing:		
Non cancellable operating leases	**57,797**	23,687
Future finance charges on finance leases	**1,338**	1,330
	59,135	25,017

28 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.

	2013 $'000	2012 $'000
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	**10,599**	7,074
Later than one year but not later than five years	**28,928**	14,275
Later than five years	**18,270**	2,338
	57,797	23,687

(ii) Finance leases

The Group leases various items of plant and equipment with a carrying amount of $12,292,000 (2012: $11,186,000) 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.

	2013 $'000	2012 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**5,489**	5,620
Later than one year but not later than five years	**6,817**	6,751
Later than five years	**923**	-
Minimum lease payments	**13,229**	12,371
Future finance charges	**(1,338)**	(1,330)
Total lease liabilities	**11,891**	11,041
Representing lease liabilities:		
Current (note 19)	**4,805**	4,845
Non current (note 19)	**7,086**	6,196
	11,891	11,041

The weighted average interest rate implicit in the leases is 8.48**%** (2012: 8.40%).

29 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Bradken Limited.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

(c) 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 repayment.

30 Investments in associates

		2013 $'000	2012 $'000
(a) Movements in carrying amounts			
Carrying amount at the beginning of the financial year		**38,521**	-
Cost of investment previously carried as an available for sale financial asset	Note 15	**-**	36,312
Increase in investment by way of share purchases in current period		**5,877**	671
Share of profits after income tax		**7,041**	2,045
Dividends received/receivable		**(2,178)**	(507)
Carrying amount at the end of the financial year		**49,261**	38,521

(b) Summarised financial information of associates

The group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

	Company's share of:			
	Assets $'000	**Liabilities $'000**	**Revenues $'000**	**Profit $'000**
2013				
Austin Engineering Ltd * (ownership interest 21%)	60,309	31,194	33,704	7,041
	60,309	31,194	33,704	7,041
2012				
Austin Engineering Ltd * (ownership interest 20%)	46,499	24,599	21,943	2,045
	46,499	24,599	21,943	2,045

* Listed entity incorporated in Australia

(c) Fair value of listed investments in associates

	2013 $'000	2012 $'000
Austin Engineering Ltd	**49,481**	62,306
	49,481	62,306

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 SPV Pty Limited
- Bradken Resources Pty Limited
- Bradken Leasing Pty Limited
- Bradken Holdings Pty Limited
- Bradken Operations Pty Limited
- Bradken Finance Pty Limited
- Cast Metal Services Pty Limited

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'.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2013 of the Closed Group outlined above.

	2013 **$'000**	2012 $'000
Income statement		
Revenue from continuing operations	**614,922**	640,899
Cost of sales	**(467,344)**	(472,797)
Gross profit	**147,578**	168,102
Other income	**16,983**	4,407
Selling and technical expenses	**(41,647)**	(40,858)
Administration expenses	**(76,959)**	(39,579)
Finance costs	**(18,503)**	(26,861)
Share of net profit of associates accounted for using the equity method	**9,847**	2,826
Profit before income tax	**37,299**	68,037
Income tax (expense) / benefit	**(17,494)**	(18,711)
Profit for the period	**19,805**	49,326
Statement of comprehensive income		
Profit for the period	**19,805**	49,326
Items that may be reclassified to profit or loss		
Changes in the fair value of available-for-sale financial assets	**-**	(33,061)
Changes in the fair value of cash flow hedges	**1,154**	(3,382)
Exchange differences on translation of foreign operations	**253**	34
Income tax relating to these items	**(346)**	10,933
Other comprehensive income for the period, net of tax	**1,061**	(25,476)
Total comprehensive income for the period	**20,866**	23,850
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**152,078**	128,569
Profit for the period	**19,805**	49,326
Dividends provided for or paid	**(70,103)**	(66,480)
Dividends received from companies not in Closed Group	**6,934**	40,663
Retained earnings at the end of the financial year	**108,714**	152,078

31 Deed of cross guarantee (continued)

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2013 for the Closed Group outlined above.

