



runge

RUNGE LIMITED abn 17 010 672 321

Helping You to Improve the Economics of Your Mine

**APPENDIX 4E
PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008**

RUNGE LIMITED
AND CONTROLLED ENTITIES

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CORPORATE DETAILS

Directors:	Vince Gauci – Chairman (appointed 5 February 2008) Anthony Kinnane – Managing Director Christian Larsen – Executive Director Ian Runge Ross Walker Neil Hatherly Peter Ludemann (resigned 22 April 2008) Christopher Still (resigned 21 April 2008)
Joint Company Secretary:	Julia Sloman – Chief Financial Officer Ken Lewis – Group General Counsel
Registered Office:	Level 17, Central Plaza One 345 Queen Street Brisbane QLD 4000
Administration Office:	Level 17, Central Plaza One 345 Queen Street Brisbane QLD 4000
Share Registry:	Computershare Investor Services Pty Ltd Level 19, 307 Queen Street Brisbane QLD 4000
Auditors:	PKF Level 6, 10 Eagle Street Brisbane Queensland 4000

FOR ANNOUNCEMENT TO THE MARKET

This statement includes consolidated results of Runge Limited for the year ended 30 June 2008 (FY08) compared with the year ended 30 June 2007 (FY07).

The results are prepared in accordance with IFRS and are presented in Australian dollars.

				\$A'000
Revenues from ordinary activities	up	62.8%	to	63,413
Net profit for the period attributable to members	up	6.2%	to	5,943

Dividends per share:

Final dividend for FY 2008 (payable 6 October 2008) 1.5 cents fully franked

Refer to note 2 in respect of dividends paid to shareholders during the 2008 financial year. These dividends were paid to the pre-IPO shareholders.

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other items of importance not previously released to the market:

The results for FY07 include the acquisition of Minarco-MineConsult for four months whereas the FY08 results include a full year of Minarco-MineConsult and acquisitions in the year in respect of GeoGAS for 7 months and ResEval for 6 months. In addition the company achieved internal growth in sales of \$10.8 million which equates to 29% over the prior year.

In FY08 there were a number of one off expenses aggregating to approximately \$2.2m relating to the prospectus capital raising and other corporate related costs.

The financial information included in this document for the year ended 30 June 2008 is unaudited and has been derived from the draft financial report of the Runge Limited Group. At the date of this announcement the financial accounts of Runge Limited are in the process of being audited.

This statement was approved by the Board of Directors.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated	
		2008	2007
		\$'000	\$'000
Revenue			
Services		49,347	30,486
Sale of licenses		11,718	7,234
Disbursements		1,346	846
Other revenue		453	115
Interest		549	264
		63,413	38,945
Expenses			
Amortisation of intangible assets		2,328	586
Depreciation		695	520
Employee benefits		37,291	22,902
Professional services		3,326	1,400
Occupancy costs		2,092	1,659
Travel		1,842	1,014
Office expenses		1,417	984
Shareholder sell down costs	5	1,670	-
Other expenses		3,324	1,754
		53,985	30,819
Profit before income tax and finance costs		9,428	8,126
Finance costs		(1,226)	(243)
Profit before income tax		8,202	7,883
Income tax expense	6	(2,259)	(2,286)
Net profit		5,943	5,597
Earnings per share			
Basic earnings per share (cents)	7	5.3¢	3.3¢

*The above income statement is an extract from our full financial report.
The above income statement should be read in conjunction with the accompanying notes.*

