

# APPENDIX 4D

The information contained in this report is for the half-year ended 31 December 2009 and the previous corresponding period ended 31 December 2008 for Runge Limited and controlled entities.

This report is presented in Australian dollars. The report has been subjected to independent review and is not subject to qualification.

## Results for announcement to the market

				<b>\$A'000</b>
Revenues from ordinary activities	down	14%	to	37,560
Net profit for the period attributable to members	down	74%	to	1,219

## Dividend information

	<b>Amount per Share (cents)</b>	<b>Franked Amount per Share (cents)</b>
Final 2009 dividend per share (paid 6 October 2009)	2.5	2.5
Interim 2010 dividend per share (to be paid 7 April 2010)	1.0	1.0

### Interim dividend dates

Ex dividend date	10 March 2010
Record date	16 March 2010
Payment date	7 April 2010

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
Net tangible assets per security (cents)	9.3	11.5

## Details of entities over which control has been gained or lost during the period

ZAO Runge (Russia) - registered 10 December 2009 (currently dormant).

Additional Appendix 4D disclosure requirements can be found in the notes to this half-year financial report.

This statement was approved by the Board of Directors.



# HALF YEAR FINANCIAL REPORT

Period Ended 31 December 2009

**RUNGE LIMITED**

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# CORPORATE DIRECTORY

## Directors

Mr Vince Gauci  
Mr Anthony Kinnane  
Mr Christian Larsen  
Dr Ian Runge  
Mr Ross Walker  
Mr Neil Hatherly

## Chief Financial Officer and Joint Company Secretary

Ms Julia Sloman

## Group General Counsel and Joint Company Secretary

Mr Ken Lewis

## Principal Registered Office in Australia

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Brisbane QLD 4000

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## Auditor

PKF  
Level 6, 10 Eagle Street  
Brisbane QLD 4000

## Share Registry

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.

# DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the half year ended 31 December 2009 and the review report thereon.

## Directors

The directors of the Company at any time during or since the end of the period are:

### Non-executive

Mr Vince Gauci - *Chairman*

Dr Ian Runge

Mr Ross Walker

Mr Neil Hatherly

### Executive

Mr Anthony Kinnane - *Managing Director*

Mr Christian Larsen - *Executive Director*

## Review of Operations

The Global Financial Crisis resulted in calendar year 2009 being a challenging period not only for the company but also for the economy worldwide.

In the six months ended 31 December 2009 Runge achieved revenues of \$37.6 million (Dec 2008: \$43.7 million) and net profit of \$1.2 million (Dec 2008: \$4.7 million), slightly ahead of the December 2009 market guidance.

Revenue	Six months to 31 Dec 2009 \$m	Six months to 30 Jun 2009 \$m	Six months to 31 Dec 2008 \$m
Consulting			
Mining consulting	18.4	20.3	23.0
Technology consulting	7.6	6.5	8.9
Licenses	3.9	6.1	4.4
Maintenance	4.2	3.8	3.5
Laboratory services	2.1	1.5	1.5
Other	1.4	1.1	2.4
<b>Total revenue</b>	<b>37.6</b>	<b>39.3</b>	<b>43.7</b>

### Consulting

Runge's consulting services encompass both advisory services (mining consulting) and software implementations (technology consulting).

Consulting revenue in the period, while disappointing has improved in the latter part of the period.

### Technology

Our software product offerings are separated into desktop products and large enterprise offerings. Sales of desktop products remained steady. There were no large enterprise sales in the period.

### Other Operating Revenues

GeoGAS has established a reputation as a market leader in the services of coal seam gas testing and reservoir modelling in Australia, and we expect to see continuing growth in this area of our business. Laboratory services showed a strong result in the last six months.

Training revenues for the six months ended 31 December 2009 were \$0.5 million (Dec 2008: \$0.7 million).

# DIRECTORS' REPORT

## **Operating Expenses**

The business successfully contained costs during the six months ended 31 December 2009 without any staff redundancies. Outside of the major mining houses, Runge remains one of the largest employers of mining professionals in the world, with 204 consultants at 31 December 2009 (Dec 2008: 197 consultants).

Other factors impacting the financial result arose from foreign exchange movements. Adverse effects of foreign currency transactions, predominantly unrealised movements on intercompany balances, contributed a \$0.3 million foreign exchange loss in 2009 (Dec 2008: \$1.1 million gain).

