RUNGE LIMITED abn 17 010 672 321

Helping You to Improve the Economics of Your Mine

ANNUAL FINANCIAL REPORT
YEAR ENDED 30 JUNE 2008

CONTENTS

CORPORATE DIRECTORY

Directors	Mr Vince Gauci *Chairman* Mr Anthony Kinnane *Managing Director* Mr Christian Larsen *Executive Director* Dr Ian Runge Mr Neil Hatherly Mr Ross Walker
Joint Company Secretaries	Mr Ken Lewis Ms Julia Sloman
Principal registered office in Australia	Level 12, 333 Ann Street Brisbane QLD 4000 Telephone: +617 3100 7200 Fax: +617 3100 7297
Auditor	PKF Level 6, 10 Eagle Street Brisbane QLD 4000
Share register	Computershare Investment Services Pty Ltd Level 19, 307 Queen Street Brisbane QLD 4000
Stock Exchange Listing	Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Runge Limited (the "parent" or the "company") and the entities it controlled at the end of, or during, the year ended 30 June 2008.

1. Directors

The following persons were directors of Runge Limited during the financial year and up to the date of this report:

Vince Gauci – Chairman (appointed 5 February 2008)
Anthony Kinnane – Managing Director
Christian Larsen – Executive Director
Christopher Still (resigned 21 April 2008)
Ian Runge (leave of absence 14 March 2007 to 30 September 2007)
Neil Hatherly (alternate director 14 March 2007 to 30 September 2007; appointed 30 September 2007)
Peter Ludemann (resigned 22 April 2008)
Ross Walker

2. Principal Activities

The Group's principal continuing activities during the year consisted of:

a) Technical and business consulting for the international resources industry;
b) Software licensing and support; and
c) Training.

3. Dividends

Dividends paid to members during the financial year were as follows:

	Preference $	Ordinary $	Total $
2007 Final dividend of 4.5 cents per preference share fully franked 16th November 2007	1,443,261	-	1,443,261
2008 Interim dividend of 12.3 cents per ordinary share fully franked 28th February 2008	-	1,705,421	1,705,421
Special dividend of 31 cents per ordinary share fully franked 30th May 2008	-	4,298,215	4,298,215
Total:	1,443,261	6,003,636	7,446,897

In addition to the above dividends, since the end of financial year the directors have declared the payment of a final ordinary fully franked dividend of $1,861,200 (1.5 cents per share) with a record date of 15 September 2008 to be paid on 6 October 2008.

4. Review and results of operations

In 2008 Runge continued to deliver a strong financial performance. Consolidated revenue was $63,431,000 (2007: $38,945,000), an increase of 63% and profit after income tax and finance costs of $5,943,000 (2007: $5,597,000), an increase of 6%.

Major contributors to the increase in revenue were:

- An increase in consulting services revenue to $49,347,000 (2007: $30,486,000) due to organic growth and full year operation of Minarco-MineConsult acquired in 2007 year; and
- An increase in software licence sales to $11,736,000 (2007: $7,234,000).

The profit after tax was affected by the following one-off expense items:

- Shareholder sell down costs of $1,670,000 (2007: nil), and
- Non recurring professional fees relating to the pre-IPO proposed trade sale $530,000 (2007: nil).

During 2008 Runge increased its global reach, staff numbers, product offerings and strategic partner alliances. Highlights include:

- Beginning to sell the Mining Dynamics suite of products including data management and enterprise solutions;
- On 30 November 2007 the Group acquired Geogas Pty Ltd, providing access to laboratory services, for approximately $6.5 million paid in cash; and
- On 10 January 2008 the company also acquired net business assets of Resource Evaluations Pty Ltd, increasing consulting clientbase, for approximately $2.5 million paid in cash and equity.

5. Significant changes in the state of affairs

Runge Limited issued its prospectus in April 2008 offering 20 million new and 30.2 million vendor shares at $1.00 each. The issue was fully subscribed and Runge listed was admitted to the Australian Stock Exchange and its securities commenced trading on 27 May 2008.

6. Litigation

In 21 September 2007 Standard Bank Plc (Standard) filed an action against a controlled entity of Runge Limited, Runge Inc trading as PAH (PAH) in the United States District Court of Colorado Civil Action No. 07-CV-01989-RPM-MJW. The claim relates to a series of loans from Standard Bank to a third party amounting to US$43 million to finance the purchase of a coal mine in Indiana. Standard claims that PAH was negligent in preparing reports concerning the mine and seeks unspecified amount in damages.

PAH believes it has strong grounds to defend the Standard claim and believes it will succeed in this litigation. PAH has obtained legal advice concerning the Standard claim. PAH is not aware of any grounds on which the Standard claim could succeed against it. PAH has lodged a defence denying any negligence and is strenuously defending the claim. However all litigation has elements of uncertainty and Runge Limited can give no assurance that PAH will ultimately prevail.

The District Court of Colorado has made a number of scheduling orders concerning pre-trial interlocutory steps, including, disclosure, nomination of non-parties at fault pursuant to C.R.S. 13-21-111.5(3)(b), depositions of witnesses, exchange of expert reports etc. Under the current timetable it is estimated the matter will not proceed to trial until the third/fourth calendar quarter of 2009.

6. Litigation (Continued)

Furthermore, the Standard claim is only asserted against PAH, which is the only Runge Group member involved in preparing the reports upon which Standard bases its claim. No claim has been made against Runge Limited or any other of its subsidiaries, and the Company is not aware of any basis for asserting any such claim. Accordingly, if the Standard claim results in liability being incurred the risk of loss resides with PAH and not with the Company, and Standard's recourse if it is able to establish liability will be limited to the assets owned by PAH, and will not reach the other assets of the Runge Group.

The Company has also sought legal advice concerning any attempt by Standard to join it as a defendant to the Standard claim. Based on this advice the Company believes there are no grounds on which it could be joined, and will vigorously oppose any such action by Standard. The Company believes that it will prevail if it is somehow joined as a defendant to the Standard claim, although as noted above all litigation necessarily entails elements of uncertainty.

Runge Inc and its subsidiaries have professional indemnity insurance in place. The insurer (Vero) has declined cover of the Standard Bank claim. As disclosed in the Company's prospectus, Runge has considered its position in respect of the insurer and taken legal advice in relation thereto. Based on that legal advice Runge Inc believes it has reasonable grounds to challenge the Insurer's denial of coverage.

In addition, pre IPO shareholders approved the placement of 5 million shares in Runge with the trustee of RS Trust (the Trust Shares). The Trust Shares are to be held in trust for a minimum of 4 years or until the earlier resolution of the claim against PAH. Runge may require all or part of the Trust Shares to be sold in certain circumstances that relate to the outcome of the claim. The proceeds from the sale of the Trust Shares, after allowing for any associated tax expense, can be used by Runge for any purpose.

Runge will advise ASX of any material developments.

On 29 August 2008 Standard Bank Plc filed and served an action against Vero Insurance Limited (Vero) and as Nominal Defendant, a controlled entity of Runge Limited, Runge Inc trading as PAH (PAH) in the United States District Court of Jefferson Colorado Civil Action No.2008 CV 3710. The claim seeks a declaration against Vero that it is required to respond to the policy of professional indemnity insurance of which it has previously declined cover. In particular, Standard seeks a declaration that Vero is required to fund the costs of PAH in defending the federal court action and that, in the event that Standard should obtain a judgment against PAH in those proceedings, Vero would be responsible for payment of the judgment in accordance with the policy limit of either AUS$7.5 million or AUS$10 million, depending on which year the claim is determined to have arisen under the terms of the policy.

PAH has been named as a "nominal" defendant pursuant to Colorado law which provides that a plaintiff who is seeking the entry of declaratory judgment should name as defendants all parties whose interests may be affected by the content of the judgment which could be ordered. No relief is sought against PAH and therefore this proceeding raises no potential liability for Runge Ltd or its associates apart from some legal fees which are considered to be minimal.

7. Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

a) The Group's operations in future financial years, or
b) The results of those operations in future financial years, or
c) The Group's state of affairs in future financial years.

8. Likely developments and expected results of operations

Information on the likely developments in the operations of the Group and the expected results of operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

In mid-September 2008 financial markets in Australia and around world suffered substantial upheaval, particularly impacting a number of banking and insurance institutions, but with potential to impact other areas of business in which Runge Limited is engaged. The board does not consider that this upheaval is likely to have a material impact on the on-going operations of the company.

9. Information on Current Directors and Company Secretaries

Directors	Experience	Special Responsibilities
Vince Gauci	Chairman, Non-executive director. Previous roles include Managing Director of MIM Ltd and Pancontinental Ltd and Chairman of Centre for Low Emission Technology. Qualifications: B.Eng (Mining) Other current directorships: Liontown Resources Ltd (Non-executive director since August 2007) and the Broken Hill Community Foundation (Chairman). Other listed company directorships in last three years: Coates Hire Limited (2006 to 2008).	*Chairman* *Member – Audit Committee* *Member – HR and Remuneration Committee*
Tony Kinnane	Managing Director, over 20 years employed with Runge. Qualifications: Grad. Dip. M.E. Grad. Dip. Geology, Grad. Dip. BA. Other listed company directorships in last three years: None.	*Managing Director* *Member – HR and Remuneration Committee*
Christian Larsen	Executive Director, 20 years with employed with Runge, Mergers and Acquisitions Qualifications: B.E. (Mining Engineering), MBA, FAICD, PE. Other listed company directorships in last three years: None.	*Executive Director*
Ian Runge	Non-executive Director, company founder. Qualifications: M.E.(Mining Engineering), Ph D. (Economics), FAusIMM, FAICD. Other listed company directorships in last three years: None.	*Non-executive director* *Member – Audit Committee*

9. Information on Current Directors and Company Secretaries (Continued)

Directors	Experience	Special Responsibilities
Neil Hatherly	Non–executive Director (alternate director) since 14 March 2007. Currently Managing Director of RNH Consulting. Extensive experience in management consulting and performance improvement. Qualifications: B Science (Hons), AICD Company Directors' Advanced Diploma, FAICD, FAIM and FAusIMM. Other listed company directorships in last three years: None.	*Non – executive Director* *Chairman Member – HR and Remuneration Committee*
Ross Walker	Non–executive Director since 14 March 2007. Joined Johnston Rorke in 1985, Managing Partner in 1995 - 2008. Predominantly involved in corporate finance, auditing, valuations, capital raisings and merger and acquisitions for the past 20 years. Qualifications: B Com, FCA Other listed company directorships in last three years: None.	*Non – executive Director* *Member and Chairman – Audit Committee*

All Directors are members of the Nominations Committee.

Ken Lewis, LLB (Group General Counsel) and Julia Sloman, FCA MA (Chief Financial Officer) were appointed Joint Company Secretaries on 22 April 2008.

Prior to public listing on the ASX, Phillip McCaw, BBus. ACPA (General Manager - Finance) and Scott Standen, LLB, LLM (Partner of Hynes Lawyers) were joint Company Secretaries before resigning on 22 April 2008.

10. Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board committee held during the year ended 30 June 2008 and the number of meetings attended by each Director were:

	Full meetings of directors		Audit and Risk Committee		HR and Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Vince Gauci	9	9	-	-	3	3
Ian Runge	14	14	-	-	-	-
Tony Kinnane	16	16	-	-	3	3
Christian Larsen	16	16	-	-	-	-
Christopher Still	12	13	3	3	-	-
Peter Ludemann	14	14	-	-	-	-
Neil Hatherly	16	16	-	-	3	3
Ross Walker	16	16	3	3	-	-

11. Insurance of officers

During the financial year, the company paid insurance premiums to insure the Directors and Officers of the company against certain risks associated with their activities as officers of the company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and premium paid.

12. Remuneration report - Audited

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration;
B. Details of remuneration
C. Share-based compensation
D. Service agreements

Remuneration and compensation have the same meaning in this report.

12 A. Principles used to determine the nature and amount of remuneration

This report discusses the Company's policies in regard to compensation of key management personnel of the Group. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the directors of the Company and executives for the Company and the Group and include the five highest remunerated Company and Group executives.

The Board has established a HR and Remuneration Committee to assist with remuneration and incentive policies enabling the Group to attract and retain executives and directors who will create value for shareholders and support the Group's mission. The HR and Remuneration Committee obtains independent advice on the appropriateness of compensation packages given trends in comparative companies both locally and internationally. The Corporate Governance Statement provides further information on the role of this Committee.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- The capability and experience of the key management personnel;
- The key management personnel's ability to control the relevant segment/s' performance; and
- The Segment or Group performance, including:
  - the Segment or Group earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the amount of incentives within each key management person's compensation.

Compensation packages include a mix of fixed and variable compensation, and short-term and long-term performance based incentives.

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel, and contributes to a defined contribution superannuation plan on their behalf.

12. Remuneration report – Audited (Continued)

12 A. Principles used to determine the nature and amount of remuneration (Continued)

Fixed compensation

Fixed compensation is calculated on a total cost basis and includes salary, allowances, non-cash benefits, employer contributions to superannuation funds and any Fringe Benefits Tax charges related to employee benefits, including motor vehicles.

Compensation levels are reviewed annually based on evaluation of the individual, segment and overall Group's performance. This review involves external consultants advising the HR and Remuneration Committee on market competitiveness of key management personnel compensation. A senior executive's compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting and exceeding their key performance indicators (KPIs). The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Options Plan (ESOP) (see note 30 to the financial statements). The current long-term performance structure was implemented in the 2008 year.

The table below sets out the Group's key management personnel's compensation together with the Earnings for the same period.

Financial year ended	Total remuneration $'000	Net profit $'000	Dividends $'000
30 June 2004	1,091	1,961	1,254
30 June 2005	1,630	3,101	1,709
30 June 2006	1,917	4,001	1,904
30 June 2007	1,918	5,597	4,823
30 June 2008	2,547	5,943	7,447

Short-term incentive bonus

The Board sets KPIs for the Managing Director and then delegates to the Managing Director to set the remaining KPIs for senior executives. The KPIs generally include measures relating to the Group, relevant segment and the individual. These measures are chosen to directly align the individual's reward to the performance and strategy of the Group and include financial, people, customer, strategy and risk objectives.

The financial performance objectives include 'earnings before interest, tax and amortisation' (EBITA) compared to budgeted amounts. The non-financial measures vary with the position and responsibility and include but are not limited to measures such as achieving strategic outcomes, staff development and customer satisfaction.

At the end of the financial year the Managing Director assesses the actual performance of the Group, the segment and individuals against their KPIs. A percentage of the pre-determined amount is awarded to key management personnel based on the results of such assessments. During the year there were no alterations to the terms and conditions of cash bonuses granted since their grant date.

Cash bonuses are paid, provided for or forfeited in the year to which they relate.

12. Remuneration report – Audited (Continued)

12 A. Principles used to determine the nature and amount of remuneration (Continued)

Long-term incentive

Options are issued under the Employee Share Options Plan (ESOP) to provide for key management personnel to receive options over ordinary shares at the discretion of the Board.

The rules allow the Board to set a timetable for vesting of options in order to reward the longevity of service and to set performance hurdles which must be met for the option holder to be entitled to exercise the options.

The vesting of options is subject to satisfaction of the following performance hurdles:

a) The key management personnel continuing to be employed by the Group.

b) Absolute – the earnings per share increase (Total Shareholder Return (TSR)) is as follows:

i) Options vesting on 30 August 2009 – 20% compounding TSR from the Grant Date;
ii) Options vesting on 30 August 2010 – 44% compounding TSR from the Grant Date; and
iii) Options vesting on 30 August 2011 – 72% compounding TSR from the Grant Date.

c) Relative – better performance, in earnings per share (Total Shareholder Return (TSR)), than half of the Group's industry peers listed:

i) Ausenco Ltd;
ii) Cardno Ltd;
iii) Downer EDI;
iv) Industrea Ltd;
v) ISS Group Ltd;
vi) Leighton Holdings Ltd;
vii) Lycopodium Ltd;
viii) Mac Services Group Ltd;
ix) Macmahon Holdings Ltd;
x) Monadelphous Group Ltd;
xi) PearlStreet Ltd;
xii) Prophecy International Holdings Ltd;
xiii) RCR Tominson Ltd;
xiv) Sedgman Ltd;
xv) Swick Mining Services Ltd;
xvi) Technology One Ltd;
xvii) Thomas and Coffey Ltd;
xviii) VDM Group Ltd;
xix) Walter Diversified Services Ltd; and
xx) WorleyParsons Ltd.

The measures above were chosen as they provide the Board with an objective means of measuring the Group's performance against its peer group.

On 27 June 2008 the Board introduced a policy that prohibits Directors and Executives of the Group to enter into financial contracts secured by shares and other securities of the Company. This policy requires the approval of the Chairman of the Board for any financial arrangements or facilities related to company shares held by the Directors and Executives.

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed periodically by the Board and are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $400,000 (2007: $100,000).

Non executive director's base remuneration was last reviewed with effect from 1 March 2008. Both the Chairman's and Non-executive directors' remuneration is inclusive of audit and other sub-committee fees.