BALANCE SHEET**AS AT 30 JUNE 2008**

	Notes	Consolidated	
		2008	2007
		\$'000	\$'000
Current assets			
Cash and cash equivalents		12,652	6,579
Trade receivables		14,287	9,790
Work in progress		3,059	862
Prepayments and other receivables		1,328	1,214
Current tax receivable		1,603	-
Total current assets		<u>32,929</u>	<u>18,445</u>
Non-current assets			
Receivables		238	107
Property, plant and equipment		2,321	1,418
Deferred tax assets		190	104
Other		5	8
Intangible assets	3	<u>31,779</u>	<u>25,816</u>
Total non-current assets		<u>34,533</u>	<u>27,453</u>
Total assets		<u>67,462</u>	<u>45,898</u>
Current liabilities			
Trade and other payables		9,099	5,305
Borrowings		2,477	565
Provisions		2,458	2,498
Current tax liabilities		315	467
Deferred revenue		3,628	3,300
Total current liabilities		<u>17,977</u>	<u>12,135</u>
Non-current liabilities			
Trade and other payables		-	833
Borrowings		5,921	8,292
Provisions		1,284	371
Deferred tax liabilities		372	411
Other		274	377
Total non-current liabilities		<u>7,851</u>	<u>10,284</u>
Total liabilities		<u>25,828</u>	<u>22,419</u>
Net assets		<u>41,634</u>	<u>23,479</u>
EQUITY			
Contributed equity	5	39,262	18,798
Reserves		(3,041)	(2,235)
Retained profits		5,413	6,917
Total equity		<u>41,634</u>	<u>23,479</u>

The above balance sheet is an extract from our full financial report.

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

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated 2008 \$'000	2007 \$'000
Total equity at the beginning of the year		23,479	9,095
Net income recognised directly in equity:			
- Exchange differences on translation of foreign operations		(830)	(452)
Profit for the year		5,943	5,597
Total recognised income and expense for the year		5,113	5,145
Transactions with equity holders in their capacity as equity holders:			
- Contributions of equity, net of transaction costs	5	20,464	14,062
- Share based payments		25	-
- Dividends paid	2	(7,447)	(4,822)
Total equity at the end of the year		41,634	23,479

*The above statement of recognised income and expense is an extract from our full financial report.
The above statement of recognised income and expense should be read in conjunction with the accompanying notes.*

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CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	62,971	38,813
Payments to suppliers and employees	(52,600)	(31,349)
Dividends received	-	2
Interest received	549	264
Finance costs	(1,225)	(243)
Income taxes paid	(3,795)	(1,140)
Net cash inflow from operating activities	5,900	6,347
Cash flows from investing activities		
Payments for property, plant and equipment	(1,595)	(787)
Payment for intangible assets	(1,333)	(1,280)
Proceeds from sale of property, plant and equipment	133	45
Payments for subsidiaries, net of transaction costs and cash acquired	(6,030)	(7,273)
Payment for business net assets	(1,206)	-
Net cash outflow from investing activities	(10,031)	(9,295)
Cash flows from financing activities		
Proceeds from the issue of shares, net of transaction costs	18,797	412
Proceeds from borrowings	12,303	8,100
Repayment of borrowings	(12,876)	(844)
Dividends paid	(7,447)	(4,822)
Net cash inflow from financing activities	10,777	2,846
Net increase / (decrease) in cash and cash equivalents	6,646	(102)
Cash and cash equivalents at the beginning of the year	6,579	6,919
Effects of exchange rate changes on cash and cash equivalents	(573)	(238)
Cash and cash equivalents at the end of the year	12,652	6,579

*The above statement of cashflows is an extract from our full financial report.
The above statement of cashflows should be read in conjunction with the accompanying notes.*

NOTES TO THE PRELIMINARY RESULTS

1. Discussion and Analysis

a) Initial Public Offering

In FY08 Runge issued a prospectus (dated 22 April 2008) offering 20 million new shares and 30.2 million vendor shares at \$1.00 per share. The issue was fully subscribed and Runge listed on the Australian Stock Exchange on 27 May 2008. Proceeds from the capital raising (\$20 million) were used to repay debt (\$10 million), pay the associated transaction costs (\$3 million) and the balance was held for working capital purposes.

b) Entities/businesses acquired during the year

During the 2008 financial year Runge acquired:

- Geogas Pty Ltd – acquired on 29 November 2007
- Net assets of Resource Evaluations (“ResEval”) – acquired on 10 January 2008.

Refer to note 4 for details of these acquisitions.

During the 2007 financial year Runge acquired:

- Fractal Holdings Pty Ltd and Fractal Technologies Pty Ltd – acquired on 30 June 2007.
- Minarco Asia Pacific Pty Ltd and MineConsult Pty Ltd – acquired on 13 March 2007.