In the six months ended 31 December 2009 \$0.4 million (Dec 2008: \$0.6 million) was expensed by our US subsidiary on litigation brought against it by Standard Bank Plc. On 29 January 2010 Runge announced to the market the successful defence of the litigation. Standard Bank Plc is appealing this decision.

## **Future Outlook**

Runge's global spread provides competitive advantage and the company plans to continue expansion, with the establishment of new offices in Mongolia and Russia in the second half of this financial year. Cumulative sales in both regions have exceeded \$2.5 million despite no physical office and the opportunities for growth are considered to be high upon establishment of offices in each country.

The company is seeing indications that the impact of the Global Financial Crisis is now receding and anticipates a recovery in the second half results.

## **Auditor's Independence**

The lead auditor's independence declaration under s307c of the Corporations Act 2001 is set out on page 4 and forms part of the directors' report for the half year ended 31 December 2009.

## **Rounding Off**

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 report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.



**Vince Gauci**

Chairman

Brisbane

Dated: 25 February 2010

**AUDITOR'S INDEPENDENCE DECLARATION**

To the Directors of Runge Limited

As lead auditor for the review of Runge Limited for the half year ended 31 December 2009, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is made in relation to Runge Limited and its controlled entities.



PKF



**Albert Loots**

Partner

Dated at Brisbane this 25<sup>th</sup> day of February 2010

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# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Revenue</b>			
Services		28,959	34,287
Sale of licenses		3,882	4,401
Software maintenance		4,191	3,471
Other revenue	3	528	1,508
		<b>37,560</b>	<b>43,667</b>
<b>Expenses</b>			
Amortisation		(1,080)	(1,144)
Depreciation		(861)	(571)
Employee benefits expense		(23,057)	(23,367)
Office expenses		(1,487)	(1,664)
Professional services		(1,435)	(2,001)
Rechargeable expenses		(2,863)	(4,132)
Rent		(2,826)	(2,404)
Travel expenses		(685)	(1,057)
Other expenses		(1,570)	(1,151)
		<b>(35,864)</b>	<b>(37,491)</b>
<b>Profit before net finance costs and income tax</b>		<b>1,696</b>	<b>6,176</b>
Finance income		51	239
Finance costs		(165)	(356)
<b>Net finance costs</b>		<b>(114)</b>	<b>(117)</b>
<b>Profit before income tax</b>		<b>1,582</b>	<b>6,059</b>
Income tax expense	4	(363)	(1,393)
<b>Profit for the period</b>		<b>1,219</b>	<b>4,666</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	5	1.0	3.8
Diluted earnings per share (cents)	5	1.0	3.8

*The above condensed consolidated income statement should be read in conjunction with the accompanying notes.*



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Profit for the period</b>	<b>1,219</b>	<b>4,666</b>
<b>Profit attributable to the owners of the parent</b>	<b>1,219</b>	<b>4,666</b>
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations	(482)	1,466
Other comprehensive income for the period net of income tax	<b>(482)</b>	<b>1,466</b>
<b>Total comprehensive income for the period</b>	<b>737</b>	<b>6,132</b>
<b>Total comprehensive income attributable to the owners of the parent</b>	<b>737</b>	<b>6,132</b>

*The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

# CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>Current assets</b>			
Cash and cash equivalents		8,128	6,689
Trade and other receivables		20,132	17,418
Work in progress		2,222	1,622
Current tax receivable		1,409	750
Other financial assets		-	243
Prepayments and other assets		1,188	1,336
<b>Total current assets</b>		<b>33,079</b>	<b>28,058</b>
<b>Non-current assets</b>			
Trade and other receivables		177	327
Property, plant and equipment		7,902	6,701
Deferred tax assets		2,146	2,669
Intangible assets		32,682	32,182
<b>Total non-current assets</b>		<b>42,907</b>	<b>41,879</b>
<b>Total assets</b>		<b>75,986</b>	<b>69,937</b>
<b>Current liabilities</b>			
Trade and other payables		4,942	6,222
Borrowings	6	1,972	581
Provisions		3,929	4,113
Current tax liabilities		152	1,231
Other liabilities	7	7,623	5,832
<b>Total current liabilities</b>		<b>18,618</b>	<b>17,979</b>
<b>Non-current liabilities</b>			
Borrowings	6	9,228	2,900
Provisions		41	34
Deferred tax liabilities		41	-
Other liabilities	7	3,782	2,484
<b>Total non-current liabilities</b>		<b>13,092</b>	<b>5,418</b>
<b>Total liabilities</b>		<b>31,710</b>	<b>23,397</b>
<b>Net assets</b>		<b>44,276</b>	<b>46,540</b>
<b>Equity</b>			
Contributed equity		39,399	39,385
Reserves		(2,228)	(1,833)
Retained profits		7,105	8,988
<b>Total equity</b>		<b>44,276</b>	<b>46,540</b>