12. Remuneration report – Audited (Continued)

12 B. Details of Remuneration

Directors

Of Runge Limited during 2008 and 2007 financial years:

Chairman (Non-executive)

Vince Gauci (appointed 5 February 2008, Chairman since 22 April 2008)
Peter Ludemann (resigned on 22 April 2008)

Executive Directors

Anthony Kinnane, Managing Director
Christian Larsen, Executive Director

Non-executive Directors

Christopher S. Still (resigned on 21 April 2008)
Greg Smith (resigned on 31 August 2006)
Ian Runge (on leave of absence from 14 March 2007 to 30 September 2007)
Neil Hatherly
Ross Walker

Other Key Management Personnel

The following persons were the Executives who had the greatest authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the financial year:

Name	*Position*	*Employer*
David Meldrum	General Manager Minarco-MineConsult	Minarco Asia Pacific Pty Ltd
John Buffington	General Manager – Australasia	Runge Limited
Julia Sloman	Chief Financial Officer/Joint Company Secretary	Runge Limited
Ken Lewis	Group General Counsel/Joint Company Secretary	Runge Limited
Pat Williams	General Manager – Strategic Development	Runge Limited
Phill McCaw	General Manager – Finance/Internal Auditor	Runge Limited
Scott Henderson	General Manager – Software Development	Runge Limited

12. Remuneration report – Audited (Continued)

12 B. Details of Remuneration (Continued)

Details of remuneration of each Director of Runge Limited and each of the other key management personnel of the Group are set out in the following tables.

Name	Short-term benefits			Post - employment benefits		Share-based payment - Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
2008	Cash salary and fees	STI Cash bonus	Non – monetary benefits	Super-annuation	Termination Benefits				
Directors	$	$	$	$	$	$	$	%	%
A Kinnane	248,998	122,162	11,836	96,000	-	819	**479,816**	25.6	-
C Larsen	241,523	62,500	-	13,129	-	820	**317,972**	19.9	-
V Gauci	48,470	-	-	4,362	-	2,183	**55,015**	4.0	4.0
N Hatherly	47,047	-	-	-	-	-	**47,047**	-	-
P Ludemann	-	-	-	-	-	-	**-**	-	-
I Runge	40,292	-	-	-	-	-	**40,292**	-	-
C Still	29,984	-	-	12,607	110,091	-	**152,682**	-	-
R Walker	58,700	-	-	-	-	-	**58,700**	-	-
Subtotal	715,014	184,662	11,836	126,098	110,091	3,822	**1,151,524**	16.4	
Other key management personnel									
D Meldrum	191,216	18,349	11,928	18,861	-	813	**241,167**	7.9	-
J Buffington	183,136	45,872	9,099	47,075	-	820	**286,001**	16.3	-
J Sloman *	50,596	7,339	-	5,214	-	362	**63,512**	12.1	0.6
K Lewis **	75,884	9,174	-	7,655	-	362	**93,076**	10.2	-
P McCaw	173,356	-	-	15,602	-	461	**189,419**	-	-
P Williams	239,937	50,459	9,557	26,136	-	832	**326,921**	15.7	-
S Henderson	165,137	13,761	-	16,101	-	464	**195,462**	7.3	-
Subtotal	1,079,262	144,954	30,584	136,644	-	4,114	**1,395,558**		
Total	**1,794,276**	**329,616**	**42,420**	**262,742**	**110,091**	**7,935**	**2,547,082**	13.3	-

* J Sloman (Chief Financial Officer appointed 16 April 2008)

** K Lewis (Group General Counsel appointed 3 March 2008)

Name	Short-term benefits			Post - employment benefits		Share-based payment - Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
2007	Cash salary and fees	STI Cash bonus	Non – monetary benefits	Super-annuation	Retirement Benefits				
Directors	$	$	$	$	$	$	$	%	%
A Kinnane	272,604	96,474	-	43,073	-	-	**412,151**	23.4	-
C Larsen	194,291	40,000	-	12,686	-	-	**246,977**	16.2	
N Hatherly	10,219	-	-	-	-	-	**10,219**	-	-
P Ludemann	-	-	-	-	-	-	**-**	-	-
I Runge	18,750	-	-	2,531	-	-	**21,281**	-	-
G Smith	-	-	-	-	-	-	**-**	-	-
C Still	30,000	-	-	28,600	-	-	**58,600**	-	-
R Walker	13,050	-	-	-	-	-	**13,050**	-	-
Subtotal	538,914	136,474	-	86,890	-	-	**762,278**	17.9	-
Other key management personnel									
D Meldrum	79,987	36,697	-	6,984	-	-	**123,668**	29.7	-
J Buffington	211,422	22,936	-	21,122	-	-	**255,480**	9.0	-
P McCaw	162,494	-	-	12,851	-	-	**175,345**	-	-
P Williams	208,333	22,936	-	19,404	-	-	**250,673**	9.1	-
R Upadhyay*	183,042	-	13,655	10,983	-	-	**207,680**	-	-
S Henderson	131,307	-	-	11,723	-	-	**143,030**	-	-
Subtotal	976,585	82,569	13,655	83,067	-	-	**1,155,876**	7.1	-
Total	**1,515,499**	**219,043**	**13,655**	**169,957**	**-**	**-**	**1,918,154**	11.4	-

*R Upadhyay was not considered to be included in key management personnel from 1 July 2007.

12. Remuneration report – Audited (Continued)

12 B. Details of Remuneration (Continued)

Details of remuneration: cash bonuses

For each cash bonus included in the above table the percentage of the available bonus that was paid in the financial year, and the percentage that was that was forfeited is set out below. No part of the bonuses is payable in future years.

2008	Cash Bonus	
Directors	Vested %	Forfeited %
A Kinnane	83	13
C Larsen	100	-
Other key management personnel		
D Meldrum	100	-
J Buffington	100	-
J Sloman	78	22
K Lewis	80	20
P McCaw	-	-
P Williams	100	-
S Henderson	100	-

12 C. Share-based compensation

All options refer to options over ordinary shares of Runge Limited, which are exercised on a one-for-one basis under the ESOP Plan.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Model inputs for options granted during the year are disclosed in note 30 in the financial report.

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are shown overleaf:

12. Remuneration report – Audited (Continued)

12 C. Share-based compensation (continued)

	Number of options granted	Grant Date	Fair Value per option $	Exercise price per option $	Expiry Date	Year Granted	Financial years in which options may vest
Directors							
A Kinnane	4,761	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	4,760	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	33,000	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	33,000	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	34,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
C Larsen	4,771	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	4,770	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	33,000	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	33,000	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	34,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
V Gauci	100,000	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	100,000	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	100,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
Other key management personnel							
D Meldrum	4,453	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	4,452	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	33,000	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	33,000	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	34,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
J Buffington	4,771	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	4,770	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	33,000	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	33,000	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	34,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
J Sloman	16,500	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	16,500	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	17,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
K Lewis	16,500	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	16,500	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	17,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
P McCaw	4,953	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	4,952	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	16,500	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	16,500	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	17,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
P Williams	5,407	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	5,406	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	33,000	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	33,000	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	34,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012
S Henderson	5,089	21/05/2008	0.18	1.00	30/09/2009	2008	2010
	5,088	21/05/2008	0.23	1.00	30/09/2010	2008	2011
	16,500	21/05/2008	0.17	1.00	28/02/2010	2008	2010
	16,500	21/05/2008	0.18	1.15	28/02/2011	2008	2011
	17,000	21/05/2008	0.17	1.32	28/02/2012	2008	2012

No options were vested or forfeited during the 2008 financial year.

12. Remuneration report – Audited (Continued)

12 C. Share-based compensation (continued)

For each grant of options, the percentage of the grant that vested in the financial year, and the percentage that was forfeited because the person did not meet the service performance criteria is set out below. The options usually vest after 2-3 years. No options will vest if the service conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	A Remuneration consisting of options %	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
Directors				
A Kinnane	-	19,115	-	-
C Larsen	-	19,119	-	-
V Gauci	4	51,600	-	-
N Hatherly	-	-	-	-
P Ludemann	-	-	-	-
I Runge	-	-	-	-
C Still	-	-	-	-
R Walker	-	-	-	-
Other key management personnel				
D Meldrum	-	18,991	-	-
J Buffington	-	19,119	-	-
J Sloman	1	8,601	-	-
K Lewis	-	8,601	-	-
P McCaw	-	10,591	-	-
P Williams	-	19,374	-	-
S Henderson	-	10,646	-	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients. Options are not transferable and lapse following the resignation of employees before vesting date.

The terms and conditions of the options are that all options are to be settled by the physical delivery of shares. During the year there were no alterations to the terms and conditions of options granted since their grant date. Further details of the plan are disclosed in the note 30.

12. Remuneration report – Audited (Continued)

12 D. Service Agreements

The Group's policy is that service contracts for key management personnel are unlimited in term but capable of termination on four weeks notice, except for A. Kinnane, C. Larsen and D. Meldrum, whose termination notice is 3 months. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. Compensation levels are reviewed each year to meet the principles of the compensation policy.

The details of the bonuses included in a service agreement for A Kinnane, Managing Director, are a combination of the following:

- Qualitative performance bonus is limited to $51,750 dependent on the Group's achievements of qualitative objectives, and
- Quantitative performance bonus is limited to $89,000 dependent on earnings, defined as EBITA compared against a stretch budget.

13. Environmental Legislation

Runge Limited and its controlled entities are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

14. Auditor

PKF Chartered Accountants and Business Advisers continues in office in accordance with section 327 of the *Corporations Act 2001*.

During the year PKF Chartered Accountants and Business Advisers, has performed certain other services in addition to their statutory duty.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporation Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the company, PKF and its related practices for non-audit services provided during the year are:

	Consolidated	
Remuneration for other services:	**2008** **$**	2007 $
PKF Australia (East Coast Practice) Service provided - agreed upon procedures performed in relation to GeoGas due diligence	**8,182**	-
PKF Malaysia - tax compliance services	**958**	-
	9,140	-

15. Auditor's independence declaration

In accordance with Section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration is enclosed on page 80.

16. Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial reports and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Vince Gauci, Chairman

Brisbane
Dated: 29th day of September 2008

The Board and Management believe that it is crucial to the Company's economic, social and ethical objectives that it meet the highest standards of governance and business conduct across its operations in Australia and internationally.

To achieve the highest of standards of corporate governance, the Company, upon listing on the ASX on 27 May 2008, updated its existing charters and policies and also established new charters and policies (Policies). The Company chose to establish a corporate governance framework in accordance with the August 2007 revised ASX Principles of Good Corporate Governance and Good Practice Recommendations (ASX Principles). The Company's Policies meet the requirements of both the Corporations Act 2001 (Cth) and the Listing Rules of the Australian Stock Exchange (ASX) and, in the opinion of the Board, comply with best practice including the ASX Principles, except where noted.

Although the revised ASX Principles did not apply to the Company for the period, the ASX has encouraged early transition. Accordingly, the disclosures in this Corporate Governance Statement (Statement) are made against the Company's compliance with the revised ASX Principles, unless otherwise stated.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Lay Solid Foundations for Management and Oversight

The Board is committed to protecting the interests of the shareholders and other stakeholders of the Company, promoting and maintaining good corporate governance structures while managing risk, acting effectively, honestly and fairly and acting in accordance with all applicable laws.

The key roles of the Board are to:

a) oversee the Company, including its control and accountability systems.

b) oversee the business and strategic direction of the Company in order to maximise performance and generate appropriate levels of shareholder return.

c) appoint, evaluate and remove the Chairman, the Managing Director, any other Executive Director, the Company Secretary; and where appropriate, senior executives.

d) review, ratify and monitor systems of internal controls, risk management, codes of conduct and legal compliance.

e) provide input into and final approval of management's development of corporate strategy and performance objectives.

f) review the performance and implementation of corporate strategies by senior management and ensuring that senior management have the necessary resources to do so.

g) approve and monitor progress of major capital expenditure, capital management, acquisitions and divestments.

h) approve and monitor annual budgets and strategic plans.

i) approve and monitor financial and other reporting made to shareholders and the ASX under the continuous disclosure regime.

(ASX Recommendation 1.1)

The Board delegates specific responsibilities to various Board Sub-Committees. The Board has established:

- An Audit and Risk Committee, which is responsible for overseeing the external and internal auditing functions of the Company's activities;
- A HR and Remuneration Committee, which is responsible for making recommendations to the Board on remuneration packages for executives, senior managers and Non-Executive Directors; and
- A Nominations Committee, which is responsible for making recommendations to the Board on the composition of the Board and appointment and evaluation of the Managing Director

1.2 Process for Evaluating the Performance of Key Executives

The performance of the Group's executives has been assessed this year in accordance with the process adopted by the Board. The process is as set out below.

In relation to the performance of the Managing Director, he presents an annual self-assessment to the Chairman of the Board. The assessment this year was in accordance with the performance criteria set out in the Managing Director's employment contract and included the following factors: execution of trade sale and IPO, recruitment and retention of staff, evolution and execution of strategy, Board communications and relations and other factors.

The Managing Director will assess, at least annually, the performance of all key executives mentioned in the Directors' report. Both qualitative and quantitative measures are used consistent with KPIs set annually by the Managing Director in consultation with the key executives. The Managing Director reports to the HR and Remuneration Committee on the performance of these key executives. The HR and Remuneration Committee then makes a recommendation to the Board for resolution.

(ASX Recommendation 1.2)

1.3 Guide to Reporting on Principle 1

The Board Charter sets out the key responsibilities and roles of the Board. A copy of the Board Charter is available at on the Company's website at http://www.runge.com/en/investor_relations.

A performance evaluation of senior executives has taken place during the reporting period and was in accordance with the above processes.

(ASX Recommendation 1.3)

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

2.1 A Majority of the Directors Should be Independent Directors

The names of the directors of the Company in office at the date of this report, specifying which are independent, are set out below.

The Board is committed to ensuring that there will be at least five directors of whom a majority will be non executive directors and as far as possible, at least two will be independent directors.

A director is regarded as independent if that director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. When determining the independent status of a director, the Board has considered whether the director:

a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

b) within the last three years has been employed or has previously been employed in an executive capacity by the Company or another group member;

c) within the last three years has been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

d) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

e) has a material contractual relationship with the Company or another group member other than as a director of the Company.

Current Board Composition

Voting Director	Board Membership	Date of Appointment
A Kinnane	Managing Director	June 1991
C Larsen	Executive	January 1996
V Gauci	Independent Chairman	February 2008
N Hatherly	Independent	October 2007
I Runge	Non-executive	December 1986
R Walker	Independent	March 2007

The Board has determined, on an individual by individual basis, that each of the three Voting Directors designated as Independent Directors above satisfy all of the above criteria. In addition the Board comprises a non-executive director and two executive directors.

The Board presently does not comprise a majority of Independent Directors but the Board believes that the current individuals on the Board are able to make quality and independent judgements in the best interests of the Company on all relevant issues. The Company may consider appointing an additional independent director if and when the scales of its operations justify such an appointment and an appropriate candidate becomes available. *(ASX Recommendation 2.1).* The criteria used to assess independence, including materiality thresholds referred above, are reviewed from time to time.

The non-executive directors understand the benefits of conferring regularly without management present and do so.

The Board is also committed to ensuring that all directors, whether independent or not, bring an independent judgment to bear on Board decisions. To facilitate this, the Board has agreed on a procedure for directors to have access, in appropriate circumstances, to independent professional advice at the Company's expense.

The Board is committed to ensuring that its members have a broad range of skills, experience and expertise. This will assist the Board to maximise performance and ensure appropriate levels of shareholder return.

2.2 The chairperson Should be an Independent Director

The Chairperson (Vince Gauci) is an independent director.

(ASX Recommendation 2.2)

2.3 The Roles of Chairperson and Chief Executive Officer should not be shared by the same person

The roles of the Chairperson and the Managing Director are not shared by the same person. The Chairperson is Vince Gauci and the Managing Director is Tony Kinnane.

(ASX Recommendation 2.3)

2.4 Board Establish a Nominations Committee

The primary objective of the Nominations Committee is to assist the Board to discharge its responsibilities with regard to the following areas:

- overseeing the composition of the Board and competencies of Board members;
- providing recommendations of appointment and evaluation of the Managing Director;
- ensuring that appropriate procedures exist to assess the performance levels of the Chairman, Non-executive Directors, Executive Directors; and
- developing succession plans for the Board and overseeing development by management of succession planning for senior executives.

A majority of members of the Nominations Committee must, as far as possible, be independent non-executive directors.

The current members of the Nominations Committee are the entire Board.

In accordance with Principle 2.4 the Company has established a Nominations Committee which is not comprised of a majority of Independent Non-executive directors. The Board is of the view that it is in the best position to fulfil the Committee's Charter.

(ASX Recommendation 2.4)

2.5 Disclose process for Evaluating the Performance of the Board, its Committees and Individual Directors

It is the responsibility of the Board and its committees to review their performance (group and individually) annually to ensure that they are operating effectively and in the best interests of the Company.

2.6 Guide to reporting on Principle 2

The skills, experience and length of appointment relevant to each director is set out in section 9 of the Directors' Report entitled "Information on Current Directors and Company Secretaries".

