10 February 2015

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

Dear Sir

Please find attached the Company's announcement of it's interim results for the 2014/15 year, for immediate release to the market.

Included in this announcement is Appendix 4D and Half Yearly Report for the period to 31 December 2014.

Yours faithfully

Steven Perry
Company Secretary
Encl:

BRADKEN LIMITED

Appendix 4D

Half Year Report Period Ended 31 December 2014

Results for Announcement to the Market

		Percentage Change		$'000
Revenues from ordinary activities	Down	12.1%	to	495,375
Net profit / (loss) from ordinary activities after tax attributable to members	Down	343.1%	to	(92,596)
Net profit / (loss) for the period attributable to members	Down	343.1%	to	(92,596)
Underlying net profit / (loss) for the period attributable to members	Down	63.7%	to	13,829

Dividends

	Amount per Security	Percentage Franked
Current period:		
The Directors have not proposed a dividend payment for the current period.		
Prior corresponding period:		
Interim Dividend	15.0 cents	100%

Net Tangible Assets per Security	
As at 31st December 2014	$1.83
As at 31st December 2013	$2.37

Bradken Limited

Interim Report 31 December 2014

Contents Page

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Bradken Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

BRADKEN

Corporate directory

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*	
	David Smith, B.Sc., PhD *Independent Non Executive Director*	
Company Secretary and CFO	Steven Perry, B.Com. MBA, CPA	
Joint Company Secretary	David Chesterfield, MBA	
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	Ernst & Young 680 George Street Sydney NSW 2000	
Stock exchange listings	Bradken Limited shares are listed on the Australian Stock Exchange. The home exchange is Sydney.	
Web site address	www.bradken.com	

Directors' Report

Your directors present their report on the consolidated entity consisting of Bradken Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

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

Nick Greiner
Non Executive Chairman

Brian Hodges
Managing Director

Phil Arnall
Non Executive Director

Eileen Doyle
Non Executive Director

Greg Laurie
Non Executive Director

Peter Richards
Non Executive Director

David Smith
Non Executive Director

Commentary on results and review of operations

Financial Overview

	HY14	HY13	Change
Net profit / (loss) after tax	($92.6m)	$38.1m	Down 343%
Unadjusted EBITDA	$14.5m	$86.2m	Down 83%
Unadjusted EBITDA margin	2.9%	15.3%	
Underlying Net profit / (loss) after tax	$13.8m	$38.1m	Down 64%
Underlying EBITDA	$72.3m	$86.2m	Down 16%
Underlying EBITDA margin	14.6%	15.3%	
Sales revenue	$495.4m	$563.6m	Down 12%
Operating cash flow	$16.6m	$67.0m	
Earnings / (loss) per share	(54.1 cents)	22.5 cents	Down 76.6 cents
Underlying earnings / (loss) per share	8.3 cents	22.2 cents	Down 14.2 cents
Dividends per share	0.0 cents	15.0 cents	Down 100%
LTIFR	4.1	4.8	

Net profit / loss after tax attributable to members for the half-year was $92.6m loss (2013 $38.1m profit).

Additional information on the review of the operations of the Bradken Group during the half-year and the results of those operations is attached in the ASX Release.

Segment revenues and results

A summary of consolidated revenues and results for the half-year by significant industry segments is set out on pages 10 and 11.

Subsequent events

On 14 January 2015 the Company announced the intention to relocate the work and close its foundry in Chehalis, USA. The Group has impaired the plant and equipment of the facility by recognising a loss of $3.4m in the current period to 31 December 2014.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this report.

Rounding of amounts

The company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the director's report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order unless otherwise noted.