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Consolidated	Contributed equity	Revaluation reserve	Foreign currency translation reserve	Reserve arising from an equity transaction	Employee option reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	39,385	18	(594)	(1,553)	296	8,988	46,540
Profit for the period	-	-	-	-	-	1,219	1,219
Foreign currency translation differences for foreign operations	-	-	(482)	-	-	-	(482)
<b>Total comprehensive income for the period</b>	-	-	<b>(482)</b>	-	-	<b>1,219</b>	<b>737</b>
<b>Transactions with owners in their capacity as owners</b>							
Payments received on partly paid shares	14	-	-	-	-	-	14
Employee share options – value of employee services	-	-	-	-	87	-	87
Dividends provided for or paid	-	-	-	-	-	(3,102)	(3,102)
	14	-	-	-	87	(3,102)	(3,001)
<b>Balance at 31 December 2009</b>	<b>39,399</b>	<b>18</b>	<b>(1,076)</b>	<b>(1,553)</b>	<b>383</b>	<b>7,105</b>	<b>44,276</b>
<b>Balance at 1 July 2008</b>	39,262	18	(1,531)	(1,553)	25	5,413	41,634
Profit for the period	-	-	-	-	-	4,666	4,666
Foreign currency translation differences for foreign operations	-	-	1,466	-	-	-	1,466
<b>Total comprehensive income for the period</b>	-	-	<b>1,466</b>	-	-	<b>4,666</b>	<b>6,132</b>
<b>Transactions with owners in their capacity as owners</b>							
Payments received on partly paid shares	77	-	-	-	-	-	77
Employee share options – value of employee services	-	-	-	-	71	-	71
Dividends provided for or paid	-	-	-	-	-	(1,860)	(1,860)
	77	-	-	-	71	(1,860)	(1,712)
<b>Balance at 31 December 2008</b>	<b>39,339</b>	<b>18</b>	<b>(65)</b>	<b>(1,553)</b>	<b>96</b>	<b>8,219</b>	<b>46,054</b>

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Notes	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	38,443	42,972
Payments to suppliers and employees	(37,317)	(36,938)
Interest and dividends received	51	239
Borrowing costs	(165)	(356)
Income taxes paid	(1,058)	(2,003)
Net cash inflow / (outflow) from operating activities	(46)	3,914
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,503)	(5,044)
Payment for intangible assets	(1,779)	(427)
Proceeds from sale of other financial assets	243	-
Payment for business combinations	-	(351)
Net cash outflow from investing activities	(3,039)	(5,822)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares and other equity securities, net of transaction costs	14	77
Repayment of finance leases	-	(123)
Proceeds from borrowings	9,000	5,000
Repayment of borrowings	(1,251)	(6,294)
Dividends paid – members of the parent entity	(3,102)	(1,861)
Net cash inflow / (outflow) from financing activities	4,661	(3,201)
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>1,576</b>	<b>(5,109)</b>
Cash and cash equivalents at the beginning of the period	6,689	12,652
Effects of exchange rate changes on cash and cash equivalents	(137)	545
<b>Cash and cash equivalents at the end of the period</b>	<b>8,128</b>	<b>8,088</b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes*

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of Preparation

Runge Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2009 is available upon request from the Company’s registered office at Level 12, 333 Ann Street, Brisbane, Queensland or at [www.runge.com](http://www.runge.com).

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the group as at and for the year ended 30 June 2009. The accounting policies applied in this consolidated interim financial report are consistent with those applied in its consolidated financial report as at and for the year ended 30 June 2009.

Runge Limited is of a kind referred to in ASIC Class Order 89/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This consolidated interim financial report was approved by the Board of Directors on 25 February 2010.

## 2. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director. In the reports presented to the chief operating decision maker the Group’s operation are split in three major time zones: Americas, Africa and Australia / Asia.

The Managing Director monitors the following segments for the above mentioned timezones: Australasia (Brisbane, Perth and Malaysia), NSW (Sydney and Maitland), GeoGAS (Wollongong and Mackay), Asia (China, Indonesia and Hong Kong), North America (Canada, United States of America), South America (Chile, Brazil) and Africa (South Africa).