The names of each of the directors considered to be independent and the materiality thresholds are set out in this Statement under 2.1. The relevant transactions with independent directors, namely Neil Hatherly and Ross Walker are set out in note 20(c) of the financial statements. The Board considers that the transactions involving both Neil Hatherly and Ross Walker are immaterial in size in the eyes of the Company and the independent directors and that the directors remain independent.

There is a procedure for directors to take independent advice.

The names of the Nomination Committee members are set out under 2.4 of this Statement. A record of all Board and Committee Meetings held and the attendance of each director is set out in section 10 of the Directors' Report. The Nomination Committee is not comprised of a majority of independent directors. The Board is of the view that the entire Board brings the appropriate mix of skills and experience to satisfy the responsibilities under the Committee's charter.

A performance evaluation of the Board and its committees has not taken place in the reporting period. This is because the Company has only recently listed on the ASX. The Board and its committees intend to undertake formal performance evaluation in FY09.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Establish a Code of Conduct and Disclose a Summary

The Company has established a Code of Conduct which sets out ethical standards and a code of conduct to which all directors, executives and employees will adhere whilst conducting their duties.

(ASX Recommendation 3.1)

The objective of the Code is to ensure that:

a) high standards of corporate and individual behaviour are observed by all employees in the context of their employment with Runge;
b) employees are aware of their responsibilities to the Group under their contract of employment; and
c) all persons dealing with the Group, whether it be employees, shareholders, suppliers, customers or competitors, can be guided by the stated values and policies of the Group.

The Group and its employees must:

a) act with high standards of honesty, integrity, fairness and equity in all aspects of their employment;
b) comply fully with the content and spirit of all laws and regulations which govern its operations, its business environment, and its employment practices;
c) not directly or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting business;
d) not divulge any information about the Company without appropriate authorisation;
e) not participate in insider trading by using knowledge not generally available to the market to gain unfair advantage in the buying or selling of the Company's securities;
f) not knowingly participate in any illegal or unethical activity;
g) not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or prejudice the performance of professional duties.

It is the responsibility of each and every employee to comply with the Code both in letter and in spirit.. The Managing Director ensures that all employees are made aware of all procedures and policies and takes any necessary reporting steps. All new employees are provided with a copy of the Code of Conduct during induction.

The Group is committed to ensuring that employees may raise concerns regarding illegal conduct or unethical behaviour and will support employees who report violations in good faith. All reports received will be thoroughly investigated and any necessary action taken.

Internal audits will be undertaken to ensure compliance.

The Chairman is responsible for reviewing this Code from time to time. Any changes will be made after consideration and approval by the Board of Directors.

The Group is committed to increasing shareholder value and aims to ensure its shareholders are fully informed as to the true financial position and performance of the Group through timely and accurate disclosure of information and risk management practices and exemplary compliance with the continuous disclosure regime.

3.2 Establish a Securities Trading Policy and Disclose a Summary

The Company has established a Securities Trading Policy and posted it on its website to ensure that there is public confidence and understanding of the Company's policies governing trading by "potential insiders". The Policy stipulates compliance is required with the Corporations Act with respect to insider trading and also the ASX Listing Rules to ensure timely disclosure of any trading undertaken by directors or their related entities in the Companies Securities.

ASX Recommendation 3.1)

The Policy provides that all Runge officers, employees and Directors are prohibited from dealing in any Runge securities, except while not in possession of unpublished price sensitive information. It is also contrary to the Policy for Directors and employees to engage in short term trading of the Company's securities. Directors and other officers may only deal in the Company's securities during specified periods, between 24 hours and 45 days after the release of the Company's results, or AGM, or while the Company has a disclosure document on issue. Directors and other officers must obtain the approval of a Clearance Committee prior to dealing in the Company's securities outside those periods.

(ASX Recommendation 3.2)

3.3 Guide to Reporting on Principle 3

The Company has established a Code of Conduct in accordance with the ASX Principles and set out a summary of the Code under 3.1 of this Statement. A copy of Code of Conduct is located on the website at: http://www.runge.com/en/investor_relations

(ASX Recommendation 3.1 and 3.3)

The Company has established a Securities Trading Policy in accordance with the ASX Principles and set out a summary of the Policy under 3.2 of this Statement. A copy of the Securities Trading Policy is located on the website at: http://www.runge.com/en/investor_relations.

(ASX Recommendation 3.2 and 3.3)

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Establish an Audit and Risk Committee

The Board adopted a revised Audit and Risk Committee Charter on 11 April 2008.

(ASX Recommendations 4.1)

The primary objective of the Committee is to assist the Board to discharge its responsibilities with regard to:

- monitoring and reviewing the effectiveness of the control environment in the Group in the areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting; and
- providing an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators.

4.2 Structure of the Audit and Risk Committee

The Committee has been appointed by the Board and comprises not less than three non-executive directors of which a majority are independent. The members of the Audit and Risk Committee during the year were:

Mr Ross Walker	Chair – Non-executive and Independent
Mr Vince Gauci	Non-executive and Independent
Dr Ian Runge	Non-executive
Mr Christopher Still	Non-executive and Independent (Resigned 21 April 2008)

The Chairperson of the Committee is Mr Ross Walker who is independent and not the chairperson of the Board.

Each director has an appropriate knowledge of the Company's affairs and has the financial and business expertise to effectively discharge the duties of the Committee.

(ASX Recommendations 4.2)

4.3 Audit Committee to have a Documented Charter

The Committee has a documented charter approved by the Board on 11 April 2008 which sets out the specific responsibilities delegated to the Committee by the Board.

The members of the Committee have direct access to any employee, the auditors and financial and legal advisers without management present. The Committee will meet at least four times per year and report regularly to the Board.

The Committee meets as often as is required but no less than 4 times a year.

The Committee reports to the board on the following

a) Assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;

b) Assessment of the management processes supporting external reporting;

c) Procedures for the selection and appointment of the external auditor, rotation of external audit engagement partners, appointment and removal of the external auditors, review of the terms of engagement;

d) Approving the audit plan of the external auditors, monitoring the effectiveness and independence of the external auditor, obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards;

e) Providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any and recommendations for the appointment or, if necessary, the dismissal of the head of internal audit;

f) Evaluating the adequacy, effectiveness and appropriateness of the Company's administrative, operating and accounting control systems and policies;

g) Reviewing and evaluating controls and processes in place to ensure compliance with the approved policies, controls, and with applicable accounting standards and other requirements relating to the preparation and presentation of financial results

h) Overseeing the Company's financial reporting and disclosure processes and the outputs of that process;

i) Determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices;

j) Reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policies.

(ASX Recommendation 4.3)

4.4 Guide to Reporting on Principle 4

The names and qualifications of the Audit and Risk Committee members and their attendance at meeting as compared to total meetings held are set out in Sections 9 and 10 of the Directors' Report. During the reporting period there were three Audit and Risk Committee meetings.

The Company has established a Audit and Risk Committee Charter in accordance with the ASX Principles and sets out a summary of the Policy under 4.3 of this Statement. A copy of the Audit and Risk Committee Charter is located on the website at http://www.runge.com/en/investor_relations

(ASX Recommendation 4.4)

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Establish Written Policies to Ensure Compliance with ASX Listing Rule Disclosure Requirements

The Company adopted a Continuous Disclosure Policy on 11 April 2008.

(ASX Recommendation 5.1)

The Board is committed to ensuring that:

- All shareholders have equal access to material information concerning the Company; and
- All Company announcements are factual and presented in a clear and balanced way.

The Company Secretary has primary responsibility for discharging the Company's continuous disclosure obligations to the ASX. All officers and employees must immediately notify the Company secretary of any material information which may need to be disclosed under Listing Rule 3.1.

The Officers of the Company are committed to:

- Encouraging prompt disclosure of any material information which may need to be disclosed under Listing Rule 3.1;
- Promoting an understanding of the importance of the continuous disclosure regime throughout the Company.

5.2 Guide to Reporting on Principle 5

The Company has established a Continuous Disclosure Policy in accordance with the ASX Principles and sets out a summary of the Policy under 5.1 of this Statement. A copy of the Continuous Disclosure Policy is located on the website at http://www.runge.com/en/investor_relations.

(ASX Recommendation 5.2)

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Design a Communications Policy for Effective Shareholder Communication

The Company adopted a Shareholder Communications Policy on 11 April 2008.

(ASX Recommendation 6.1)

The Board is committed to ensuring all shareholders have equal and timely access to material information concerning the Company and that all Company announcements are factual and presented in a clear and balanced way.

6.2 Design a Communications Policy for Effective Shareholder Communication (Continued)

Disclosures made to the ASX or the media during briefings will be posted on the Company's website. The Company's website will also contain general information regarding the Company and its activities, recent analyst research, notices of future meetings, announcements, half yearly and annual reports for the past three years and the Chairman's address at the last three AGMs. Other sources of information will include the Company's annual report and AGM. Shareholders are encouraged to attend and actively participate at general meetings to ensure a high level of transparency and scrutiny of the Company's strategy and goals. The Company's and the Chairpersons of all Committees plus senior management will be present at annual general meetings to answer shareholder questions.

(ASX Recommendation 6.1)

6.3 Guide to reporting on Principle 6

The Company has established a Continuous Disclosure Policy in accordance with the ASX Principles and sets out a summary of the Policy under 6.1 of this Statement. A copy of the Shareholder Communication Policy is located on the website at http://www.runge.com/en/investor_relations

The Company's website does not presently contain all general information regarding the Company and its activities as described in 6.1 as this is still a work in progress. The Company's 2008 Prospectus is posted on the website which is a complete overview of all general information regarding the Company and its activities.

(ASX Recommendation 6.2)

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Company Establish Policies for the Oversight and management of material Business Risks

The Company adopted a Audit and Risk Committee Charter on 11 April 2008. *(ASX Recommendation 7.1)*

The Committee's specific function with respect to risk management is to review and report to the Board that:

a. the Group's ongoing risk management program effectively identifies all areas of potential risk;
b. adequate policies and procedures have been designed and implemented to manage identified risks;
c. a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
d. proper remedial action is undertaken to redress areas of weakness.

The following form part of the normal procedures for the Committee's risk responsibility:

a. evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
b. evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors;
c. evaluating the structure and adequacy of the Group's own insurances on an annual basis;
d. reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies;
e. overseeing the establishment and maintenance of processes to ensure that there is:
   (i) an adequate system of internal control, management of business risks and safeguard of assets; and
   (ii) a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
f. evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
g. reviewing the Group's main corporate governance practices for completeness and accuracy;
h. overseeing the proper evaluation of the adequacy and effectiveness of the Group's legal compliance control systems; and
i. providing recommendations as to the propriety of related party transactions.

(ASX Recommendation 7.1)

7.2 Board Should Require Management to Design and Implement the Risk Management and Internal Control System and Report to It.

Management has implemented a Risk management Policy which was approved by prior to the Company's ASX listing.

The policy requires the Managing Director's Board Reports to provide an exception report outlining the relevant risks for the attention of the Board. Areas that are covered include:

- Strategic – impacts on the ability to achieve company strategy/goals;
- Operational – impacts on the operational aspects of the Company's operations; and
- Personal – impacts on individual employees.

The Board also receives a Risk Management Report from the Group General Counsel at every Board meeting.

The four stage process for risk management is:

(i) Identify Risks – eg, purchasing, people, projects, business cases and other areas;

(ii) Analysis and Evaluation – categorised in accordance with pre-approved risk matrix;

(iii) Risk Mitigation/Treatment – ensuring risk is monitored through to conclusion;

(iv) Process Review – annual review of process by management in January each year.

In light of the Company's recent listing on the ASX the Board has requested that the Group General Counsel conduct a detailed Group wide review of its risk management and oversight policies. The completed outcome of this review will be reported to the Board and summarised in the Corporate Governance Statement at the next reporting period.

(ASX Recommendation 7.2)

7.3 Board to Disclose Extent of CEO/CFO Assurances under s295A of Corporations Law

The Board has received declarations from the Managing Director and CFO (and prior to her appointment, the General Manager, Finance) pursuant to s295A of the Corporations Act which state that the financial statements are founded on sound risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

(ASX Recommendation 7.3)

7.4 Guide to reporting on Principle 7

The Company has established a Audit and Risk Committee in accordance with the ASX Principles and sets out a summary of the Policy/s under 7.1 of this Statement. A copy of the Audit and Risk Committee Charter is located on the website at http://www.runge.com/en/investor_relations

(ASX Recommendation 7.4)

The Company does not have an internal audit function. At this stage in the Company's development the Board is of the view that there are sufficient internal control mechanisms in place such that a separate internal audit function is not considered necessary.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Board to Establish a Remuneration Committee

The Company adopted a Remuneration Committee Charter on 11 April 2008. It was subsequently renamed the HR and Remuneration Committee Charter.

ASX Recommendation 8.1)

The HR and Remuneration Committee have been developed to assist the Board in discharging its responsibilities with regard to:

- enabling the Company to attract and retain senior executives and directors who will create value for shareholders and support the Company's mission;
- fairly and responsibly rewarding senior executives having regard to the performance of the Company, the performance of these executives and the general pay environment including incentive schemes;
- ensuring the Company has appropriate remuneration policies and monitoring of their implementation including with respect to senior executives and non-executive directors;
- ensure that reporting disclosures related to remuneration meet all relevant legal requirements; and
- continually reviewing the efficiency and effectiveness of the Group's HR policies and practices.

In particular, the Committee's responsibilities include:

- assisting the Board in setting senior executive remuneration and incentive, recruitment, retention and termination policies;
- making recommendations to the Board for reviewing and approving the remuneration of executive directors;
- reviewing and approving the remuneration and incentives of senior incentives as defined by the Board from time to time; and
- reviewing and recommending to the Board superannuation arrangements.

The Committee comprises three directors (or such other number as the Board may determine). A majority of directors must be, and are, independent directors. The Committee members during the year were:

Mr Neil Hatherly	Committee Chairperson and Independent
Mr Vince Gauci	Board Chairperson and Independent
Mr Tony Kinnane	Managing Director

The Committee must meet at least once per year.

8.2 Distinguish the Structure of Non-Executive Directors' remuneration from that of executive Directors and Senior Executives

Each director is entitled to such remuneration out of the funds of the Company as the directors determine. Non-executive directors are paid a set fee as agreed by the Board annually. Non-executive directors do not receive performance based fees nor are they entitled to retirement allowances. The remuneration of non-executives directors will not be more than the aggregate fixed sum determine by a general meeting.

The structure for executive directors and senior executives is balanced between fixed and incentive pay, reflecting short and long-term performance objectives that suit the Company's circumstances and goals.

The Remuneration Report provides a detailed disclosure of non-executive directors, executive directors and senior executives in accordance with reporting obligations.

8.3 Guide to reporting on Principle 8

The names of the members of the Committee and their attendance at meetings are set out in Sections 9 and 10 of the Directors' Report.

There is not in existence any scheme for retirement benefits, other than superannuation, for non-executive directors.

The Company has established a HR & Remuneration Committee in accordance with the ASX Principles and sets out a summary of the Charter under 8.1 of this Statement. A copy of the HR & Remuneration Committee Charter is located on the website at http://www.runge.com/en/investor_relations.