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

Brian Hodges
Managing Director

Nick Greiner
Chairman

Sydney
9 February 2015

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Bradken Limited

In relation to our review of the financial report of Bradken Limited for the for the half year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Trent van Veen
Partner
Sydney
9 February 2015

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	Notes	31 December 2014 $'000	31 December 2013 $'000
Revenue from continuing operations		**495,375**	563,571
Cost of sales		**(417,624)**	(450,373)
Gross profit		**77,751**	113,198
Other income	2	**9,647**	4,050
Selling and technical expenses		**(27,522)**	(29,307)
Administration expenses	2	**(116,417)**	(32,544)
Finance costs		**(15,488)**	(17,287)
Share of net profit of associates accounted for using the equity method and impairment expense	2, 3	**(25,700)**	952
Net profit / (loss) before income tax		**(97,729)**	39,062
Income tax expense		**5,133**	(975)
Net profit / (loss) for the half-year		**(92,596)**	38,087
Net profit / (loss) attributable to:			
Owners of Bradken Limited		**(92,596)**	38,087
		(92,596)	38,087
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share:	8	**(54.1)**	22.5
Diluted earnings per share:	8	**(54.1)**	22.2

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

	Notes	31 December 2014 $'000	31 December 2013 $'000
Net profit / (loss) for the half-year		**(92,596)**	38,087
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**4,874**	407
Exchange differences on translation of foreign operations		**49,459**	10,999
Income tax relating to these items		**(1,462)**	(122)
Items that will not be reclassified to profit or loss			
Actuarial (losses) / gains on retirement benefit obligations		**(4,097)**	3,165
Other comprehensive income / (loss) for the half-year net of tax		**48,774**	14,449
Total comprehensive income / (loss) for the half-year		**(43,822)**	52,536
Total comprehensive income / (loss) for the half-year is attributable to:			
Owners of Bradken Limited		**(43,822)**	52,536
		(43,822)	52,536

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

	Note	**31 December 2014 $'000**	30 June 2014 $'000
Current assets			
Cash and cash equivalents		**143,334**	144,479
Receivables		**124,228**	140,712
Other receivables and other assets		**540**	509
Inventories		**237,897**	211,382
Current tax assets		**8,268**	11,289
Derivative financial instruments		**3,720**	-
Total current assets		**517,987**	508,371
Non-current assets			
Receivables		**3,163**	2,754
Other receivables and other assets		**4,656**	4,802
Property, plant and equipment		**601,023**	583,360
Deferred tax assets		**20,095**	10,897
Intangible assets		**350,556**	366,922
Investments accounted for using the equity method	3	**28,093**	53,171
Total non-current assets		**1,007,586**	1,021,906
Total assets		**1,525,573**	1,530,277
Current liabilities			
Payables		**123,985**	143,504
Borrowings		**2,607**	5,690
Current tax liabilities		**8,970**	5,947
Provisions		**65,702**	62,974
Derivative financial instruments		**1,660**	2,809
Total Current Liabilities		**202,924**	220,924
Non-current liabilities			
Payables		**8,824**	7,728
Borrowings		**580,215**	515,963
Deferred tax liabilities		**40,618**	40,808
Provisions		**23,525**	15,037
Total non-current liabilities		**653,182**	579,536
Total liabilities		**856,106**	800,460
Net assets		**669,467**	729,817
Equity			
Contributed equity		**549,671**	549,671
Reserves		**74,886**	19,730
Retained profits		**44,910**	160,416
Capital and reserves attributable to the owners of Bradken Limited		**669,467**	729,817
Total equity		**669,467**	729,817

The above consolidated statement of financial position 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
Balance at 1 July 2013		**542,071**	**29,145**	**194,094**	**765,310**
Net profit for the half-year		-	-	38,087	38,087
Other comprehensive income		-	11,284	3,165	14,449
Total comprehensive income for the half-year		**-**	**11,284**	**41,252**	**52,536**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	5	-	-	(30,463)	(30,463)
Employee share options - value of employee services		-	2,661	-	2,661
		-	**2,661**	**(30,463)**	**(27,802)**
Balance at 31 December 2013		**542,071**	**43,090**	**204,883**	**790,044**
Balance at 1 July 2014		**549,671**	**19,730**	**160,416**	**729,817**
Net profit / (loss) for the half-year		-	-	(92,596)	(92,596)
Other comprehensive income / (loss)		-	52,871	(4,097)	48,774
Total comprehensive income / (loss) for the half-year		**-**	**52,871**	**(96,693)**	**(43,822)**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	5	-	-	(18,813)	(18,813)
Employee share options - value of employee services		-	2,285	-	2,285
		-	**2,285**	**(18,813)**	**(16,528)**
Balance at 31 December 2014		**549,671**	**74,886**	**44,910**	**669,467**