Comparative segment information has been re-presented for the prior period. The change of the basis of segmentation since the previous financial report is only applicable to Australia and Asia, where the Managing Director receives a detailed view of Australian offices and combines the Malaysian office with Brisbane and Perth operations.

Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an “arms-length” basis and are eliminated on consolidation.

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 2. Operating Segments (Continued)

31 Dec 2009	Austral- asia \$'000	NSW \$'000	GeoGAS \$'000	Asia \$'000	South America \$'000	North America \$'000	South Africa \$'000	Elimin- ations \$'000	Consol- idated \$'000
<b>REVENUE</b>									
External sales	13,369	5,640	3,303	5,231	1,107	6,428	1,954	-	37,032
Inter-segment sales	1,182	394	3	57	213	601	71	(2,521)	-
<b>Total sales revenue</b>	<b>14,551</b>	<b>6,034</b>	<b>3,306</b>	<b>5,288</b>	<b>1,320</b>	<b>7,029</b>	<b>2,025</b>	<b>(2,521)</b>	<b>37,032</b>
<b>Unallocated revenue</b>									<b>528</b>
<b>Revenue / Income</b>									<b>37,560</b>
<b>RESULT</b>									
Segment result	3,041	490	1,796	1,497	348	968	888	-	9,028
Net finance costs									(114)
Unallocated expenses									(7,332)
Profit before income tax									1,582
Income tax expense									(363)
<b>Net profit</b>									<b>1,219</b>

31 Dec 2008	Austral- asia \$'000	NSW \$'000	GeoGAS \$'000	Asia \$'000	South America \$'000	North America \$'000	South Africa \$'000	Elimin- ations \$'000	Consol- idated \$'000
<b>REVENUE</b>									
External sales	16,275	5,144	2,101	4,582	2,269	8,681	3,107	-	42,159
Inter-segment sales	843	437	5		79	1,265	100	(2,729)	-
<b>Total sales revenue</b>	<b>17,118</b>	<b>5,581</b>	<b>2,106</b>	<b>4,582</b>	<b>2,348</b>	<b>9,946</b>	<b>3,207</b>	<b>(2,729)</b>	<b>42,159</b>
<b>Unallocated revenue</b>									<b>1,508</b>
<b>Revenue / Income</b>									<b>43,667</b>
<b>RESULT</b>									
Segment result	3,072	1,184	885	1,967	913	2,619	1,729	-	12,369
Net finance costs									(117)
Unallocated expenses									(6,193)
Profit before income tax									6,059
Income tax expense									(1,393)
<b>Net profit</b>									<b>4,666</b>

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 3. Other Revenue

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Foreign exchange gains	-	1,133
Rent	516	304
Other	12	71
<b>Total other revenue</b>	<b>528</b>	<b>1,508</b>

## 4. Income Tax Expense

Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit before tax	1,582	6,059
Tax at the Australian tax rate of 30%	475	1,818
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Attributed income	79	99
Depreciation and amortisation	9	2
Non-deductible expenses	10	146
Research and development deduction	(34)	(42)
	379	2,023
Difference in overseas tax rates	79	(40)
Under / (over) provision in prior years	(97)	(590)
<b>Income tax expense</b>	<b>363</b>	<b>1,393</b>

## 5. Earnings Per Share

	2009 Cents	2008 Cents
Basic earnings per share	1.0	3.8
Diluted earnings per share	1.0	3.8

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<i>Reconciliations of earnings used in calculating earnings per share:</i>		
Net profit	1,219	4,666
Profit attributable to the ordinary equity holders used in calculating basic earnings per share	1,219	4,666

	31 Dec 2009 Number '000	31 Dec 2008 Number '000
Ordinary shares as at 1 July	124,080	124,080
Weighted average number of ordinary shares at 31 December	124,080	124,080

Options were not considered to be dilutive.

