2009 | ANNUAL REPORT

WWW.RUNGE.COM

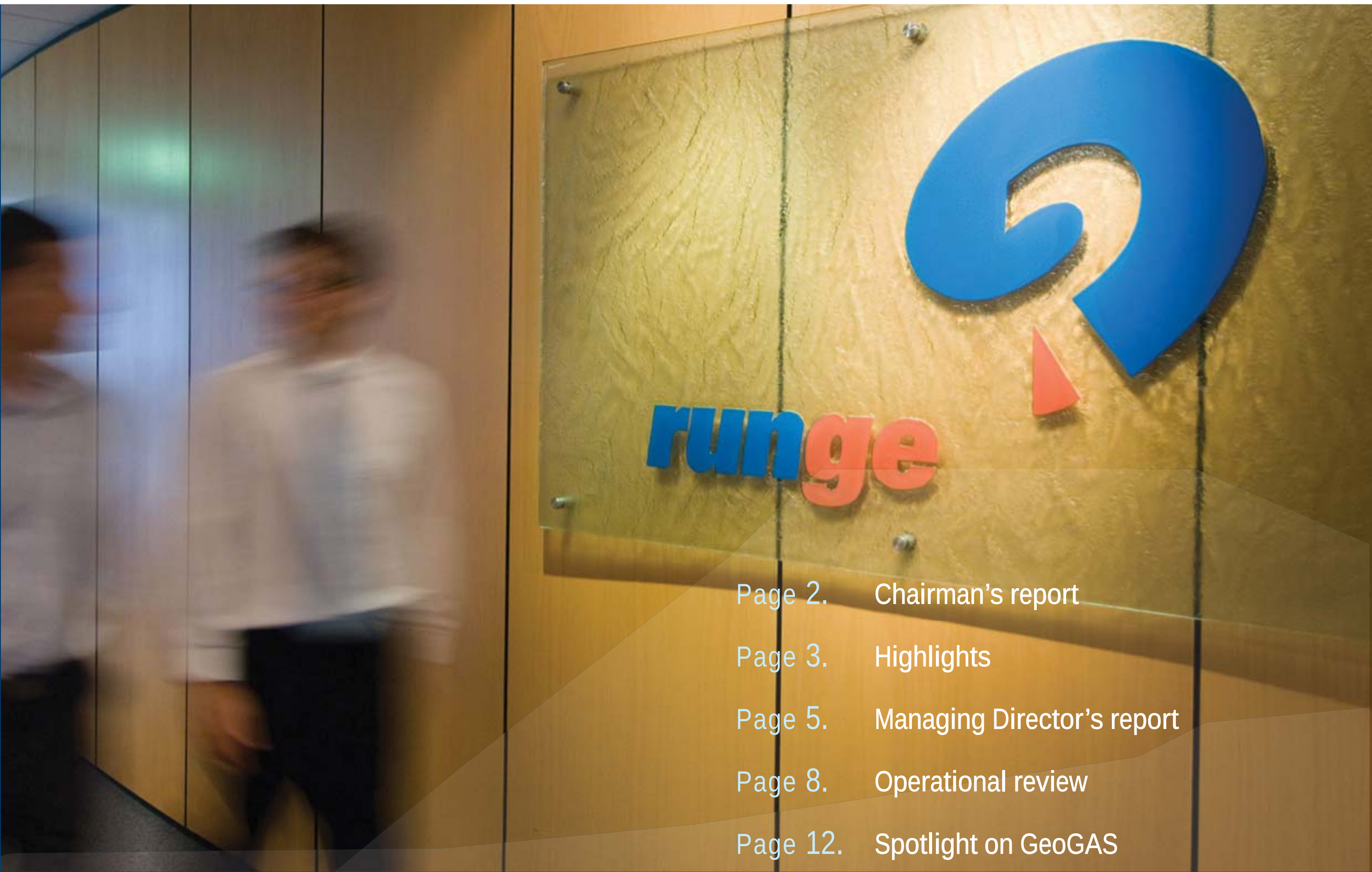
RUNGE LIMITED

Runge Limited (ASX code: RUL) is a leading provider of mining technology and services for the global mining industry. Runge Limited and its subsidiaries are referred to in the annual report as 'Runge'.

Annual General Meeting

The Annual General Meeting of Runge Limited reporting for the year ended 30 June 2009, will be held at Runge's Head Office, Level 13, 333 Ann Street, Brisbane, Queensland at 10am (AEST), Wednesday 18 November 2009.

TABLE OF CONTENTS



CHAIRMAN'S REPORT

It is with great pleasure that I report to you, on behalf of the Board of Directors, on the performance of Runge Limited in its first full year as a listed public company.

The company earned a NPAT of $7.9 million and an EBITA of $12.7 million for the year. Considering the significant challenges that confronted the company during the year, the directors consider this a satisfactory result.

The key business challenge was of course the global financial crisis. In the resources industry, capital for new and expanding projects was severely curtailed in line with falling commodity prices. This resulted in reduced demand for our consulting business, particularly in Australia and North America. On the other hand the world's premier mining houses responded by seeking improved efficiencies in their operations. This resulted in an increased demand for our software products. Unfortunately our financial result did not fully reflect this increase in demand when some of these large software sales could not be completed prior to the end of the 2009 financial year.

The fact that our company has so far been able to cope with the challenges of the global financial crisis emphasises the resilience of our business model, our geographical spread, depth and quality of our people, our focus on production and economic efficiency and the reputation of our technology.

During the year, the company also successfully managed the extended absence of our Managing Director, Tony Kinnane, due to illness. Our management team rose to the challenge and the satisfactory annual result in such a difficult year is testimony to the depth of their capability. I am happy to say that Tony has recovered and he is back at work.

Our corporate culture has always provided for good alignment between shareholder value, professional growth and job security of our people. The difficult times experienced this year have meant this cultural alignment has been challenged. The challenge was met by our people working to reshape the company in line with the changed demands and new opportunities. We are pleased to report that we have not had to undertake any involuntary retrenchments and accordingly are now in good shape for the industry recovery. This is a philosophical approach strongly supported by our employees, management team and the Board of Directors.

The company enters the new financial year with a strong balance sheet, net cash of $3.2 million and a great deal of confidence.

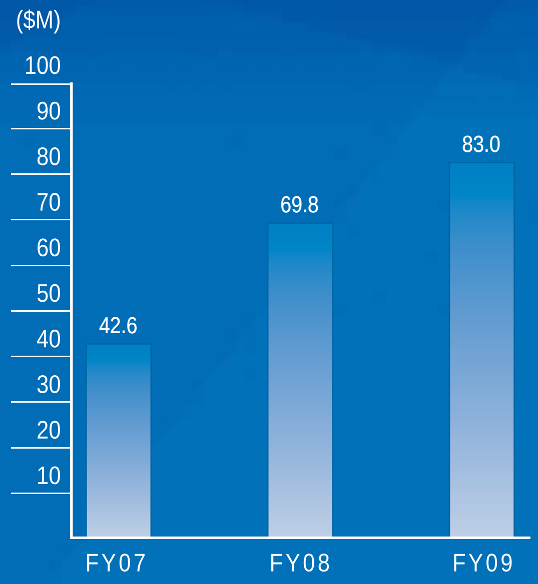
Vince Gauci
Chairman

HIGHLIGHTS

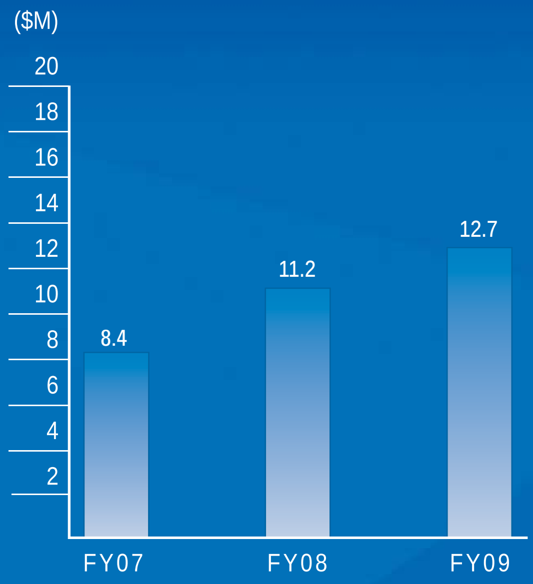
- Runge has achieved a strong performance from offshore business
- Runge has continued geographic expansion with the establishment of an office in Hong Kong and increased exposure into new markets
- The markets we operate in have attractive fundamentals and there are signs of recovery across most regions
- Demand for our products and services remains strong with an increased demand for software solutions
- We are aligned with our global customers, through a solution that provides compliance with strict corporate governance
- We are well placed to continue our track record of growth in shareholder value
- We have a strong balance sheet providing further opportunity to pursue acquisition opportunities

HIGHLIGHTS

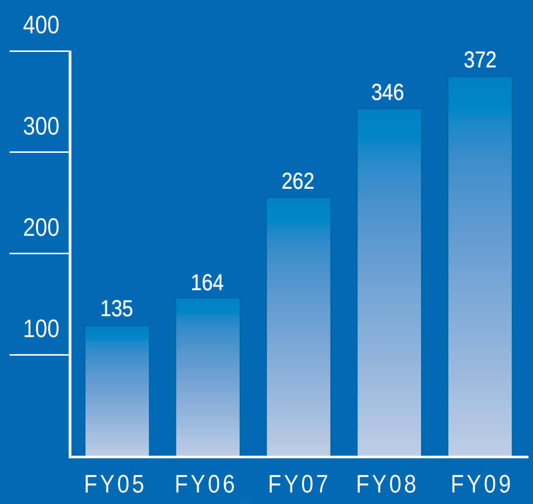
OPERATING REVENUE



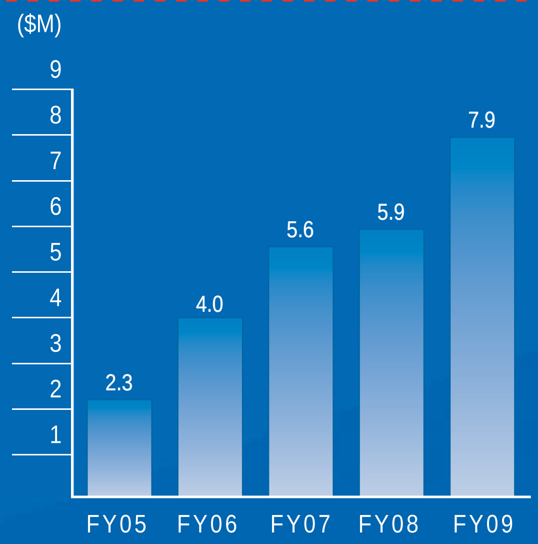
EBITA



STAFF NUMBERS



NPAT



MANAGING DIRECTOR'S REPORT

Although globally FY09 was a difficult year, Runge achieved a measure of success, coupled with challenges, opportunities and promise.

Until mid 2008 the resources industry was in expansion mode, with a strong focus on expansion of production with new projects. Our production oriented services saw continuing demand through the December quarter, however with the onset of the global financial crisis production expansions were immediately scaled back.

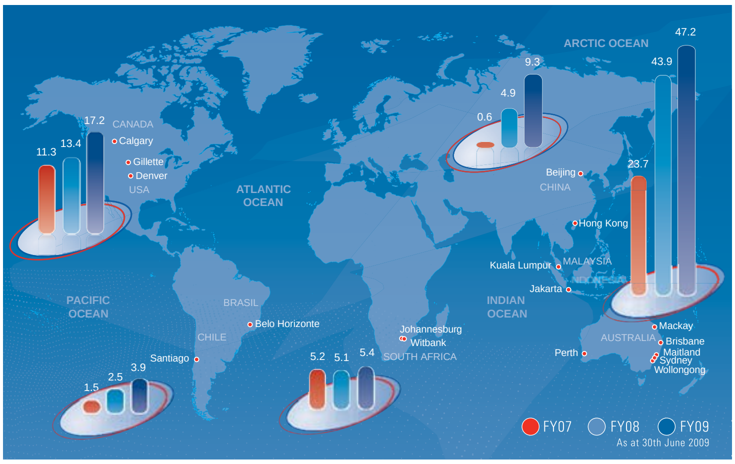
We shifted the focus of Runge in the second half of the year to concentrate more strongly on operational efficiency and the tools, processes and systems necessary to achieve this. Runge is well placed to service this area and we are comfortable that our model is sufficiently dynamic to accommodate this environment.

Throughout most of the year, business conditions have also been characterised by much uncertainty and in this environment regular business is difficult. Major projects and major software acquisitions are often deferred. In addition, average project size and number is reduced thereby impacting on the consulting revenue of our people, thus, during the second half of the financial year we suffered lower per person revenue of our consultants. A more immediate impact of the uncertainty was the deferment of large software sales, resulting in lower software revenue in the first half of this financial year. Some of these sales occurred in the second half. Business uncertainty is now much more diminished compared to 12 months ago, but lead times for large software sales are still substantial. Encouragingly however, the size and number of potential sales continue to grow.

Financial Performance

Runge recorded a net profit after tax of $7.9 million in FY09 up 33.9% compared to $5.9 million in the previous year. Whilst this NPAT headline result was up compared to FY08, the results from both years were subject to significant abnormal expenses. After adjusting for these abnormal expenses, our NPAT earnings were similar to FY08 – a satisfactory result, but disappointing for us compared to when our original prospectus forecast was prepared in February 2008.

REVENUE BY REGION



Due to the significant downturn in commodity prices particularly since November 2008, combined with the uncertainty in financial markets, major global mining companies changed their business focus to concentrate on production costs and improving the economics of their mining operations. Whilst this substantially increased our software sales pipeline, the uncertainty meant our sales were susceptible to timing delays. Our FY09 forecast was dependent on large software sales, some of which were anticipated in June 2009 and as a result our original forecast, set 18 months ago, was not achieved.

Runge has experienced increased financial growth in our offshore business, particularly in the USA and in Asia. Demand for our consulting services has been strong in these regions and our new office in Hong Kong has been able to capitalise on this increased demand in Asia. As a result our Hong Kong office has channelled a range of work through to specialists across the rest of our business.

Domain Knowledge

Runge's key strength is that we understand the fundamentals of mining. We provide intellectual property (IP) tools and systems that are critical for strategic and operational planning, independent of where mining companies are in the commodity cycle. Runge's business model is adaptable and we have been able to shift our focus and pursue opportunities as they arose. We also responded to these market conditions by implementing a number of initiatives to maintain our financial and operating strength. These initiatives included reducing expenditure, reviewing internal procedures to better control margins and debtors and implementing systems internally aimed at increasing efficiencies. Despite the industry downturn we made a deliberate decision to retain all our employees, who have shown enormous dedication in ensuring that our customers get the products and services they need and that Runge will continue to be successful in the future. While the global economic outlook continues to remain uncertain, the long term fundamentals for our business are very solid and attractive and our balance sheet remains strong.