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

	Notes	31 December 2014 $'000	31 December 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**548,158**	622,434
Payments to suppliers and employees (inclusive of goods and services tax)		**(514,783)**	(542,128)
		33,375	80,306
Interest received		**431**	355
Interest paid		**(14,031)**	(13,457)
Income taxes paid		**(3,173)**	(173)
Net cash inflow / (outflow) from operating activities		**16,602**	67,031
Cash flows from investing activities			
Payment for property, plant and equipment		**(25,930)**	(34,841)
Payments for design costs		**(962)**	(2,019)
Increase in investments by way of share purchases		**(622)**	(6,441)
Proceeds from sale of property, plant and equipment		**4,600**	424
Dividends received		**-**	1,649
Net cash inflow / (outflow) from investing activities		**(22,914)**	(41,228)
Cash flows from financing activities			
Proceeds from borrowings		**79,527**	154,214
Repayment of borrowings		**(59,439)**	(113,236)
Payments of finance lease liabilities		**(4,718)**	(5,308)
Dividends paid to company's shareholders		**(18,813)**	(30,463)
Net cash inflow / (outflow) from financing activities		**(3,443)**	5,207
Net increase / (decrease) in cash and cash equivalents		**(9,755)**	31,010
Cash and cash equivalents at the beginning of the half-year		**144,479**	91,822
Effects of exchange rate changes on cash and cash equivalents		**8,610**	1,794
Cash and cash equivalents at the end of the half-year		**143,334**	124,626

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

1 Basis of preparation of half-year financial report

This general purpose consolidated financial report for the interim half year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Bradken Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The presentation of financial information may also differ to the previous financial report to facilitate comparability of current year financial information.

(a) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments

On 24 July 2014 the IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard is not applicable until 1 January 2018 and will become effective for the Group on 1 July 2018 but is available for early adoption. The Group is currently assessing the full impact of the standard on its accounting policy, financial position and financial performance. The Group has not yet decided when to adopt AASB 9.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is not applicable until 1 January 2017 and will become effective for the Group on 1 July 2017 but is available for early adoption. The Group is currently assessing the full impact of the standard on its accounting policy, financial position and financial performance. The Group has not yet decided when to adopt IFRS 15.

(b) Changes in accounting policy

The following accounting standards are applicable to the Group for the first time during the current period.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
AASB 2014-1 Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
AASB 1031 Materiality

The adoption of these standards did not have a significant impact on the Group's financial results, balance sheet or disclosures. All other accounting policies are consistent with those adopted and disclosed in the annual financial report for the year ended 30 June 2014. Accounting policies are applied consistently by each entity in the Group.

2 Significant items

	Notes	Half-year December 2014 $'000	December 2013 $'000
Gains			
Insurance recoveries in relation to Runcorn fire	(a)	**1,114**	-
Net gain on sale of Mittagong property		**2,112**	-
		3,226	-
Expenses			
Manufacturing reorganisation	(b)	**25,486**	-
Impairment of property, plant & equipment	(c)	**31,525**	-
Impairment of goodwill and intangible assets	(d)	**39,532**	-
Due dilligence, acquisition and legal costs		**468**	-
Loss on disposal of plant & equipment		**331**	-
Inventory valuation adjustment *		**1,225**	-
Impairment of investment in Austin Engineering Limited		**25,600**	-
		124,167	-
Total of significant (gains) and expenses		**120,941**	-

* Change of overhead allocation rates following the Unibis ERP system implementation in the United States.

(a) Runcorn fire

In October 2014, a fire destroyed part of the core shop at the Runcorn facility. This resulted in the $256k impairment of plant and equipment. The company is continuing to work with its insurer to assess the final damage. For the period ended 31 December 2014, the company was entitled to net insurance proceeds, after deductibles, of $1.1m.