(ASX Recommendation 8.3)

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent entity	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Revenue					
Services		**49,347**	30,486	**24,710**	17,259
Sale of licenses		**11,736**	7,234	**9,444**	6,116
Disbursements		**1,347**	846	**232**	177
Other revenue		**452**	115	**4,116**	499
Interest		**549**	264	**307**	129
		63,431	38,945	**38,809**	24,180
Expenses					
Amortisation	12	**(2,329)**	(586)	**(581)**	(225)
Depreciation	11	**(695)**	(521)	**(374)**	(285)
Employee benefits expense		**(37,291)**	(22,902)	**(20,970)**	(13,504)
Office expenses		**(1,912)**	(984)	**(1,051)**	(540)
Professional services		**(3,326)**	(1,400)	**(2,333)**	(1,032)
Rent		**(2,092)**	(1,659)	**(817)**	(922)
Shareholder sell-down expenses	17	**(1,670)**	-	**(1,670)**	-
Travel expenses		**(1,842)**	(1,014)	**(1,117)**	(628)
Other expenses		**(2,846)**	(1,753)	**(3,393)**	(1,962)
		(54,003)	(30,819)	**(32,306)**	(19,098)
Profit before income tax and finance costs		**9,428**	8,126	**6,503**	5,082
Finance costs	3	**(1,226)**	(243)	**(1,089)**	(155)
Profit before income tax		**8,202**	7,883	**5,414**	4,927
Income tax expense	4	**(2,259)**	(2,286)	**(425)**	(1,139)
Net profit	3	**5,943**	5,597	**4,989**	3,788
Earnings per share					
Basic earnings per share (cents)	29	**5.3**	3.3		
Diluted earnings per share (cents)	29	**5.3**	3.3		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS
AS AT 30 JUNE 2008

	Notes	Consolidated		Parent entity	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**12,652**	6,579	**7,584**	1,902
Trade and other receivables	7	**14,904**	10,496	**10,434**	6,074
Work in progress	8	**3,058**	862	**1,793**	544
Current tax receivable		**1,604**	112	**1,527**	102
Other assets	9	**711**	507	**530**	399
Total current assets		**32,929**	18,556	**21,868**	9,021
Non-current assets					
Trade and other receivables	7	**238**	107	**1,073**	2,041
Other financial assets	10	**-**	-	**31,814**	25,425
Property, plant and equipment	11	**2,321**	1,418	**1,337**	729
Deferred tax assets	5	**191**	105	**601**	105
Intangible assets	12	**31,778**	25,816	**4,665**	1,613
Other assets	9	**5**	7	**5**	7
Total non-current assets		**34,533**	27,453	**39,495**	29,920
Total assets		**67,462**	46,009	**61,363**	38,941
LIABILITIES					
Current liabilities					
Trade and other payables	13	**9,099**	5,305	**5,359**	3,034
Borrowings	14	**2,477**	565	**1,800**	11
Provisions	15	**3,701**	2,869	**2,412**	1,748
Current tax liabilities		**315**	578	**-**	-
Other liabilities	16	**3,628**	3,300	**3,209**	1,944
Total current liabilities		**19,220**	12,617	**12,780**	6,737
Non-current liabilities					
Trade and other payables	13	**-**	833	**2,828**	1,591
Borrowings	14	**5,921**	8,291	**5,350**	8,100
Provisions	15	**40**	-	**16**	-
Deferred tax liabilities	5	**372**	412	**-**	-
Other liabilities	16	**275**	377	**15**	170
Total non-current liabilities		**6,608**	9,913	**8,209**	9,861
Total liabilities		**25,828**	22,530	**20,990**	16,598
Net assets		**41,634**	23,479	**40,374**	22,343
EQUITY					
Contributed equity	17	**39,262**	18,798	**39,262**	18,798
Reserves	18(a)	**(3,041)**	(2,236)	**43**	18
Retained profits	18(c)	**5,413**	6,917	**1,069**	3,527
Total equity		**41,634**	23,479	**40,374**	22,343

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Consolidated	Contributed Equity	Revaluation Reserve	Foreign Currency Translation Reserve	Reserve Arising from an Equity Transaction	Employee Option Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2007	18,798	18	(701)	(1,553)	-	6,917	23,479
Exchange differences on translation of foreign operations	-	-	(830)	-	-	-	(830)
Net income/(expense) recognised directly in equity	-	-	(830)	-	-	-	(830)
Profit for the year	-	-	-	-	-	5,943	5,943
Total recognised income and expense for the year	-	-	(830)	-	-	5,943	5,113
Equity issued for the year net of transaction costs	20,464	-	-	-	-	-	20,464
Dividends paid to shareholders	-	-	-	-	-	(7,447)	(7,447)
Employee share options	-	-	-	-	25	-	25
Balance at 30 June 2008	**39,262**	**18**	**(1,531)**	**(1,553)**	**25**	**5,413**	**41,634**
Balance at 1 July 2006	4,736	18	(249)	(1,553)	-	6,143	9,095
Exchange differences on translation of foreign operations	-	-	(452)	-	-	-	(452)
Net income/(expense) recognised directly in equity	-	-	(452)	-	-	-	(452)
Profit for the year	-	-	-	-	-	5,597	5,597
Total recognised income and expense for the year	-	-	(452)	-	-	5,597	5,145
Equity issued for the year net of transaction costs	14,062	-	-	-	-	-	14,062
Dividends paid to shareholders	-	-	-	-	-	(4,823)	(4,823)
Balance at 30 June 2007	**18,798**	**18**	**(701)**	**(1,553)**	**-**	**6,917**	**23,479**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Parent	Contributed Equity	Revaluation Reserve	Employee Option Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2007	18,798	18	-	3,527	22,343
Profit for the year	-	-	-	4,989	4,989
Total recognised income and expense for the year	-	-	-	4,989	4,989
Equity issued for the year net of transaction costs	20,464	-	-	-	20,464
Dividends paid to shareholders	-	-	-	(7,447)	(7,447)
Employee share options	-	-	25	-	25
Balance at 30 June 2008	**39,262**	**18**	**25**	**1,069**	**40,374**
Balance at 1 July 2006	4,736	18	-	4,562	9,316
Profit for the year	-	-	-	3,788	3,788
Total recognised income and expense for the year	-	-	-	3,788	3,788
Equity issued for the year net of transaction costs	14,062	-	-	-	14,062
Dividends paid to shareholders	-	-	-	(4,823)	(4,823)
Balance at 30 June 2007	**18,798**	**18**	-	**3,527**	**22,343**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent entity	
		2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Cash flows from operating activities					
Receipts from customers		**62,971**	38,813	**34,569**	24,485
Payments to suppliers and employees		**(52,510)**	(31,349)	**(26,067)**	(20,341)
		10,461	7,464	**8,502**	4,144
Dividends received		**-**	2	**-**	2
Interest received		**549**	264	**307**	129
Borrowing costs		**(1,226)**	(243)	**(1,088)**	(155)
Income taxes paid		**(3,786)**	(1,140)	**(1,825)**	(1,271)
Net cash inflow from operating activities	27	**5,998**	6,347	**5,896**	2,849
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,595)**	(787)	**(1,143)**	(454)
Payments for intangible assets		**(1,432)**	(1,280)	**(1,242)**	(1,122)
Proceeds from sale of property, plant and equipment		**133**	46	**60**	-
Additional investments in subsidiaries		**-**	-	**-**	(126)
Payments for business combinations	26	**(6,862)**	(7,274)	**(7,905)**	(7,592)
Payments for prior year business combinations		**(373)**	-	**(373)**	-
Net cash outflow from investing activities		**(10,129)**	(9,295)	**(10,604)**	(9,294)
Cash flows from financing activities					
Proceeds from the issue of shares and other equity securities net of transaction costs		**18,798**	412	**18,798**	412
Repayment of finance leases		**(31)**	(13)	**(11)**	(5)
Proceeds from borrowings		**12,303**	8,100	**9,950**	8,100
Repayment of borrowings		**(12,845)**	(830)	**(10,900)**	-
Dividends paid – members of the parent entity		**(7,447)**	(4,823)	**(7,447)**	(4,823)
Net cash inflow from financing activities		**10,778**	2,846	**10,390**	3,684
Net increase (decrease) in cash and cash equivalents held		**6,647**	(102)	**5,682**	(2,761)
Cash and cash equivalents at the beginning of the financial year		**6,579**	6,920	**1,902**	4,663
Effects of exchange rate changes on cash and cash equivalents		**(574)**	(239)	**-**	-
Cash and cash equivalents at the end of the financial year	6	**12,652**	6,579	**7,584**	1,902

The above cash flow statements should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Runge Limited ("Company" or "parent entity") as an individual entity and the consolidated entity ("Group") consisting of Runge Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Interpretations, adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report also complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Presentation currency

This financial report has been prepared using Australian dollars.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Runge Limited as at 30 June 2008 and the results of all controlled entities for the year then ended. Runge Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or the "Group".

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Runge Limited.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised in equity.

Tax consolidation legislation

Runge Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Runge Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Runge Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreements are disclosed in note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(d) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Runge Limited's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

iii) Controlled foreign entities

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity – the foreign currency translation reserve.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue recognition

i) Sale of goods

Revenue from the sale of goods is recognised when the amount can be reliably measured and all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title or the passing of possession to the buyer.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

ii) Consulting

Revenue from the provision of consulting services is recognised on an accruals basis in the period in which the consulting service is provided. Revenue from the provision of these services is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

iii) Rendering of service and support

When the outcome of a transaction involving the rendering of service and support can be estimated reliably, revenue associated with the transaction is recognised by reference to the percentage of the services performed.

iv) Interest revenue

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(g) Work in progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. Work in progress is valued at net realisable value after providing for any foreseeable losses.

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group, as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term.

(i) Business combinations

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1(m)). If the cost of the acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

Furniture and fittings	2 – 10 years
Office equipment	3 – 10 years
Computer equipment	2 – 4 years
Motor vehicles	8 years
Plant and equipment under lease	8 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Intangible assets

i) Software developed or acquired for sales and licensing

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs and acquired software are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from 3 to 5 years.

ii) Software – internal management systems

Software licenses used in internal management systems, whether acquired or internally developed, are stated at cost less amortisation. They are amortised on a straight line basis over the useful life from 2.5 to 5 years.

iii) Patents and trademarks

Costs associated with patents and trademarks are expensed as incurred.

iv) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

v) Client relationships and customer contracts

Customer relationships and client contracts acquired as part of a business combination are recognised separately from goodwill. The customer relationships and client contracts are carried at their fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated on the straight line basis and utilises an estimated useful life of the customer relationships and client contracts, which is estimated to be 1.25 - 5 years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Finance costs

Finance costs are recognised as expenses under the effective interest rate method.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- finance lease charges, and
- certain exchange differences arising from foreign currency borrowings

(q) Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using a formula that reflects the amounts expected to be paid when the liabilities are settled. Consideration is given to expected future wage and salary levels and periods of service.

As at 30 June 2008, for staff who have reached the period of service required for full entitlement, a full provision has been made in the accounts as a current liability. The residual long service leave is classified on the balance sheet as a non-current liability.

iii) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

iv) Superannuation

The Group has a defined contribution superannuation plan for its eligible employees. Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v) Share-based payments

Share-based compensation benefits are provided to employees via the Runge Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 30.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(r) Value added taxes (including Goods and Services Tax)

Revenues, expenses and assets are recognised net of the amount of VAT, except where the amount of VAT is not recoverable from the relevant tax authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the item as expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the balance sheet.

Cash flows are presented on a gross basis. The VAT components of the cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

(s) Contributed equity

Ordinary and preference shares are classified as equity (note 17).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(t) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

(u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Critical accounting estimates and significant judgements

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes in the financial statements set out areas involving higher degree of judgement or complexity, or areas where assumptions are significant to the financial report such as:

- intangible assets, including goodwill (note 12),
- accounting treatment in respect of RS Trust. In management's opinion the parent entity does not have control over the Trust due to the trust governance structure and significant uncertainty if benefits would ever be distributed on behalf of the Group.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparation of the financial report are reasonable.

(w) New accounting standards and interpretations not yet adopted

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2008, are as follows:

Standard/Interpretation	**Application date***	**Application date for the Group***
AASB 8 *Operating Segments* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 101 *Presentation of Financial Statements – revised* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 3 *Business Combinations – revised* and consequential amendments to other accounting standards resulting from its issue	1 July 2009	1 July 2009
AASB 127 *Consolidated and Separate Financial Statements – revised* and consequential amendments to other accounting standards resulting from its issue	1 July 2009	1 July 2009
AASB 123 *Borrowing Costs – revised* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*	1 January 2009	1 July 2009
AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*	1 January 2009	1 July 2009
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2009	1 July 2009
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2009	1 July 2009
AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2009	1 July 2009
Interpretation 13 *Customer Loyalty Programmes*	1 July 2008	1 July 2008
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009	1 July 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008	1 July 2009

* Application date is for annual reporting periods beginning on or after the date shown in the above table.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The directors anticipate that the adoption of these standards and interpretations in future periods may have the following impacts:

- *AASB 8* - AASB 8 may impact segment disclosures. It is not expected to impact the amounts included in the financial statements except that it may impact the level at which goodwill, if any, is tested for impairment.
- *AASB 101* - The revised AASB 101 is only expected to effect the presentation and disclosure of the financial report. It is not expected to effect recognition and measurement accounting policies.
- *AASB 3* - The revised AASB 3 applies prospectively for all business combinations after it becomes effective. It introduces a number of changes which may have a significant impact on accounting for future business combinations. For example, it allows a choice for measuring a non-controlling interest (minority interest) in an acquiree – either at fair value or at the proportionate share of the acquiree's net identifiable assets. It also requires acquisition related costs to be accounted for separately from the business combination – which will usually mean they will be expensed. The directors have not yet assessed the impact the revised standard will have in future periods.
- *AASB 127* - The revised AASB 127 introduces a number of changes, including requiring that changes in an ownership interest in a subsidiary that do not result in a loss of control be accounted for as equity transactions. Another change will result in net income being attributed to the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors have not yet assessed the impact the revised standard will have in future periods.
- *AASB 123* - The revised AASB 123 requires that borrowing costs associated with qualifying assets be capitalised. The directors do not expect the revised standard will have a material impact as the Group has no borrowing costs associated with qualifying assets.
- *AASB 2008-1* - AASB 2008-1 introduces a number of amendments in accounting for share-based payments, including clarifying that vesting conditions comprise service conditions and performance conditions only. The Group may have, or enter into, share-based payment arrangements that could be impacted by these amendments. However, the directors have not yet assessed the impact, if any.
- *AASB 2008-2* - AASB 2008-2 introduces amendments that allow an entity that issues certain puttable financial instruments to classify them as equity rather than financial liabilities. As the Group does not have any such financial instruments, these amendments are not expected to have an impact on the financial report.
- *AASB 2008-5 and AASB 2008-6* - These amendments introduce various changes to IFRSs. The directors have not yet assessed the impact of the amendments, if any.
- *AASB 2008-7* – AASB 2008-7 introduces amendments that result in all dividends from a subsidiary, jointly controlled entity or associate being recognised in the separate financial statements of an investor as income.
- *Interpretation 13* - This interpretation deals with accounting for customer loyalty programmes. As the Group does not have any such programmes, the interpretation is not expected to have an impact on the financial report.
- *IFRIC 15* - This interpretation deals with accounting by real estate developers providing construction services. As the Group does not provide such services, the interpretation is not expected to have an impact on the financial report.
- *IFRIC 16* - This interpretation deals with accounting for hedges of a net investment in a foreign operation. As the Group does not have any such investments, the interpretation is not expected to have an impact on the financial report.

2. SEGMENT INFORMATION

Geographical Segments

A geographical segment is engaged in providing products and services within a particular economic environment and is subject to risks and returns that are different from those segments operating in other economic environments. The Group is organised on a world wide basis into Geographical Regions and is reported on that basis. The Group has offices in seven major geographical locations: Australia (including the head office), Canada, United States of America, South Africa, Malaysia, Chile and Brazil. The Group's risks and returns are affected by differences in the regions in which it operates. Segment revenue, expenses and results include transfers between segments. Such transfers are priced on "arms-length" basis and are eliminated on consolidation.

Business Segments

The Group operates in one business segment: sells software and consulting services to the resources industry world-wide, and as a consequence, no secondary reporting of business segments is provided.

SUMMARY OF FINANCIAL INFORMATION BY GEOGRAPHICAL SEGMENT

2008

2008	Australia	Malaysia	Chile	Brazil	Canada	USA	South Africa	Intersegment eliminations	Consolidated
REVENUE	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	44,038	-	1,365	821	1,996	8,413	4,902	-	61,535
Inter-segment sales	5,737	992	48	95	375	491	108	(7,846)	-
Total sales revenue	49,775	992	1,413	916	2,371	8,904	5,010	(7,846)	61,535
Disbursements	678	-	(15)	1	90	909	89	(405)	1,347
Segment revenue	**50,453**	**992**	**1,398**	**917**	**2,461**	**9,813**	**5,099**	**(8,251)**	62,882
Interest revenue									549
Total revenue									**63,431**
RESULT									
Segment result	10,476	96	467	(290)	174	1,177	1,345	-	13,445
Net finance costs									(677)
Unallocated expenses									(4,566)
Profit before income tax									8,202
Income tax expense									(2,259)
Net profit									5,943
ASSETS									
Segment assets	62,848	373	1,218	339	1,586	4,851	4,597	-	75,812
Unallocated assets									(8,350)
Total assets									67,462
Acquisition of non-current assets	1,508	99	9	8	30	43	66	-	1,763
LIABILITIES									
Segment liabilities	19,089	2	1,037	551	1,335	3,097	2,520	-	27,631
Unallocated liabilities									(1,803)
Total liabilities									25,828
OTHER INFORMATION									
Depreciation and amortisation	2,705	47	9	13	20	187	43	-	3,024
Non-cash expenses other than depreciation and amortisation	852	3	8	23	12	(8)	(17)	-	873

2. SEGMENT INFORMATION (CONT'D)

SUMMARY OF FINANCIAL INFORMATION BY GEOGRAPHICAL SEGMENT

2007

2007	Australia	Malaysia	Chile	Brazil	Canada	USA	South Africa	Intersegment eliminations	Consolidated
REVENUE	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	22,258	(2)	780	569	1,725	7,232	5,273	-	37,835
Inter-segment sales	4,778	756	-	-	-	27	1,318	(6,879)	-
Total sales revenue	27,036	754	780	569	1,725	7,259	6,591	(6,879)	37,835
Disbursements	109	-	(5)	10	(6)	730	128	(120)	846
Segment revenue	**27,145**	**754**	**775**	**579**	**1,718**	**7,989**	**6,719**	**(6,998)**	**38,681**
Interest revenue									264
Total revenue									**38,945**
RESULT									
Segment result	5,922	68	(57)	(194)	(3)	833	1,554	-	8,123
Net finance costs									21
Unallocated expenses									(261)
Profit before income tax									7,883
Income tax expense									(2,286)
Net profit									5,597
ASSETS									
Segment assets	43,063	296	982	344	871	5,284	3,102	-	53,942
Unallocated assets									(7,933)
Total assets									46,009
Acquisition of non-current assets	1,799	57	2	19	19	103	67	-	2,066
LIABILITIES									
Segment liabilities	19,417	28	1,118	180	699	3,924	1,509	-	26,875
Unallocated liabilities									(4,345)
Total liabilities									22,530
OTHER INFORMATION									
Depreciation and amortisation	813	39	9	9	12	188	37	-	1,107
Non-cash expenses other than depreciation and amortisation	1,160	26	(16)	29	(14)	(2)	46	-	1,228