Focus in 2010

Our focus for 2009/10 year is "consolidation". We continue progress towards our goal of becoming a truly globally integrated mine technology services company with high standards, leading edge IP and integrity of work ethics. We continue to demonstrate this by using our strengths - exceptionally talented people, an achievement oriented culture and consistently high quality work standards. We recognise the importance of robust systems to support this global integration and we have embarked on the global roll out of a new enterprise resource planning solution with SAP. Additionally, we have been upgrading Runge's Private IT network to link our 17 global offices to ensure we maintain our communications standards, quality and consistency. Our resources are directed towards leveraging our knowledge, people and capacity to innovate wherever we are in the world. Achieving this will ensure that the customer experience we deliver is consistent, of high quality and complete with access to our entire technology and skill set.

This year, we will continue to help our customers to design robust planning systems that enable them to put order into their technical and business streams operating across a range of time frames and planning horizons giving them control of their profit line. The diminishing numbers of highly experienced people within our industry, coupled with the growing pressure to clearly demonstrate that appropriate due diligence has been exercised, means that well documented and transparent mine planning processes and systems will be in demand to ensure achievement of optimum outcomes with integrity.

I would like to thank our customers, management and staff and shareholders for your ongoing investment ***and support of Runge over the last year as we successfully completed our first year as a listed public company. With your help, we have already achieved a significant milestone in our long-term journey. We will continue working hard to build upon our achievements.***

Tony Kinnane
Managing Director


Corporate Profile

OPERATIONAL REVIEW

Runge has been providing a comprehensive range of mine planning services and technology solutions to the global mining industry since 1977. Our staff, with superior mining knowledge, experience and skills provide the core of the business for customers. Further operational and technical expertise added through acquisitions and organic growth now provides increased diversity in solutions and services which cover the entire mining supply chain from exploration through to mine closure. As well as capturing this knowledge in our IP, Runge's professional development courses allow us to share the knowledge held around the world.

Infrastructure

Over the past year, Runge has undertaken significant initiatives to ensure our global business has the best available support and systems infrastructure. From this perspective, it has meant that Runge has put in place systems to support the organisation in a way that provides a platform for future improvements and growth.

The internal Information Technology team has been working on upgrading Runge's private IP network to link the 17 global offices. This has been undertaken to ensure communications standards, confidentiality, quality and consistency are maintained globally. As part of this, Runge deployed standard operating environments for all server infrastructure worldwide and further standardised the PC and laptop fleet, providing consistency and ease in maintenance.

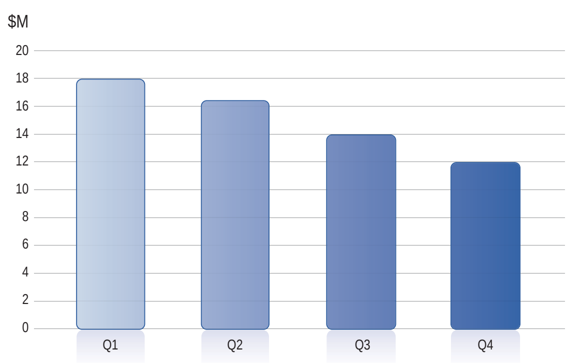
In order to improve communication infrastructure between offices and provide a more secure network, Runge embarked on a global roll-out of a private Wide Area Network (WAN). This has delivered an improved, more predictable and cost effective communications platform. The new service has not only lowered ongoing management costs but it has also dramatically improved the performance, manageability and predictability of interoffice links. This obviously assists Runge, however also has major benefits to customers through security of data, data access and transmissibility.

We have completed the establishment of a global data centre in the Brisbane office using the latest blade server technology, virtualisation systems, automatic redundant power and a multiple disaster recovery method. In addition we have implemented a fully operational warm disaster recovery centre in our Sydney office.

Ever mindful of the unique spread of global offices, Runge continues to explore ways to further optimise the infrastructure.

Professional Services

FY09 Consolidated Consulting Revenue

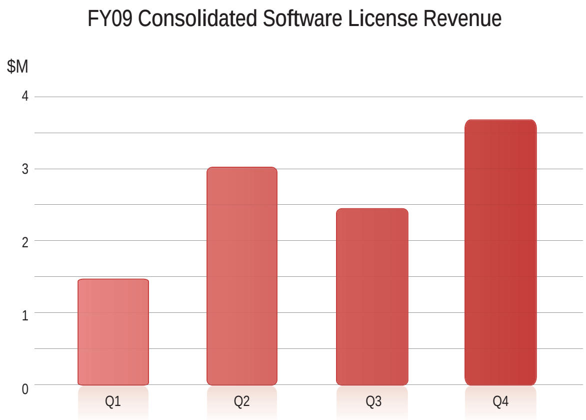


Over the past year, Runge's business has continued to expand globally and increase the diversity of its offerings provided to the mining sector. Our business model enables us to quickly adapt to meet new market conditions and quickly respond to customer's changing needs. This is evidenced through the change in the style of projects required by customers and Runge's ability to adapt our business to the changed requirements.

The change in economic conditions had an impact on us as mining companies rapidly wound back their spending and projects were delayed. Global mining houses shifted the focus of their businesses away from exploration and expansion towards operational efficiencies and cost savings. The demand for services in the first half of FY09 reflected this increased activity. However, as we stated in the half year results for FY09, the anticipated softening in demand has resulted in a lower revenue for the third and fourth quarters.

Runge's value through planning approach delivers improvements in the economics of mining operations. This aspect combined with Runge's ability to understand and respond to customers requirements positions us well for the changing environment.

Technology Developments



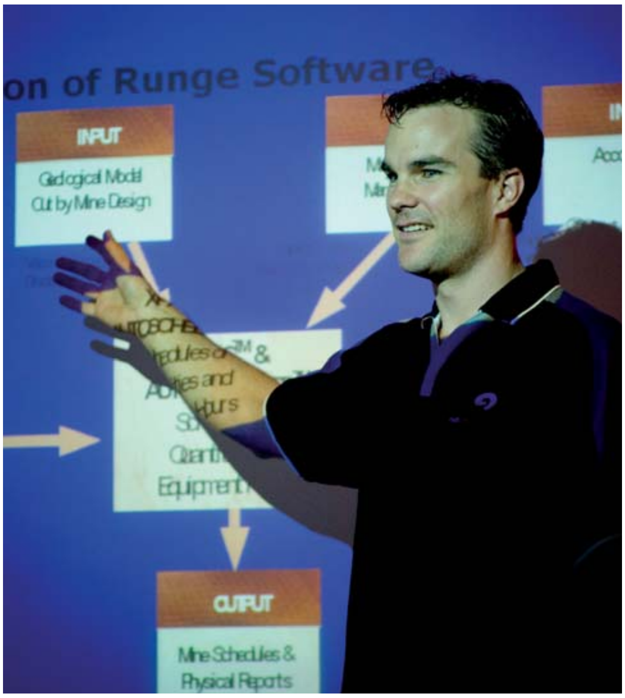
Runge's technology development group is working out of Perth, Malaysia and Brisbane whilst drawing on the technology input from around the world. The group is committed to development of excellence in products that are aligned with the needs of customers, both internal and external. The unique structure of Runge's business means that consultants working closely on projects with mining companies directly feed into the ongoing developments and enhancements of our technology. Runge's commitment to continued research and development and to continually push the boundaries, means that our technology is always at the forefront of the industry.

Our software revenue declined due to the market forces over the first three quarters of FY09. However, the fourth quarter returned to normal software sales levels as the recovery in commodity prices commenced. Runge currently has a large software sales pipeline and has recorded the single largest software sale in our history in the fourth quarter of FY09, with a solution comprising a mixture of desktop solutions and our Mining Dynamics product.

Runge's technology business provides an ongoing maintenance service of all contracts. These maintenance contracts are renewed by more than 96% of customers each year, demonstrating the quality of products and support. To ensure Runge continues to meet such a high expectation with customers, we are committed to continued development of our products and new versions of all of our products are released each year. Customers this year received upgrades and new solutions, which have been added as enhancements, as part of their maintenance contract.

As global mining businesses have developed a requirement for a more standardised mine planning approach, Runge has adapted our technology solutions to better match this need. We have undergone a generational change, with technology solutions now tightly coupled with business processes on offer to customers. This highly practical user-based approach allows global customers to review and standardise their business processes and ensure that the tools which provide efficiency are readily on hand and easy to use, no matter where they are the world.

As Runge technology is adopted across many countries, the availability of our programs in languages other than



English increases. For example, major products such as XERAS and XPAC are now available in Russian language versions.

While all technology products have undergone significant enhancements and upgrades, we have also reviewed security and licencing options so that core Runge IP is protected in higher risk markets and licencing provides a robust model for customers to engage with.

Continued commitment to finding solutions for the many challenges that Runge mine planning consultants face around the world has meant that there are many more innovative ideas and new technology solutions which are “on the drawing board”.

The accreditation of Runge IP by SAP as an ‘Endorsed Business Solution Partner’ reflects both the level of maturity of our technology as well as its complementary nature with the ERP systems in use throughout the industry. This approach has allowed us to use the components of Mining Dynamics, our mining enterprise solution to link the corporate ERP systems. The value of this is evidenced in the components which have been drawn together for our largest software sale recorded in May 2009.

Professional Development

The mining industry’s perception of training over the years has progressively changed. International mining companies are increasingly taking this current industry hiatus, brought on by flattened commodity demand, to standardise their business practices and processes across their global operations. Runge has seen mining organisations taking the opportunity to invest in more effective and efficient ways of delivering training to their staff, irrespective of where they are in the world.

Currently training is predominantly delivered through face-to-face classroom based training at mining sites or by attendance at scheduled training events held in a central location. However, there is a growing trend towards a new mining workforce which is becoming more mobile and international, especially those in managerial and technical roles. There is an ongoing need for skills upgrading and refresher training. Moreover, as the anticipated upswing in business certainty starts to become more evident, many mining companies will need to replace staff that were let go during the downturn. This means a step change is needed in the way training programs are delivered. In order to cope with this spike, new methods of training delivery are being established.

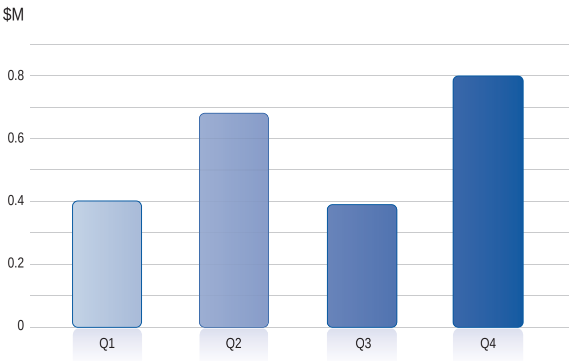
We have been working on the adoption of a “blended” learning strategy over the past year. This is a learning solution that integrates e-learning methodologies such as online delivery, discussion boards and chat rooms with “traditional” instructor-led methods including lectures, one-on-one discussions, seminars or tutorials. Runge, in conjunction with its strategic e-learning partner Catalyst Interactive, is developing a solution to address this problem by undertaking an innovative approach to training known as the Smartminer® project. This project will provide mining professionals and technical staff with access to relevant professional development opportunities across a range of knowledge domains and streams.

Recent research in the USA carried out by the American Society for Training and Development (ASTD) shows that one in every three hours of training is now delivered via some form of technology. This trend towards e-learning is expected to increase as organisations become more cost conscious of the fees and expenses associated with classroom-based courses. The adoption of a "blended" learning strategy offers learners and organisations alike, the best of both worlds.

SPOTLIGHT ON GeoGAS

GeoGAS has been part of Runge's business since November 2007. It was a privately owned company, servicing the Australian underground coal mine and coal bed methane (CBM) industries. In operation in Australia since 1990, GeoGAS, a leader in coal seam gas management services, is the only company in Australia that can offer an end to end continuum of services to the CBM industry. From coal reservoir characterisation, mine layout and gas content testing through to rig supervision and resource certification, GeoGAS provides the highest quality services with single source convenience for underground coal mines and the coal bed methane industry.

FY09 Consolidated GeoGAS Laboratory Revenue



GeoGAS has two of only a handful of commercial gas testing laboratories in Australia and provides gas measurement and analysis, modelling and resource estimation.

Runge purchased GeoGAS to add to Runge's capability and provide a "total solution" for the coal mining industry, of which gas management and mitigation for underground coal mines is a major health and safety component.

GeoGAS laboratories' revenue has doubled in the past year, as demand from the coal seam gas sector increased rapidly. It is expected that high demand from this sector of the market will continue for the next three years and we are focused on continuing to provide high quality services to this market.

The quarterly results reflect the seasonality of gas testing, with a higher rainfall in the third quarter impacting upon the ability of drill rigs to access locations for testing.

One of GeoGAS business focuses is its capabilities around greenhouse gas emission reporting and standardised management systems for reporting commercial gas resources and reserves. By 2011 it is expected all operating and planned coal mines in Australia must report their fugitive greenhouse gas emissions from coal mining.

The recent world financial crisis highlighted the importance of resource-reserve valuation and certification for mining companies as well as for mining oil and gas companies. There is a significantly increased demand for stringent controls to be exercised in the valuation of assets for raising capital, both for traditional and non-traditional sources of oil and gas, such as oil sands and coal bed methane.

5 minutes with Joan Esterle

Joan Esterle has 20 years experience in coal research and its application to mining, materials and gas reservoir behaviour. She joined GeoGAS after 17 years with CSIRO working across the value chain from exploration through mining and processing. Joan is also a Professor of Coal Geology at University of Queensland.

Describe your current role at GeoGAS?

My title is "business executive" which differs from my previous role as a gas reservoir geologist. This role is focused on building business opportunities and projects in concert with our laboratories and consulting group, and being on call to assist technically on projects where needed. The role is part time, and marries well with my position at the University of Queensland where I teach and conduct research projects.

How long and in what roles have you been working in the coal industry overall?

I've been in the coal industry since 1982, starting as a graduate student mapping high walls and crawling around in a 36 inch coal seam trying to develop predictive models for seam splitting and coal loss in bord and pillar mines in eastern Kentucky. My PhD dissertation was about using modern peat analogues to predict coal quality variation, so I wandered around in swamps and bogs in the eastern US and Southeast Asia in the late 1980's before moving to New Zealand on a post doctoral scholarship. I moved to Australia in 1992 to work with the CSIRO and have conducted a broad range of research projects from coal breakage and fines minimisation, optimising liberation, prediction of ground conditions from 3D sedimentary models and more recently trying to understand controls on the distribution of coal seam gas and its behavior during drainage. These skills are now being used to understand the estimation of fugitive greenhouse emissions from coal during mining and also understanding underground storage capacity for carbon dioxide. Importantly, my role as a university professor allows access to young geologists and engineers who may never have considered coal as an interesting career choice.

