NOTE 30 NOTES TO THE CASH FLOW STATEMENT (cont…)

	CONSOLIDATED		PARENT ENTITY	
	2006	2005	2006	2005
	$	$	$	$
Liability to government stakeholders in current payables (in financing)	—	3,000,000	—	—
QMAG net balance sheet amounts at 1 December 2004 included in movements below	—	(3,130,000)	—	(1,129,350)
Loss of control of QMAG cash balances on sale	—	2,065,000	—	1,032,500
Adjustment for RCF bridging loan	—	(2,500,000)	—	—
QMAG sale non-cash adjustments	—	702,708	—	310,482
Accrued fitout at new AML premises	110,000	(187,210)	—	—
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in current receivables	(422,932)	11,276,699	175,973	4,519,108
(Increase)/decrease in non-current receivables	—	1,247,000	—	849,000
(Increase)/decrease in inventories	(292,005)	22,504,000	—	11,252,000
(Increase)/decrease in other current assets	19,807	3,200,631	535	1,688,465
(Increase)/decrease in other non-current assets	—	9,514,522	—	2,030,585
Increase/(decrease) in current payables	87,695	(18,023,248)	(48,843)	(15,405,945)
Increase/(decrease) in non-current payables	(4,838,370)	(7,609,630)	—	(1,236,000)
Increase/(decrease) in current provisions	(29,268)	(3,033,757)	1,124	(303,517)
Increase/(decrease) in non-current provisions	(14,693)	(7,363,628)	722	(3,630,282)
Increase/(decrease) in other current liabilities	15,800	(6,070,000)	—	(3,071,000)
Increase/(decrease) in other non-current liabilities	63,200	(3,867,000)	—	(2,044,000)
Net cash from operating activities	**(6,502,037)**	**(3,847,368)**	**(423,269)**	**1,339,103**

NOTE 31 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives with respect to QMAG was governed by the consolidated entity's policies approved by the Board of Directors, which provided written principles on the use of financial derivatives.

In the previous financial year, the Company and certain of its controlled entities were parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates relating to sales by the QMAG joint venture. All hedges were closed out as part of the sale agreement of the QMAG joint venture operations to RCF on 1 December 2004.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Interest rate risk management

The consolidated entity was exposed to interest rate risk as it borrowed funds at both fixed and floating interest rates. This risk ceased on the sale of the QMAG operations and subsequent repayment of all outstanding loans.

NOTE 31 FINANCIAL INSTRUMENTS (cont…)

(d) Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2006.

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
2006	%	$	$	$	$	$	$	$	$	$
Financial assets:										
Cash and cash equivalents	5.558%	2,519,399	9,588,176	—	—	—	—	—	1,565	12,109,140
Trade receivables	nil	—		—	—	—	—	—	140,444	140,444
Other receivables	nil	—	—	—	—	—	—	—	739,789	739,789
	5.181%	2,519,399	9,588,176	—	—	—	—	—	881,798	12,989,373
Financial liabilities:										
Trade payables	nil	—	—	—	—	—	—	—	173,904	173,904
Other payables	nil	—	—	—	—	—	—	—	585,543	585,543
Employee benefits	nil	—	—	—	—	—	—	—	303,295	303,295
	nil	—	—	—	—	—	—	—	1062,742	1,062,742

The following table details the consolidated entity's exposure to interest risk as at 30 June 2005.

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
2005	%	$	$	$	$	$	$	$	$	$
Financial assets:										
Cash and cash equivalents	5.255%	3,684,960	3,465,000	—	—	—	—	—	2,414	7,152,374
Trade and other receivables	nil	—	—	—	—	—	—	—	457,301	457,301
	4.939%	3,684,960	3,465,000	—	—	—	—	—	459,715	7,609,675
Financial liabilities:										
Trade payables	nil	—	—	—	—	—	—	—	671,752	671,752
Other payables	nil	—	—	—	—	—	—	—	4,838,370	4,838,370
	nil	—	—	—	—	—	—	—	5,510,122	5,510,122

(e) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2005: net fair value).

(f) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.