

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Risk and mitigation (continued)

Market risk (continued)

(i) Interest rate risk (continued)

We hedge interest rate and currency risk on most of our foreign currency borrowings by entering into cross currency principal swaps and interest rate swaps. “Hedging strategies” and “Hedge relationships” contained in sections (b) and (c) of this note provides further information.

The weighted average interest rates on our fixed and floating rate financial instruments as at 30 June, which do not have offsetting risk positions, and the principal/notional amounts on which interest is calculated, are shown in Table A. Interest rate positions on our foreign cross currency and foreign interest rate swaps and on the majority of our foreign borrowings are fully offset. Accordingly, the majority of our instruments in Table A represent Australian dollar interest positions. Principal/notional amounts shown are net of discounts and therefore differ from the face value disclosed in note 17 (Tables C and D).