3. PROFIT BEFORE INCOME TAX

Profit before income tax includes the following specific expenses	**Consolidated**		**Parent entity**	
	2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Defined contributions superannuation expense	**2,957**	1,953	**2,171**	1,634
Doubtful debts	**289**	165	**19**	4
Rental expense relating to operating leases				
Minimum lease payments	**1,743**	1,475	**668**	814
Net (profit)/loss on disposal of property, plant and equipment	**205**	(3)	**171**	(2)
Foreign exchange losses	**332**	501	**93**	76
Finance costs				
Interest expense on borrowings measured at amortised cost	**1,226**	243	**1,089**	155

4. INCOME TAX EXPENSE

(a) Income tax expense

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current tax expense				
Current period	**1,850**	2,177	**563**	1,114
Adjustments for prior periods	**75**	(271)	**(68)**	(271)
	1,925	1,907	**495**	843
Deferred tax expense				
Origination and reversal of temporary differences	**595**	379	**1**	296
Adjustments for prior periods	**(261)**	-	**(71)**	-
	334	379	**(70)**	296
Income tax expense	**2,259**	2,286	**425**	1,139

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax	**8,202**	7,883	**5,414**	4,927
Tax at the Australian tax rate of 30% (2007 - 30%)	**2,461**	2,365	**1,624**	1,478
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Attributed income	**122**	-	**122**	-
Non-deductible expense	**28**	19	**11**	20
Tax losses not recognised	**13**	-	**-**	-
Research and development deduction	**(143)**	(67)	**(131)**	(67)
Upstream dividends	**-**	-	**(1,062)**	-
Other	**-**	38	**-**	-
	2,481	2,355	**564**	1,431
Difference in overseas tax rates	**(36)**	21	**-**	-
Current tax expense - Adjustments for prior periods	**75**	-	**(68)**	-
Deferred tax expense - Adjustments for prior periods	**(261)**	(90)	**(71)**	(292)
Income tax expense	**2,259**	2,286	**425**	1,139

(c) Tax consolidation legislation

Runge Limited and its wholly-owned Australian controlled entities implemented the tax consolidation from 13 March 2007.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Runge Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Runge Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Runge Limited under the tax consolidated legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

5. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
Consolidated	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Doubtful debts	**128**	43	**-**	-	**128**	43
Employee benefits	**1,151**	840	**-**	-	**1,151**	840
Operating leases	**73**	97	**-**	-	**73**	97
Tax loss	**69**	44	**-**	-	**69**	44
Property, plant and equipment	**109**	69	**-**	-	**109**	69
Income in advance	**166**	169	**-**	-	**166**	169
Capital raising costs	**933**	146	**-**	-	**933**	146
Other deferred tax assets	**102**	23	**-**	-	**102**	23
Development costs	**-**	-	**(1,133)**	(541)	**(1,132)**	(541)
Work in progress	**-**	-	**(198)**	(5)	**(199)**	(5)
Property, plant and equipment	**-**	-	**(1,447)**	(1,073)	**(1,447)**	(1,073)
Prepayments	**-**	-	**(87)**	(84)	**(87)**	(84)
Other deferred tax liabilities	**-**	-	**(48)**	(37)	**(48)**	(37)
Tax assets/(liabilities)	**2,732**	1,433	**(2,914)**	(1,740)	**(182)**	(307)
Set off of tax	**(2,542)**	(1,328)	**2,542**	1,328	**-**	-
Net tax assets/(liabilities)	**191**	105	**(372)**	(412)	**(182)**	(307)
Parent						
Doubtful debts	**26**	21	**-**	-	**26**	21
Employee benefits and other	**795**	524	**-**	-	**795**	524
Operating leases	**-**	51	**-**	-	**-**	51
Other deferred tax assets	**48**	-	**-**	-	**48**	-
Capital raising costs	**869**	75	**-**	-	**869**	75
Development costs	**-**	-	**(1,132)**	(541)	**(1,132)**	(541)
Other deferred tax liabilities	**-**	-	**(5)**	(25)	**(5)**	(25)
Tax assets/(liabilities)	**1,739**	671	**(1,138)**	(566)	**601**	105
Set off of tax	**(1,138)**	(566)	**1,138**	566	**-**	-
Net tax assets/(liabilities)	**601**	105	**-**	-	**601**	105

5. TAX ASSETS AND LIABILITIES (CONT'D)

Movements Schedule

Consolidated	Balance 1 July 2006	Recognised in profit or loss	Recognised in equity	Acquired in business combinations	Balance 30 June 2007	Recognised in profit or loss	Recognised in equity	Acquired in business combinations	Balance 30 June 2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Doubtful debts	**33**	-	-	11	**43**	85	-	-	**128**
Employee benefits and other	**489**	85	-	266	**840**	274	-	37	**1,151**
Operating leases	**51**	47	-	-	**97**	(24)	-	-	**73**
Tax Loss	**-**	-	-	44	**44**	25	-	-	**69**
Property, plant and equipment	**-**	(21)	-	91	**69**	73	-	(33)	**109**
Income in advance	**-**	169	-	-	**169**	39	(43)	-	**166**
Capital raising costs	**23**	(15)	72	66	**146**	354	417	16	**933**
Other deferred tax assets	**10**	(36)	-	49	**23**	76	-	3	**102**
Development costs	**(141)**	(400)	-	-	**(541)**	(592)	-	-	**(1,133)**
Work in progress	**-**	6	-	(11)	**(5)**	(193)	-	-	**(198)**
Property, plant and equipment	**-**	(59)	-	(1,013)	**(1,073)**	(374)	-	-	**(1,447)**
Prepayments	**-**	(84)	-	-	**(84)**	(30)	26	-	**(87)**
Other deferred tax liabilities	**(4)**	(70)	-	38	**(37)**	(47)	-	35	**(48)**
	461	(378)	72	(459)	**(307)**	(334)	400	59	**(182)**

Parent	Balance 1 July 2006	Recognised in profit or loss	Recognised in equity	Acquired in business combinations	Balance 30 June 2007	Recognised in profit or loss	Recognised in equity	Acquired in business combinations	Balance 30 June 2008
Doubtful debts	**20**	1	-	-	**21**	5	-	-	**26**
Employee benefits and other	**370**	154	-	-	**524**	262	-	9	**795**
Operating leases	**51**	-	-	-	**51**	(51)	-	-	**-**
Other deferred tax assets	**10**	(10)	-	-	**-**	48	-	-	**48**
Capital raising costs	**23**	(20)	72	-	**75**	377	417	-	**869**
Development costs	**(141)**	(400)	-	-	**(541)**	(591)	-	-	**(1,132)**
Other deferred tax liabilities	**(4)**	(21)	-	-	**(25)**	20	-	-	**(5)**
	329	(296)	72	-	**105**	70	417	9	**601**

6. CASH AND CASH EQUIVALENTS

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**7,143**	6,183	**2,075**	1,802
Deposits at call	**5,509**	396	**5,509**	100
	12,652	6,579	**7,584**	1,902

7. TRADE AND OTHER RECEIVABLES

Current				
Trade receivables	**14,851**	10,065	**7,494**	4,338
Provision for doubtful receivables	**(564)**	(275)	**(88)**	(69)
	14,287	9,790	**7,406**	4,269
Receivables - controlled entities	**-**	-	**2,636**	1,632
Other receivables	**617**	706	**392**	173
	14,904	10,496	**10,434**	6,074
Non-current				
Receivables - controlled entities	**-**	-	**252**	1,306
Loans - controlled entities	**-**	-	**694**	694
Other receivables - loan to related party	**-**	34	**-**	34
Other receivables - refundable deposits	**238**	73	**127**	7
	238	107	**1,073**	2,041

25% of the Group's receivables are past due (2007: 35%). These receivables consist of debtors with established trading history with the Group. The aging of the Group's trade receivables at the reporting date was:

	Gross		Provision for Impairment	
Consolidated	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Not past due	**11,120**	6,504	**-**	-
Past due 0-30 days	**1,829**	1,136	**-**	-
Past due 31-90 days	**691**	826	**-**	-
Past due more than 90 days	**1,211**	1,599	**564**	275
	14,851	10,065	**564**	275
Parent				
Not past due	**5,724**	2,514	**-**	-
Past due 0-30 days	**1,006**	696	**-**	-
Past due 31-90 days	**331**	484	**-**	-
Past due more than 90 days	**433**	644	**88**	69
	7,494	4,338	**88**	69

7. TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Balance at 1 July	**275**	110	**69**	65
Impairment loss recognised	**289**	165	**19**	4
Balance at 30 June	**564**	275	**88**	69

8. WORK IN PROGRESS

Current				
Work in progress	**3,058**	862	**1,793**	544

9. OTHER

Current				
Prepayments	**711**	507	**530**	399
Non-current				
Prepayments	**5**	7	**5**	7

10. OTHER FINANCIAL ASSETS

Non-traded investments				
Shares in controlled entities - at cost (note 25)	**-**	-	**31,823**	25,434
Less: Provision for write down to recoverable amount (note 25)	**-**	-	**(9)**	(9)
	-	-	**31,814**	25,425

11. PROPERTY, PLANT AND EQUIPMENT

Furniture and fittings - at cost	**1,060**	618	**589**	283
Less: accumulated depreciation	**(188)**	(204)	**(6)**	(91)
	872	414	**583**	192
Office equipment - at cost	**758**	525	**230**	170
Less: accumulated depreciation	**(407)**	(348)	**(114)**	(100)
	351	177	**116**	70
Computer equipment - at cost	**2,449**	2,009	**1,811**	1,330
Less: accumulated depreciation	**(1,675)**	(1,358)	**(1,231)**	(908)
	774	651	**580**	422

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Motor vehicles - at cost	**289**	137	**98**	30
Less: accumulated depreciation	**(129)**	(35)	**(40)**	(14)
	160	102	**58**	16
Plant and equipment under finance lease	**228**	129	**-**	63
Less: accumulated depreciation	**(64)**	(55)	**-**	(34)
	164	74	**-**	29
	2,321	1,418	**1,337**	729

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Plant and equipment under finance lease	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
2008						
Carrying amount at 1 July 2007	414	177	651	102	74	1,418
Exchange differences	(10)	(4)	(11)	(6)	(1)	(32)
Additions	752	214	531	60	38	1,595
Acquisition - business combinations	58	83	58	59	109	367
Disposals	(277)	(13)	(1)	(14)	(27)	(332)
Depreciation	(65)	(106)	(454)	(41)	(29)	(695)
Carrying amount at 30 June 2008	**872**	**351**	**774**	**160**	**164**	**2,321**
2007						
Carrying amount at 1 July 2006	197	148	536	102	72	1,055
Exchange differences	(9)	(7)	(20)	(7)	(2)	(45)
Additions	209	52	487	23	16	787
Acquisition - business combinations	79	57	25	19	-	180
Disposals	(12)	(8)	-	(18)	-	(38)
Depreciation	(50)	(65)	(377)	(17)	(12)	(521)
Carrying amount at 30 June 2007	**414**	**177**	**651**	**102**	**74**	**1,418**
Parent						
2008						
Carrying amount at 1 July 2007	192	70	422	16	29	729
Additions	585	81	415	62	-	1,143
Acquisition - business combinations	-	1	58	-	-	59
Disposals	(166)	(13)	-	(14)	(27)	(221)
Depreciation	(28)	(23)	(315)	(6)	(2)	(374)
Carrying amount at 30 June 2008	**583**	**116**	**580**	**58**	**-**	**1,337**
2007						
Carrying amount at 1 July 2006	81	89	336	20	34	560
Additions	131	2	321	-	-	454
Depreciation	(20)	(21)	(235)	(4)	(5)	(285)
Carrying amount at 30 June 2007	**192**	**70**	**422**	**16**	**29**	**729**

12. INTANGIBLE ASSETS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Software developed for sales and licensing – at cost	**2,340**	1,544	**2,340**	1,347
Less: accumulated amortisation	**(341)**	(207)	**(341)**	(75)
	1,999	1,337	**1,999**	1,272
Software acquired for sales and licensing – at cost	**3,133**	3,300	**-**	-
Less: accumulated amortisation	**(498)**	(31)	**-**	-
	2,635	3,268		
Software – internal management systems – at cost	**2,306**	1,419	**1,648**	1,136
Less: accumulated amortisation	**(1,553)**	(928)	**(1,111)**	(795)
	753	491	**537**	341
Client relationships – at cost	**2,639**	2,639	**-**	-
Less: accumulated amortisation	**(657)**	(59)	**-**	-
	1,982	2,580	**-**	-
Customer contracts – at cost	**733**	733	**-**	-
Less: accumulated amortisation	**(648)**	(173)	**-**	-
	85	560	**-**	-
Goodwill – at cost	**24,324**	17,580	**2,129**	-
Total	**31,778**	25,816	**4,665**	1,613

MOVEMENTS IN INTANGIBLE ASSETS

Consolidated	Software Developed	Software Acquired	Software Internal systems	Client relationships	Customer contracts	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2008							
Carrying amount at 1 July 2007	1,337	3,268	491	2,580	560	17,580	25,816
Additions	993	-	439	-	-	-	1,432
Adjustments and reclassifications	(65)	(167)	65	-	-	-	(167)
Acquisition - business combinations	-	-	263	-	-	7,051	7,314
Exchange differences	-	-	19	-	-	(307)	(288)
Amortisation	(266)	(466)	(524)	(598)	(475)	-	(2,329)
Carrying amount at 30 June 2008	**1,999**	**2,635**	**753**	**1,982**	**85**	**24,324**	**31,778**
2007							
Carrying amount at 1 July 2006	470	-	351	-	-	2,551	3,372
Additions	868	-	412	-	-	-	1,280
Disposals	-	-	(4)	-	-	-	(4)
Acquisition - business combinations	65	3,300	4	2,639	733	15,419	22,159
Exchange differences	-	-	(15)	-	-	(390)	(405)
Amortisation	(66)	(32)	(257)	(59)	(173)	-	(586)
Carrying amount at 30 June 2007	**1,337**	**3,268**	**491**	**2,580**	**560**	**17,580**	**25,816**

12. INTANGIBLE ASSETS (CONT'D)

Parent	Software Developed	Software Internal systems	Goodwill	Total
	$'000	$'000	$'000	$'000
2008				
Carrying amount at 1 July 2007	1,272	340	-	1,612
Additions	993	249	-	1,242
Acquisition - business combinations	-	263	2,129	2,392
Amortisation	(266)	(315)	-	(581)
Carrying amount at 30 June 2008	**1,999**	**537**	**2,129**	**4,665**
2007				
Carrying amount at 1 July 2006	470	245	-	715
Additions	841	281	-	1,122
Amortisation	(39)	(186)	-	(225)
Carrying amount at 30 June 2007	**1,272**	**340**	**-**	**1,612**

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) according to business unit and the country of operation.

In the current year the recoverable amount of the CGUs has been determined by value-in-use calculations. These calculations were based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 2009 year forecast for four years using 10% annual growth rate;
- Cash flows thereafter were extrapolated using a constant growth rate of 4%; and
- The cashflows have been discounted using a pre-tax discount rate of 15%.

The calculations at balance date indicated no impairment of goodwill.

In the prior year the assessment of the recoverable amount of goodwill took into account actual and historical budget performance compared to performance expectations, specified in the 2007 budget as adopted by the Board. Based on this initial assessment, there were no indications of impairment and as a result no impairment losses were recognised.

A segment level summary of the goodwill is presented below.

