

# APPENDIX 4D

The information contained in this report is for the half year ended 31 December 2010 and the previous corresponding period ended 31 December 2009 for Runge Limited and controlled entities.

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

## Results for announcement to the market

				<b>\$A'000</b>
Revenues from ordinary activities	up	20%	to	45,239
Profit for the period	up	26%	to	1,531

## Dividend information

	<b>Amount per Share (cents)</b>	<b>Franked Amount per Share (cents)</b>
Interim 2011 dividend per share (to be paid 7 April 2011)	1.0	Nil
<b>Interim dividend dates</b>		
Ex dividend date		10 March 2011
Record date		16 March 2011
Payment date		7 April 2011
	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
Net tangible assets per security (cents)	11.1	9.3

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

Core Global Mining Solutions (Beijing) Co, Ltd - registered 31 August 2010.

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

This statement was approved by the Board of Directors.

# CONTENTS

Corporate Directory .....	1
Directors' Report.....	2
Auditor's Independence Declaration.....	5
Condensed Consolidated Statement of Comprehensive Income .....	6
Condensed Consolidated Statement of Financial Position .....	7
Condensed Consolidated Statement of Changes in Equity .....	8
Condensed Consolidated Statement of Cash Flows.....	9
Selected Notes to the Financial Statements .....	10
Directors' Declaration .....	14
Independent Auditor's Review Report .....	15

# CORPORATE DIRECTORY

## **Directors**

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

## **Chief Financial Officer**

Mr Kieran Wallis

## **Group General Counsel and Company Secretary**

Mr Ken Lewis

## **Principal Registered Office in Australia**

Level 12, 333 Ann Street  
Brisbane QLD 4000

Ph: +617 3100 7200  
Fax: +617 3100 7297

## **Auditor**

PKF  
Level 6, 10 Eagle Street  
Brisbane QLD 4000

## **Share Registry**

Computershare Investment Services Pty Ltd  
Level 19, 307 Queen Street  
Brisbane QLD 4000

## **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

# DIRECTORS' REPORT

The directors present their report and the consolidated interim financial report for the half year ended 31 December 2010 and the review report thereon.

## Directors

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

### Non-executive

Mr Vince Gauci - *Chairman*

Dr Ian Runge

Mr Ross Walker

Mr Neil Hatherly

### Executive

Mr Anthony Kinnane - *Managing Director*

Mr Christian Larsen - *Executive Director*

## Review of Operations

Total revenue for the six months to 31 December 2010 increased by 20% on the prior comparative period to \$45.2 million. Net profit was \$1.53 million (Dec 2009: \$1.22 million), in line with market guidance. Basic earnings per share increased by 20% on the prior comparative period to 1.2 cents per share (Dec 2009: 1.0 cents per share).

Revenue	Six months	Six months	Six months
	to 31 Dec 2010	to 30 Jun 2010	to 31 Dec 2009
	\$m	\$m	\$m
Consulting	33.5	30.5	26.9
Licences	4.1	4.8	3.9
Maintenance	4.6	3.8	4.2
Laboratory services	2.5	1.9	2.1
Other	0.5	0.4	0.5
<b>Total revenue</b>	<b>45.2</b>	<b>41.4</b>	<b>37.6</b>
<b>EBITA*</b>	<b>3.7</b>	<b>3.0</b>	<b>2.8</b>
<b>Net Profit after Tax</b>	<b>1.5</b>	<b>1.1</b>	<b>1.2</b>

\* Earnings before interest, taxation and amortisation

## Consulting

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

Consulting revenue strengthened across all regions from the prior comparative period. In particular the Australian and American regions are returning to demand levels experienced pre the Global Financial Crisis. Consulting revenue in the period increased by 25% on the half year ending 31 December 2009 and 10% on 30 June 2010.

## Technology

Revenue from software product licence sales and maintenance was \$8.7 million for the half year, in line with the immediately preceding half year and up \$0.6 million on the prior comparative period. Our software product offerings include desktop products and large enterprise offerings. The market for desktop products remained steady in the half, however the enterprise software market remains constrained and no large enterprise sales were recorded in the period.