(b) Manufacturing reorganisation

As announced in the 2014 financial year, and reaffirmed on 5 December 2014, the Group has continued to review its operational footprint. In the six months ended 31 December 2014, the Group incurred $9.9m of redundancy and other restructuring costs and had a remaining provision balance of $15.6m as at 31 December 2014.

(c) Impairment of property, plant & equipment

Of the $31.5m fixed asset impairment expense recognised during the period, $17.4m related to the facilities subject to closure already announced.

During the period there was structural deterioration in the market conditions in which the Scunthorpe (United Kingdom) facility operates. As a result, the Group has assessed the recoverable amount of the facility's property, plant and equipment and recognised an $11.1m impairment expense. The impairment of property, plant and equipment assets in the UK have been treated as non-deductible for income tax purposes.

The announcement of the closure of the Chehalis facility on 14 January 2015, provided an indicator of impairment which is an adjusting subsequent event. As a result, the company has recorded an impairment of $3.4m against the property, plant and assets of the facility.

(d) Impairment of goodwill and intangible assets

As a result of the continued adverse market conditions, the company has reassessed the recoverable amount of its cash generating units' goodwill and other intangibles. This has resulted in a $1.7 million impairment expense against customer lists and a $37.8 million impairment expense against goodwill.

The impairment of goodwill has been treated as non-deductible for income tax purposes.

The goodwill impairment expense was allocated against the Engineered Products cash generating unit (CGU). This is a result of the continued downturn in the market for mobile plant mining capital parts sales.

2 Significant items (continued)

The goodwill impairment testing has been performed on the following cash generating units (CGUs), Mining Products, Mineral Processing, Transport and Industrial Products and Engineered Products.

The carrying amounts of goodwill as disclosed in the balance sheet is $45.9m for the Mining Products CGU (30 June 2014: $45.9m), $128.3m for the Mineral Processing CGU (30 June 2014: $112.3m), $50.2m for the Engineered Products CGU (30 June 2014 $85.1m), and $8.6m for the CMS CGU (30 June 2014 $7.1m). As disclosed in Note 4, during the period Rail and Industrial CGUs were combined to form the newly named Transport and Industrial Products segment and CGU. The goodwill allocated to this CGU is $19.3m (30 June 2014: $19.3m). The CMS CGU is reported in the ‘all other segments’ in Note 4 .

The recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using perpetual growth rates. This methodology is consistent with that used at 30 June 2014.

Key assumptions used for value in use calculations

The calculation of value in use for the CGUs is most sensitive to the following assumptions:

(a) EBITDA/sales margins

(b) Discount rates

(c) Growth rates used to extrapolate cash flows beyond the forecast period

The Company has determined the assumptions based on past performance and expectations for the future.

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. Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. CGU-specific risk premiums have been incorporated into the calculation of the discount rates.

The post tax discount rate used for the Australian based CGU’s, including Mining Products, Transport and Industrial Products is 12% (30 June 2014: 12%), which equates to a pre tax discount rate of 17.1% (30 June 2014: 17.1%).

The post tax discount rate used in the United States based Engineering Products CGU is 11% (30 June 2014: 11%), which would equates to a pre tax discount rate of 16.9% (30 June 2014 16.9%).

The post tax discount rate used for the Mineral Processing CGU which operates in Canada and Australia is 11.5% (30 June 2014: 11.5%), which would translate into a pre tax discount rate of 17.7% (30 June 2014: 17.7%).

The perpetual growth rates per CGU are as follows; Mining 3.0%, Mineral Processing 2.0%, Engineered Products 2.5% Transport and Industrial Products 1.5%.

Impact of reasonably possible changes in key assumptions

As the Engineered Products CGU is written down to its recoverable amount at 31 December 2014, any future adverse change in the key assumptions will result in further impairment.