2008	**Australia**	**USA**	**South Africa**	**Total**
	$'000	$'000	$'000	$'000
MRM Services	-	-	324	**324**
Pincock Allen Holt	-	1,532	-	**1,532**
Minarco-MineConsult	15,418	-	-	**15,418**
GeoGas	4,921	-	-	**4,921**
ResEval	2,129	-	-	**2,129**
	22,468	1,532	324	**24,324**
2007				
MRM Services	-	-	414	**414**
Pincock Allen Holt	-	1,748	-	**1,748**
Minarco-MineConsult	15,418	-	-	**15,418**
	15,418	1,748	414	**17,580**

13. TRADE AND OTHER PAYABLES

	Consolidated		Parent entity	
Current	**2008** **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Trade payables	**2,205**	2,715	**1,171**	1,437
Other payables and accruals	**6,061**	2,173	**3,211**	1,133
Deferred settlement payment for acquisitions	**833**	417	**833**	417
Payable to controlled entities	**-**	-	**144**	47
	9,099	5,305	**5,359**	3,034
Non-current				
Deferred settlement payment for acquisitions	**-**	833	**-**	833
Payables to controlled entities	**-**	-	**2,828**	758
	-	833	**2,828**	1,591

14. BORROWINGS

Current				
Secured				
Lease liabilities (note 22)	**27**	18	**-**	11
Bank loan	**2,450**	547	**1,800**	-
	2,477	565	**1,800**	11
Non-current				
Secured				
Lease liabilities (note 22)	**96**	21	**-**	-
Bank loan	**5,837**	8,287	**5,350**	8,100
Transaction costs	**(12)**	(17)	**-**	-
	5,921	8,291	**5,350**	8,100

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Finance facility				
Finance facility used	**8,287**	8,834	**7,150**	8,100
Finance facility unused	**10,000**	2,350	**10,000**	2,350
Total finance facility	**18,287**	11,184	**17,150**	10,450

Bank facilities have three elements:

a) An Australian dollar denominated parent entity loan with a current balance of $7,150,000 (2007: $8,100,000) secured by a first registered equitable mortgage by the parent over the whole of the assets and undertakings including uncalled capital, and a guarantee unlimited as to the amount by subsidiaries of the parent, The facility was established in 2007 and has a term of 5 years, quarterly principal reduction of $450,000 (2007: $450,000) due for payment in September, December, March and June and currently bears interest at 8.44% (2007: 6.41%) per annum.

14. BORROWINGS (CONT'D)

b) A US dollar denominated subsidiary loan established in February 2005 and increased in 2007 by $USD 2,000,000 ($A 2,256,827) with a current residual balance of $1,136,802 (2007: $733,713) secured with a fixed and floating charge across the assets of Runge Inc and Runge Limited and repayable quarterly in the amount of $USD 156,229 ($A 162,400) over an original period of 5 years in September, December, March and June. The facility bears interest at LIBOR plus 2% per annum for both years.

c) A bank guarantee facility with a current balance of $1.5 million (2007: $412,000).

15. PROVISIONS

	Consolidated		Parent entity	
Current	**2008**	2007	**2008**	2007
Employee benefits	**$'000**	$'000	**$'000**	$'000
Annual leave	**2,417**	1,710	**1,525**	1,022
Long service leave	**1,284**	1,159	**887**	726
	3,701	2,869	**2,412**	1,748
Non-current				
Employee benefits				
Long service leave	**40**	-	**16**	-

16. OTHER LIABILITIES

Current				
Income received in advance - software service and support	**1,261**	1,981	**908**	1,551
Income received in advance - consulting fees	**2,367**	1,319	**2,301**	393
	3,628	3,300	**3,209**	1,944
Non-current				
Operating lease payable	**275**	377	**15**	170

17. CONTRIBUTED EQUITY

Parent		**2008**	2007	**2008**	2007
		Number of shares	Number of shares	**$'000**	$'000
Share capital					
Ordinary shares	- fully paid	123,993,929	7,784,637	39,135	8,915
	- partially paid	86,071	99,630	127	30
Preference shares	- fully paid	-	31,604,186	-	9,736
	- partially paid	-	468,261	-	117
		124,080,000	39,956,714	39,262	18,798

17. CONTRIBUTED EQUITY (CONT'D)

(a) Movements in ordinary and preference share capital:

			Ordinary Shares		Preference Shares	
Date		Notes	Number	$'000	Number	$'000
01/07/06	**Balance**		**6,280,877**	**1,734**	**25,057,345**	**3,002**
22/12/06	Shares issued under ESAP	(i)	111,431	334	2,907	3
13/03/07	Shares issued to acquire MinarcoMineConsult	(ii)	1,491,959	6,927	7,012,195	6,723
	Transaction costs		-	(100)	-	(67)
	Partly paid shares paid up		-	50	-	192
30/06/07	**Balance**		**7,884,267**	**8,945**	**32,072,447**	**9,853**
	Partly paid shares paid up		-	276	-	2
21/12/07	Conversion of preference to ordinary shares		5,821,094	9,855	(32,072,447)	(9,855)
01/01/08	Shares issued to acquire ResEval	(iii)	159,847	1,250	-	-
	Costs associated with issue		-	(92)	-	-
22/04/08	Shares issued to acquire Rsco	(iv)	1,907,530	13,637	-	-
22/04/08	Cancellation of shares held by Rsco	(iv)	(1,907,530)	(13,637)	-	-
22/04/08	Additional shares arising from share split (7.146 shares for each share held)	(v)	85,214,792	-	-	-
22/04/08	Bonus share issue	(vi)	5,000,000	-	-	-
27/05/08	Shares issued pursuant to the Prospectus	(vii)	20,000,000	20,000	-	-
	Share issue transaction costs	(viii)	-	(972)	-	-
30/06/08	**Balance**		**124,080,000**	**39,262**	**-**	**-**

(b) Notes on movement in share capital:

(i) The shares were offered either wholly as ordinary shares or parcels of ordinary and preference shares in a ratio of 40 preference shares of $1.00 each and 10 ordinary shares of $3.00 each.

(ii) On 13 March 2007, the Company acquired all the issued capital of Minarco (Asia Pacific) Pty Ltd and Mineconsult Pty Ltd ('MMC'), part consideration was paid by the issue of shares – see note 26.

(iii) On 10 January 2008 the Company acquired the assets and business undertakings from Resource Evaluations Pty Ltd ('ResEval'), part consideration was paid by the issue of shares – see note 26.

(iv) On 22 April 2008, the Company acquired all the issued capital of Runge Shareholder Co. Limited ('RSCo'), whose only asset comprised shares in Runge Limited, the consideration being the issue of 1,907,530 shares; and the subsequent cancellation of the 1,907,530 shares in Runge held by Rsco.

(v) On 22 April 2008, the Company restructured its share capital by a 1 for 7.146 share split resulting in the share capital increasing from 13,865,208 to 99,080,000 shares.

(vi) On 22 April 2008 5,000,000 shares (bonus shares) were issued to the trustee of the RS Trust on behalf of the existing shareholders for no consideration – see also note 23.

(vii) Shares issued under the prospectus dated 22 April 2008 to raise $20 million.

(viii) Costs associated with the preparation of the Prospectus and capital raising were allocated as follows.

17. CONTRIBUTED EQUITY (CONT'D)

	Total	Allocated Equity	Allocated Expense
	$'000	$'000	$'000
Total costs	3,471	1,389	2,082
Amount paid by vendors	(412)	-	(412)
	3,059	1,389	1,670
Tax effect	(918)	(417)	(501)
	2,141	972	1,169

(c) Share types

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a showing of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

Preference shares

Preference shares entitled the holder to receive a non cumulative dividend of 7% of the value of the preference share at the Company's discretion or whenever dividends to ordinary shareholders are declared and in priority to all other classes of shares, to participate in proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a showing of hands every holder of preference shares present at a meeting in person or by proxy, was entitled to one vote and upon a poll each share was entitled to one vote.

On 21 December 2007 all preference shares were converted to ordinary shares on the basis of 5.51 preference shares for 1 ordinary share.

(d) Options

Type	Exercise price $	Vesting Date	Expiry Date	Balance at 1 July 2007	Allocated during the year	Exercised during the year	Balance at 30 June 2008
Option plan - 1	1.00	30 Aug 2009	30 Sep 2009	-	648,199	-	648,199
Option plan - 2	1.00	30 Aug 2010	30 Sep 2010	-	648,009	-	648,009
Option plan - 3	1.00	30 Aug 2009	28 Feb 2010	-	545,500	-	545,500
Option plan - 4	1.15	30 Aug 2010	28 Feb 2011	-	545,500	-	545,500
Option plan - 5	1.32	30 Aug 2011	28 Feb 2012	-	559,000	-	559,000
Total				-	2,946,208	-	2,946,208

For further details on options see note 30.

17. CONTRIBUTED EQUITY (CONT'D)

(e) Capital risk management

The Group and the parent entity's objectives when managing capital include safeguarding their ability to continue as a going concern, so they continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry practice, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 30 June 2008 and 30 June 2007 were as follows:

		Consolidated		Parent entity	
	Notes	**2008**	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Total borrowings	13,14	**17,497**	14,994	**15,337**	12,736
Less: cash and cash equivalents	6	**(12,652)**	(6,579)	**(7,584)**	(1,902)
Net debt		**4,845**	8,415	**7,753**	10,834
Total equity		**41,634**	23,479	**40,374**	22,343
Total capital		**46,479**	31,894	**48,127**	33,177
Gearing ratio		**10%**	26%	**16%**	33%

18. RESERVES AND RETAINED PROFITS

(a) Reserves

Employee option reserve	**25**	-	**25**	-
Foreign currency translation reserve	**(1,531)**	(701)	**-**	-
Revaluation reserve	**18**	18	**18**	18
Reserve arising from an equity transaction	**(1,553)**	(1,553)	**-**	-
	(3,041)	(2,236)	**43**	18

(b) Nature and purpose of reserves

(i) Employee option reserve

The fair value of options issued to employees is recognised as an employment cost during the option vesting period with corresponding increase in equity recognised in the employee option reserve.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 1(d).

(iii) Reserve arising from an equity transaction

This reserve arose from the acquisition of an additional interest in the controlled entity, MRM Mining (Pty) Ltd. The amount of goodwill arising on the additional interest has been restricted to the goodwill that was determined when control was first attained. The balance of the goodwill is considered an equity transaction and is disclosed in reserves.

18. RESERVES AND RETAINED PROFITS (CONT'D)

(c) Retained profits

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**6,917**	6,143	**3,527**	4,562
Net profit for the year	**5,943**	5,597	**4,989**	3,788
Dividends provided for or paid	**(7,447)**	(4,823)	**(7,447)**	(4,823)
Balance at the end of the financial year	**5,413**	6,917	**1,069**	3,527

19. DIVIDENDS

	Parent entity	
	2008	2007
	$'000	$'000
(a) Ordinary shares		
Dividends paid in cash during the year were:		
Final dividend of 6.5 cents per share fully franked paid on 26 October 2006	**-**	409
Interim dividend of 7.9 cents per share fully franked paid on 28 February 2007	**-**	505
Interim dividend of 12.3 cents per share fully franked paid on 28 February 2008	**1,705**	-
Special dividend of 31.0 cents per share fully franked paid on 30 May 2008	**4,298**	-
	6,004	914
(b) Preference shares		
Dividends paid in cash during the year were:		
Final dividend of 7.7 cents per share fully franked paid on 26 October 2006	**-**	1,929
Interim dividend of 7.9 cents per share fully franked paid on 28 February 2007	**-**	1,980
Final dividend of 4.5 cents per share fully franked paid on 16 November 2007	**1,443**	-
	1,443	3,909
Total dividends paid in cash during the year	**7,447**	4,823

(c) Post balance date dividends

Subsequent to year end, the directors have declared a final dividend of 1.5 cents fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 6 October 2008, but not recognised as a liability at year end, is	**1,861**	1,443

(d) Franked dividends

The franked portions of dividends will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2008.

Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)	**179**	792

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for any:

(a) franking credits that will arise from the payment of the current tax liability,

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date,

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date,

(d) franking credits that may be prevented from being distributed in subsequent financial years, and

(e) franking credits acquired with subsidiaries that form a tax consolidated group with the parent entity.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Short term employee benefits	**2,166**	1,748	**2,166**	1,551
Post-employment benefits	**263**	170	**263**	159
Termination benefits	**110**	-	**110**	-
Share-based payments	**8**	-	**8**	-
	2,547	1,918	**2,547**	1,710

(b) Shareholdings by key management personnel

The number of shares in the Company held during the financial year by each Director of Runge Limited and each of the other key management personnel of the Group, including their personally-related entities, is set out below.

(i) Ordinary Shares

	Balance 1 July 2007	Ordinary shares allocated on conversion of preference shares	Shares allocated for Rsco shares	Effect of share split	Sale of ordinary shares	Bonus Shares – RS Trust	Purchase of ordinary shares on IPO	**Balance 30 June 2008**
Directors of Runge Limited								
V Gauci	-	-	**-**	-	-	-	500,000	**500,000**
A Kinnane	**787,701**	577,528	8,667	8,443,889	(528,059)	495,447	-	**9,785,173**
C Larsen	**391,777**	245,531	8,419	3,968,603	(427,914)	232,859	-	**4,419,275**
C Still	**-**	-	6,388	39,260		2,304	-	**47,952**
I Runge	**1,193,210**	1,017,862	400	13,591,583	(790,156)	797,490	-	**15,810,389**
N Hatherly	**-**	-	-	-	-	-	-	**-**
P Ludemann	**-**	-	-	-	-	-	-	**-**
R Walker	**-**	-	-	-	-	-	50,000	**50,000**
Other key management personnel of the Group								
D Meldrum	**452,328**	385,855	-	5,151,425	(598,959)	302,261	-	**5,692,910**
Buffington	**226,883**	103,678	27,144	2,201,287	(457,340)	129,138	-	**2,230,790**
J Sloman	**-**	-	-	-	-	-	15,000	**15,000**
K Lewis	**-**	-	-	-	-	-	-	**-**
P McCaw	**-**	-	91,472	562,182	(47,035)	33,137	-	**639,756**
P Williams	**156,484**	43,624	9,019	1,285,283	(747,208)	75,414	-	**822,616**
S Henderson	**-**	-	2,353	14,461	(843)	849	-	**16,820**

	Balance 1 July 2006	Shares issued on acquisition of subsidiaries	**Balance 30 June 2007**
Directors of Runge Limited			
A Kinnane	**787,701**	-	**787,701**
C Larsen	**391,777**	-	**391,777**
C Still	**-**	-	**-**
I Runge	**1,193,210**	-	**1,193,210**
N Hatherly	**-**	-	**-**
P Ludemann	**-**	-	**-**
R Walker	**-**	-	**-**
G Smith	**-**	-	**-**
Other key management personnel of the Group			
D Meldrum	**-**	452,328	**452,328**
J Buffington	**226,883**	-	**226,883**
P McCaw	**-**	-	**-**
P Williams	**156,484**	-	**156,484**
R Upadhyay	**-**	-	**-**
S Henderson	**-**	-	**-**

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

(ii) Preference Shares

	Balance 1 July 2006	Preference shares issued on acquisition of subsidiaries	Balance 30 June 2007	Preference shares converted to ordinary shares	Balance 30 June 2008
Directors of Runge Limited					
V Gauci	**-**	-	**-**	-	**-**
A Kinnane	**3,181,994**	-	**3,181,994**	(3,181,994)	**-**
C Larsen	**1,352,801**	-	**1,352,801**	(1,352,801)	**-**
C Still	**-**	-	**-**	-	**-**
I Runge	**5,608,087**	-	**5,608,087**	(5,608,087)	**-**
N Hatherly	**-**	-	**-**	-	**-**
P Ludemann	**-**	-	**-**	-	**-**
R Walker	**-**	-	**-**	-	**-**
Other key management personnel of the Group					
D Meldrum	**-**	2,125,940	**2,125,940**	(2,125,940)	**-**
J Buffington	**570,838**	-	**570,838**	(570,838)	**-**
J Sloman	**-**	-	**-**	-	**-**
K Lewis	**-**	-	**-**	-	**-**
P McCaw	**-**	-	**-**	-	**-**
P Williams	**240,358**	-	**240,358**	(240,358)	**-**

(iii) Options

Name	Balance 1 July 2007	Options allocated during the year	Options exercised during the year	Balance 30 June 2008
Directors				
V Gauci	**-**	300,000	-	**300,000**
A Kinnane	**-**	109,521	-	**109,521**
C Larsen	**-**	109,521	-	**109,521**
C Still	**-**	-	-	**-**
I Runge	**-**	-	-	**-**
N Hatherly	**-**	-	-	**-**
P Ludemann	**-**	-	-	**-**
R Walker	**-**	-	-	**-**
Executives				
D Meldrum	**-**	108,905	-	**108,905**
J Buffington	**-**	109,541	-	**109,541**
J Sloman	**-**	50,000	-	**50,000**
K Lewis	**-**	50,000	-	**50,000**
P McCaw	**-**	59,905	-	**59,905**
P Williams	**-**	110,813	-	**110,813**
S Henderson	**-**	60,177	-	**60,177**

(c) Other transactions with key management personnel

In March 2007 MRM Mining Services (Pty) Ltd entered into an office lease agreement with Lumian Properties CC, an entity associated with Ian Perks. Ian Perks is the Managing Director of MRM Mining Services (Pty) Ltd. The lease agreement is on commercial terms and the monthly rental is 57,370 South African Rand ($7,489 AUD). The term of the lease is 5 years and is due to expire in April 2012.

The Group employs services of Johnston Rorke Chartered Accountants, an entity associated with Ross Walker. Ross Walker is a partner of Johnston Rorke Chartered Accountants. Johnston Rorke received $91,255 for tax and advisory services to Runge Limited and $75,036 for assistance with prospectus and IPO.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

The Group used services of RNH Consulting Pty Ltd, an entity associated with Neil Hatherly, in recruitment of its key management personnel. During the 2008 year RNH Consulting received $85,400 in commissions from Runge Limited.