What do you find most exciting about the industry?

Coal is my rock, so I enjoy everything about it from the esoteric to the applied. The industry is dynamic and although some of its problems may not have changed since the first coal mine, the scale and complexity of the problems are always changing as are the technologies used to address them. Each coal deposit has its own story but there are similarities based on geological age or basin, so you always have clues of how the ground will behave, or the coal will process or react during utilisation. I also like the camaraderie across the industry and I'm excited by the number of young geologists and engineers that are coming into it.

What do you think will be the next big thing?

Coal is an important resource. Right now we mine it for feedstock for power and steel generation, we extract natural gas from coal and are gearing up for the liquefied natural gas (LNG), and we have trial and commercial in situ gasification plants for fuel and chemical feedstock, among other uses. How do we best steward our coal resources for optimum reward and minimum sterilisation and waste?

GLOBAL FOOTPRINT


ARCTIC OCEAN
Beijing
CHINA
PACIFIC OCEAN
Hong Kong
MALAYSIA
Kuala Lumpur
INDONESIA
Jakarta
INDIAN OCEAN
Johannesburg
Witbank
SOUTH AFRICA
Mackay
AUSTRALIA
Brisbane
Maitland
Sydney
Wollongong
Perth

REGIONAL REVIEW

Asia

We have been operating in China and Indonesia for seven and ten years respectively. The offices in Beijing and Jakarta now support a rapidly growing capability and intellectual property in the region. In the second half of FY09 an office was established in Hong Kong to provide day-to-day access to local customers.

The business variation between the North and South Asian markets signifies the variable nature of the mining industry in Asia. Runge services to the Indonesian market (South Asia) have predominantly been geology and engineering focused. We are assisting customers to meet international standards and develop projects from exploration through to cash producing mines. Our consultants in this region have also been helping customers with more mature projects to improve project performance through optimisation of mine design.

Our China market (North Asia) is focused on assessing and qualifying assets to be developed. As a result of the global financial crisis, the North Asian market has seen the re-pricing of risk in capital markets which has therefore placed a higher value on the need for risk mitigation through compliance with international reporting standards and detailed engineering. Each capital market determines a different risk profile and compliance requirement which typically frames the technical work through the development of projects. In addition, each risk profile requires a different level of detail in the business plans presented. Similarly, the financial sector has different requirements from these studies, whereby an understanding of the different levels of risk in the mining operation is required so that commercial agreements can be framed appropriately. To this end, we are providing strategic advice, as well as geological and engineering services which has delivered a successful business return in the Asian region.

As the scope of work shifted due to the global financial crisis, our Asian businesses moved quickly to serve the new needs of customers. This is testament to the business focused approach of Runge staff who were able to adapt in a rapidly changing market. It also meant that this market provided a significant amount of work to other parts of our Runge business. The success of FY09 was the result of long-term investment in the Asian region. As well as the establishment of the Hong Kong office, we have also invested in the development and training of local staff which has provided cross-skilling opportunities in other global offices.

The demand for services in this region continues to grow and Runge continues to support this region from both our global capability pool and by increasing the number of staff in the region.

To continue Runge's success in Asia, we will stay dedicated to the corporate philosophy of developing local people and understanding the needs of local customers. Runge believes and implements a policy of local recruitment and training which is a key to the success of the business and will continue to develop intern programs for staff in order to further extend their skills to internationally recognised standards.

Australia

In Australia Runge provides a complete range of services to the mining industry from consulting and advisory services through to specialist software, technical and professional development services.

The geographical spread of Runge's customer base, commodity exposure and the variety of services and products provided has limited the impact of the global financial crisis. As is the case in any changing economic climate, the progress of many mining projects slowed down whilst some were shelved, however a steady level of work continued for Runge's overall business.

Runge adapted to the global financial crisis by deploying consultants to generate income in different areas of the business as well as servicing other parts of the world. We also capitalised on Runge's personnel knowledge by dedicating these skills to IP development activities.

Bulk commodities, particularly iron ore and coal, are the major mineral exports of Australia. Although producers of these commodities curtailed spending in response to price falls, these producers continue to provide the region with a significant amount of work. The latter part of FY09 saw an increase in expenditure on mining projects in this region, with Runge customers revisiting work that was not completed early in FY09.

Foreign capital coming into the Australian mining investment sector has increased demand for risk management services. Runge has assisted many non-Australian based customers to successfully invest in the Australian mining sector.

Our customers have used the financial crisis as the catalyst for a comprehensive business review whereby focus moved from maximising production to broader business improvement. With a higher cost of capital and reducing cash margins, the demand for tools and services providing greater efficiency and standardisation of business planning processes has increased.

Runge's customers are recognising the need to focus on efficiencies across the overall business planning process where a collaborative workforce extracts more value from its mineral, human and capital resources. This recognition is providing an ever-increasing opportunity for our services and products – IP that captures mine business planning processes and is ideal for both traditional mining advisory projects and for customers' use in their day-to-day operations. Runge's approach to mine planning has helped to not only maintain but build on customer relationships throughout the economic downturn.

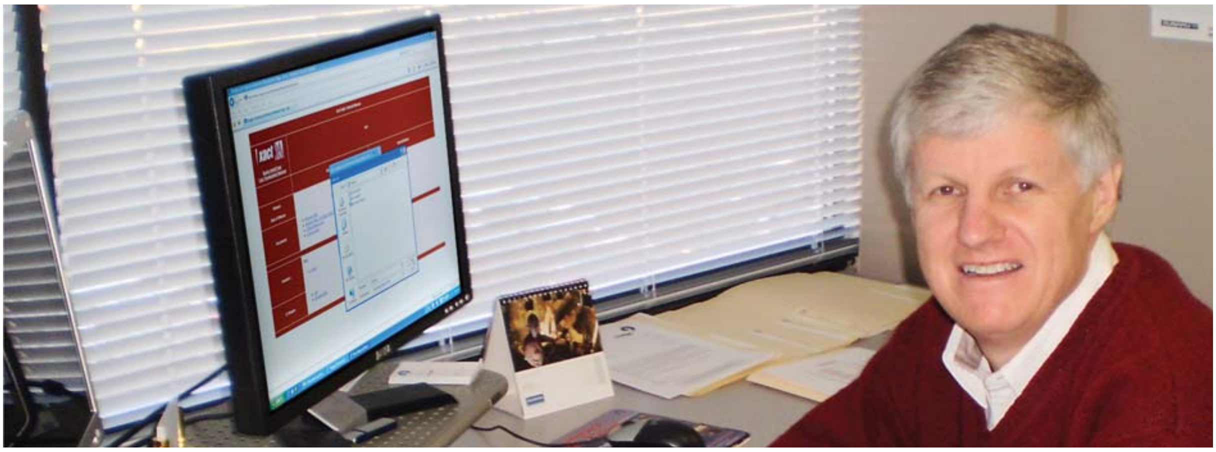
North America

Our North American operation provides the full range of Runge's IP offering with significant effort being put into establishing a full software delivery operation in early FY09.

The beginning of FY09 was very busy and the considerable backlog of projects and continued high demand for services provided the opportunity to invest in hiring and training a number of software implementation consultants to meet the growing customer demand for our products.

The global financial crisis impacted heavily on Runge's business in the second half of FY09. However, we used the opportunity to focus on continued development of the business by greater concentration on marketing initiatives and development of employees.

The very end of FY09 signalled a shift in market conditions and the business experienced an increase in demand for services from advisory services to software consulting and implementations. Runge continue to recruit and invest in employees for the long-term which enables Runge to meet the increased customer requirements.



South America

Runge's business in this region has been focused on helping customers with production scheduling and budgeting. The mining companys' requirements for variable scenario evaluation and simulation continues to grow due to increased uncertainty with the industry. This is evident with the increased interest in our maintenance and financial modelling and re-forecasting software, XERAS. Our ability to interface with the large corporate enterprise systems is integral to successful financial planning.

In the latter half of FY09, we continued to expand the consulting services offered in South America, with recruitment and development of staff in both Santiago and Belo Horizonte, which will allow us to better address the broader demand of Runge services from the region. The Santiago office moved to new and larger premises, providing closer access to customers and increased capacity for new employees.

As with the market trends in other regions, Runge's South American region also felt the impact of the economic downturn and the reduction in commodity prices in FY09. However, activities started to pick up towards the end of the second half of FY09. This upturn has resulted in an increased demand for software and subsequent implementations. Consulting projects, which centred on budgeting processes for mining businesses, have identified the need for a solution for management of data flow and processes from exploration data acquisition through resource and reserve estimation.

South Africa

Our South African operator, MRM Mining Services, specialises in systematic, integrated mine planning and mine financial planning. Additionally our base load mine geology, mining engineering and project feasibility studies to a bankable accreditation level, are services continued to be sought by the African mining industry.

In the first half of FY09, there was a wide variety in the focus of work across the industry - driven by the different sectors and the magnitude of the operations. The larger companies increased their focus on efficiencies in business and maintenance models, whilst mid-tier operations continued to actively explore and evaluate properties - particularly the coal sector.

The impact of the global financial crisis in this region was not felt immediately in comparison to the global mining industry. Forex controls and strict credit regulations and extensions in South Africa meant Runge had a steady flow of projects throughout the first half of the year. A slowdown, though less severe than other regions, was experienced in second half of FY09. During this period we chose to invest in improving staff skill-base and broaden the marketing approach. Significant effort has been placed on marketing and delivery of Professional Development courses throughout Africa resulting in benefits from this program including an increased skill level of local employees and an increased profile of the business and capabilities of Runge's global business.

The mining industry in South Africa has increasing interest in Runge IP and its ability to deliver efficiency. This is in line with our global experience, where mining companies are seeking productivity improvements and efficiencies through development of better planning solutions.


INSPIRON

BOARD OF DIRECTORS

Vince Gauci
Chairman

Vince has had in excess of 40 years in the mining industry. He has held numerous executive roles in the industry including approximately 20 years with CRA, several years operating his own management consulting business, senior management roles in Pan Continental Mining Ltd including Managing Director before the company was taken over by Renison Goldfields.

He joined M.I.M. Holdings in 1995 and was Managing Director prior to the takeover by Xstrata plc in June 2003. He is currently Non-Executive Director of Newcrest Mining Limited and Non-Executive Director of Liontown Resources Ltd.

In addition to his current board duties Vince is voluntarily involved in the Broken Hill Community Foundation where he is Chairman, and was until recently Chairman for the Centre for Low Emission Technology. He was awarded the Centenary Medal in 2003.

Vince graduated from the University of NSW with a Bachelor of Engineering (Mining) and is a long time member of the Australian Institute of Mining Engineering.

Tony Kinnane
Managing Director

Tony has extensive experience in the mining industry having held managerial positions in various mines across Australia since 1973. He joined Runge in 1986 as Operations Manager and in 1991 was appointed Managing Director. Since this time, Tony has overseen the growth of Runge through its continued international expansion in consulting, software and training.

Tony holds a Diploma in Mine Engineering and a Diploma of Geology from RMIT. He is also a Fellow of The Australasian Institute of Mining and Metallurgy.

Christian Larsen
Executive Director

Christian has been involved with Runge for over 20 years and has been a Director since 1996. He has experience in the development of Runge software, business operating procedures and knowledge databases. His previous roles at Runge have included Systems Engineer, Mining Consultant and Business Development Manager. Christian currently heads the Mergers and Acquisitions team for Runge, a role he has fulfilled since 2003.

Christian holds a Bachelor of Engineering (Hons Mining) and a Master of Business Administration both obtained from the University of Queensland.

Ian Runge
Non-Executive Director

Ian Runge founded the Runge Ltd group in 1977 after working in the mining industry in central Queensland, Europe, and USA. He transitioned from full-time operational involvement in 1992, but has continued to make significant contributions to the company and to the industry since that time in the areas of governance processes and business strategy. He is recognised as a leading expert in the field of mining economics and strategy, and is the author of the world-recognised textbook "Mining Economics and Strategy" published by the Society of Mining, Metallurgy and Exploration (Denver).

Ian holds a Master of Engineering (Mining) from the University of Queensland and a MA and PhD in Economics from George Mason University (Virginia, USA).

Ian is a Fellow of the Australasian Institute of Mining and Metallurgy and Australian Institute of Company Directors.

Ross Walker
Non-Executive Director

Ross is currently the Chairman of Johnston Rorke (Chartered Accountants) having joined them in 1985. Johnston Rorke has over 120 staff and 15 partners. Ross held previous roles at Arthur Andersen having worked locally and in various offices throughout the United States.

Ross' experience includes corporate finance, auditing, valuations and capital raisings.

Ross holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants.

Neil Hatherly
Non-Executive Director

Neil is currently the Managing Director of RJI Group/RNH Consulting, a specialist executive search firm. Neil has held numerous roles in the mining industry working in both coal and metalliferous mines, including Deputy General Manager of the Collinsville Coal company and the senior IT management role of Mount Isa Mines.

In addition to his mining experience, Neil was the Queensland state manager for PA Consulting, a management consulting firm where he specialised in business planning and performance improvement. Neil is currently a director of Brisbane Transport, the Committee for Economic Development of Australia (CEDA) and the Indooroopilly Golf Club.

Neil holds a Bachelor of Science (Hons) from the University of Newcastle, is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and the Australasian Institute of Mining and Metallurgy.

MANAGEMENT TEAM

Pat Williams

Chief Operating Officer (Brisbane)

Pat has a broad understanding of the operational aspects of mining, gained from his experience working in major mining companies in Australia. This experience has been further developed through a variety of positions in Runge including Business Development and North American Operations Manager. These challenging roles have fine tuned Pat's skills and passion for working with mining companies to implement profitable and sustainable solutions.

David Meldrum

Executive General Manager – Business Expansion (Sydney)

David has over 25 years experience in the resources sector in operations, consulting and investment banking. He was a founding partner of Minarco and became General Manager of Minarco-MineConsult upon the acquisition by Runge. David has extensive experience in mine asset due diligence and valuation and over the last five years, he has been part of a team which has developed a high profile and rapidly growing business unit in China.

David is supported by:

Andrew Ryan, General Manager North Asia

Philippe Baudry, Operations Manager China

Bill Park, General Manager Indonesia

Julia Sloman

Chief Financial Officer and Joint Company Secretary (Brisbane)

Julia joined Runge as Chief Financial Officer and Joint Company Secretary in March 2008. Julia has held previous CFO roles with Australian technology companies including Telecorp Limited and Softlink International Limited. Prior to joining Runge, Julia held roles as Commercial Manager and in corporate strategy with Skilled Group.

Julia holds a Masters Degree from Cambridge University, UK, and is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.