The difference between the carrying value and recoverable amount of the Mining Products, Mineral Processing and CGU's at 31 December 2014 is as follows;

(a) Mining Products: $11.5 million

(b) Mineral Processing: $20.2 million

The implications of the key assumptions for the recoverable amount are discussed below:
The directors believe there is a reasonably possible change in assumptions for the Mining Products and Mineral Processing CGUs that may result in an impairment. These changes are listed below.

There is no reasonably possible change in assumptions that would result in an impairment of goodwill allocated to the other CGU’s.

EBITDA Margin

The following changes in the EBITDA margin would be required to result in impairment for CGU’s considered to be significant in comparison with the entity’s total carrying amount of goodwill.
Mining Products: a reduction of 2% in the EBITDA margins used would result in impairment
Mineral Processing: a reduction of 1.2% in the EBITDA margins used would result in impairment.

2 Significant items (continued)

Discount rates

The following changes in the post tax discount rate would be required to result in impairment for CGU's considered to be significant in comparison with the entity's total carrying amount of goodwill.
Mining Products: an increase of 0.3% in the post tax discount rate would result in impairment
Mineral Processing: an increase of 0.7% in the post tax discount rate would result in impairment.

Growth rate assumptions

The Company recognises that the volatility of the current economic climate and competitive pressures in the manufacturing industry has an impact on growth rate assumptions.
The following changes in the long-term growth rate would be required to result in impairment for CGU's considered to be significant in comparison with the entity's total carrying amount of goodwill.
Mining Products: a reduction of 0.3% in the long-term growth rate would result in impairment
Mineral Processing: a reduction of 1.0% in the long-term growth rate would result in impairment.

3 Investments in associates

	Half-year December 2014 $'000
(a) Movements in carrying amounts	
Carrying amount at the beginning of the financial period	**53,171**
Increase in investment by way of share purchases in current period	**622**
Share of profits after income tax	**(100)**
Impairment of investment	**(25,600)**
Carrying amount at the end of the financial period	**28,093**

As a result of the continued deterioration in the resource sector over the last six months the Directors have assessed the recoverable amount of the investment in Austin Engineering Limited to be $28.1m as at 31 December 2014. This resulted in an impairment expense of $25.6m. The methodology used to calculate the recoverable amount (value in use) was consistent with that used as at 30 June 2014.

The key assumptions used in the model include

(a) A post tax discount rate of 11.5%

(b) A growth rate in perpetuity of 2.5%

(c) EBITDA/sales margins in a range of 9% - 14.5%

As the investment is written down to its recoverable amount at 31 December 2014, any future adverse change in the key assumptions will result in further impairment.

4 Segment information

(a) Description of segments

Operating segments are reported in a manner that is generally 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 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.

Responsibility for the Australian based Industrial business, previously included in the "all other segments" column, has been merged with the Australian based Rail segment to form the newly named Transport and Industrial Products segment. Similarly responsibility for the Scrap Processing business previously managed by the Mineral Processing segment has been moved to the "all other segments" column as it is now managed by the Cast Metal Services business which does not meet the quantitative thresholds required by AASB 8. Comparative disclosures have been amended to reflect this change.

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. Transport and Industrial Products is a supplier of cast, machined and fabricated components manufactured to customer specifications or purpose designed to suit customer needs into industries and is also 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 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.

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

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the half-year ended 31 December 2013 is as follows:

	Mining Products	Mineral Processing	Engineered Products	Transport & Industrial Products	All other segments	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Half-year 2014						
Total segment revenue	154,944	108,923	137,280	115,235	61,644	578,026
Inter-segment revenue	(11,990)	(4,635)	(6,853)	(6,239)	(52,934)	(82,651)
Revenue from external customers	142,954	104,288	130,427	108,996	8,710	495,375
Gross margin	47,226	36,921	41,622	25,743	8,958	160,470
Half-year 2013						
Total segment revenue	176,864	125,185	128,412	156,521	53,458	640,440
Inter-segment revenue	(12,062)	(10,130)	(4,816)	(9,679)	(40,182)	(76,869)
Revenue from external customers	164,802	115,055	123,596	146,842	13,276	563,571
Gross margin	60,377	41,250	42,211	38,346	8,699	190,883
Total segment assets						
At 31 December 2014	343,226	325,124	311,441	299,077	45,785	1,324,653
At 30 June 2014	339,483	307,453	338,959	311,047	46,838	1,343,780

Corporate assets are not disclosed separately within the half year financial statements.