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 6. Borrowings

Current secured	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$'000	\$'000
Lease liabilities	5	15
Bank loan	1,967	566
	<b>1,972</b>	<b>581</b>
<b>Non-current secured</b>		
Lease liabilities	28	-
Bank loan	9,200	2,900
	<b>9,228</b>	<b>2,900</b>

Movements in borrowings	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Opening balance at 1 July	3,481	8,398
Facility drawdown	9,000	5,000
Repayments	(1,251)	(6,417)
Foreign exchange effect on borrowings	(30)	446
<b>Balance at 31 December</b>	<b>11,200</b>	<b>7,427</b>

### Terms and Conditions

Consolidated	Currency	Nominal interest rate	Year of maturity	31 Dec 2009		30 Jun 2009	
				Facility	Utilised	Facility	Utilised
				\$'000	\$'000	\$'000	\$'000
<b>Utilised facilities</b>							
Secured loan facility	AUD	5.12%	2011	15,000	7,000	-	-
Secured loan facility	AUD	5.30%	2012	4,000	4,000	4,900	2,900
Secured loan net of costs	USD	LIBOR +2%	2010	167	167	566	566
Finance leases and other borrowings	CAD	5-10%	2010	33	33	15	15
<b>Unutilised facilities</b>							
Loan facility	AUD	-	2010	-	-	10,000	-
<b>Loans and borrowings</b>				<b>19,200</b>	<b>11,200</b>	<b>15,481</b>	<b>3,481</b>
<b>Other facilities</b>							
Bank guarantee	AUD	2%		3,112	-	1,912	-
Bank guarantee	USD	2%		112	-	-	-
				<b>3,224</b>	<b>-</b>	<b>1,912</b>	<b>-</b>



# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 7. Other Liabilities

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>Current</b>		
Income received in advance - software maintenance	5,994	4,310
Income received in advance - consulting and other	1,495	1,522
Lease incentive and straight lining of rental expense	134	-
	<b>7,623</b>	<b>5,832</b>
<b>Non-current</b>		
Lease incentive and straight lining of rental expense	3,076	2,245
Other provisions relating to operating leases	706	239
	<b>3,782</b>	<b>2,484</b>

## 8. Dividends

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Dividends paid in cash during the period were:		
<i>Ordinary Shares</i>		
Final dividend of 1.5 cents per share fully franked paid on 6 October 2008	-	1,861
Final dividend of 2.5 cents per share fully franked paid on 6 October 2009	3,102	-

## 9. Contingent Liabilities

On 21 September 2007 Standard Bank Plc filed an action against a controlled entity of Runge Limited, Runge, Inc trading as PAH in the United States District Court of Colorado Civil Action No. 07-CV-01989-RPM-MJW. The lawsuit involved a coal mine in southern Indiana upon which PAH had worked in 2005-2006.

In January 2010 the Federal Judge in the District Court of Colorado granted judgment in favour of PAH and against the Plaintiff Standard Bank. The Judge dismissed the civil action (07-CV-01989-RPM-MJW) brought against PAH.

On 17 February 2010 the Plaintiff filed a Notice of Appeal. It is estimated that it could take approximately one year to be determined.

PAH believes that the District Court's order granting judgment in its favor was correct and should be affirmed on appeal. Runge Limited was not named in the suit and was not involved in the underlying work which allegedly gave rise to the suit.

## 10. Subsequent Events

Since 31 December 2009 the Directors have recommended the payment of an interim fully franked dividend of 1 cent per ordinary share (2009: 2 cents). The aggregate amount of the proposed dividend expected to be paid on 7 April 2010, but not recognised as a liability at the end of the period, is \$1,240,800 (2009: \$2,481,600).

There have not been any other subsequent events which materially influence the future development of the Group.

# DIRECTORS' DECLARATION

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 Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position at as 31 December 2009 and of its performance for the half 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.

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



Vince Gauci  
**Chairman**

Brisbane

Dated: 25 February 2010

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Runge Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Runge Limited ("the entity"), which comprise the condensed consolidated balance sheet as at 31 December 2009, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the consolidated entity comprising the entity and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Runge Limited are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2009 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Runge Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

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*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2009 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Emphasis of Matter Regarding Litigation*

Without qualification to the conclusion expressed above, we draw attention to Note 9 to the interim financial report. A controlled entity of Runge Limited, Runge Inc trading as PAH, was named as the defendant in a lawsuit of a United States District Court which has granted in favour of PAH and against the plaintiff Standard Bank. The claim alleged that PAH was negligent in preparing certain reports and sought an unspecified amount in damages. Standard bank has lodged a notice of appeal against the decision. Five million ordinary shares in the company were issued to a trust prior to the IPO of Runge Limited. 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 interim financial report.

*PKF*

PKF



**Albert Loots**

Partner

Dated at Brisbane this 25<sup>th</sup> day of February 2010