Ken Lewis

Group General Counsel and Joint Company Secretary (Brisbane)

Ken joined Runge as Group General Counsel and Joint Company Secretary in March 2008. He has extensive experience in general commercial law, corporate governance and company secretarial matters.

Prior to joining Runge, Ken's experience included establishing and operating his own law firm for six years. During this time Ken represented several private multinational clients in diverse industries including retail, manufacturing and services.

Ken was also the inaugural General Counsel and Company Secretary for Dominos Pizza Enterprises Limited and assisted in the Company's listing on the ASX in May 2005. Ken holds a Bachelor of Laws from the Queensland University of Technology and is a solicitor of the Supreme Court of Queensland and the High Court of Australia.

In addition, our global operations are managed by the following:

John Buffington

Executive General Manager - Australasia (Brisbane)

John is supported by:

Kevin Holm, General Manager Queensland

Hal Morris, General Manager New South Wales

Tim Fairbanks, Mine Planning Systems Manager West Australia

Paul Payne, Consulting Manager West Australia

Stephanie Neilsen, Laboratories Manager GeoGAS

Shane Domaschenz, Location Manager Wollongong

Ian Perks

Executive General Manager – Africa (Johannesburg)

Ian is supported by:

Shaun Bydawell, Operations Manager South Africa

Raja Upadhyay

Executive General Manager - Americas (Denver)

Raja is supported by:

Katherine Villalobos, General Manager Chile

Darrel Buffington, General Manager Brazil

Fraser Rowe, General Manager Canada

Dennis Golden, Operations Manager Gillette

Gary Gibson

Global Training Manager (Brisbane)

Scott Henderson

Chief Technology Officer (Brisbane)

Scott is supported by:

Ian Mega and John Armstrong, Executive Directors Malaysia

Michael Scott

Executive General Manager Global Organisational Development (Brisbane)

Linda Young

Executive General Manager Global Communications (Sydney)

FINANCIAL REPORT

DIRECTORS' REPORT

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 2009.

1. 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 - *Acting Managing Director (18 November 2008 - 30 June 2009)*

2. Principal Activities

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

a) Technical and business consulting for the resources industry;

b) Software licensing and maintenance; and

c) Training.

3. Dividends

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

	Date of payment	Cents per share	Total Amount $ '000
2008 Final dividend ordinary share fully franked	6 October 2008	1.5	1,861
2009 Interim dividend ordinary share fully franked	7 April 2009	2.0	2,482
Total			**4,343**

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 $3,102,000 (2.5 cents per share) with a record date of 15 September 2009 to be paid on 6 October 2009.

4. Review and Results of Operations

Runge achieved profit after tax of $7.9 million for the year ended 30 June 2009, which is a 33% increase from $5.9 million profit after tax recorded in the previous financial year. Basic earnings per share in 2009 increased by 21% to 6.4 cents per share (2008: 5.3 cents).

Consolidated revenue over the same period increased by 19% to $83.3 million (2008: $70.3 million).

This performance was underpinned by:

- Growth in consulting revenue in Indonesia, where the Group is a pre-eminent provider, coupled with similar strong growth in consulting revenue in China;
- Consulting revenue in the USA, which grew over 10% in real terms and 32% in the Group's presentation currency despite the difficult conditions in the latter half of the year;
- Increased revenues from software maintenance;

4. Review and Results of Operations (Continued)

- The first full year operations of GeoGAS Laboratory revenue doubled in 2009, and expectations are of continuing growth in this sector.

During its first full year as a listed company Runge relocated to new premises with sufficient room to accommodate future growth and implemented a state-of-the-art IT network.

The Group's debtors grew in line with revenue and the quality of the debtors' ledger has not deteriorated. Strong operational cashflow enabled Runge to pay down 59% of its debt to leave $3.5 million debt at the end of the year (2008: $8.4 million) and a net cash position of $3.2 million (2008: $4.2 million).

Despite the global financial crisis and slow down in mining activities worldwide, in 2009 the Group increased the global movement of consultants, resulting in sharing of knowledge, improved utilisation and strong regional growth. This enabled Runge to grow employee numbers in the 2009 year to 372 (2008: 337). More than 36% of the Group's employees were located outside of Australia at the end of the 2009 financial year (2008: 35%).

During the year the Group opened a new office in Hong Kong to support the growing market of international mining companies accessing this financial hub of South East Asia.

Despite the challenging conditions in 2009, Runge achieved a record software sales contract valued at over $2.7 million, the largest sale in Runge's 32 year history.

There were a number of one-off expenses in FY08 that significantly impacted the FY08 result. Also, in FY09 Runge incurred a full year of legal costs in defending the litigation against its US subsidiary. After adjusting for these non-operating costs, a comparison of the FY09 performance against FY08 can be summarised as follows:

	Consolidated	
	2009	2008
	$'000	$'000
Profit before tax as reported in the statutory accounts	10,435	8,202
Adjustments for significant non-operating items:		
- Shareholder sell-down expenses	-	1,670
- Professional fees – pre IPO proposed trade sale	-	530
- Legal fees – US litigation	1,323	352
Profit before tax, as adjusted	**11,758**	**10,754**

In addition, Runge benefited from foreign exchange gains in FY09 of $620,000 (2008: losses of $322,000). In view of these items the directors consider the results for FY09 to be reasonable given the difficult economic conditions, particularly in the second half.

5. Significant Changes in the State of Affairs

There was no matter or circumstance during the financial year that has significantly affected the state of affairs of the Group.

6. Litigation

The Company has previously disclosed details of litigation against a controlled entity of Runge Limited, Runge, Inc doing business as Pincock Allen and Holt (PAH) in the United States District Court of Colorado Civil Action No. 07-CV-01989-RPM-MJW. Full details are set out in note 23 of this financial report.

During the year the litigation has focused on the taking of initial witness depositions and mutual disclosure of documents. No fact or matter has come to light during the initial deposition of witnesses or disclosure of documents to cause PAH and/or the Company to change or alter their opinion of their prospects as set out in note 23. That is, PAH believes it has strong grounds to defend the litigation and believes it will succeed in this litigation. Under the current timetable it is estimated the matter will not proceed to trial until the third/fourth calendar quarter of 2010.

The Company also refers to the arrangements regarding the establishment of the RS Trust (see note 23). The RS Trust is still in place and no call has been made on it for any purpose.

6. Litigation (Continued)

The previously disclosed action by Standard Bank Plc against Vero Insurance Limited (Vero) and as Nominal Defendant, PAH in the United States District Court of Jefferson Colorado Civil Action No.2008 CV 3710 has been dismissed. Standard Bank did not lodge an appeal. It has however filed a request that the matter be remitted to the State Courts of Colorado. No determination on this request has yet been made by the Court. In any event 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 matter or circumstance has arisen since 30 June 2009 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 all 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.

9. Information on Current Directors and Company Secretaries

Directors	Experience	Special responsibilities
Vince Gauci	Chairman, Non-executive Director. Joined the Board in February 2008. 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), Newcrest Mining Limited (Non-executive Director since December 2008) and the Broken Hill Community Foundation (Chairman). Other listed company directorships in last three years: Coates Hire Limited (2006 to 2008).	*Chairman* *Member – Audit and Risk Committee* *Member – HR and Remuneration Committee*
Tony Kinnane	Managing Director, employed by Runge for 22 years. Joined the Board in June 1991. Qualifications: Grad. Dip. M.E. Grad. Dip. Geology, Grad. Dip. BA. Other listed company directorships in last three years: None.	*Managing Director* *(On leave of absence November 2008 – June 2009)* *Member – HR and Remuneration Committee*
Christian Larsen	Executive Director. Joined the Board in January 1996, employed by Runge for 22 years. Qualifications: B.E. (Mining Engineering), MBA, FAICD, PE. Other listed company directorships in last three years: None.	*Executive Director* *Acting Managing Director* *(November 2008 – June 2009)* *Acting member HR and Remuneration Committee (November 2008 - June 2009)*

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

Ian Runge	Non-executive Director, company founder. Director since December 1986. Qualifications: M.E.(Mining Engineering), Ph D. (Economics), FAusIMM, FAICD. Other listed company directorships in last three years: None.	*Non-executive Director* *Member – Audit and Risk Committee*
Ross Walker	Non–executive Director. Joined the Board in March 2007. Joined Johnston Rorke in 1985, Managing Partner in 1995 - 2008. Predominantly involved in corporate finance, auditing, valuations, capital raisings and mergers 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 and Risk Committee*
Neil Hatherly	Non–executive Director. Joined the Board in March 2007. Currently Managing Director of RNH Consulting. Extensive experience in management consulting, performance improvement and computer based modelling. 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* *Member and Chairman – HR and Remuneration Committee*

All Directors are members of the Nominations Committee.

Ken Lewis, LLB (Group General Counsel) and Julia Sloman, FCA MA (Chief Financial Officer) are Joint Company Secretaries.

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 2009 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	14	14	3	5	5	5
Tony Kinnane	9*	14	-	-	4	5
Christian Larsen	11	14	-	-	3	3
Neil Hatherly	14	14	-	-	5	5
Ian Runge	13	14	4	5	-	-
Ross Walker	13	14	5	5	-	-

* *Five meetings held from November 2008 to June 2009 while Tony Kinnane on sick leave.*

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 the 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; and

D. Service agreements.

Remuneration and compensation have the same meaning in this report.

12A. 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 an 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. 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, operational 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;
- Their ability to control the relevant Segment's performance; and
- The Segment or Group performance, including:
  - the Segment or Group earnings and quality of delivery to customers; and
  - the growth in share price and achievement of constant returns on shareholder wealth.

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.

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.

12. Remuneration Report - Audited (Continued)

12A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

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 Option 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 compensation together with Earnings for the same period.

Financial year ended	Total remuneration $'000	Net profit $'000	Dividends $'000
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
30 June 2009	2,984	7,918	4,343

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.

Long-term Incentive

Options were issued in FY08 under the Employee Share Option Plan (ESOP) to key management personnel 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 – Total Shareholder Return (TSR) increase as follows:

   i) Options vesting on 30 August 2009 – 20% TSR from the Grant Date;

   ii) Options vesting on 30 August 2010 – 44% TSR from the Grant Date; and

   iii) Options vesting on 30 August 2011 – 72% TSR from the Grant Date.

c) Relative – better performance, (TSR), than half of the Group's industry peers listed overleaf:

12. Remuneration Report - Audited (Continued)

12A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

i) Ausenco Ltd;
ii) Cardno Ltd;
iii) Downer EDI Ltd;
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) Pearl Street 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) Worley Parsons 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.

The Board has a policy that restricts Directors and Executives of the Group from entering 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 Director's fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $400,000 (2008: $400,000).

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

12B. Details of Remuneration

Directors

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 (Acting Managing Director from November 2008 to June 2009)

Non-executive Directors

Christopher Still (resigned on 21 April 2008)
Ian Runge
Ross Walker
Neil Hatherly

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:

12. Remuneration Report - Audited (Continued)

12B. Details of Remuneration (Continued)

Name	Position	Employer
David Meldrum	General Manager Minarco-MineConsult	Runge Limited
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	Chief Operating Officer	Runge Limited
Scott Henderson	Chief Technology Officer	Runge Limited

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.

2009	Short-term benefits			Post - employment benefits		Share-based payment	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	Cash salary and fees	STI cash bonus	Non – monetary benefits	Super-annuation	Termination benefits	Options			
	$	$	$	$	$	$	$	%	%
Directors									
A Kinnane	362,749	-	6,423	100,000	-	9,969	479,141	2.1	2.1
C Larsen	328,518	-	-	13,745	-	9,971	352,234	2.8	2.8
V Gauci	119,267	-	5,910	9,840	-	26,560	161,577	16.4	16.4
N Hatherly	80,000	-	-	-	-	-	80,000	-	-
I Runge	80,000	-	-	-	-	-	80,000	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
Subtotal	1,050,534	-	12,333	123,585	-	46,500	1,232,952	3.8	3.8
Other Key Management Personnel									
D Meldrum	247,495	-	38,743	27,179	-	9,895	323,312	3.1	3.1
J Buffington	261,658	-	7,891	49,348	-	9,971	328,868	3.0	3.0
J Sloman	242,004	-	-	15,559	-	4,409	261,972	1.7	1.7
K Lewis	252,250	-	23,671	23,508	-	4,409	303,838	1.5	1.5
P Williams	285,890	-	10,907	13,745	-	10,125	320,667	3.2	3.2
S Henderson	174,725	-	14,595	17,604	-	5,639	212,563	2.6	2.6
Subtotal	1,464,022	-	95,807	146,943	-	44,448	1,751,220	2.5	2.5
Total	**2,514,556**	**-**	**108,140**	**270,528**	**-**	**90,948**	**2,984,172**	**3.0**	**3.0**

12. Remuneration Report - Audited (Continued)

12B. Details of Remuneration (Continued)

2008	Short-term benefits			Post - employment benefits		Share-based payment	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	Cash salary and fees	STI cash bonus	Non – monetary benefits	Super-annuation	Termination benefits	Options			
	$	$	$	$	$	$	$	%	%
Directors									
A Kinnane	248,998	122,162	11,836	96,000	-	819	479,815	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	1,151,523	16.4	0.3
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	10.7	0.3
Total	**1,794,276**	**329,616**	**42,420**	**262,742**	**110,091**	**7,936**	**2,547,081**	13.3	0.3

* *J Sloman (Chief Financial Officer appointed 16 April 2008)*
** *K Lewis (Group General Counsel appointed 3 March 2008)*
*** *P McCaw moved to a role not included in key management personnel from 1 July 2008.*

12C. 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.

No options were granted during the current reporting period.

No options were exercised and have lapsed.

12. Remuneration Report - Audited (Continued)

12D. 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 continues in office in accordance with section 327 of the *Corporations Act 2001.*

During the year PKF, 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 *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk 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:	**2009 $**	**2008 $**
PKF Australia (East Coast Practice) Service provided - agreed upon procedures	1,850	8,182
PKF Malaysia - tax compliance services	-	958
	1,850	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 13.