	Mining Products	Mineral Processing	Engineered Products	Transport & Industrial Products	All other segments	Total
Total segment liabilities						
At 31 December 2014	41,407	26,158	57,629	51,597	19,517	196,308
At 30 June 2014	52,888	30,988	47,571	59,102	25,299	215,848

Corporate liabilities are not disclosed separately within the half year financial statements.

4 Segment information (continued)

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:

	Half-year	
	December 2014 $'000	December 2013 $'000
Gross margin	**160,470**	190,883
Fixed manufacturing overheads and other cost of sale adjustments	**(82,719)**	(77,685)
Other income	**9,647**	4,050
Selling and technical expenses	**(27,522)**	(29,307)
Administration expenses	**(116,417)**	(32,544)
Finance costs	**(15,488)**	(17,287)
Share of net profit of associates accounted for using the equity method	**(25,700)**	952
Profit before income tax	**(97,729)**	39,062

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.

5 Dividends

	Half-year	
	December 2014 $'000	December 2013 $'000
Ordinary shares		
Dividends provided for or paid during the half-year	**18,813**	30,463
Dividends not recognised at the end of the half-year		
Since the end of the half-year the directors have determined that no dividend will be paid out of retained profits at 31 December 2014 (2013 - 15.0 cents fully unfranked). The aggregate amount of the dividend paid on 21 March 2014 out of retained profits at 31 December 2013, but not recognised as a liability at the end of the half-year, was	**-**	25,386

6 Fair value measurement

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)

(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 2014 and 31 December 2014.

31 December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivatives used for hedging	-	3,720	-	3,720
Total assets	-	3,720	-	3,720
Liabilities				
Derivatives used for hedging	-	1,660	-	1,660
Total liabilities	-	1,660	-	1,660

30 June 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives used for hedging	-	2,809	-	2,809
Total liabilities	-	2,809	-	2,809

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.

There were no transfers between level 1 and level 2, and no financial instruments were measured at level 3 at 31 December 2014.

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

	31 December 2014		30 June 2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On balance sheet				
Non traded financial liabilities				
Bank loans	**328,563**	**332,843**	299,027	302,277
US private placement	**242,267**	**246,079**	209,140	213,032
Other loans	**783**	**783**	1,014	1,014
Lease liabilities	**11,209**	**11,209**	12,472	12,472
	582,822	**590,914**	521,653	528,795

7 Offsetting financial assets and liabilities

Bradken presents derivative assets and derivative liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if they were subject to default. As at 31 December 2014, if these netting arrangements were to be applied to the derivative portfolio, derivative assets are reduced by $0.75m (30 June 2014: $0.58m) and derivative liabilities are reduced by $0.75m (30 June 2014: $0.58m).

8 Earnings per share

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share:	**(54.1)**	22.5
Diluted earnings per share:	**(54.1)**	22.2
Underlying basic earnings per share:	**8.3**	22.5
Underlying diluted earnings per share:	**8.2**	22.2

9 Events occurring after balance sheet date

On 14 January 2015 the Company announced the intention to relocate the work and close its foundry in Chehalis, USA. The Group has impaired the plant and equipment of the facility by recognising a loss of $3.4m in the current period to 31 December 2014.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 16 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance, for the half-year ended on that date; and

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

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

Brian Hodges	Nick Greiner
Managing Director	Chairman

Sydney
9 February 2015

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Building a better working world
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To the members of Bradken Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Bradken Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' responsibility for the half year financial report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act* 2001 and for such internal controls that the directors determine are necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bradken Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is referenced in the Directors' Report.

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and

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

Ernst & Young

Trent van Veen
Partner
Sydney
9 February 2015