Aggregate amounts of each of the above types of other transactions with key management personnel of Runge Limited:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Amounts recognised as expense				
Office rent	**112,193**	38,192	**-**	-
Professional fees	**136,277**	-	**136,277**	-
Employee benefits expense	**85,400**	-	**85,400**	-
	333,870	38,192	**221,677**	-
Amounts recognised in equity				
Contributed equity - share issue transaction costs	**(30,014)**	-	**(30,014)**	-

Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of transactions:

Current liabilities				
Trade payables	**9,185**	-	**9,185**	-

Employee share plan loans

Runge Limited has provided limited recourse loans to certain directors and employees to purchase ordinary and preference shares in Runge Shareholder Company Limited, which in turn acquired ordinary and preference shares in Runge Limited. On 22 April 2008 shares in Runge Shareholder Company Limited were exchanged for shares in Runge Limited (refer note 17(b)(iv)).

These loans bear interest and are repayable at the end of 3 years. These loans are not reflected in the financial report as they are accounted for as partly paid shares on repayment of the loans.

The movement in the outstanding amounts for each key management personnel is as follows:

	1 June 2006 Balance	Repayments	Interest	**30 June 2007 Balance**	Repayments	Interest	**30 June 2008 Balance**
A Kinnane	**16,425**	(16,425)	-	**-**	-	**-**	**-**
C Larsen	**15,345**	(2,902)	1,159	**13,602**	(14,537)	935	**-**
C Still	**4,545**	(86)	86	**4,545**	(4,730)	185	**-**
J Buffington	**16,425**	(3,106)	1,240	**15,185**	(3,106)	1,044	**13,123**
P McCaw	**21,060**	(399)	399	**21,060**	(5,870)	856	**16,046**

21. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditors of the parent entity, its related practices and non-related audit firms.

	Consolidated		Parent entity	
Auditor of the parent entity:	**2008** **$**	2007 $	**2008** **$**	2007 $
PKF Australia (East Coast Practice) - Audit or review of the financial reports of the parent entity and other entities in the Group	**166,184**	94,000	**166,184**	94,000
Auditors of subsidiaries:				
PKF Malaysia	**3,838**	820	**-**	-
PKF South Africa	**13,472**	8,321	**-**	-
	183,494	103,141	**166,184**	94,000
Remuneration for other services: PKF Australia (East Coast Practice) Service provided - agreed upon procedures performed in relation to GeoGas due diligence	**8,182**	-	**8,182**	-
PKF Malaysia - tax compliance services	**958**	-	**-**	-
	9,140	-	**8,182**	-

22. COMMITMENTS

(a) Non-cancellable operating leases

The Group leases various offices under non-cancellable operating leases expiring within one to seven years. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of lease are generally renegotiated. There is no contingent rate clauses in any the lease contracts. Excess office space is sub-let to third parties also under non-cancellable operating leases.

	Note	Consolidated		Parent entity	
Commitments for minimum lease payments in relation to non-cancelable operating leases are payable:		**2008** **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Within one year	**(d)**	**3,591**	1,629	**2,801**	826
Later than one year but not later than 5 years		**13,552**	3,857	**12,288**	1,437
Later than 5 years		**6,697**	-	**6,587**	-
Commitments not recognised in the financial statements		**23,840**	5,486	**21,676**	2,263
Sub-lease payments					
Future minimum lease payments to be received in relation to non-cancelable sub-leases of operating leases		**1,365**	75	**1,365**	75

22. COMMITMENTS (CONT'D)

(b) Finance leases

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Commitments in relation to finance leases are payable:				
Within one year	**37**	19	-	11
Later than one year but not later than 5 years	**102**	22	-	-
Later than 5 years	**-**	-	**-**	-
Minimum lease payments	**139**	41	**-**	11
Less: future finance charges	**(16)**	(2)	-	-
Recognised as a liability	**123**	39	**-**	11
Representing lease liabilities:				
Current	**27**	18	**-**	11
Non-current	**96**	21	**-**	-
	123	39	**-**	11

Finance leases relate to motor vehicles which have residual payments with options to purchase at the end of the lease term.

(c) Capital commitments

	Note				
Contractual obligation for future head office fit-out – not recognised as a liability	(d)	**1,728**	-	**1,728**	-

(d) Lease incentive

The parent entity has entered into an agreement with the landlord to receive a lease incentive of $2,000,000 upon relocation to the new head office.

The abovementioned lease incentive can be used to offset either rent commitments disclosed in (a), capital commitments in (c) or can be received in cash.

23. CONTINGENT LIABILITIES

In 21 September 2007 Standard Bank Plc (Standard) filed an action against a controlled entity of Runge Limited, Runge Inc trading as PAH (PAH) in the United States District Court of Colorado Civil Action No. 07-CV-01989-RPM-MJW. The claim relates to a series of loans from Standard Bank to a third party amounting to US$43 million to finance the purchase of a coal mine in Indiana. Standard claims that PAH was negligent in preparing reports concerning the mine and seeks unspecified amount in damages.

PAH believes it has strong grounds to defend the Standard claim and believes it will succeed in this litigation. PAH has obtained legal advice concerning the Standard claim. PAH is not aware of any grounds on which the Standard claim could succeed against it. PAH has lodged a defence denying any negligence and is strenuously defending the claim. However all litigation has elements of uncertainty and Runge Limited can give no assurance that PAH will ultimately prevail.

The District Court of Colorado has made a number of scheduling orders concerning pre-trial interlocutory steps, including, disclosure, nomination of non-parties at fault pursuant to C.R.S. 13-21-111.5(3)(b), depositions of witnesses, exchange of expert reports etc. Under the current timetable it is estimated the matter will not proceed to trial until the third/fourth calendar quarter of 2009.

23. CONTINGENT LIABILITIES (CONT'D)

Furthermore, the Standard claim is only asserted against PAH, which is the only Runge Group member involved in preparing the reports upon which Standard bases its claim. No claim has been made against Runge Limited or any other of its subsidiaries, and the Company is not aware of any basis for asserting any such claim. Accordingly, if the Standard claim results in liability being incurred the risk of loss resides with PAH and not with the Company, and Standard's recourse if it is able to establish liability will be limited to the assets owned by PAH, and will not reach the other assets of the Runge Group.

The Company has also sought legal advice concerning any attempt by Standard to join it as a defendant to the Standard claim. Based on this advice the Company believes there are no grounds on which it could be joined, and will vigorously oppose any such action by Standard. The Company believes that it will prevail if it is somehow joined as a defendant to the Standard claim, although as noted above all litigation necessarily entails elements of uncertainty.

Runge Inc and its subsidiaries have professional indemnity insurance in place. The insurer (Vero) has declined cover of the Standard Bank claim. As disclosed in the Company's prospectus, Runge has considered its position in respect of the insurer and taken legal advice in relation thereto. Based on that legal advice Runge Inc believes it has reasonable grounds to challenge the Insurer's denial of coverage.

In addition, pre IPO shareholders approved the placement of 5 million shares in Runge with the trustee of RS Trust (the Trust Shares). The Trust Shares are to be held in trust for a minimum of 4 years or until the earlier resolution of the claim against PAH. Runge may require all or part of the Trust Shares to be sold in certain circumstances that relate to the outcome of the claim. The proceeds from the sale of the Trust Shares, after allowing for any associated tax expense, can be used by Runge for any purpose.

24. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

Interests in subsidiaries are set out in note 25.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 20.

24. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Transactions with related parties

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Sales of goods and services				
Software sales - subsidiaries	-	-	**2,509**	1,863
Services revenue - subsidiaries	-	-	**4,303**	2,915
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	**869**	-
Interest revenue				
Interest received on loans from subsidiary	-	-	**112**	105
Dividend revenue				
Subsidiaries	-	-	**3,540**	-
Other expenses				
Professional indemnity insurance recovered from subsidiaries	**-**	-	**22**	32
Consulting fees – subsidiaries			**1,914**	1,302
Loans forgiven – other related party	**34**	-	**34**	-

(d) Outstanding balances arising from sales/purchases of goods and services

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current receivables				
Subsidiaries	-	-	**2,626**	1,632
Non-current receivables				
Subsidiaries	-	-	**252**	1,306
Current payables				
Subsidiaries	-	-	**144**	47
Non-current payables				
Subsidiaries	-	-	**2,828**	758

24. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Loans to/from related parties

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Loans to subsidiaries				
Beginning of year	**-**	-	**694**	694
Loans advanced/(repayments received)	**-**	-	**-**	-
Interest charged/(received)	**-**	-	**-**	-
End of year	**-**	-	**694**	694
Loans to other related parties				
Beginning of year	**34**	34	**34**	34
Loans advanced/(repayments received)	**-**	-	**-**	-
Loans forgiven	**(34)**	-	**(34)**	-
End of year	**-**	34	**-**	34

(f) Guarantees

The parent entity has provided guarantees in respect of:

	Consolidated 2008	Consolidated 2007	Parent entity 2008	Parent entity 2007
Bank loan of a subsidiary (secured)	**-**	-	**1,137**	734

(g) Terms and conditions

The terms and conditions of the tax funding agreements are set out in note 4(c).

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. The average interest rate on loans during the year was LIBOR plus 2 % in both 2008 and 2007 years.

Outstanding balances are unsecured and are payable in cash.

The parent entity has provided guarantees to third parties in relation to the performance and obligations of controlled entities in respect to banking facilities, approved deeds and property lease rentals. The guarantees are for the terms of the facilities, deeds and leases. The periods covered by the guarantees range from 1 to 5 years.

No deficiency of net assets existed in the controlled entities at 30 June 2008 or 30 June 2007. No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantee is immaterial.

25. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity Holding		Cost of parent entity's investment	
			2008	2007	**2008**	2007
			%	%	**$**	$
Runge Mining Inc	USA	Ordinary	**100**	100	**-**	-
Runge Mining (Canada) Ltd	Canada	Ordinary	**100**	100	**-**	-
Runge Latin America	Chile	Ordinary	**100**	100	**15**	15
Runge Mining (RSA) Ltd	South Africa	Ordinary	**100**	100	**-**	-
Runge Malaysia Sdn Bhd	Malaysia	Ordinary	**100**	100	**91**	91
Runge Servicos de Consultoria do Brasil Ltda	Brazil	Ordinary	**100**	100	**308**	403
International Mineral Asset Transactions Pty Ltd	Australia	Ordinary	**100**	100	**10,297**	10,297
Minarco-MineConsult Pty Ltd	Australia	Ordinary	**100**	100	**9,859**	9,819
Fractal Holdings Pty Ltd	Australia	Ordinary	**100**	100	**2,165**	2,332
Fractal Technologies Pty Ltd (a)	Australia	Ordinary	**100**	100	**-**	-
MRM Mining Services (Pty) Ltd (b)	South Africa	Ordinary	**100**	100	**2,468**	2,468
Geogas Pty Ltd	Australia	Ordinary	**100**	-	**6,611**	-
					31,814	25,425

(a) Investment held by Fractal Holdings Pty Ltd (100%)
(b) Investment held by Runge Mining (RSA) Ltd (39.2%) and Runge Limited (60.8%)

26. BUSINESS COMBINATIONS

During the year the parent entity acquired 100% of the shareholding in Geogas Pty Ltd and 100% of the net business assets of Resource Evaluations Pty Ltd.

The acquired businesses contributed revenues of $1,943,517 and net profit of $357,447 to the Group for the period 1 December 2007 to 30 June 2008.

If the acquisitions had occurred on 1 July 2007, consolidated revenue and consolidated profit for the year ended 30 June 2008 would have been $66,035,000 and $6,470,000 respectively. These amounts have been calculated using the Group's accounting policies.

Businesses acquired	**Geogas Pty Ltd**	**ResEval**	**Total**
2008	$'000	$'000	$'000
Purchase consideration			
Cash	6,451	1,206	**7,657**
Equity issued	-	1,250	**1,250**
Transaction costs	160	88	**248**
Total consideration	6,611	2,544	**9,155**
Fair value of net assets acquired			
Cash	1,043	-	**1,043**
Trade receivables	828	34	**862**
Work in progress	-	82	**82**
Property, plant and equipment	308	59	**367**
Software – internal management systems	-	263	**263**
Deferred tax assets	50	9	**59**
Trade payables	(99)	(1)	**(100)**
Tax payable	(121)	-	**(121)**
Other payables	(61)	-	**(61)**
Borrowings	(116)	-	**(116)**
Provisions	(142)	(31)	**(174)**
	1,690	415	**2,104**
Goodwill on acquisition	4,921	2,129	**7,051**
Outflow of cash net of cash acquired			
Cash consideration including transaction costs:	6,611	1,294	**7,905**
Less balances acquired			
Cash	(1,043)	-	**(1,043)**
Outflow of cash	5,568	1,294	**6,862**

The goodwill is mainly attributable to trade secrets, business processes and people of the acquired businesses, and the expected synergies from integrating the businesses into the Runge Group.

26. BUSINESS COMBINATIONS (CONT'D)

Entities acquired	**Minarco Asia Pacific Pty Ltd**	**MineConsult Pty Ltd**	**Fractal Holdings Pty Ltd**	**Total**
2007	$'000	$'000	$'000	$'000
Purchase consideration				
Cash	3,428	2,950	1,125	**7,502**
Cash payable – deferred consideration	-	-	1,207	**1,207**
Equity issued	6,825	6,825	-	**13,650**
Transaction costs	45	44	-	**90**
Total consideration	10,297	9,819	2,332	**22,448**
Fair value of net assets acquired				
Cash	449	(135)	4	**318**
Trade receivables	1,594	1,761	123	**3,478**
Inventories	37	-	-	**37**
Other assets	116	122	31	**268**
Property, plant and equipment	56	96	28	**180**
Software – internal management systems	-	471	4	**5**
Software acquired for sales and licensing	-		2,829	**2,829**
Development costs	28	37	-	**65**
Client relationships	2,639			**2,639**
Customer contracts	733	-	-	**733**
Deferred tax assets	206	277	93	**576**
Trade payables	(829)	(679)	(87)	**(1,595)**
Tax payable	(43)	(99)	(143)	**(284)**
Other payables	(208)	(77)	(462)	**(748)**
Deferred tax liabilities	(1,034)	-	(1)	**(1,035)**
Provisions	(413)	(405)	(87)	**(906)**
	3,330	1,368	2,332	**7,029**
Goodwill on acquisition	6,967	8,451	-	**15,419**
	10,297	9,819	2,332	**22,448**
Outflow of cash, net of cash acquired				
Cash consideration including transaction costs	3,473	2,994	1,125	**7,592**
Less balances acquired				
Cash	(449)	135	(4)	**(318)**
Outflow of cash	3,024	3,129	1,121	**7,274**

The acquired businesses contributed revenues of $ 3,109,017 and profit for the year of $ 687,294 to the Group for the period 13 March 2007 to 30 June 2007. If acquisition had occurred on 1 July 2006, consolidated revenue and consolidated profit for the year ended 30 June 2007 would have been $46,056,000 and $ 6,312,000 respectively. These amounts have been calculated using the Group's accounting policies and exclude any one off non-recurring items considered not appropriate for going forward.

The goodwill is mainly attributable to business processes and people of the acquired businesses, and the expected synergies from integrating the businesses into the Runge Group.

26. BUSINESS COMBINATIONS (CONT'D)

Acquisition of Runge Shareholder Co Limited

Runge Shareholder Co Limited ('RSCo'), a company owned by the employees of Runge Group, held approximately 14% of the issued capital of Runge Limited prior to listing of Runge Limited on the Australian Stock Exchange. Runge Limited entered a deed with Rsco pursuant to which it offered to purchase all of the issued shares of Rsco in consideration for the issue of an equal number of shares in Runge Limited. The Rsco shareholders approved this acquisition at a meeting of members on 1 February 2008.

Completion of the acquisition of Rsco took place on 21 May 2008 prior to issue and sale of Shares under the Prospectus. Runge Limited then cancelled all shares Rsco held in Runge Limited by way of capital reduction. This capital reduction and cancellation was approved by the shareholders of Runge Limited at a meeting of members held on 22 April 2008. At the completion of these transactions the shareholders of Rsco held the same percentage of the issued capital of Runge Limited as was previously held by Rsco.

27. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Net profit	**5,943**	5,597	**4,989**	3,788
Depreciation and amortisation	**3,024**	1,107	**955**	510
Provision for doubtful debts	**289**	132	**19**	4
Net loss/(gain) on sale of non-current assets	**367**	(3)	**161**	-
Unrealised loss on foreign exchange	**61**	237	**-**	-
Movement in other reserves	**25**	-	**25**	-
Change in operating assets and liabilities				
Decrease / (increase) in trade receivables	**(4,786)**	(980)	**(3,156)**	(1,504)
Decrease / (increase) in other receivables	**(42)**	(527)	**(305)**	(1,746)
Decrease / (increase) in deferred tax asset	**(86)**	953	**(496)**	224
Decrease / (increase) in inventories	**(2,196)**	(501)	**(1,249)**	(250)
Decrease / (increase) in other assets	**(202)**	145	**(129)**	690
Increase / (decrease) in trade payables	**(510)**	(535)	**(266)**	(1,110)
Increase / (decrease) in other liabilities	**3,542**	310	**4,668**	2,111
Increase / (decrease) in current tax liabilities	**(263)**	(250)	**-**	(295)
Increase / (decrease) in deferred tax liability	**(40)**	(644)	**-**	-
Increase / (decrease) in provisions	**872**	1,306	**680**	427
Net cash inflow from operating activities	**5,998**	6,347	**5,896**	2,849

28. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk.