16. Directors' Interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such investments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Runge Limited	
	Ordinary Shares	**Options over Ordinary Shares**
V Gauci	665,000	300,000
A Kinnane	10,081,171	109,521
C Larsen	4,636,568	109,521
I Runge	16,091,945	-
N Hatherly	-	-
R Walker	50,000	-

17. 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 report 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: 29 August 2009

AUDITOR'S INDEPENDENCE DECLARATION

PKF
Chartered Accountants
& Business Advisers

To: The Directors of Runge Limited

As lead auditor for the audit of Runge Limited for the year ended 30 June 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 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

Wayne Wessels
Partner

Dated at Brisbane this 29th day of August 2009

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Revenue					
Services		70,335	57,588	29,771	26,803
License sales		10,546	11,736	9,768	9,444
Other revenue		2,132	452	7,840	4,116
Interest		376	549	125	307
		83,389	**70,325**	**47,504**	**40,670**
Expenses					
Amortisation	12	(2,210)	(2,329)	(834)	(581)
Depreciation	11	(1,279)	(695)	(806)	(374)
Employee benefits expense		(46,625)	(37,291)	(24,120)	(20,970)
Office expenses		(2,870)	(1,912)	(1,830)	(1,051)
Professional services		(4,132)	(3,326)	(2,016)	(2,333)
Rechargeable expenses		(6,487)	(6,894)	(1,675)	(1,861)
Rent		(4,901)	(2,092)	(3,259)	(817)
Shareholder sell-down expenses	17	-	(1,670)	-	(1,670)
Travel expenses		(1,749)	(1,842)	(960)	(1,117)
Other expenses		(2,254)	(2,847)	(4,547)	(3,393)
		(72,507)	**(60,897)**	**(40,047)**	**(34,167)**
Profit before income tax and finance costs	**3**	**10,882**	**9,428**	**7,457**	**6,503**
Finance costs	3	(447)	(1,226)	(377)	(1,089)
Profit before income tax		**10,435**	**8,202**	**7,080**	**5,414**
Income tax expense	4	(2,517)	(2,259)	(949)	(425)
Net profit		**7,918**	**5,943**	**6,131**	**4,989**
Earnings per share					
Basic earnings per share (cents)	29	6.4	5.3		
Diluted earnings per share (cents)	29	6.4	5.3		

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

BALANCE SHEETS

AS AT 30 JUNE 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	6,689	12,652	2,499	7,584
Trade and other receivables	7	17,418	14,904	13,749	10,434
Work in progress	8	1,622	3,058	335	1,793
Current tax receivable		750	1,604	-	1,527
Other financial assets	10	243	-	-	-
Other assets	9	1,336	711	961	530
Total current assets		**28,058**	**32,929**	**17,544**	**21,868**
Non-current assets					
Trade and other receivables	7	327	238	8	1,073
Other financial assets	10	-	-	31,981	31,814
Property, plant and equipment	11	6,701	2,321	5,700	1,337
Deferred tax assets	5	2,669	191	1,540	601
Intangible assets	12	32,182	31,778	5,794	4,665
Other assets	9	-	5	-	5
Total non-current assets		**41,879**	**34,533**	**45,023**	**39,495**
Total assets		**69,937**	**67,462**	**62,567**	**61,363**
LIABILITIES					
Current liabilities					
Trade and other payables	13	6,222	9,099	6,929	5,359
Borrowings	14	581	2,477	-	1,800
Provisions	15	4,113	3,701	2,469	2,412
Current tax liabilities		1,231	315	1,047	-
Other liabilities	16	5,832	3,628	4,446	3,209
Total current liabilities		**17,979**	**19,220**	**14,891**	**12,780**
Non-current liabilities					
Trade and other payables	13	-	-	-	2,828
Borrowings	14	2,900	5,921	2,900	5,350
Provisions	15	34	40	26	16
Deferred tax liabilities	5	-	372	-	-
Other liabilities	16	2,484	275	2,194	15
Total non-current liabilities		**5,418**	**6,608**	**5,120**	**8,209**
Total liabilities		**23,397**	**25,828**	**20,011**	**20,990**
Net assets		**46,540**	**41,634**	**42,556**	**40,374**
EQUITY					
Contributed equity	17	39,385	39,262	39,385	39,262
Reserves	18(a)	(1,833)	(3,041)	314	43
Retained profits	18(c)	8,988	5,413	2,857	1,069
Total equity		**46,540**	**41,634**	**42,556**	**40,374**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

Consolidated	Contributed equity $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Reserve arising from an equity transaction $'000	Employee option reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2008	39,262	18	(1,531)	(1,553)	25	5,413	41,634
Exchange differences on translation of foreign operations	-	-	937	-	-	-	937
Net income/(expense) recognised directly in equity	-	-	937	-	-	-	937
Profit for the year	-	-	-	-	-	7,918	7,918
Total recognised income and expense for the year	-	-	937	-	-	7,918	8,855
Equity issued for the year net of transaction costs	123	-	-	-	-	-	123
Dividends paid to shareholders	-	-	-	-	-	(4,343)	(4,343)
Employee share options	-	-	-	-	271	-	271
Balance at 30 June 2009	**39,385**	**18**	**(594)**	**(1,553)**	**296**	**8,988**	**46,540**
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**

FOR THE YEAR ENDED 30 JUNE 2009

Parent	Contributed equity $'000	Revaluation reserve $'000	Employee option reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2008	39,262	18	25	1,069	40,374
Profit for the year	-	-	-	6,131	6,131
Total recognised income and expense for the year	-	-	-	6,131	6,131
Equity issued for the year net of transaction costs	123	-	-	-	123
Dividends paid to shareholders	-	-	-	(4,343)	(4,343)
Employee share options	-	-	271	-	271
Balance at 30 June 2009	**39,385**	**18**	**296**	**2,857**	**42,556**
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**

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

STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash flows from operating activities					
Receipts from customers		88,320	62,971	45,061	31,029
Payments to suppliers and employees		(72,929)	(52,510)	(38,679)	(26,067)
		15,391	10,461	6,382	4,962
Dividends received		-	-	6,118	3,540
Interest received		376	549	125	307
Finance costs		(447)	(1,226)	(377)	(1,088)
Income taxes paid		(3,580)	(3,786)	(819)	(1,825)
Net cash inflow from operating activities	**27**	**11,740**	**5,998**	**11,429**	**5,896**
Cash flows from investing activities					
Payments for property, plant and equipment		(5,624)	(1,595)	(5,168)	(1,143)
Payments for intangible assets		(2,192)	(1,432)	(1,962)	(1,242)
Proceeds from sale of property, plant and equipment		-	133	21	60
Payments for short term deposits		(243)	-	-	-
Payments for investments in subsidiaries		-	-	(167)	-
Payments for business combinations	26	-	(6,862)	-	(7,905)
Payments for prior year business combinations		(768)	(373)	(768)	(373)
Net cash outflow from investing activities		**(8,827)**	**(10,129)**	**(8,044)**	**(10,604)**
Cash flows from financing activities					
Proceeds from the issue of shares and other equity securities net of transaction costs		123	18,798	123	18,798
Repayment of finance leases		(108)	(31)	-	(11)
Proceeds from borrowings		7,550	12,303	7,550	9,950
Repayment of borrowings		(12,582)	(12,845)	(11,800)	(10,900)
Dividends paid – members of the parent entity		(4,343)	(7,447)	(4,343)	(7,447)
Net cash inflow/(outflow) from financing activities		**(9,360)**	**10,778**	**(8,470)**	**10,390**
Net increase/(decrease) in cash and cash equivalents held		(6,447)	6,647	(5,085)	5,682
Cash and cash equivalents at the beginning of the financial year		12,652	6,579	7,584	1,902
Effects of exchange rate changes on cash and cash equivalents		484	(574)	-	-
Cash and cash equivalents at the end of the financial year	**6**	**6,689**	**12,652**	**2,499**	**7,584**

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

NOTES TO THE FINANCIAL STATEMENTS

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.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Runge Limited as at 30 June 2009 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 (Continued)

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 (Continued)

(e) Revenue Recognition

i) Sale of licenses

Revenue from the sale of licenses 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) Software maintenance

When the outcome of a transaction involving software maintenance can be estimated reliably, revenue associated with the transaction is recognised on a straight-line basis over the service period.

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 may be 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.

1. Summary of Significant Accounting Policies (Continued)

(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.

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.

1. Summary of Significant Accounting Policies (Continued)

(l) Property, Plant and Equipment

Property, Plant and Equipment is measured on a cost basis. 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 – 12 years
Office equipment	3 – 12 years
Computer equipment	2 – 10 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.

(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.

1. Summary of Significant Accounting Policies (Continued)

(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.

(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 2009, 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.

1. Summary of Significant Accounting Policies (Continued)

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.

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

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.

1. Summary of Significant Accounting Policies (Continued)

(u) Comparative Figures

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

(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 a 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,
- impairment of receivables (note 7), and
- work in progress (note 8).

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) Change in Accounting Policy

In this financial report the Group has changed the way it discloses fees for disbursements in the Group's income statement.

In prior periods revenues from consulting services consisted only of the time charged to customers. All fees for disbursements, such as fees for external consultants, travel, accommodation and other expenses were shown net of the related costs incurred by the Group and this net amount separately disclosed as "Disbursements" in revenue. The fees for disbursements are now shown gross under "Services" revenue in the income statement.

As the entities in the Group do not act under agency agreements and the accounting for fees for disbursements varies according to the nature of the contract negotiated with the customer, the new treatment of recognising charges of time and materials as a gross revenue item provides more reliable and relevant information.

The impact of this change on net profit is nil for all prior periods and the impact on revenue and expenses for current and prior periods is disclosed below:

	2009 $'000	2008 $'000	2007 $'000
Consolidated			
Revenue increase	6,487	6,894	3,956
Expenses increase	(6,487)	(6,894)	(3,956)
Parent			
Revenue increase	1,675	1,861	1,118
Expenses increase	(1,675)	(1,861)	(1,118)

1. Summary of Significant Accounting Policies (Continued)

(x) 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 2009, 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 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.*

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.

1. Summary of Significant Accounting Policies (Continued)

- 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.
- Interpretation16 - This interpretation deals with accounting for hedges of a net investment in a foreign operation. The Directors have not yet assessed the impact of the interpretation 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 worldwide basis into Geographical Regions and is reported on that basis. The Group has offices in five major geographical locations: Australia (including the head office), North and South Americas (Canada, USA, Brazil and Chile), South Africa and Asia (Malaysia, China, Indonesia and Hong Kong). 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 an "arms-length" basis and are eliminated on consolidation.

Business Segments

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

2. Segment Information (Continued)

SUMMARY OF FINANCIAL INFORMATION BY GEOGRAPHICAL SEGMENT
2009

	Australia $'000	Asia $'000	South America $'000	North America $'000	Africa $'000	Intersegment eliminations $'000	Consolidated $'000
REVENUE							
External sales	45,793	9,228	3,379	17,230	5,250	-	80,881
Inter-segment sales	8,299	1,679	418	1,541	985	(12,921)	-
Total sales revenue	54,092	10,907	3,797	18,771	6,235	(12,921)	80,881
Other revenue	822	72	549	(74)	13	-	1,382
Segment Revenue	**54,914**	**10,979**	**4,346**	**18,697**	**6,248**	**(12,921)**	**82,263**
Unallocated revenue							750
Interest revenue							376
Total Revenue							**83,389**
RESULT							
Segment result	17,683	4,397	479	1,449	256	-	**24,264**
Net finance costs							(71)
Unallocated expenses							(13,758)
Profit before income tax							10,435
Income tax expense							(2,517)
Net Profit							**7,918**
ASSETS							
Segment assets	68,860	809	200	5,591	4,596	-	80,056
Unallocated assets							(10,119)
Total Assets							**69,937**
Acquisition of non-current assets	5,400	49	84	60	60		5,653
LIABILITIES							
Segment liabilities	21,299	162	399	2,514	1,415	-	25,789
Unallocated liabilities							(2,392)
Total Liabilities							**23,397**
OTHER INFORMATION							
Depreciation and amortisation	947	209	34	240	46	2,013	3,489
Other non cash expenses	5	14	-	80	-	-	99

2. Segment Information (Continued)

SUMMARY OF FINANCIAL INFORMATION BY GEOGRAPHICAL SEGMENT
2008

	Australia	Asia	South America	North America	Africa	Intersegment eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE							
External sales	48,533	-	2,184	13,698	4,909	-	69,324
Inter-segment sales	5,846	985	601	1,110	1,714	(10,256)	-
Total sales revenue	54,379	985	2,785	14,808	6,623	(10,256)	69,324
Other revenue	4,116	7	(25)	(409)	41	(3,278)	452
Segment Revenue	**58,495**	**992**	**2,760**	**14,399**	**6,664**	**(13,534)**	**69,776**
Interest revenue							549
Total Revenue							**70,325**
RESULT							
Segment result	18,454	96	177	1,351	1,345	-	**21,423**
Net finance costs							(677)
Unallocated expenses							(12,544)
Profit before income tax							8,202
Income tax expense							(2,259)
Net Profit							**5,943**
ASSETS							
Segment assets	62,848	373	1,557	6,437	4,597	-	75,812
Unallocated assets							(8,350)
Total Assets							**67,462**
Acquisition of non-current assets	1,508	99	17	73	66	-	1,763
LIABILITIES							
Segment liabilities	19,089	2	1,588	4,432	2,520	-	27,631
Unallocated liabilities							(1,803)
Total Liabilities							**25,828**
OTHER INFORMATION							
Depreciation and amortisation	2,705	47	22	207	43	-	3,024
Other non cash expenses	852	3	31	4	(17)	-	873

3. Profit Before Income Tax

Profit before income tax includes the following specific expenses / (income)	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Defined contributions superannuation expense	2,321	2,957	1,821	2,171
Doubtful debts	120	289	20	19
Legal costs - USA litigation	1,323	352	-	-
Rental expense relating to operating leases				
Minimum lease payments	4,337	1,743	2,955	668
Net (profit)/loss on disposal of property, plant and equipment	20	205	22	171
Foreign exchange (gains) / losses	(620)	332	(391)	93
Finance costs				
Interest expense on borrowings measured at amortised cost	447	1,226	377	1,089

4. Income Tax Expense

(a) Income tax expense

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current tax expense / (benefit)				
Current period	3,877	1,850	657	563
Adjustments for prior periods:				
- reallocation to deferred tax	1,404	-	412	-
- other under/(over) provision	87	75	819	(68)
	5,368	1,925	1,888	495
Deferred tax expense / (benefit)				
Origination and reversal of temporary differences	(883)	595	(492)	1
Adjustments for prior periods:				
- reallocation from current tax	(1,404)	-	(412)	-
- other under/(over) provision	(564)	(261)	(35)	(71)
	(2,851)	334	(939)	(70)
Income tax expense	**2,517**	**2,259**	**949**	**425**

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Profit before income tax	10,435	8,202	7,080	5,414
Tax at the Australian tax rate of 30% (2008 - 30%)	3,130	2,461	2,124	1,624
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Attributed income	46	122	46	122
Non-deductible expense	86	28	74	11
Tax losses not recognised	-	13	-	-
Research and development deduction	(243)	(143)	(243)	(131)
Upstream dividends	-	-	(1,836)	(1,062)
	3,019	2,481	165	564
Difference in overseas tax rates	(25)	(36)	-	-
Current tax expense - Adjustments for prior periods	1,491	75	1,231	(68)
Deferred tax expense - Adjustments for prior periods	(1,968)	(261)	(447)	(71)
Income tax expense	**2,517**	**2,259**	**949**	**425**