The entities listed above operate within the Mining Services industry which complement the existing business units within Runge.

Entities over which control has been lost during the period – none.

c) Financial performance

The April 2008 prospectus included Directors' Forecasts for the year ended 30 June 2008 both on a statutory basis (which reflected the forecast result expected to be reported for FY08) and on a pro forma basis (referred to as the Pro forma Forecast). The Pro forma income statement includes the impact of a number of adjustments (totalling approximately \$2 million) in order to better reflect the ongoing nature of the operations of the business. These adjustments include the following:

- Pre-acquisition earnings of GeoGas and ResEval as if these businesses had been acquired for the full year.
- Reduction in finance costs as if the debt reduction of \$10 million following the IPO capital raising had occurred on 1 July 2007 and not in June 2008.
- Shareholder sell down costs and professional fees paid in respect of the pre-IPO proposed trade sale have been excluded from the Pro forma income statement as they are non-recurring.
- Additional corporate costs relating to ASX listing fees, share registry and non-executive directors' remuneration have been annualised in the Pro forma income statement as if Runge had been a listed company for the full year.

The table below sets out a summary of actual results (both Statutory and Pro-forma) for the year ended 30 June 2008 compared to the forecasts included in the prospectus.

	Statutory		Pro forma	
	Actual \$'000	Forecast \$'000	Actual \$'000	Forecast \$'000
Revenue	62,865	60,947	65,444	63,526
Expenses	(52,180)	(50,682)	(52,490)	(51,226)
EBITA	10,685	10,268	12,954	12,300
Amortisation of intangible assets *	(1,806)	(1,888)	(1,723)	(1,805)
EBIT	8,879	8,377	11,231	10,495
Finance costs, net	(677)	(852)	69	(106)
Profit before tax	8,202	7,525	11,300	10,389
Income tax expense	(2,259)	(2,251)	(3,276)	(3,197)
Profit for the year	5,943	5,274	8,024	7,192

* The amortisation of intangible assets in this table is adjusted to exclude \$522,000 amortisation of software used in internal management systems for consistency with the format presented in the forecast and prospectus.

NOTES TO THE PRELIMINARY RESULTS (Continued)**1. Discussion and Analysis (Cont'd)****d) Comments on variation between actual to forecast**

- Strong revenue growth, particularly in the last quarter from consulting services and software licenses sales in the Australasian and US divisions, resulted in the business exceeding forecast revenue by \$1,918k.
- Despite additional strategic investments versus forecast in sales and marketing, travel, employee benefits, other costs and the strong Australian dollar by the business, prospectus forecasts were exceeded on EBITA by \$421k (Statutory) and \$654k (Pro Forma).
- The statutory EBITA and Profit are impacted by additional shareholder sell down costs, and professional services costs in excess of the forecast by approx \$200k.

2. Dividends

Dividends paid in cash during the year were as follows:

	Dividend per share*		Consolidated	
	2008	2007	2008	2007
	cents	cents	\$'000	\$'000
Ordinary shares – October	-	6.5	-	408
– February	12.3	7.9	1,706	505
– May (special)	31.0	-	4,298	-
Preference shares – October	-	7.7	-	1,929
– November	4.5	-	1,443	-
– February	-	7.9	-	1,980
			7,447	4,822

All dividends paid in 2007 and 2008 were fully franked. The special dividend in May 2008 of \$4.298 million was paid to the pre-IPO shareholders after completion of the IPO capital raising.

On 21 August 2008, the directors declared a fully franked final dividend of 1.5 cents per ordinary share. The record date of the dividend will be 15 September 2008 and the payment date will be 6 October 2008. The financial effect of the dividend was not bought to account as at 30 June 2008.

* The calculation of cents per share was based on the number of shares on issue at the dividend payment date and has not been adjusted for the subsequent share split and bonus issue.

