

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT

For the three months ended 31 March 2013

### 20. DERIVATIVE FINANCIAL INSTRUMENTS

	31 Mar 2013 \$000	31 Dec 2012 \$000	31 Mar 2012 \$000 (reviewed)
Current assets			
Commodity contracts	100	720	283
Foreign currency contracts	444	-	-
	<b>544</b>	<b>720</b>	<b>283</b>
Current liabilities			
Commodity contracts	792	561	321
Interest rate swap contracts	4,650	6,079	1,674
	<b>5,442</b>	<b>6,640</b>	<b>1,995</b>

#### Forward currency contracts

We have entered into forward currency exchange traded contracts which are economic hedges but do not satisfy the requirements of the accounting standards for hedge accounting.

	Notional Amounts (AUD)			Average Exchange Rate		
	31 Mar 2013 \$000	31 Dec 2012 \$000	31 Mar 2012 \$000 (reviewed)	31 Mar 2013 AUD/USD	31 Dec 2012 AUD/USD	31 Mar 2012 AUD/USD
<b>Sell FX/Buy AUD</b>						
Sell USD Maturity 0-12 months	26,173	27,458	14,240	1.01967	1.01914	1.02899

We fair value these contracts by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gain on foreign currency derivatives during the three months to 31 March 2013 was \$243,000 (31 December 2012: \$1,420,000; 31 March 2012: \$169,000).

#### Interest rate swap contracts

We have entered into interest rate swaps which are economic hedges. The \$200 million swaps have been designated as effective interest rate swaps and therefore satisfy the accounting standard requirements for hedge accounting.

As at the reporting date, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	31 Mar 2013 \$000	31 Dec 2012 \$000	31 Mar 2012 \$000 (reviewed)
0-1 years	-	-	80,000
1-3 years	200,000	200,000	200,000

The gain or loss from remeasuring the interest rate swaps at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. In the three months to 31 March 2013 there was no gain or loss recognised for interest rate swaps on previous facilities into profit or loss (three months to 31 March 2012: nil). For the twelve months to 31 December 2012 a gain of \$2,219,000 was recognised for interest rate swaps on previous facilities into profit or loss and included in finance costs.