

Notes to the Financial Statements

For The Year Ended 30 June 2016

from previous periods unless otherwise stated in this note. The principal financial instruments from which financial instrument risk arises are cash at bank, term deposits greater than 90 days, trade receivables and payables and available-for-sale investments.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Group has significant experience in its principal markets which provides the Directors with assurance as to the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group engages a number of external professionals to ensure compliance with best practice principles.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

ii. **Credit risk**

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

In respect of cash investments the majority of cash, cash equivalents and term deposits greater than 90 days are held with institutions with a AA to A-credit rating.

In respect of trade receivables, there is no concentration of credit risk as the Group has a large number of customers. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

Other Receivables include \$12,558,176 (2015: \$20,373,622) being the land sale receivable from the Yingkou Provincial government.

Credit risk is managed on a Group basis and reviewed regularly by management and Audit & Risk Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

Refer to note 10 (a) & (b) for concentration of credit risk for cash and cash equivalents.

The maximum exposure of the Group to credit risk at the end of the reporting period is as follows:

	Consolidated	
	2016	2015
	\$	\$
Cash & cash equivalents	5,104,594	5,695,015
Term deposits with maturity over 90 days	60,685	60,325
Receivables (trade and other)	14,603,759	20,901,937
Total	19,769,036	26,657,277