



RISK MANAGEMENT STATEMENT

1. Responsibility

The Board of Directors are responsible for oversight on a regular basis of the Group's procedures and risk management policies. The responsibility of the Board is codified under the Board Charter, which is available on the Group's website. The Group also has an Audit Committee, the responsibilities of which are documented in the Audit Committee Charter which is also available on the Group's website.

2. Risk Management Monitoring

The Board has implemented a combination of internal policies and procedures and use of external audits to monitor risk management and its effectiveness.

3.1. Standard Operating Procedures (SOP's)

The Board has implemented risk management policies covering areas of business risk such as:

- Occupational Health and Safety;
- Finance and Treasury;
- Human Resources;
- Asset Protection (insurance); and
- Codes of Conduct.

The Policies referred to are regularly reviewed and an internal mechanism exists whereby the Board and committee members have access to these reports on an internal intranet site. The Board manages these risks appropriately with reference to identification, implementation and review of these risks and procedures.

3.2. External Audits

The external audit of the Group is conducted annually. There is also a formal review at least once every year. Both the audit and review are conducted by an external auditor.

The Group has an Occupational Health and Safety Committee which has received training and certification by external OH&S providers.

The Group engages with qualified external advisors annually in relation to asset protection. Where possible the Board adopts the most practical and affordable insurance policies suitable to protect major assets of the Group.

In general an external qualified auditor and or valuers are engaged by the Board in determining large asset values on acquisition of assets. An external valuation is obtained to determine and verify carrying values of investment property by an external independent registered property valuer at least every three years.

3.3. Risk Management Statements

The integrity of the Group's financial reports relies on sound business and risk control systems.

Annually, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and Group Financial Controller are required to sign a Risk Management Statement that is provided to the Audit Committee in writing.

The CEO and CFO sign a statement regarding the adequacy of financial controls in accordance with section 295a of the Corporations Act 2001.

The Board requires management to report on the key business risks for each area of the business at each Board meeting.

3.4 Internal Audit

Given the Group's size, an internal auditor is not practical. In addition the presence of executive directors on the Board allows for detailed oversight of risks within each business by managers who are familiar with the risk environment but not directly involved in the management of that particular business.

3.5 External Covenants

The Group has voluntarily associated itself with the following self-regulated authorities:

- EOWA (Equal Opportunity for Women in the Workplace Act): The Group reports annually on targets and policy to an external agency in regards to Equal Opportunity Guidelines and Policy within the work force. The Board receives and reviews this annually; and
- Australian Packaging Covenant: The Group sets targets to reduce packaging waste and environmental impact of packaging waste. Targets are set and guidelines adopted and where possible administered by management. The Board reviews these targets annually.

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The Group has also entered into an agreement with its principal lender (Westpac Banking Corporation) which provides external overview of financial risks by a representative of the Bank.

4. Formal Risk Management Practices

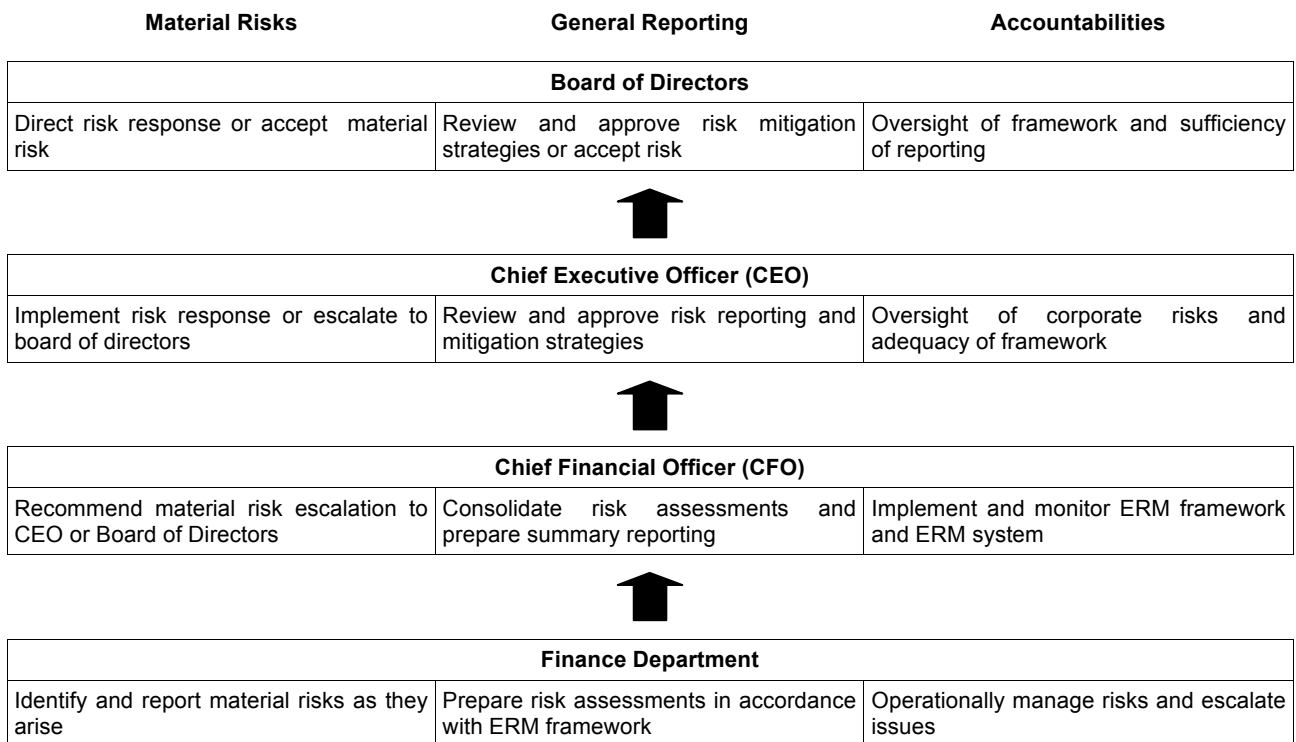
The Group operates a formal process for risk management which includes:

- Risk Identification;
- Risk Analysis;
- Risk Evaluation;
- Risk Mitigation;
- Risk Monitoring and Reporting; and
- Risk Communication.

The risk management process meets appropriate professional standards and is reviewed annually by the Board of Directors. The process meets, but is not limited to the requirements of Principle 7 of the ASX Principles for Good Corporate Governance.

5. Risk Reporting and Communication

Risks are reported and their monitoring and management are communicated in accordance with the diagram below:



Communication

Effective risk management is reliant on the timely and open communication of actual or potential risk events across the organisation. Free and frank communication is at the heart of the Group's risk management approach, and where the processes and accountabilities described in these standards may not support a suitably rapid response to any risk, then communication should be undertaken using whatever means achieve the best outcome for the Group.

For the avoidance of doubt, Oldfields Holdings Limited has a policy of 'not shooting the messenger' and encourages all staff to report risks of which they are aware.