RISK MANAGEMENT POLICY

Guiding principle

To develop an organisational capability in risk management that ensures a consistent, efficient and effective assessment of risk in the achievement of the Company's objectives.

Sports Entertainment Group views risk management as integral to its objective of creating and maintaining shareholder value and the successful execution of its strategies. Risk management requires the considered correlation of risk and return in the management of all principal activities.

a) Objectives

The Risk Management Policy forms part of the internal control and corporate governance procedures of Sports Entertainment Group and its subsidiaries. The key pillars of the Company's Risk Management policy and processes are to support the Company's objectives by:

1. Promoting a more risk/return aware culture throughout the organisation;
2. Contributing to more efficient use/allocation of capital and resources within the organisation;
3. Protecting and enhancing assets and company image; and
4. Identifying any unmitigated risks and formulating action plans for its treatment.

The policy defines the key risk terminology, outlines the risk management process and documents the roles and responsibilities of the Board and other key personnel.

b) Definitions

Sports Entertainment Group and its subsidiaries have broadly adopted the following definitions from the Australian/New Zealand Standard 31000:2009 on "Risk management – Principles and Guidelines".

Consequence	The outcome of an event expressed either in financial terms or qualitatively, being a loss, injury, disadvantage or gain.
Likelihood	The percentage of probability of an event happening.
Risk	The chance of something happening that will have an unintended impact upon objectives. It is measured in terms of consequences and likelihood.
Risk Assessment	The overall process of risk analysis and risk evaluation.
Risk Analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk Evaluation	The process used to determine risk/return management priorities by comparing the level of risk against target risk levels or other criteria.
Risk Management	The culture, processes and structures that are directed towards the containment and minimisation of adverse and unintended effects on Company objectives and operations.
Risk Profile	A summation of the Company's key risks.

c) Risk Management

Risk management is an integral part of the Company's strategic planning, business planning and investment/project appraisal procedures. The focus of risk management is the identification and treatment of risks with the objective to optimise enterprise value.

d) Risk Management Framework

The framework adopted is primarily based on the Australian/New Zealand Standard 31000:2009 on "Risk management – Principles and Guidelines". The framework involves the following processes:

1. Risk identification

Risk identification sets out to identify an organisation's exposure to unintended adverse impact upon Company objective and operations.

2. Risk Analysis (before existing controls)

Risk analysis involves apropos the Company's objectives and operations, the consideration of the sources of risk, their consequences, and the likelihood that those consequences may occur.

3. Determine existing controls

This involves identifying and assessing the effectiveness of existing systems and procedures to control risk.

4. Consequences and likelihood of risk (after existing controls)

The impact and likelihood of an event and its associated consequences are assessed in the context of the existing controls.

5. Risk Evaluation

Risk evaluation involves comparing the level of risk found during the analysis process against risk thresholds. These thresholds will be established in the policy guidelines. The output of the risk evaluation is a prioritised list of risks for further action.

If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment. Low and accepted risks should be monitored and periodically reviewed to ensure they remain acceptable. If risks do not fall into the low or acceptable risk category, they should be treated using one or more of the options considered in Clause 6 below.

6. Risk Treatment

Risk treatment involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. Options include avoiding the risk, reducing the likelihood of the occurrence, reducing the consequences, transferring the risk, and retaining the risk. The action plans adopted will be documented and its implementation tracked as part of the reporting process.

7. Monitoring and Review

Few risks remain static. Risks will be periodically monitored and reviewed; and the effectiveness of the controls in place and of the risk action plans is assessed to ensure changing circumstances do not alter risk priorities. Feedback on the implementation and the effectiveness of the policy will be obtained from the risk reporting process, internal audits and other available information.

8. Documentation

The risk management process will be documented.

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e) Roles, responsibilities and reporting

The roles and responsibilities are as follows:

1. Board of Directors

The Board will confirm the Risk Management policy and strategy on an annual basis.

2. Audit & Risk Committee (where one is appointed)

The Committee will stay appraised of the Company's diverse risk and compliance profile; review the adequacy and effectiveness of risk management framework. The Committee will receive the updated 'Risk Profile' for the organisation from the Chief Executive Officer and the Chief Financial Officer on an annual basis.

3. Chief Executive Officer (CEO)

Approve operational risk policy and strategy; review operational risk reports for the organisation as a whole; support an environment that promotes prudent risk management practice. The CEO will receive from senior management the 'Risk Profile' for the organisation and a status of any overdue risk action plans annually.

4. Chief Financial Officer (CFO)

The Chief Financial Officer will receive from senior management the 'Risk Profile' for the organisation on an annual basis and a status of any overdue risk action plans on an annual basis.

5. Senior Management

Review business unit Risk Profiles with the CEO/CFO and agree on risk action/treatment priorities. The senior management will receive details of any changes to the 'Risk Profile' for their area of responsibility from the CEO/CFO on an annual basis.

Senior Management will discuss with the CEO/CFO the status of any overdue risk action plans as frequently as the situation requires, but not less than on an annual basis.

6. Departmental Managers or Line Managers

Departmental managers have primary responsibility for managing risks on a day-to-day basis.