	2013	2012
	$'000	$'000
Current assets		
Cash and cash equivalents	**37,150**	63,904
Receivables	**380,624**	459,831
Other receivables and other assets	**453**	402
Inventories	**92,064**	150,055
Current tax assets	**10,550**	6,945
Derivative financial instruments	**12,897**	-
Total current assets	**533,738**	681,137
Non-current assets		
Receivables	**-**	68
Other financial assets	**369,497**	369,204
Investments accounted for using the equity method	**49,261**	38,521
Property, plant and equipment	**236,770**	234,705
Intangible assets	**64,744**	58,306
Deferred tax assets	**-**	12,189
Total non-current assets	**720,272**	712,993
Total assets	**1,254,010**	1,394,130
Current liabilities		
Payables	**50,452**	108,507
Borrowings	**3,226**	3,584
Current tax liabilities	**-**	21
Provisions	**40,924**	35,507
Derivative financial instruments	**2,310**	3,650
Total Current Liabilities	**96,912**	151,269
Non-current liabilities		
Borrowings	**490,816**	542,108
Deferred tax liabilities	**250**	-
Provisions	**5,957**	5,259
Total non-current liabilities	**497,023**	547,367
Total liabilities	**593,935**	698,636
Net assets	**660,075**	695,494
Equity		
Contributed equity	**542,082**	538,569
Reserves	**9,279**	4,847
Retained profits	**108,714**	152,078
Total equity	**660,075**	695,494

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

	2013 $'000	2012 $'000
Profit for the year	**66,937**	100,533
Share of profits of associates	**(9,847)**	(2,045)
Depreciation and amortisation of licences and designs	**58,214**	51,173
Amortisation of finance costs	**1,474**	2,203
Non-cash employee benefits expense - share-based payments	**3,597**	2,064
Net (gain) loss on sale of non-current assets	**(2,433)**	100
Net exchange differences	**(11,121)**	(4,177)
(Increase) / decrease in trade debtors and bills of exchange	**67,347**	34,412
(Increase) / decrease in inventories	**59,913**	(118,689)
(Increase) / decrease in deferred tax assets	**9,105**	(3,013)
Increase / (decrease) in trade creditors	**(20,695)**	56,314
(Increase) / decrease in other financial liabilities at fair value through profit or loss	**(1,340)**	(3,687)
Increase / (decrease) in provision for income taxes payable	**(7,838)**	(18,701)
Increase / (decrease) in provision for deferred income tax	**5,724**	8,780
Increase / (decrease) in other provisions	**(1,402)**	15,974
Net cash inflow from operating activities	**217,635**	121,241

33 Non cash investing and financing activities

	2013 $'000	2012 $'000
Acquisition of plant and equipment by means of finance leases	**5,889**	6,133
	5,889	6,133

Dividends satisfied by the issue of shares under the dividend reinvestment plan are shown in note 24 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.

34 Earnings per share

	2013 Cents	2012 Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**39.6**	60.5
Profit attributable to the ordinary equity holders of the company	**39.6**	60.5
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**39.1**	59.8
Profit attributable to the ordinary equity holders of the company	**39.1**	59.8

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

	2013 $'000	2012 $'000
Basic earnings per share		
Profit from continuing operations	**66,937**	100,533
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**66,937**	100,533
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**66,937**	100,533
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**66,937**	100,533
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**66,937**	100,533

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

	2013 Number	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**169,131,803**	166,176,563
Adjustments for calculation of diluted earnings per share:		
Rights	**2,039,469**	1,814,155
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**171,171,272**	167,990,718

(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.

At 30 June 2013 there are no Directors participating in the NED plan.

(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 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.

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 Industrials Index. The Company's performance against the hurdle is then determined with each company in the ASX Small Industrials Index 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 Industrials Index (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

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
5 November 2010	34,537	$5.13	30 June 2012 / 2013
5 November 2010	550,078	$6.12	30 June 2014
7 October 2011	24,304	$4.76	30 June 2013 / 2015
7 October 2011	24,311	$4.76	30 June 2014 / 2015
7 October 2011	17,877	$4.01	30 June 2013 / 2014
7 October 2011	577,235	$4.76	30 June 2015
23 October 2012	16,493	$2.84	30 June 2014 / 2016
23 October 2012	32,987	$3.39	30 June 2015 / 2016
23 October 2012	44,876	$2.84	30 June 2014 / 2015
23 October 2012	1,089,921	$3.39	30 June 2016

There were no other Rights eligible for issuance under the scheme at 30 June 2013.

35 Share based payments (continued)

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

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
2013						
18 November 2005	10,344	-	-	-	10,344	10,344
30 October 2006	11,789	-	-	(4,449)	7,340	7,340
30 October 2006	14,993	-	-	-	14,993	14,993
31 October 2007	4,944	-	-	(1,591)	3,353	3,353
17 October 2008	116	-	-	-	116	116
17 October 2008	49,211	-	(36,521)	-	12,690	12,690
29 October 2009	13,071	-	-	(13,071)	-	-
29 October 2009	649,045	-	-	(649,045)	-	-
5 November 2010	34,434	-	-	(10,446)	23,988	-
5 November 2010	543,929	-	-	-	543,929	-
7 October 2011	619,410	-	-	-	619,410	-
7 October 2011	17,877	-	-	-	17,877	-
23 October 2012	-	61,369	-	-	61,369	-
23 October 2012	-	1,122,908	-	-	1,122,908	-
Total	1,969,163	1,184,277	(36,521)	(678,602)	2,438,317	48,836
Weighted average price	4.98	3.36	4.82	4.40	4.36	3.54

Vesting for the performance period to 30 June 2013 will occur following the test date on 13 August 2013.