# DIRECTORS' REPORT

## **Other Operating Revenues**

GeoGAS continued to build on its position as a market leader in the services of coal seam gas testing and reservoir modelling in Australia. Revenue from laboratory services amounted to \$2.5 million in the half year (Dec 2009: \$2.1 million).

## **Operating Expenses**

Operating expenses increased by 19% to \$42.7 million for the six months ended 31 December 2010 due to increases in staff related expenses, premises and rental expenses and foreign exchange losses.

Employee costs total \$26.3 million for the half year (Dec 2009: \$23.0 million) with 382 fulltime equivalent employees (Dec 2009: 368 full time equivalents). Outside of the major mining houses, Runge remains one of the largest employers of mining professionals in the world, with 203 consultants at 31 December 2010 (Dec 2009: 204 consultants).

Foreign exchange losses of \$1.2 million (Dec 2009: \$0.3 million) were incurred during the half primarily due to the strong appreciation in the Australian dollar against the US dollar from \$0.85 at 30 June 2010 to \$1.01 at 31 December 2010.

Occupancy costs increase by \$0.8 million to \$5.1 million (Dec 2009: \$4.3 million) as a result of establishing and expanding regional offices, in particular new offices in Ulaanbaatar, Mongolia, and Moscow, Russia.

## **Segment Results**

Revenue increased across all segments from the half year ending 31 December 2009.

The GeoGAS segment includes results from laboratory testing activities and associated professional consulting fees. The segment result for the half, of \$1.25 million, was down on the prior period by \$0.5 million due to costs associated with new premises and laboratory equipment and a ramp up in staff numbers to meet growing testing demand.

The Asian region increased revenue by 25% to \$6.65 million, however the segment result for the region was in line with the prior period at \$1.35 million. The Asian region primarily invoices clients in US dollars however a significant proportion of the consulting activities are outsourced to other Runge offices who recharge the Asian region in their local currency. The weakening of the US dollar against these local currencies affected the consulting margins in the half.

All other Regions performed strongly against the prior comparative period due to the increased utilisation of professional consulting staff both within their region and by other Regional offices.

## **Financial Position**

The Group had net assets of \$45.4 million as at 31 December 2010 (June 2010: \$44.7 million) and net debt of \$2.7 million (June 2010: \$1.3 million).

The loan facilities of \$9.8 million are due to expire by November 2011, resulting in the classification of these loans as current liabilities. Runge will commence discussions regarding the renewal of the facilities closer to the date of expiration and is in a comfortable position to renew or refinance the facilities as required.

## **Future Outlook**

Operational business performance has improved significantly over the last 12 months and the earnings outlook for the Group remains positive and should continue to improve.

Demand for Consulting Services continues to grow in each of the Group's operating regions, however this demand is also reflective of the tight labour market for senior mining engineers, particularly in Australia. Runge is managing a number of strategies to address this issue including the active expansion of our Asian offices.

The pipeline for software sales in the second half of the year remains strong, however the recognition of software sales is subject to timing of orders and delivery.

# DIRECTORS' REPORT

## **Auditor's Independence**

The lead auditor's independence declaration under s307c of the *Corporations Act 2001* is set out on page 5 and forms part of the directors' report for the half year ended 31 December 2010.

## **Rounding Off**

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

Signed in accordance with a resolution of the directors.



## **Vince Gauci**

Chairman

Brisbane

Dated: 24 February 2011

**Auditor's Independence Declaration**

**To:** The Directors of Runge Limited

As lead auditor for the review of Runge Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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



**PKF**



**Albert Loots**  
Partner

Dated this 24th day of February 2011

Brisbane

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | [www.pkf.com.au](http://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