4. Income Tax Expense (Continued)

(c) Tax consolidation legislation

Runge Limited and its wholly-owned Australian controlled entities implemented the tax consolidation regime 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	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Doubtful debts	111	128	-	-	111	128
Employee benefits	1,314	1,151	-	-	1,314	1,151
Lease incentive	729	73	-	-	729	73
Tax loss	224	69	-	-	224	69
Income in advance	47	166	-	-	47	166
Accrued expenses	993	-	-	-	993	-
Capital raising costs	892	933	-	-	892	933
Other deferred tax assets	300	102	-	-	300	102
Development costs	-	-	(748)	(1,133)	(748)	(1,132)
Work in progress	-	-	(361)	(198)	(361)	(198)
Intangibles	-	-	(822)	-	(822)	-
Property, plant and equipment	22	109	-	(1,447)	22	(1,338)
Prepayments	-	-	(7)	(87)	(7)	(87)
Other deferred tax liabilities	-	-	(25)	(48)	(25)	(48)
Tax assets/(liabilities)	4,632	2,732	(1,963)	(2,914)	2,669	(182)
Set off of tax	(1,963)	(2,542)	1,963	2,542	-	-
Net tax assets/(liabilities)	**2,669**	**191**	**-**	**(372)**	**2,669**	**(182)**
Parent						
Doubtful debts	18	26	-	-	18	26
Employee benefits and other	829	795	-	-	829	795
Lease incentive	658	-	-	-	658	-
Other deferred tax assets	94	48	-	-	94	48
Capital raising costs	793	869	-	-	793	869
Development costs	-	-	(748)	(1,132)	(748)	(1,132)
Other deferred tax liabilities	-	-	(104)	(5)	(104)	(5)
Tax assets/(liabilities)	2,392	1,739	(852)	(1,138)	1,540	601
Set off of tax	(852)	(1,138)	852	1,138	-	-
Net tax assets/(liabilities)	**1,540**	**601**	**-**	**-**	**1,540**	**601**

5. Deferred Tax Assets and Liabilities (Continued)

Movements Schedule

Consolidated	Balance 30 June 2007	Recognised in profit or loss	Recognised in equity	Acquired in business combinations	Balance 30 June 2008	Recognised in profit or loss	Balance 30 June 2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Doubtful debts	43	85	-	-	128	(17)	111
Employee benefits	840	274	-	37	1,151	163	1,314
Operating leases	97	(24)	-	-	73	656	729
Tax loss	44	25	-	-	69	155	224
Income in advance	170	39	(43)	-	166	(118)	48
Capital raising costs	146	354	417	16	933	(41)	892
Accrued expenses	-	-	-	-	-	993	993
Other deferred tax assets	23	76	-	3	102	197	299
Development costs	(541)	(592)	-	-	(1,133)	385	(748)
Work in progress	(5)	(193)	-	-	(198)	(163)	(361)
Intangibles	-	-	-	-	-	(822)	(822)
Property, plant and equipment	(1,004)	(301)	-	(33)	(1,338)	1,360	22
Prepayments	(83)	(30)	26	-	(87)	80	(7)
Other deferred tax liabilities	(37)	(47)	-	36	(48)	23	(25)
	(307)	**(334)**	**400**	**59**	**(182)**	**2,851**	**2,669**
Parent							
Doubtful debts	21	5	-	-	26	(8)	**18**
Employee benefits	524	262	-	9	795	34	**829**
Operating leases	51	(51)	-	-	-	658	**658**
Other deferred tax assets	-	48	-	-	48	46	**94**
Capital raising costs	75	377	417	-	869	(76)	**793**
Development costs	-	(1,132)	-	-	(1,132)	384	**(748)**
Work in progress	(541)	541	-	-	-	(100)	**(100)**
Other deferred tax liabilities	(25)	20	-	-	(5)	1	**(4)**
	105	**70**	**417**	**9**	**601**	**939**	**1,540**

6. Cash and Cash Equivalents

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and in hand	5,641	7,143	1,499	2,075
Deposits at call	1,048	5,509	1,000	5,509
	6,689	**12,652**	**2,499**	**7,584**

7. Trade and Other Receivables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current				
Trade receivables	17,174	14,851	7,704	7,494
Provision for doubtful receivables	(306)	(564)	(60)	(88)
	16,868	14,287	7,644	7,406
Receivables - controlled entities	-	-	5,773	2,636
Other receivables	550	617	332	392
	17,418	**14,904**	**13,749**	**10,434**
Non-current				
Receivables - controlled entities	-	-	-	252
Loans - controlled entities	-	-	-	694
Other receivables - refundable deposits	327	238	8	127
	327	**238**	**8**	**1,073**

32% of the Group's receivables are past due (2008: 25%). 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	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Not past due	11,742	11,120	-	-
Past due 0-30 days	1,809	1,829	-	-
Past due 31-90 days	1,073	691	1	-
Past due more than 90 days	2,550	1,211	305	564
	17,174	**14,851**	**306**	**564**
Parent				
Not past due	6,201	5,724	-	-
Past due 0-30 days	682	1,006	-	-
Past due 31-90 days	315	331	-	-
Past due more than 90 days	506	433	60	88
	7,704	**7,494**	**60**	**88**

7. Trade and Other Receivables (Continued)

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

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Balance at 1 July	564	275	88	69
Provision no longer required	(130)	-	(48)	-
Debtors written off	(270)	-	-	-
Impairment loss recognised	120	289	20	19
Effect of foreign exchange	22	-	-	-
Balance at 30 June	**306**	**564**	**60**	**88**

8. Work in Progress

Current				
Work in progress	**1,622**	**3,058**	**335**	**1,793**

9. Other Assets

Current				
Prepayments	**1,336**	**711**	**961**	**530**
Non-current				
Prepayments	**-**	**5**	**-**	**5**

10. Other Financial Assets

Current				
Short term bank deposits	**243**	**-**	**-**	**-**
Non-current				
Non-traded investments				
Shares in controlled entities - at cost (note 25)	-	-	31,990	31,823
Less: Provision for write down to recoverable amount (note 25)	-	-	(9)	(9)
	-	**-**	**31,981**	**31,814**

11. Property, Plant and Equipment

Furniture and fittings - at cost	4,680	1,060	4,027	589
Less: accumulated depreciation	(565)	(188)	(244)	(6)
	4,115	872	3,783	583
Office equipment - at cost	1,233	758	521	230
Less: accumulated depreciation	(521)	(407)	(113)	(114)
	712	351	408	116
Computer equipment - at cost	3,460	2,449	2,727	1,811
Less: accumulated depreciation	(1,788)	(1,675)	(1,267)	(1,231)
	1,672	774	1,460	580

11. Property, Plant and Equipment (Continued)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Motor vehicles - at cost	275	289	98	98
Less: accumulated depreciation	(158)	(129)	(49)	(40)
	117	160	49	58
Plant and equipment under finance lease	129	228	-	-
Less: accumulated depreciation	(44)	(64)	-	-
	85	164	-	-
	6,701	**2,321**	**5,700**	**1,337**

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

Consolidated	Furniture and fittings $'000	Office equipment $'000	Computer equipment $'000	Motor vehicles $'000	Plant and equipment under finance lease $'000	Total $'000
2009						
Carrying amount at 1 July 2008	872	351	774	160	164	2,321
Exchange differences	53	74	31	9	9	176
Additions	3,575	474	1,544	-	31	5,624
Disposals	(4)	(38)	(2)	(9)	(88)	(141)
Depreciation	(381)	(149)	(675)	(43)	(31)	(1,279)
Carrying amount at 30 June 2009	**4,115**	**712**	**1,672**	**117**	**85**	**6,701**
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**
Parent						
2009						
Carrying amount at 1 July 2008	583	116	580	58	-	1,337
Additions	3,438	335	1,396	-	-	5,169
Depreciation	(238)	(43)	(516)	(9)	-	(806)
Carrying amount at 30 June 2009	**3,783**	**408**	**1,460**	**49**	**-**	**5,700**

11. Property, Plant and Equipment (Continued)

Parent	Furniture and fittings $'000	Office equipment $'000	Computer equipment $'000	Motor vehicles $'000	Plant and equipment under finance lease $'000	Total $'000
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**

12. Intangible Assets

	Consolidated		Parent entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Software developed for sales and licensing – at cost	3,096	2,340	3,097	2,340
Less: accumulated amortisation	(764)	(341)	(764)	(341)
	2,332	1,999	2,332	1,999
Software acquired for sales and licensing – at cost	3,133	3,133	-	-
Less: accumulated amortisation	(1,195)	(498)	-	-
	1,938	2,635	-	-
Software – internal management systems – at cost	3,401	2,306	2,492	1,648
Less: accumulated amortisation	(1,773)	(1,553)	(1,159)	(1,111)
	1,628	753	1,333	537
Client relationships – at cost	2,639	2,639	-	-
Less: accumulated amortisation	(1,114)	(657)	-	-
	1,525	1,982	-	-
Customer contracts – at cost	733	733	-	-
Less: accumulated amortisation	(673)	(648)	-	-
	60	85	-	-
Goodwill – at cost	24,699	24,324	2,129	2,129
Total	**32,182**	**31,778**	**5,794**	**4,665**

12. Intangible Assets (Continued)

MOVEMENTS IN INTANGIBLE ASSETS

Consolidated	Software						
	Developed	Acquired	Internal systems	Client relationships	Customer contracts	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009							
Carrying amount at 1 July 2008	1,999	2,635	753	1,982	85	24,324	31,778
Additions	757	-	1,435	-	-	-	2,192
Exchange differences	-	-	47	-	-	375	422
Amortisation	(424)	(697)	(607)	(457)	(25)	-	(2,210)
Carrying amount at 30 June 2009	**2,332**	**1,938**	**1,628**	**1,525**	**60**	**24,699**	**32,182**
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**

Parent	Software			
	Developed	Internal systems	Goodwill	Total
	$'000	$'000	$'000	$'000
2009				
Carrying amount at 1 July 2008	1,999	537	2,129	4,665
Additions	757	1,206	-	1,963
Amortisation	(424)	(410)	-	(834)
Carrying amount at 30 June 2009	**2,332**	**1,333**	**2,129**	**5,794**
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**

12. Intangible Assets (Continued)

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 and prior years 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 2010 year forecast for four years using 10% annual growth rate (2008: 10%);
- Cash flows thereafter were extrapolated using a constant growth rate of 4% (2008: 4%); and
- The cashflows have been discounted using a pre-tax discount rate of 15% (2008: 15%).

The calculations at balance date indicated no impairment of goodwill.

A segment level summary of the goodwill is presented below.

2009	Australia $'000	USA $'000	South Africa $'000	Total $'000
MRM	-	-	401	401
Pincock Allen and Holt	-	1,830	-	1,830
Minarco-MineConsult	15,418	-	-	15,418
GeoGAS	4,921	-	-	4,921
ResEval	2,129	-	-	2,129
	22,468	**1,830**	**401**	**24,699**
2008				
MRM	-	-	324	324
Pincock Allen and 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**

13. Trade and Other Payables

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Trade payables	1,739	2,205	962	1,171
Other payables and accruals	4,483	6,061	2,786	3,211
Deferred settlement payment for acquisitions	-	833	-	833
Payable to controlled entities	-	-	3,181	144
	6,222	**9,099**	**6,929**	**5,359**
Non-current				
Payables to controlled entities	-	-	-	2,828
	-	**-**	**-**	**2,828**

14. Borrowings

Current Secured	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Lease liabilities (note 22)	15	27	-	-
Bank loan	566	2,450	-	1,800
	581	**2,477**	**-**	**1,800**
Non-current				
Secured				
Lease liabilities (note 22)	-	96	-	-
Bank loan	2,900	5,837	2,900	5,350
Transaction costs	-	(12)	-	-
	2,900	**5,921**	**2,900**	**5,350**

Terms and Conditions

Consolidated				30 June 2009		30 June 2008	
	Currency	Nominal interest rate	Year of maturity	Facility	Utilised	Facility	Utilised
Utilised facilities				$'000	$'000	$'000	$'000
Secured loan	**AUD**	4.24%	2012	4,900	2,900	7,150	7,150
Secured loan facility	**USD**	LIBOR +2%	2010	566	566	1,137	1,137
Finance leases and other borrowings	**AUD/CAD**	8-10%	2010	15	15	111	111
Loans and Borrowings				**5,481**	**3,481**	**8,398**	**8,398**
Unutilised facilities							
Loan facility	**AUD**		2009	10,000	-	10,000	-
Other facilities							
Bank guarantee	**AUD**	2%		1,912	-	1,912	-

The parent entity loan facilities including the bank guarantee are 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 US dollar denominated subsidiary loan is secured with a fixed and floating charge across the assets of Runge, Inc and Runge Limited.

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

15. Provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current				
Employee benefits				
Annual leave	2,524	2,417	1,440	1,525
Long service leave	1,589	1,284	1,029	887
	4,113	**3,701**	**2,469**	**2,412**
Non-current				
Employee benefits				
Long service leave	**34**	**40**	**26**	**16**

16. Other Liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current				
Income received in advance - software maintenance	4,310	2,663	3,780	3,209
Income received in advance - consulting and other	1,522	965	666	-
	5,832	**3,628**	**4,446**	**3,209**
Non-current				
Lease incentive and straight lining of rental expense	**2,484**	**275**	**2,194**	**15**

17. Contributed Equity

Parent		2009 Number of shares	2008 Number of shares	2009 $'000	2008 $'000
Share capital					
Ordinary shares	- fully paid	123,935,922	123,464,917	39,353	39,135
	- partially paid	144,078	615,083	32	127
		124,080,000	**124,080,000**	**39,385**	**39,262**

17. Contributed Equity (Continued)

(a) Movements in Ordinary and Preference Share Capital:

			Ordinary shares		Preference shares	
Date		Notes	Number	$'000	Number	$'000
01/07/07	**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	i)	159,847	1,250	-	-
	Costs associated with issue		-	(92)	-	-
22/04/08	Shares issued to acquire RSCo	ii)	1,907,530	13,637	-	-
22/04/08	Cancellation of shares held by RSCo	ii)	(1,907,530)	(13,637)	-	-
22/04/08	Additional shares arising from share split (7.146 shares for each share held)	iii)	85,214,792	-	-	-
22/04/08	Bonus share issue	iv)	5,000,000	-	-	-
27/05/08	Shares issued pursuant to the Prospectus	v)	20,000,000	20,000	-	-
	Share issue transaction costs	vi)	-	(972)	-	-
30/06/08	**Balance**		**124,080,000**	**39,262**	**-**	**-**
	Partly paid shares paid up		-	123	-	-
30/06/09	**Balance**		**124,080,000**	**39,385**	**-**	**-**

(b) Notes on Movements in Ordinary and Preference Share Capital:

i) 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.

ii) 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.

iii) 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.

iv) 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.