3. Intangible Assets

	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Software developed for sales and licensing – at cost	2,253	1,324
Accumulated amortisation	(305)	-
	1,948	1,324
Software acquired for sales and licensing – at cost	3,133	3,133
Accumulated amortisation	(568)	(32)
	2,565	3,101
Software – internal management systems – at cost	2,392	1,810
Accumulated amortisation	(1,588)	(1,139)
	804	671
Client relationships – at cost	2,639	2,639
Accumulated amortisation	(586)	(59)
	2,053	2,580
Customer contracts – at cost	733	733
Accumulated amortisation	(648)	(173)
	85	560
Goodwill – at cost	24,324	17,580
	31,779	25,816

NOTES TO THE PRELIMINARY RESULTS (Continued)**4. Business Combinations**

On 29 November 2007 Runge acquired all the shares in GeoGAS Pty Ltd and, on 10 January 2008 Runge acquired the business assets and undertakings held by Resource Evaluations Pty Ltd ('ResEval'). Details of the acquisitions were as follows:

	GeoGAS \$'000	2008 ResEval \$'000	Total \$'000
Purchase consideration			
Cash	5,048	581	5,629
Deferred consideration	1,402	625	2,027
Issue of shares	-	1,250	1,250
Transaction costs	160	88	248
	6,610	2,544	9,154
Fair value of assets and liabilities acquired			
<i>Assets</i>			
Cash	1,043	-	1,043
Trade receivables	828	34	862
Work in progress	-	82	82
Plant and equipment	308	59	367
Intangible assets			
- Software – sales and licensing	-	263	263
Deferred tax assets	49	-	49
<i>Liabilities</i>			
Trade and other payables	(160)	(1)	(161)
Tax payable	(121)	-	(121)
Lease liabilities	(115)	-	(115)
Provisions	(143)	(31)	(174)
Net identifiable assets acquired	1,689	406	2,095
Goodwill	4,921	2,138	7,059
	6,610	2,544	9,154

5. Contributed Equity

	Consolidated	
	2008	2007
	\$'000	\$'000
Share capital		
Ordinary shares - fully paid	39,135	8,915
- partly paid	128	30
Preference shares - fully paid	-	9,736
- partly paid	-	117
	39,262	18,798

NOTES TO THE PRELIMINARY RESULTS (Continued)**5. Contributed Equity (Cont'd)****(a) Movements in ordinary and preference share capital:**

Date	Notes	Ordinary Shares		Preference Shares	
		Number	\$'000	Number	\$'000
30/06/06	Balance	6,280,877	1,734	25,057,345	3,002
22/12/06	Shares issued under ESAP	111,431	334	2,907	3
13/03/07	Shares issued to acquire MinarcoMineConsult	1,491,959	6,927	7,012,195	6,723
	Transaction costs		(100)		(67)
	Partly paid shares paid up		50		192
30/06/07	Balance	7,884,267	8,945	32,072,447	9,853
	Partly paid shares paid up		276		2
21/12/07	Conversion of preference to ordinary shares	5,821,094	9,855	(32,072,447)	(9,855)
01/01/08	Shares issued to acquire ResEval (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	-	-

(b) Notes on movement in 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 4.
- (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 10.
- (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:

	Total \$'000	Allocated	
		Equity \$'000	Expense* \$'000
Total costs	3,471	1,389	2,082
Amount paid by vendors	(412)	-	(412)
	3,059	1,389	1,670
Tax effect (deferred tax asset)	(417)	(417)	-
	2,642	972	1,670

* Disclosed as shareholder sell down costs in the Income Statement.

NOTES TO THE PRELIMINARY RESULTS (Continued)**6. Income Tax Expense****Numerical reconciliation of income tax expense to prima facie tax payable**

	Consolidated	
	2008	2007
	\$'000	\$'000
Profit before tax	8,202	7,883
Tax at the Australian tax rate of 30%	2,461	2,365
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Attributed Income	122	-
Non deductible expenses	39	19
Research and development deduction	(142)	(67)
Other		38
	2,481	2,355
Difference in overseas tax rates	(36)	21
Under (over) provision in prior years	(185)	(90)
Income Tax Expense	2,259	2,286

7. Earnings Per Share

	2008	2007
	Cents	Cents
Basic earnings per share	5.3¢	3.3¢
Basic earnings per share		
	2008	2007
	\$'000	\$'000
Profit attributable to the ordinary shareholders:		
Net profit	5,943	5,597
Dividend on preference shares	(1,443)	(3,909)
Profit attributable to the ordinary shareholders	4,500	1,688
	Number of Shares	
	2008	2007
	('000)	('000)
Weighted average number of ordinary shares	84,798	50,928

The weighted average number of ordinary shares has been determined as though the additional shares arising from the share split and bonus share issue had occurred at 1 July 2006 (for the ordinary shares on issue at that date) and at the respective transaction dates for ordinary shares issued from 1 July 2006 to the date of the share split and bonus share issue (22 April 2008).