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Liability limited by a scheme approved under Professional Standards Legislation.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
<b>Revenue</b>		
Services	36,107	28,959
Sale of licenses	4,048	3,882
Software maintenance	4,617	4,191
Other revenue	467	528
	<b>45,239</b>	<b>37,560</b>
<b>Expenses</b>		
Amortisation	(1,267)	(1,080)
Depreciation	(969)	(861)
Employee benefits expense	(26,319)	(23,057)
Office expenses	(2,046)	(1,487)
Professional services	(1,016)	(1,435)
Rechargeable expenses	(4,333)	(2,863)
Rent	(3,065)	(2,826)
Travel expenses	(1,341)	(685)
Foreign exchange losses	(1,240)	(306)
Other expenses	(1,166)	(1,264)
	<b>(42,762)</b>	<b>(35,864)</b>
<b>Profit before net finance costs and income tax</b>	<b>2,477</b>	<b>1,696</b>
Finance income	66	51
Finance costs	(382)	(165)
<b>Net finance costs</b>	<b>(316)</b>	<b>(114)</b>
<b>Profit before income tax</b>	<b>2,161</b>	<b>1,582</b>
Income tax expense	(630)	(363)
<b>Profit for the period</b>	<b>1,531</b>	<b>1,219</b>
<b>Other comprehensive income</b>		
Foreign currency translation differences	(990)	(482)
Other comprehensive income for the period net of income tax	<b>(990)</b>	<b>(482)</b>
<b>Total comprehensive income for the period</b>	<b>541</b>	<b>737</b>
<b>Earnings per share</b>		
Basic earnings per share (cents)	1.2	1.0
Diluted earnings per share (cents)	1.2	1.0

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



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Notes	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>Current assets</b>			
Cash and cash equivalents		7,570	9,304
Trade and other receivables		16,043	20,740
Work in progress		3,432	2,681
Current tax receivable		2,266	2,177
Available-for-sale financial assets		1,335	1,601
Prepayments and other assets		1,346	1,392
<b>Total current assets</b>		<b>31,992</b>	<b>37,895</b>
<b>Non-current assets</b>			
Trade and other receivables		294	164
Property, plant and equipment		8,658	8,328
Deferred tax assets		2,773	2,356
Intangible assets		31,608	32,184
<b>Total non-current assets</b>		<b>43,333</b>	<b>43,032</b>
<b>Total assets</b>		<b>75,325</b>	<b>80,927</b>
<b>Current liabilities</b>			
Trade and other payables		4,238	8,475
Borrowings	3	9,805	1,807
Provisions		4,152	4,259
Current tax liabilities		505	618
Other liabilities		6,530	7,680
<b>Total current liabilities</b>		<b>25,230</b>	<b>22,839</b>
<b>Non-current liabilities</b>			
Borrowings	3	422	8,826
Provisions		76	31
Deferred tax liabilities		150	162
Other liabilities		4,093	4,400
<b>Total non-current liabilities</b>		<b>4,741</b>	<b>13,419</b>
<b>Total liabilities</b>		<b>29,971</b>	<b>36,258</b>
<b>Net assets</b>		<b>45,354</b>	<b>44,669</b>
<b>Equity</b>			
Contributed equity		39,405	39,407
Reserves		(2,515)	(1,671)
Retained profits		8,464	6,933
<b>Total equity</b>		<b>45,354</b>	<b>44,669</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Contributed equity	Reserves	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2010</b>	39,407	(1,671)	6,933	44,669
<b>Total comprehensive income for the period</b>	-	(990)	1,531	541
<b>Transactions with owners in their capacity as owners</b>				
Adjustment to payments received on partly paid shares	(2)	-	-	(2)
Employee share options	-	146	-	146
	(2)	146	-	144
<b>Balance at 31 December 2010</b>	<b>39,405</b>	<b>(2,515)</b>	<b>8,464</b>	<b>45,354</b>
<b>Balance at 1 July 2009</b>	39,385	(1,833)	8,988	46,540
<b>Total comprehensive income for the period</b>	-	(482)	1,219	737
<b>Transactions with owners in their capacity as owners</b>				
Payments received on partly paid shares	14	-	-	14
Employee share options	-	87	-	87
Dividends provided for or paid	-	-	(3,102)	(3,102)
	14	87	(3,102)	(3,001)
<b>Balance at 31 December 2009</b>	<b>39,399</b>	<b>(2,228)</b>	<b>7,105</b>	<b>44,276</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	50,367	38,443
Payments to suppliers and employees	(46,861)	(37,317)
Interest and dividends received	66	51
Borrowing costs	(382)	(165)
Income taxes paid	(1,261)	(1,058)
Net cash inflow / (outflow) from operating activities	1,929	(46)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,403)	(1,503)
Payment for intangible assets	(991)	(1,779)
Proceeds from sale of other financial assets	-	243
Net cash outflow from investing activities	(2,394)	(3,039)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares and other equity securities, net of transaction costs	-	14
Repayment of finance leases	(6)	-
Proceeds from borrowings	500	9,000
Repayment of borrowings	(900)	(1,251)
Dividends paid – members of the parent entity	-	(3,102)
Net cash inflow / (outflow) from financing activities	(406)	4,661
<b>Net increase / (decrease) in cash and cash equivalents held</b>	(871)	1,576
Cash and cash equivalents at the beginning of the period	9,304	6,689
Effects of exchange rate changes on cash and cash equivalents	(863)	(137)
<b>Cash and cash equivalents at the end of the period</b>	<b>7,570</b>	<b>8,128</b>