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

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

		Allocated	
	Total	Equity	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**

17. Contributed Equity (Continued)

(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

There were no preference shares at 30 June 2008 or 30 June 2009. The following conditions existed in relation to preference shares prior to conversion.

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

Information relating to the Runge Employee Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in note 30.

(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 2009 and 30 June 2008 were as follows:

		Consolidated		Parent entity	
	Notes	**2009**	**2008**	**2009**	**2008**
		$'000	**$'000**	**$'000**	**$'000**
Total borrowings	14	9,703	17,497	9,829	15,337
Less: cash and cash equivalents	6	(6,689)	(12,652)	(2,499)	(7,584)
Net debt		3,014	4,845	7,330	7,753
Total equity		46,540	41,634	42,556	40,374
Total capital		**49,554**	**46,479**	**49,886**	**48,127**
Gearing ratio		6%	10%	15%	16%

18. Reserves and Retained Profits

(a) Reserves

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employee option reserve (i)	296	25	296	25
Foreign currency translation reserve (ii)	(594)	(1,531)	-	-
Revaluation reserve	18	18	18	18
Reserve arising from an equity transaction (iii)	(1,553)	(1,553)	-	-
	(1,833)	**(3,041)**	**314**	**43**

(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.

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(c) Retained Profits				
Balance at the beginning of the financial year	5,413	6,917	1,069	3,527
Net profit for the year	7,918	5,943	6,131	4,989
Dividends provided for or paid	(4,343)	(7,447)	(4,343)	(7,447)
Balance at the end of the financial year	**8,988**	**5,413**	**2,857**	**1,069**

19. Dividends

(a) Ordinary Shares

	Parent entity	
	2009 $'000	2008 $'000
Dividends paid in cash during the year were:		
Final dividend of 1.5 cents per share fully franked paid on 6 October 2008	1,861	-
Interim dividend of 2.0 cents per share fully franked paid on 7 April 2009	2,482	-
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
	4,343	6,004

19. Dividends (Continued)

(b) Preference Shares	Parent entity 2009 $'000	Parent entity 2008 $'000
Dividends paid in cash during the year were:		
Final dividend of 4.5 cents per share fully franked paid on 16 November 2007	-	1,443
	-	1,443
Total dividends paid in cash during the year	**4,343**	**7,447**

(c) Post Balance Date Dividends

Subsequent to year end, the Directors have declared a final dividend of 2.5 cents fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 6 October 2009, but not recognised as a liability at year end, is $3,102,000.

(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 2009.

	2009	2008
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 – 30%)	1,157	(1,348)

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.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $1,329,000 (2008: $797,000)

20. Key Management Personnel Disclosures

(a) Key Management Personnel Compensation

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Short term employee benefits	2,622,696	2,166,312	2,622,696	2,166,312
Post-employment benefits	270,528	262,742	270,528	262,742
Termination benefits	-	110,091	-	110,091
Share-based payments	90,948	7,936	90,948	7,936
	2,984,172	**2,547,081**	**2,984,172**	**2,547,081**

(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 overleaf:

20. Key Management Personnel Disclosures (Continued)

(i) Ordinary Shares

	Balance 1 July 2008	Sold during the year	Acquired during the year *	Balance 30 June 2009
Directors of Runge Limited				
V Gauci	500,000	-	165,000	665,000
A Kinnane	9,785,173	-	295,998	10,081,171
C Larsen	4,419,275	-	217,293	4,636,568
I Runge	15,810,389	-	281,556	16,091,945
N Hatherly	-	-	-	-
R Walker	50,000	-	-	50,000
Other Key Management Personnel of the Group				
D Meldrum	5,692,910	-	-	5,692,910
J Buffington	2,230,790	-	-	2,230,790
J Sloman	15,000	-	-	15,000
K Lewis	-	-	-	-
P Williams	822,616	-	-	822,616
S Henderson	16,820	-	-	16,820

* Acquired on market

	Balance 1 July 2007	Ordinary shares allocated on conversion of preference shares	Shares allocated for RSCo shares	Effect of share split	Bonus Shares – RS Trust	Sold during the year	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	495,447	(528,059)	-	9,785,173
C Larsen	391,777	245,531	8,419	3,968,603	232,859	(427,914)	-	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	797,490	(790,156)	-	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	302,261	(598,959)	-	5,692,910
J Buffington	226,883	103,678	27,144	2,201,287	129,138	(457,340)	-	2,230,790
J Sloman	-	-	-	-	-	-	15,000	15,000
K Lewis	-	-	-	-	-	-	-	-
P McCaw	-	-	91,472	562,182	33,137	(47,035)	-	639,756
P Williams	156,484	43,624	9,019	1,285,283	75,414	(747,208)	-	822,616
S Henderson	-	-	2,353	14,461	849	(843)	-	16,820

20. Key Management Personnel Disclosures (Continued)

(ii) Options

Name	Balance 1 July 2008	Options granted as compensation	Options exercised	Balance 30 June 2009
Directors				
V Gauci	300,000	-	-	300,000
A Kinnane	109,521	-	-	109,521
C Larsen	109,521	-	-	109,521
I Runge	-	-	-	-
N Hatherly	-	-	-	-
R Walker	-	-	-	-
Other Key Management Personnel of the Group				
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 Williams	110,813	-	-	110,813
S Henderson	60,177	-	-	60,177

Name	Balance 1 July 2007	Options granted as compensation	Options exercised	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	-	-	-	-
Other Key Management Personnel of the Group				
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

20. Key Management Personnel Disclosures (Continued)

(c) Other Transactions with Key Management Personnel

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 $93,310 for taxation and advisory services (2008: $91,255 for tax and advisory services to Runge Limited and $75,036 for assistance with prospectus and IPO).

The Group used services of RNH Consulting Pty Ltd, an entity associated with Neil Hatherly, in recruitment of its key management personnel. No commissions were paid to RNH Consulting during the 2009 financial year (2008: $85,400).

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

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Amounts recognised as expense				
Professional fees	93,310	136,277	93,310	136,277
Employee benefits expense	-	85,400	-	85,400
	93,310	221,677	93,310	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:

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
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)(ii)).

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 July 2007 Balance $	Repayments $	Interest $	30 June 2008 Balance $	Repayments $	Interest $	30 June 2009 Balance $
C Larsen	13,602	(14,537)	935	-	-	-	-
C Still	4,545	(4,730)	185	-	-	-	-
J Buffington	15,185	(3,106)	1,044	13,123	(13,123)	-	-

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	
	2009	2008	2009	2008
	$	$	$	$
Audit services - Audit and review of the financial reports:				
Auditor of the parent entity:	164,607	166,184	164,607	166,184
PKF Australia (East Coast Practice)				
Auditors of subsidiaries:				
PKF Malaysia	2,339	3,838	-	-
PKF South Africa	12,894	13,472	-	-
	179,840	183,494	164,607	166,184
Non- audit services:				
PKF Australia (East Coast Practice) – other assurance services	1,850	8,182	1,850	8,182
PKF Malaysia - tax compliance services	-	958	-	-
	1,850	9,140	1,850	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 the lease are generally renegotiated. Excess office space is sub-let to third parties also under non-cancellable operating leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable:	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within one year	4,821	3,591	3,767	2,801
Later than one year but not later than 5 years	16,921	13,552	15,709	12,288
Later than 5 years	7,672	6,697	7,672	6,587
Commitments not recognised in the financial statements	**29,414**	**23,840**	**27,148**	**21,676**
Sub-lease payments				
Future minimum lease payments to be received in relation to non-cancellable sub-leases of operating leases	643	1,365	643	1,365

(b) Finance Leases

Commitments in relation to finance leases are payable:				
Within one year	15	37	-	-
Later than one year but not later than 5 years	-	102	-	-
Later than 5 years	-	-	-	-
Minimum lease payments	15	139	-	-
Less: future finance charges	-	(16)	-	-
Recognised as a liability	15	123	-	-
Representing lease liabilities:				
Current	15	27	-	-
Non-current	-	96	-	-
	15	123	-	-

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

22. Commitments (Continued)

(c) Capital Commitments

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Contractual obligation for future office fit-out – not recognised as a liability	-	1,728	-	1,728

23. Contingent Liabilities

On 21 September 2007 Standard Bank Plc (Standard) filed an action against a controlled entity of Runge Limited, Runge, Inc doing business as 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 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.

Furthermore, the Standard claim is only asserted against PAH, which is the only Runge Limited 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 Limited 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.

During the year the litigation has focused on the taking of initial witness depositions and mutual disclosure of documents. No fact or matter has come to light during the initial deposition of witnesses or disclosure of documents to cause PAH and/or the Company to change or alter their opinion of their prospects as set out in the FY08 Annual Report. That is, PAH believes it has strong grounds to defend the litigation and believes it will succeed in this litigation. Under the current timetable it is estimated the matter will not proceed to trial until the third/fourth calendar quarter of 2010.

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 Limited 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 (Continued)

(c) Transactions with Related Parties

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Sales of goods and services				
License sales - subsidiaries	-	-	3,215	2,509
Services revenue - subsidiaries	-	-	5,071	4,303
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	2,494	869
Interest revenue				
Interest received on loans advanced to subsidiary	-	-	-	112
Dividend revenue				
Subsidiaries	-	-	6,118	3,540
Other expenses				
Professional indemnity insurance recovered from subsidiaries	-	-	-	22
Consulting fees – subsidiaries	-	-	3,229	1,914
Loans forgiven – other related party	-	34	-	34

(d) Outstanding Balances arising from Sales/Purchases of Goods and Services

Current receivables				
Subsidiaries	-	-	5,773	2,626
Non-current receivables				
Subsidiaries	-	-	-	252
Current payables				
Subsidiaries	-	-	3,181	144
Non-current payables				
Subsidiaries	-	-	-	2,828

24. Related Party Transactions (Continued)

(e) Loans to/from Related Parties

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans to subsidiaries				
Beginning of year	-	-	694	694
Repayments received	-	-	(694)	-
Interest charged/(received)	-	-	-	-
End of year	-	-	-	694
Loans to other related parties				
Beginning of year	-	34	-	34
Loans advanced/(repayments received)	-	-	-	-
Loans forgiven	-	(34)	-	(34)
End of year	-	-	-	-

(f) Guarantees

The parent entity has provided guarantees in respect of:

Bank loan of a subsidiary (secured)	-	-	582	1,137

(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 2009 and 2008 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 of 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 2009 or 30 June 2008. 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 2009	Equity holding 2008	Cost of parent entity's investment 2009	Cost of parent entity's investment 2008
			%	%	$'000	$'000
Runge, Inc.	USA	Ordinary	100	100	-	-
Runge Mining (Canada) Ltd	Canada	Ordinary	100	100	-	-
Runge Pty Ltd Latin America Limitada	Chile	Ordinary	100	100	15	15
Runge Asia Limited	Hong Kong	Ordinary	100	-	50	-
PT Runge Indonesia (a)	Indonesia	Ordinary	100	-	117	-
Runge Mining SA (Pty) 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	308
International Mineral Asset Transactions Pty Ltd	Australia	Ordinary	100	100	10,297	10,297
Minarco-MineConsult Pty Ltd	Australia	Ordinary	100	100	9,859	9,859
Fractal Holdings Pty Ltd	Australia	Ordinary	100	100	2,165	2,165
Fractal Technologies Pty Ltd (b)	Australia	Ordinary	100	100	-	-
MRM Mining Services (Pty) Ltd (c)	South Africa	Ordinary	100	100	2,468	2,468
GeoGAS Pty Ltd	Australia	Ordinary	100	100	6,611	6,611
					31,981	31,814

(a) Investment held by Runge (95%) and Minarco-MineConsult Pty Ltd (5%)

(b) Investment held by Fractal Holdings Pty Ltd (100%)

(c) Investment held by Runge Mining SA (Pty) Ltd (39.2%) and Runge Limited (60.8%)

26. Business Combinations

During the prior 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.

26. Business Combinations (Continued)

Businesses acquired 2008	GeoGAS Pty Ltd $'000	ResEval $'000	Total $'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)	(32)	(174)
	1,690	414	2,104
Goodwill on acquisition	4,921	2,129	7,051
Total assets acquired	**6,611**	**2,544**	**9,155**
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 Group.

26. Business Combinations (Continued)

Acquisition of Runge Shareholder Co Limited

- Runge Shareholder Co Limited ('RSCo'), a company owned by the employees of the consolidated entity, held approximately 14% of the issued capital of Runge Limited prior to the listing of Runge Limited on the Australian Stock Exchange. Runge Limited entered into 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 the issue and sale of shares under the Prospectus. Runge Limited then cancelled all shares RSCo held in Runge Limited by way of a 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.
- Runge Shareholder Co Limited was deregistered on 19 August 2009.

27. Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Net profit	**7,918**	**5,943**	**6,131**	**4,989**
Depreciation and amortisation	3,489	3,024	1,640	955
Provision for doubtful debts	(258)	289	(28)	19
Net loss/(gain) on sale of non-current assets	141	367	(22)	161
Unrealised loss on foreign exchange	62	61	-	-
Movement in other reserves	271	25	271	25
Change in operating assets and liabilities				
Decrease / (increase) in trade receivables	(2,323)	(4,786)	(211)	(3,156)
Decrease / (increase) in other receivables	(84)	(42)	4,139	(305)
Decrease / (increase) in deferred tax asset	(1,881)	(86)	(1,791)	(496)
Decrease / (increase) in work in progress	1,436	(2,196)	1,459	(1,249)
Decrease / (increase) in other assets	(557)	(202)	(3)	(129)
Increase / (decrease) in trade payables	(466)	(510)	(210)	(266)
Increase / (decrease) in other liabilities	2,770	3,542	(1,674)	4,668
Increase / (decrease) in current tax liabilities	1,769	(263)	1,705	-
Increase / (decrease) in deferred tax liability	(952)	(40)	852	-
Increase / (decrease) in provisions	405	872	(829)	680
Net cash inflow from operating activities	**11,740**	**5,998**	**11,429**	**5,896**

28. Financial Risk Management

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

- credit risk;
- liquidity risk; and
- 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.

28. Financial Risk Management (Continued)

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 the 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	6,689	12,652	2,499	7,584
Trade and other receivables	17,745	15,142	13,756	11,508
Short term bank deposits	243	-	-	-
	24,677	27,794	16,255	19,092
Financial liabilities				
Trade and other payables	6,222	9,099	6,929	8,187
Borrowings	3,481	8,398	2,900	7,150
	9,703	17,497	9,829	15,337

(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 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 of the consolidated entity 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. For the parent entity the maximum credit risk exposure of financial assets is represented by the carrying amounts of financial assets and the maximum amount of unrecognised financial guarantees provided by the parent entity in respect of its subsidiaries.

