



RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

March 2012

1. INTRODUCTION

OPUS Group Limited (ABN 48 006 162 876) (**Company**) aims to use risk management systems to support its business activities and safeguard shareholder value.

Risk is defined as "*...exposure to the uncertainty of an event or action, which may affect MPG Printing's ability to achieve its business objectives*".

The consequences of risk may be positive or negative and risk management includes identifying and taking advantage of opportunities as well as minimising adverse impacts.

Our policy is to:

- use a proven risk management approach, ensure appropriate focus is given to the identification, evaluation, treatment, monitoring, pricing and reporting of all significant risks to the Company's board of directors (**Board**);
- ensure that managing risk is an integral part of business planning and management processes;
- inform, skill and motivate our people to enable them to implement effective risk management practices; and
- maintain a cost/benefit focus when developing risk treatment strategies, such as insurance.

The risk management strategy is designed to ensure the following solutions are in place:

- a management capability that allows efficient and effective identification, measurement and assessment of collective risks (financial / non-financial) that impact MPG Printing's shareholder value and the quality and value added;
- a substantive link between risk analysis and strategic decision making;
- effective management of enterprise level risks in totality via a combination of:
 - implementing operational risk management strategies, policies and assurance; and
 - purchasing insurance where appropriate; and
- an effective early warning ("red flag") reporting system.

2. INTERNAL CONTROL AND COMPLIANCE FRAMEWORK

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has instigated the following internal control and compliance framework.

- financial reporting – monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are reported regularly;

- continuous disclosure – a comprehensive policies and process is in place to identify matters that may have a material effect on the process of the Company's securities and notify them to the ASX and post them on the Company's website;
- compliance – the Company has in place a compliance system to ensure compliance with laws regulations and Company policy;
- quality and integrity of personnel – Written confirmation of compliance with group policies is obtained from all operating units;
- specialty reporting – Key areas subject to regular reporting to the Board include legal and insurance; and
- investment appraisal – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.