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

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of Preparation

Runge Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2010 is available upon request from the Company's registered office at Level 12, 333 Ann Street, Brisbane, Queensland or at [www.runge.com](http://www.runge.com).

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2010. The accounting policies applied in this consolidated interim financial report are consistent with those applied in its consolidated financial report as at and for the year ended 30 June 2010.

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

This consolidated interim financial report was approved by the Board of Directors on 25 February 2011.

## 2. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director in order to make decisions about resource allocations and to assess performance of the Group. The reports are split into geographical areas.

The Managing Director monitors the following segments: Australia (Brisbane, Sydney, Maitland and Perth), Asia (China, Indonesia, Hong Kong, Mongolia and Russia), America (Brasil, Canada, Chile and United States of America) and Africa (South Africa).

In line with internal management reporting structure South and North Americas were combined in one segment since last reporting period.

Malaysia is combined with the Brisbane office for segment reporting purposes as it primarily operates in conjunction with Brisbane in the development and testing of software products.

GeoGAS operations are based in Australia (Wollongong and Mackay) and are reported separately as it provides different services and is managed separately.

Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation. Other than for GeoGAS, each segment sells all the products and services provided by the Group.

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 2. Operating Segments (Continued)

31 Dec 2010	Australia \$'000	GeoGAS \$'000	Asia \$'000	America \$'000	Africa \$'000	Eliminations \$'000	Consolidated \$'000
<b>REVENUE</b>							
External sales	22,278	3,399	6,596	10,015	2,484	-	44,772
Inter-segment sales	3,058	16	53	22	97	(3,246)	-
<b>Total sales revenue</b>	25,336	3,415	6,649	10,037	2,581	(3,246)	44,772
<b>Unallocated revenue</b>							467
<b>Revenue / Income</b>							45,239
<b>RESULT</b>							
Segment result	5,981	1,251	1,352	1,853	587	-	11,024
Net finance costs							(316)
Amortisation							(1,267)
Foreign exchange loss							(1,240)
Unallocated expenses							(6,040)
Profit before income tax							2,161
Income tax expense							(630)
<b>Net profit</b>							1,531
<b>31 Dec 2009</b>							
	Australia \$'000	GeoGAS \$'000	Asia \$'000	America \$'000	Africa \$'000	Eliminations \$'000	Consolidated \$'000
<b>REVENUE</b>							
External sales	19,010	3,303	5,231	7,534	1,954	-	37,032
Inter-segment sales	3,109	3	57	227	70	(3,466)	-
<b>Total sales revenue</b>	22,119	3,306	5,288	7,761	2,024	(3,466)	37,032
<b>Unallocated revenue</b>							528
<b>Revenue / Income</b>							37,560
<b>RESULT</b>							
Segment result	4,091	1,796	1,390	895	209	-	8,381
Net finance costs							(114)
Amortisation							(1,080)
Foreign exchange loss							(306)
Unallocated expenses							(5,299)
Profit before income tax							1,582
Income tax expense							(363)
<b>Net profit</b>							1,219