75 % of trade receivables are held with 'A', 'BBB' or 'BB' – rated customers (2008: 78%). 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	15,320	18,979	7,993	11,995
B - rated counterparts	3,135	2,765	650	1,239
Unrated counterparts	6,221	6,050	7,612	5,858
	24,676	**27,794**	**16,255**	**19,092**

28. Financial Risk Management (Continued)

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
2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Secured bank loans	3,466	3,691	445	250	2,996	-	-
Finance lease liabilities	15	15	15	-	-	-	-
Trade and other payables	6,222	6,222	6,222	-	-	-	-
	9,703	**9,928**	**6,682**	**250**	**2,996**	**-**	**-**
2008	**$'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**	**-**

Parent	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Secured bank loans	2,900	3,118	61	61	2,996	-	-
Trade and other payables	6,929	6,929	6,929	-	-	-	-
	9,829	**10,047**	**6,990**	**61**	**2,996**	**-**	**-**
2008	**$'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**	**-**

(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.

Interest Rate Risk

Based on the expected movement of 100 basis points, the net financial liability position is not material.

28. Financial Risk Management (Continued)

Currency Risk

The current policy is not to take any forward positions. At 30 June 2009 and 2008 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 $582,000 (2008: $1,137,000) 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:

2009	AUD $'000	USD $'000	CAD $'000	ZAR $'000	Other $'000	Total $'000
Cash and deposits	1,925	1,058	555	1,934	1,217	6,689
Trade and other receivables	10,326	5,219	610	939	651	17,745
Short term deposits	243	-	-	-	-	243
Trade and other payables	(5,381)	(524)	(67)	(238)	(12)	(6,222)
Interest bearing liabilities	(2,900)	(566)	(15)	-	-	(3,481)
Net balance sheet exposure	**4,213**	**5,187**	**1,083**	**2,635**	**1,856**	**14,973**
2008	**AUD $'000**	**USD $'000**	**CAD $'000**	**ZAR $'000**	**Other $'000**	**Total $'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**

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 2008.

	Consolidated		Parent entity	
2009	**Equity $'000**	**Profit or loss $'000**	**Equity $'000**	**Profit or loss $'000**
USD	(177)	(341)	-	(6)
CAD	(64)	(44)	-	(44)
ZAR	(151)	(112)	-	(112)
Other	(167)	(19)	-	-
	(559)	**(516)**	**-**	**(162)**
2008				
USD	(82)	(193)	-	(3)
CAD	(295)	(380)	-	(310)
ZAR	(167)	(6)	-	(1)
Other	65	(144)	-	(1)
	(480)	**(723)**	**-**	**(315)**

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.

28. Financial Risk Management (Continued)

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 2009 year.

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

	2009 Weighted average interest rate	2009 Balance $'000	2008 Weighted average interest rate	2008 Balance $'000
Interest bearing deposits	2.86%	1,283	5.29%	5,509
Bank loans	3.92%	(3,466)	8.08%	(8,275)

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 approximates carrying value.

29. Earnings Per Share

(a) Basic Earnings Per Share

	Consolidated	
	2009 Cents	**2008 Cents**
Basic earnings per share	6.4	5.3

(b) Reconciliations of Earnings used in Calculating Earnings Per Share

	Consolidated	
Profit attributable to the ordinary equity holders used in calculating earnings per share	**2009 $'000**	2008 $'000
Profit for the year	7,918	5,943
Profit attributable to the preference equity holders	-	(1,443)
Profit attributable to the ordinary equity holders	**7,918**	**4,500**

29. Earnings Per Share (Continued)

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**2009 Number '000**	**2008 Number '000**
Ordinary shares as at 1 July	124,080	7,884
Add effect of:		
Issue of shares in January 2008	-	75
Split on 7.15 to 1 basis in May 2008	-	67,683
Bonus Share Issue in May 2008	-	3,971
Public Offer in May 2008	-	2,131
Weighted average number of ordinary shares as at 30 June	124,080	84,798

(c) Diluted Earnings Per Share

	Consolidated	
	2009 Cents	**2008 Cents**
Diluted earnings per share	6.4	5.3

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

Options were not considered to be "potential ordinary shares" in 2009, as the average share price in 2009 was below the exercise price of the options.

Preference shares (prior to conversion) and options were considered to be "potential ordinary shares" in 2008 but were anti-dilutive in nature and therefore diluted earnings per share are the same as basic earnings per share.

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.

30. Share Based Payments (Continued)

Employees entitled	Number	Vesting conditions	Vesting Date
Options granted to eligible employees 21/05/2008	598,098	Employed at vesting date	30/08/2009
Options granted to eligible employees 21/05/2008	597,924	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 Pre-determined peer group of companies.

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

	Weighted average exercise price 2009 $	Number of options 2009	Weighted average exercise price 2008 $	Number of options 2008
Outstanding at 1 July	1.09	2,946,208	-	-
Forfeited during the period	-	(100,186)	-	-
Exercised during the period	-	-	-	-
Granted during the period	-		1.09	2,946,208
Outstanding at 30 June	1.09	2,846,022	1.09	2,946,208
Exercisable at 30 June	-	-	-	-

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:

30. Share Based Payments (Continued)

	Options with TSR hurdles		Options without TSR hurdles	
	2009	2008	2009	2008
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	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Options issued under employee option plan	271	25	271	25
Shares issued under employee share scheme	-	-	-	-
	271	**25**	**271**	**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 invite 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) 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 or 2009.

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

   (ii) giving a true and fair view of the Company's and the Consolidated entity's financial position at as 30 June 2009 and of their performance for the year ended on that date;

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; and

c) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

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 August 2009

INDEPENDENT AUDITOR'S REPORT

PKF
Chartered Accountants
& Business Advisers

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 2009, 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*.

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au

PKF | ABN 83 236 985 726

Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia

GPO Box 1078 | Brisbane | Queensland 4001

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 2009 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 32 to 37 of the Directors' report for the year ended 30 June 2009. 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 2009, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF

Wayne Wessels

Partner

Dated at Brisbane this the 29th day of August 2009

CORPORATE GOVERNANCE STATEMENT

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.

The key aspects of the Group's corporate governance framework are outlined in this section. The Company's Policies meet the requirements of both the *Corporations Act 2001* 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.

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;
- An HR and Remuneration Committee, which is responsible for making recommendations to the Board on remuneration packages for executives, senior managers, Non-executive Directors and overseeing the HR policies of the Company; 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: evolution and execution of strategy, meeting operational and financial targets, Board communications and relations, recruitment and retention of staff 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 approves changes to remuneration and to the establishment of new KPIs.

(ASX Recommendation 1.2)

1.3 Company Statement in Relation to Principle 1

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

The Company has an established induction procedure for all staff including executives.

A performance review of senior executives has been completed during the reporting period.

(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
V Gauci	Independent Chairman	February 2008
A Kinnane	Managing Director	June 1991
C Larsen	Executive	January 1996
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 scale of its operations justifies such an appointment and an appropriate candidate becomes available. *(ASX Recommendation 2.1).* The criteria used to assess independence 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.

The Chairperson should be an Independent Director

The Chairperson (Vince Gauci) is an independent Director.

(ASX Recommendation 2.2)

2.2 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. The roles of the chairperson and the Managing Director are set out in the Board Charter.

(ASX Recommendation 2.3)

2.3 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)

2.4 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.

2.5 Company Statement in Relation to Principle 2

The skills, experience and length of appointment relevant to each Director is set out in the Directors' Report, section "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 Ross Walker are not material.

There is a procedure for Directors to take independent advice.

The Nomination Committee members are identified in section 2.3 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 copy of the Nominations Committee's Charter is located on the website at http://www.runge.com/en/investor_relations.

A performance review of the Board was conducted during the year.

No changes to independence status occurred during the financial year.

The Joint Company Secretaries monitor that Board policy and procedures are followed and co-ordinate timely completion and despatch of Board agenda and briefing material.

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:

b) high standards of corporate and individual behaviour are observed by all employees in the context of their employment with Runge;

c) employees are aware of their responsibilities to the Group under their contract of employment; and

d) 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 Company's 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 Company Statement in Relation to 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

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; and

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 Company Statement in Relation to 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 the Directors' Report. During the reporting period there were five Audit and Risk Committee meetings. The Audit and Risk Committee keeps minutes of its meetings and includes them for the next full Board Meeting.

The Company has established an 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.

(A*SX 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; and
- Promoting an understanding of the importance of the continuous disclosure regime throughout the Company.

5.2 Company Statement in Relation to 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.

Disclosures made to the ASX or the media during briefings are posted on the Company's website. The Company's website also contains general information regarding the Company and its activities, notices of future meetings, announcements, half yearly and annual reports and the Chairman's AGM address since listing. 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 Directors and the Chairpersons of all Committees plus senior management will be present at Annual General Meetings to answer shareholder questions.

(ASX *Recommendation 6.1)*

6.2 Company Statement in Relation to 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 an 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 prior to the Company's ASX listing.

The policy requires the Managing Director's Reports to the Board 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
- Personnel – 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) Risk Identification – 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 the last financial report the Company's announced that the Board has requested that the Group General Counsel conducted a detailed Group wide review of its risk management and oversight policies. The review is in the progress and 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 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 Company Statement in Relation to Principle 7

The Company has established an 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. It is planned to appoint an internal auditor in the 2010 financial year.

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 has 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;
- ensuring 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 Executives as defined by the Board from time to time; and
- reviewing and recommending to the Board appropriate 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 (July 2008 - November 2008)
Mr Christian Larsen	Acting Managing Director (November 2008 - June 2009)

The Committee meets several times 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-executive Directors will not be more than the aggregate fixed sum determined 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 Company Statement in Relation to Principle 8

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

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

The Company has established an HR and 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 and Remuneration Committee Charter is located on the website at http://www.runge.com/en/investor_relations.

(ASX Recommendation 8.3)

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 July 2009.

A. Distribution of Equity Securities

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

	Ordinary Shares	Options
1 – 1,000	**29**	2
1,001 – 5,000	**256**	105
5,001 – 10,000	**225**	103
10,001 – 100,000	**356**	26
100,001 – and over	**96**	6
	962	242

The number of shareholdings held in less than marketable parcels of 715 shares is 14.

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	17,159,994	13.83
Runge International Pty Ltd atf Runge Family Trust	15,012,899	12.10
J P Morgan Nominees Australia Limited	10,288,265	8.29
Mr and Mrs A Kinnane atf A and P Kinnane Superannuation Fund	8,298,442	6.69
RS Company Pty Ltd atf RS Trust	5,000,000	4.03
Auric Capital Pty Ltd	4,538,454	3.66
Mrs D Larsen	3,940,546	3.18
Mr D Meldrum	3,667,105	2.96
Mr I Perks	3,657,585	2.95
Anajam Pty Ltd	1,723,544	1.39
ACN 065903335 Pty Ltd	1,495,246	1.21
Mrs A J Phillips	1,306,008	1.05
Mr A Kinnane and Mrs P Kinnane	1,287,282	1.04
Mrs T A Rowlands	1,250,705	1.01
Astlen Pty Ltd	1,243,784	1.00
Mrs D M Luxton	1,132,825	0.91
Mr R S Rogers	1,036,412	0.84
Paul Westcott and Associates Pty Ltd	1,000,000	0.81
Bond Street Custodians Limited	958,782	0.77
Mr O Wyberneit	958,336	0.77
	84,956,214	68.49

Unquoted equity securities

2,846,022 options over unissued shares: for further details see note 30.

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	16,091,945	12.97
Acorn Capital Limited	14,467,952	11.66
Mr and Mrs A Kinnane	10,081,171	8.12
Aviva Investors Australia Limited	8,767,940	7.07

D. Voting Rights

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

E. Voluntary Escrow

Details of ordinary shares under voluntary escrow are as follows:

Expiry Date	Number held	Number of Holders
31 August 2009	20,636,927	18
21 May 2012	5,000,000	1

CORPORATE DIRECTORY

Directors	Mr Vince Gauci - Chairman Mr Anthony Kinnane - Managing Director Mr Christian Larsen - Executive Director Dr Ian Runge - Non-Executive Director Mr Ross Walker - Non-Executive Director Mr Neil Hatherly - Non-Executive Director
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 Website: www.runge.com.au Email: companysecretary@runge.com.au
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 Telephone: 1300 552 270 (within Australia) Telephone: +613 9415 4000 (outside Australia)
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.

AUSTRALIA

RUNGE LIMITED
BRISBANE: HEAD OFFICE
PHONE +61 7 3100 7200
FAX +61 7 3100 7297

RUNGE LIMITED
MAITLAND
PHONE +61 2 4933 0411
FAX +61 2 4933 0399

RUNGE LIMITED
WEST PERTH
PHONE +61 8 9482 0700
FAX +61 8 9482 0799

MINARCO-MINECONSULT PTY LTD
SYDNEY
PHONE +61 2 8248 1555
FAX +61 2 8248 1544

GEOGAS PTY LTD
WOLLONGONG
PHONE +61 2 4225 9279
FAX +61 2 4225 9273

GEOGAS PTY LTD
MACKAY
PHONE +61 7 4952 1224
FAX +61 7 4952 1558

MALAYSIA

RUNGE MALAYSIA SDN. BHD.
KUALA LUMPUR
PHONE +60 3 8996 9829
FAX +60 3 8996 9831

INDONESIA

RUNGE LIMITED
JAKARTA
PHONE +62 21 7592 2930
FAX +62 21 7592 2931

CHINA

RUNGE BEIJING
REPRESENTATIVE OFFICE
BEIJING
PHONE +86 10 8458 0336
FAX +86 10 8458 0335

HONG KONG

RUNGE ASIA LIMITED
WAN CHAI
PHONE +852 3558 2090
FAX +852 3558 2088

SOUTH AFRICA

MRM MINING SERVICES (PTY) LTD
JOHANNESBURG
PHONE +27 11 318 6800
FAX +27 11 318 6791

MRM MINING SERVICES (PTY) LTD
WITBANK
PHONE +27 13 656 0560
FAX +27 13 656 1206

CHILE

RUNGE LATIN AMERICA LIMITADA
SANTIAGO
PHONE +56 2 333 0304
FAX +56 2 333 0299

BRASIL

RUNGE SERVIÇOS
DE CONSULTORIA DO BRASIL LTDA
BELO HORIZONTE
PHONE +55 31 2125 6600
FAX +55 31 3055 3915

CANADA

RUNGE MINING (CANADA) PTY LTD
CALGARY
PHONE +1 403 217 4981
FAX +1 403 217 4389

USA

RUNGE INC.
DBA PINCOCK, ALLEN & HOLT
DENVER
PHONE +1 303 986 6950
FAX +1 303 987 8907

RUNGE INC.
GILLETTE
PHONE +1 307 682 2285
FAX +1 307 686 8693

CONTACTS

THE RUNGE LIMITED GROUP OF COMPANIES