Preference shares were converted into ordinary shares on 21 December 2007. Prior to conversion, preference shares were considered to be "potential ordinary shares" but were antidilutive in nature and therefore not included in the calculation of diluted earnings per share.

Options granted are considered to be potential ordinary shares. Details of options are set out in note 9. In 2008 the options are not considered dilutive and are therefore not included in the calculation of diluted earnings per share.

NOTES TO THE PRELIMINARY RESULTS (Continued)**7. Earnings Per Share (Cont'd)****Alternative earnings per share**

	2008	2007
	Cents	Cents
Alternative earnings per share	5.6¢	6.4¢
	Number of Shares	
	2008	2007
	'000	'000
Weighted average number of ordinary shares	105,331	87,922

An alternative calculation of earnings per share has been determined as though the conversion of preference shares to ordinary shares, which occurred on 21 December 2007, had occurred on 1 July 2006. Earnings for the purpose of calculating alternative earnings per share is the net profit. The weighted average number of shares used as the denominator in calculating alternative earnings per share has been determined on the same basis as basic earnings per share (see above), except for the conversion of preference shares. It is assumed that the conversion of preference shares to ordinary shares had occurred at 1 July 2006 (for the ordinary shares on issue at that date) and at the respective transaction dates for ordinary shares issued from 1 July 2006 to the date of conversion (21 December 2007).

8. Net Tangible Asset Backing

Net tangible assets per ordinary share were 7.9 cents as at 30 June 2008. This compares to a net tangible asset per share of (2.2) cents at 30 June 2007 assuming the share split, bonus, issue and conversion of preference shares had occurred at that date.

9. Share Based Payments

The Runge Executive Share Option Plan (ESOP) was approved by the directors on 5 February 2008. Any person designated eligible by the directors can participate in the plan. Grantees consist of non-executive directors and employees. Options are granted at the discretion of the directors.

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

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Performance Hurdles		Assessed Value per Option	No. of Options Granted
				Notes	TSR		
27/05/2008	30/08/2009	30/09/2009	\$1.00	(i)	N/A	17.6¢	648,199
27/05/2008	30/08/2010	30/09/2010	\$1.00	(i)	N/A	22.6¢	648,009
27/05/2008	30/08/2009	28/02/2010	\$1.00	(ii)	20%	16.7¢	544,500
27/05/2008	30/08/2010	28/02/2011	\$1.15	(ii)	44%	17.6¢	544,500
27/05/2008	30/08/2011	29/02/2012	\$1.32	(ii)	72%	17.3¢	561,000

The exercise price is payable in cash to the shareholders granting the options.

Options lapse following the resignation of employees.

Performance Hurdles

- (i) Employees must be employed at vesting date.
- (ii) Employees must be employed at vesting date and Runge's total shareholder return (TSR) must be greater than 50% of its peer group and achieve a TSR as shown above. TSR must exceed the benchmark TSR which is based on 20% 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.

NOTES TO THE PRELIMINARY RESULTS (Continued)

9. Share Based Payments (Cont'd)

Fair Value of Options Granted

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 and expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The model inputs for options granted included:

- Expected price volatility of Runge's share: 40%
- Expected dividend yield: 5%
- Risk free interest rate: 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 publically available information.

10. Contingent Liabilities

On 21 September 2007 a controlled entity of Runge Limited, Runge Inc trading as PAH, was named as a defendant in a civil action. The claim relates to alleged damages suffered by a former customer of PAH as a consequence of relying on due diligence reports provided by PAH. The action does not state the amount being claimed other than the amount exceeds US\$75,000. However, the claim does make reference to the extent of losses suffered by the plaintiff which are alleged to be significantly in excess of the \$US75,000.

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