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 3. Borrowings

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
<b>Current secured</b>		
Lease liabilities	5	7
Bank loan	9,800	1,800
	<b>9,805</b>	<b>1,807</b>
<b>Non-current secured</b>		
Lease liabilities	22	26
Bank loan	400	8,800
	<b>422</b>	<b>8,826</b>
<b>Movements in borrowings</b>	<b>31 Dec 2010 \$'000</b>	<b>31 Dec 2009 \$'000</b>
Opening balance at 1 July	10,633	3,481
Facility drawdown	500	9,000
Repayments	(902)	(1,251)
Foreign exchange effect on borrowings	(4)	(30)
<b>Balance at 31 December</b>	<b>10,227</b>	<b>11,200</b>

## 4. Dividends

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Dividends paid in cash during the period were:		
<i>Ordinary Shares</i>		
Final dividend of 2.5 cents per share fully franked paid on 6 October 2009	-	3,102

### Post balance date dividends

Since 31 December 2010 the directors have recommended the payment of an interim unfranked dividend of 1.0 cent per ordinary share (2009: 1.0 cent). The aggregate amount of the proposed dividend expected to be paid on 7 April 2011, but not recognised as a liability at the end of the period, is \$1,240,800 (2009: \$1,240,800).

## 5. Contingent Liabilities

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

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

On 17 February 2010 the Plaintiff filed a Notice of Appeal. The appeal was heard in November 2010 and a decision is anticipated to be published before July 2011.

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

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 6. Subsequent Events

In June 2010 the Group received 4,000,000 ordinary shares in Element92 Resources, Corp., as consideration for consulting services in respect of a customer in China. These shares are recorded as available-for-sale financial assets as at 31 December 2010 at a carrying value of \$1.34 million. Element92 Resources, Corp. subsequently changed its name to Yinfu Gold Corporation ("Yinfu").

Yinfu, through wholly owned subsidiary companies, owns gold mining and exploration concessions in Shandong and Guangdong Provinces in China. The company is incorporated in Wyoming USA, is quoted on the OTC Bulletin Board (ticker: "ELRE") and has announced its intention to list on the NASDAQ market.

On 7 February 2011 Yinfu announced the termination of negotiations to acquire the Rongcheng gold mine in Shandong province China, and the return to Yinfu of common stock deposited towards the purchase price of the Rongcheng gold mine.

The impact of this announcement, if any, on the carrying value of the available-for-sale asset cannot yet be determined. The trading price of Yinfu shares on the OTC Bulletin Board remains above the carrying value of the available-for-sale asset.

Other than for the matters noted above there have not been any other subsequent events which materially influence the future development of the Group.

# DIRECTORS' DECLARATION

In the opinion of the directors of Runge Limited:

- a) the accompanying financial statements and notes comply with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position at as 31 December 2010 and of its performance for the half year ended on that date; and
- b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Vince Gauci  
**Chairman**  
Brisbane  
Dated: 24 February 2011





Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Runge Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Runge Limited which comprises the condensed consolidated statement of financial position as at 31 December 2010, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Runge Limited (the company) and the entities it controlled at 31 December 2010 or from time to time during the half-year ended on that date.

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

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Runge Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Runge Limited, a copy of which is attached to the Directors' Report.

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | [www.pkf.com.au](http://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

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**Conclusion**

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Emphasis of Matter Regarding Litigation*

Without qualification to the conclusion expressed above, we draw attention to Note 5 to the financial statements. On 21 September 2007 Standard Bank Plc filed an action against a controlled entity of Runge Limited, Runge, Inc trading as PAH in the United States District Court of Colorado. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result and no accrual for any possible reimbursement that may be received has been made in the interim financial report.

**PKF****Albert Loots**  
Partner

Dated this 24th day of February 2011

Brisbane