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
2012						
18 November 2005	10,344	-	-	-	10,344	10,344
30 October 2006	13,008	-	-	(1,219)	11,789	13,008
30 October 2006	14,993	-	-	-	14,993	14,993
31 October 2007	5,715	-	-	(771)	4,944	5,715
31 October 2007	2,481	-	(2,481)	-	-	-
31 October 2007	7,443	-	(7,443)	-	-	-
17 October 2008	6,492	-	(2,580)	(3,912)	-	-
17 October 2008	3,910	-	(1,032)	(2,762)	116	116
17 October 2008	321,001	-	(135,025)	(136,765)	49,211	49,211
29 October 2009	34,697	-	(20,507)	(1,119)	13,071	-
29 October 2009	660,817	-	-	(11,772)	649,045	-
5 November 2010	61,369	-	(26,935)	-	34,434	-
5 November 2010	550,078	-	-	(6,149)	543,929	-
7 October 2011	-	625,850	-	(6,440)	619,410	-
7 October 2011	-	17,877	-	-	17,877	-
Total	1,692,348	643,727	(196,003)	(170,909)	1,969,163	93,387
Weighted average price	5.04	4.74	4.88	4.76	4.98	4.02

The expiry dates of all grants shown in the tables above are 10 years from the test date. The weighted average share price at the date of exercise of Rights exercised regularly during the year ended 30 June 2013 was $6.17 (2012: $6.98). The weighted average remaining contractual life of share Rights outstanding at the end of the period was 1.63 years (2012: 1.52 years).

35 Share based payments (continued)

Fair value of Rights granted

The assessed fair value at grant date of Rights granted during the year ended 30 June 2013 was between $2.84 and $3.39 per right (2012: between $4.01 and $4.76). 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	Final test date	2.50	-	6.05	129%	5.52%	0.00%
29/10/2009	Final test date	3.71	-	6.05	129%	5.52%	0.00%
29/10/2009	Final test date	4.41	-	6.05	129%	5.52%	0.00%
5/11/2010	Final test date	5.13	-	8.60	125%	5.25%	0.00%
5/11/2010	Final test date	6.12	-	8.60	125%	5.25%	0.00%
7/10/2011	Final test date	4.76	-	6.80	121%	4.24%	0.00%
7/10/2011	Final test date	4.01	-	6.80	121%	4.24%	0.00%
23/10/2012	Final test date	2.84	-	4.96	119%	3.08%	0.00%
23/10/2012	Final test date	3.39	-	4.96	119%	3.08%	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.

(c) 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:

	2013 $'000	2012 $'000
Rights issued under Performance Rights Plan	**3,597**	2,064
	3,597	2,064

36 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $'000	2012 $'000
Balance sheet		
Total assets	**773,963**	787,185
Shareholders' equity		
Issued capital	**707,693**	704,184
Share-based payments reserve	**11,386**	8,014
Retained earnings	**54,884**	74,987
	773,963	787,185
Profit or loss for the year	**50,000**	90,000
Total comprehensive income	**50,000**	90,000

(b) Guarantees entered into by the parent entity

The parent entity is a guarantor under the Bradken Group - Common Terms Deed Poll and unconditionally and irrevocably guarantees payments due in connection with any financing facilities owed by any Group company.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment at 30 June 2013 or 30 June 2012.

37 Events occurring after balance sheet date

No material events have occurred that affect the operations of the Group from the end of the financial period ended 30 June 2013 to the date of issue of this report.

In the directors' opinion:

(a) the financial statements and notes set out on pages 28 to 89 are in accordance with the Corporations Act 2001, including

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company 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
12 August 2013

Independent auditor's 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 2013, the income statement and 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 Bradken Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), 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. Those 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 consolidated 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.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
PricewaterhouseCoopers Centre, 26 Honeysuckle Drive, PO Box 798, NEWCASTLE NSW 2300
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au

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 consolidated entity's financial position as at 30 June 2013 and of its 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*.

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 24 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Pricewaterhouse Coopers

PricewaterhouseCoopers

John Campion

John Campion
Partner

Newcastle
12 August 2013