The Board of Directors is ultimately responsible for reviewing, ratifying and monitoring systems of internal controls and risk management. The Board has established an Audit and Risk Committee, which is responsible for overseeing risk management systems.

The Group's overall risk management program focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's finance division is responsible for development and maintenance of policies which deals with each type of risk related to use of financial instruments.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
Financial assets	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**12,652**	6,579	**7,584**	1,902
Trade and other receivables	**15,142**	10,603	**11,508**	8,114
	27,794	17,182	**19,092**	10,016
Financial liabilities				
Trade and other payables	**9,099**	6,138	**8,187**	4,625
Borrowings	**8,398**	8,856	**7,150**	8,111
	17,497	14,994	**15,337**	12,736

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. For the parent entity it also arises from receivables due from its subsidiaries.

Cash and cash equivalents are held in the banks or financial institutions with a minimum 'A' external rating by Standard and Poor's or Moody's.

The Group does not require guarantees or collateral of its trade and other receivables. In some foreign regions the Group works on a prepayment basis to avoid credit risk.

The Group has established an allowance for impairment that represents an estimate of incurred losses in respect of trade receivables. This allowance is determined based on the specific information regarding conditions of a particular individual debt. The information regarding the receivables ageing is monitored by both finance and operations management.

The maximum credit risk exposure of financial assets is represented by the carrying amounts of financial assets set out at the beginning of this note. The consolidated entity had no significant concentrations of credit risk with any single counterparty or group of counterparties, other than banks or financial institutions.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

More than 75% of financial assets of the Group are held by Australian entities (2007: 60%). The maximum exposure to credit risk at balance date by geographic region of the entity holding the debt and cash and cash equivalents is as follows:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Australia	**21,208**	10,397	**16,267**	6,237
Brazil	**462**	164	**499**	87
Canada	**897**	545	**696**	334
Chile	**882**	760	**946**	1,733
Malaysia	**57**	129	**-**	-
South Africa	**1,908**	2,281	**464**	52
USA	**2,380**	2,906	**219**	1,573
	27,794	17,182	**19,092**	10,016

More than 78 % of trade receivables are held with 'A', 'BBB' or 'BB' – rated customers (2007: 74%). The ratings used are set by Standard and Poor's as at the end of the financial year. Analysis of the maximum exposure to credit risk for financial assets at balance date by counterparts' credit rating:

A - rated counterparts	**18,979**	9,833	**11,995**	3,467
B - rated counterparts	**2,765**	2,955	**1,239**	1,389
Unrated counterparts	**6,050**	4,394	**5,858**	5,160
	27,794	17,182	**19,092**	10,016

Note that unrated counterparts in the parent include amounts due from subsidiaries as per note 7.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group regularly reviews cashflow forecasts, maintains sufficient cash on demand and has unutilised borrowing facilities disclosed in note 14.

The table below analyses the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Carrying Amount	Contractual Cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
2008	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Secured bank loans	8,275	9,638	1,548	1,501	2,699	3,890	-
Finance lease liabilities	123	139	19	18	84	18	-
Trade and other payables	9,099	9,099	9,099	-	-	-	-
	17,497	**18,876**	**10,666**	**1,519**	**2,783**	**3,908**	**-**
2007							
Secured bank loans	8,817	10,464	566	555	2,871	6,472	-
Finance lease liabilities	39	41	9	10	22	-	-
Trade and other payables	6,138	6,138	5,305	833	-	-	-
	14,994	**16,643**	**5,880**	**1,398**	**2,893**	**6,472**	**-**

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Parent	Carrying Amount	Contractual Cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
2008	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Secured bank loans	7,150	8,449	1,198	1,159	2,202	3,890	-
Trade and other payables	8,187	8,187	4,942	417	2,828	-	-
	15,337	**16,636**	**6,140**	**1,576**	**5,030**	**3,890**	**-**
2007							
Secured bank loans	8,100	9,687	267	267	2,681	6,472	-
Finance lease liabilities	11	11	11	-	-	-	-
Trade and other payables	4,625	4,625	2,618	417	1,590	-	-
	12,736	**14,323**	**2,896**	**684**	**4,271**	**6,472**	**-**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The consolidated entity manages its exposure to interest rate and foreign currency fluctuations through a formal policy approved by the Board of Directors. There are no other significant market risks affecting the Group.

Currency risk

The current policy is to monitor foreign currency exposures but maintain the current practice of repatriating cash into Australian dollar accounts as expeditiously as possible and engage in natural hedging. At 30 June 2008 and 2007 the Group had not entered into any derivative contracts to hedge these exposures. The Group does not engage in any significant transactions which are speculative in nature.

As a multinational corporation, the Group maintains operations in foreign countries and as a result of these activities, the Group is exposed to changes in exchange rates which affect its results of operations and cash flows. In addition, the Group has a $1,137,000 (2007: $734,000) interest bearing liability denominated in US dollars that is hedged by revenues generated in US dollars.

The consolidated entity's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

2008	**AUD**	**USD**	**CAD**	**ZAR**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and deposits	9,113	1,154	437	1,314	634	12,652
Trade and other receivables	7,235	3,662	3,477	608	160	15,142
Trade and other payables	(7,725)	(940)	(244)	(187)	(3)	(9,099)
Interest bearing liabilities	(7,253)	(1,125)	(20)	-	-	(8,398)
Net balance sheet exposure	**1,370**	**2,751**	**3,650**	**1,735**	**791**	**10,297**
2007						
Cash and deposits	2,409	1,850	212	1,638	470	6,579
Trade and other receivable	7,624	1,727	249	642	361	10,603
Trade and other payables	(5,283)	(520)	(92)	(204)	(39)	(6,138)
Interest bearing liabilities	(8,111)	(717)	(28)	-	-	(8,856)
Net balance sheet exposure	**(3,361)**	**2,340**	**341**	**2,076**	**792**	**2,188**

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June based on assets and liabilities at 30 June would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

	Consolidated		Parent entity	
2008	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
	$'000	$'000	$'000	$'000
USD	(82)	(193)	-	(3)
CAD	(295)	(380)	-	(310)
ZAR	(167)	(6)	-	(1)
Other	65	(144)	-	(1)
	(480)	**(723)**	**-**	**(315)**
2007				
USD	(77)	(157)	-	-
CAD	(1)	(33)	-	-
ZAR	(208)	-	-	-
Other	(78)	(1)	-	(21)
	(363)	**(191)**	**-**	**(21)**

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had equal but opposite effect on the above currencies to the amounts shown above.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. These borrowings are offset by interest bearing deposits which effectively make interest rate risk immaterial at the end of 2008 year.

As at the reporting date, the Group had the following variable rate borrowings and cash and cash equivalents outstanding:

	2008 Weighted average interest rate	**2008 Balance**	2007 Weighted average interest rate	2007 Balance
		$'000		$'000
Interest bearing deposits	5.29%	5,509	5.65%	1,895
Bank loans	8.08%	(8,275)	6.71%	(8,817)

An analysis by maturity is provided in note (b) above.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group holds the following financial instruments:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables; and
- Borrowings.

The fair value of cash and cash equivalents, trade receivables and payables is approximately their carrying value less impairment due to their short-term nature. Non-current receivables from subsidiaries can be paid at call and their carrying value is approximately their fair value.

Borrowings are liabilities bearing variable interest rates. As such the fair value approximate carrying value.

29. EARNINGS PER SHARE

(a) Basic earnings per share

	Consolidated	
	2008 Cents	2007 Cents
Basic earnings per share	**5.3**	3.3

(b) Reconciliations of earnings used in calculating earnings per share

Profit attributable to the ordinary equity holders used in calculating earnings per share	Consolidated	
	2008 $'000	2007 $'000
Profit for the year	**5,943**	5,597
Profit attributable to the preference equity holders	**(1,443)**	(3,909)
Profit attributable to the ordinary equity holders	**4,500**	1,688

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**2008 Number ’000**	2007 Number ’000
Ordinary shares as at 1 July	**7,884**	6,281
Add effect of:		
Issue of shares in December 2006	**-**	58
Issue of shares in March 2007	**-**	446
Conversion of preference shares in December 2007	**3,054**	-
Issue of shares in January 2008	**75**	-
Split on 7.15 to 1 basis in May 2008	**67,683**	41,696
Bonus Share Issue in May 2008	**3,971**	2,447
Public Offer in May 2008	**2,131**	-
Weighted average number of ordinary shares as at 30 June	**84,798**	50,928

(c) Diluted earnings per share

Preference shares were converted into ordinary shares on 21 December 2007 and options were issued to employees of Runge Limited on 30 May 2008.

Preference shares (prior to conversion) and options were considered to be “potential ordinary shares” but were anti-dilutive in nature and therefore diluted earnings per share are the same as basic earnings per share.

	Consolidated	
	2008 Cents	2007 Cents
Diluted earnings per share	**5.3**	3.3

30. SHARE BASED PAYMENTS

Employee Share Option Plan (ESOP)

The establishment of the Runge Employee Share Option Plan (ESOP) was approved by the Board of Directors on 5 February 2008.

Any person designated eligible by the Board of Directors can participate in the plan. Grantees consist of non-executive directors and employees. Options are granted at the discretion of the Board of Directors.

Consideration for granting options, grant periods, vesting and exercise dates and exercise periods are determined by the Board of Directors in each case. Options issued under the plan may not exceed 5% of the total number of the diluted ordinary shares of the Company at the date of issue and carry no dividend or voting rights.

Options are not transferable and lapse following the resignation of employees before vesting date. The terms and conditions of the options are that all options are to be settled by the physical delivery of shares.

Employees entitled	Number	Vesting conditions	Vesting Date
Options granted to eligible employees 21/05/2008	648,199	Employed at vesting date	30/08/2009
Options granted to eligible employees 21/05/2008	648,009	Employed at vesting date	30/08/2010
Options granted to management 21/05/2008	545,500	1. Employed at vesting date 2. TSR of 20% (1) 3. TSR > 50% of peer group (2)	30/08/2009
Options granted to management 21/05/2008	545,500	1. Employed at vesting date 2. TSR of 44% (1) 3. TSR > 50% of peer group (2)	30/08/2010
Options granted to management 21/05/2008	559,000	1. Employed at vesting date 2. TSR of 72% (1) 3. TSR > 50% of peer group (2)	30/08/2011

1. The total shareholder return (TSR) must exceed the benchmark TSR which is based on a percentage compound growth over the period from grant date to vesting date. TSR is to be calculated based on the increase in share price adjusted for dividends paid.

2. The TSR over the period commencing on grant date and ending on vesting date is in the top 50 Percentile of a predetermined peer group of companies.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2008	2008	2007	2007
	$		$	
Outstanding at 1 July 2007	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Granted during the period	1.09	2,946,208	-	-
Outstanding at 30 June 2008	1.09	2,946,208	-	-
Exercisable at 30 June 2008	-	-	-	-

30. SHARE BASED PAYMENTS (CONT'D)

The fair values at grant date were estimated using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected dividend yield and expected price volatility of the underlying share and the risk-free interest rate as follows:

	Options with TSR hurdles		Options without TSR hurdles	
	2008	**2007**	**2008**	**2007**
Fair value of share options and assumptions				
Fair value at grant date	$0.17	-	$0.20	-
Share price	$1.00	-	$1.00	-
Exercise price	$1.00	-	$1.00	-
Expected volatility (weighted average volatility)	40%	-	40%	-
Option life (expected weighted average life)	2.25 years	-	1.75 years	-
Expected dividends	5%	-	5%	-
Risk-free interest rate (based on government bonds)	6.94%	-	6.94%	-

The expected price volatility is based on the historic volatility of similar listed companies and the remaining life of the options, adjusted for any expected changes to future volatility due to publicly available information.

Employee Expenses

	Consolidated		Parent	
Share-based payment expense recognised during the financial year	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Options issued under employee option plan	25	-	25	-
Shares issued under employee share scheme	-	-	-	-
	25	**-**	**25**	**-**

Employee $1,000 tax exempt Share Purchase Plan

The Runge Limited Employee Share Scheme enables the Board to issue up to $1,000 worth of Shares tax free per employee of the Group each year. The rules of the $1,000 Plan are briefly summarised as follows:

- The Board can offer selected employees of the Group to participate in the $1,000 Plan;
- The issue price under the $1,000 Plan is determined by the Board and may be issued at a discount or for no consideration;
- The total number of Shares reserved for issue under the $1,000 Plan shall not exceed 5% of the diluted ordinary shares in Runge Limited at the date of issue of shares under the plan;
- Unless otherwise permitted by the Board, an employee must not dispose of shares allocated under $1,000 Plan until the earlier of:
  (i) the expiry of three years after the date of acquisition of plan shares; or
  (ii) ii. the expiration of Restricted Period when the employee ceased or first ceased to be an employee of the Group.

There were no shares issued under $1,000 Share Purchase Plan in 2008.

In the opinion of the directors of Runge Limited:

a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001,* including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001*; and

   (ii) giving a true and fair view of the Company's and consolidated entity's financial position at as 30 June 2008 and of their performance for the year ended on that date; and

b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Vince Gauci, Chairman

Brisbane

Dated this 29th day of September 2008

PKF
Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Runge Limited

Report on the Financial Report

We have audited the accompanying financial report of Runge Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Runge Limited ("the company") and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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PKF

Chartered Accountants
& Business Advisers

Auditor's Opinion

In our opinion:

(a) the financial report of Runge Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter Regarding Litigation

Without qualification to the opinion expressed above, we draw attention to Note 23 to the financial report. A controlled entity of Runge Limited, Runge Inc trading as PAH, has been named as the defendant in a lawsuit filed in a United States District Court. The claim alleges that PAH was negligent in preparing certain due diligence reports and seeks an unspecified amount in damages. PAH has lodged a defense denying any negligence. As stated in Note 23 to the financial report, 5 million ordinary shares in the company were issued to a trust prior to the IPO. The company may require, for any purpose, all or part of the shares to be sold in certain circumstances that relate to the outcome of the claim. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result and no accrual for any possible reimbursement that may be received has been made in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 15 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Runge Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF
Chartered Accountants

Wayne Wessels
Partner

Dated at Brisbane this the 29th day of September 2008

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AUDITOR'S INDEPENDENCE DECLARATION

To: The Directors of Runge Limited

As lead auditor for the audit of Runge Limited for the year ended 30 June 2008 I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Runge Limited and the entities it controlled during the year.

PKF

PKF
Chartered Accountants

Wayne Wessels
Partner

Dated at Brisbane this 29th day of September 2008

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The shareholder information set out below was applicable as at 29 August 2008.

A. Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary Shares	Options
1 – 1,000	**24**	2
1,001 – 5,000	**269**	121
5,001 – 10,000	**255**	107
10,001 – 100,000	**394**	26
100,001 – and over	**86**	6
	1,028	262

The number of shareholdings held in less than marketable parcels of 556 shares is 10.

B. Equity security holders

Twenty largest quoted security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage of issued shares
National Nominees Limited	17,865,696	14.40
Runge International Pty Ltd atf Runge Family Trust	15,012,899	12.10
J P Morgan Nominees Australia Limited	10,190,486	8.21
Mr and Mrs A Kinnane atf AandP Kinnane Superannuation Fund	8,122,442	6.55
RS Company Pty Ltd atf RS Trust	5,000,000	4.03
Mr D Meldrum	3,667,105	2.96
Mr I Perks	3,554,985	2.87
HSBC Custody Nominees (Australia) Limited	2,417,000	1.95
Astlen Pty Ltd	2,143,784	1.73
Mrs D Larsen	2,070,273	1.67
Mrs D Larsen	2,070,273	1.67
Paul Westcott and Associates Pty Ltd	1,958,782	1.58
Anajam Pty Ltd	1,723,544	1.39
ACN 065903335 Pty Ltd	1,495,246	1.21
Mrs A J Phillips	1,375,008	1.11
Mr J F Buffington	1,317,127	1.06
Mrs T A Rowlands	1,250,705	1.01
Mr A Kinnane and Mrs P Kinnane	1,167,282	0.94
Mrs D M Luxton	1,132,825	0.91
ANZ Nominees Limited	1,069,508	0.86
	84,604,970	68.19

Unquoted equity securities

2,946,208 options over unissued shares: for further details see note 17.

C. Substantial holders

The names of the substantial shareholders listed in the holding register are:

	Number held	Percentage
Runge International Pty Ltd atf Runge Family Trust	15,810,389	12.74
Mr and Mrs A Kinnane	9,785,171	7.89
Acom Capital Limited	9,500,000	7.66
Portfolio Partners Limited (AVIVA Plc group)	7,500,000	6.04
Wilson HTM Investment Group Limited	6,930,560	5.59

D. Voting Rights

Refer to note 17 for voting rights attached to ordinary shares and options.