

For immediate release to the market
To be read in conjunction with Appendix 4E

Runge Limited
ASX Code RUL
25 August 2011

Runge announces strong results

	2011	2010	Change
Revenue	\$94.2m	\$79.0m	up 19%
EBITA	\$9.3m	\$5.8m	up 60%
NPAT	\$3.6m	\$2.3m	up 57%
Earnings per Share	2.9 cents	1.8 cents	up 57%
Final Dividend	1.0 cent	nil	

Leading mining technology services company, Runge Limited today announced its results for the year ended 30 June 2011 delivering a 60% increase in EBITA from \$5.8 million to \$9.3 million. The improved financial result represents a significant turnaround from the prior year with improved sales experienced across all business regions.

Commenting on the results, Runge Managing Director, David Meldrum, said “We have noted steady momentum growing across the Group with a strong second half contribution from consulting services and technology products.”

“On behalf of all at Runge I would also like to acknowledge the contribution made by Tony Kinnane who served as the company’s Managing Director from 1 June 1991 to 31 March 2011. Tony’s sudden passing on 9 July 2011 was of great sadness and shock to staff and friends and he will be fondly remembered. He was institutional in the growth and success of the company over many years.”

Reported NPAT increased by 57% to \$3.6 million (FY10: \$2.3 million). This result was inclusive of a \$1.0 million write down of internally developed software assets.

The Directors have declared an unfranked final dividend of 1.0 cent per share, making a full year dividend of 2.0 cents per share (FY10: 1.0 cent per share). The record date for the dividend is 15 September 2011 with payment scheduled for 6 October 2011.

Operational review

Group revenue grew by 19% to \$94.2 million (FY10: \$79.0 million), reflecting a clear increase in demand for Runge's products and services. "This could not have been achieved without the exceptional efforts of Runge staff across the world and in announcing these results I am particularly proud of their contribution" commented Mr Meldrum.

Consulting fees increased by 19% to \$68.7 million (FY10: \$57.5 million) as staff utilisation levels significantly improved across the business. Approximately 49% of consulting fees were generated via overseas offices, reflecting the Groups increased geographical diversification.

Fees from the sale and support of software technology products grew by 13% to \$18.7 million (FY10: \$16.6 million), with approximately 46% of sales occurring outside Australia. The Group continues to experience strong demand for its desktop products across all regions. Software license sales were \$9.9 million (FY10: \$8.6 million) and included a large sale in North America of approximately \$1.0 million. The market opportunities for the sale of desktop technology products were consistent with the prior year and remain a key focus for the Group moving forward.

Laboratory gas testing once again demonstrated robust growth with revenues increasing by 45% to \$5.8 million (FY10: \$4.0 million), despite interruptions from the Queensland floods in the third quarter. The recent completion of new laboratory facilities in Wollongong and current finalisation of similar facilities in Mackay, are expected to underpin future revenue and margin growth.

Operating expenses increased by 16% during the year to \$80.4 million (FY10: \$69.4 million)

Employee benefits expense totalled \$55.8 million (FY10: \$48.5 million) due to an increase in full time equivalent staff to 416 as at 30 June 2011 (FY10: 368) and strong competition for mining professionals, particularly in the Australian market.

As outlined in the half year results the Group has been impacted by the strengthening Australian dollar throughout the period. A foreign exchange loss of \$1.3 million (FY10 \$0.5 million) was incurred primarily due to the strengthening of the Australian dollar against the US dollar from \$0.85 at 30 June 2010 to \$1.07 at 30 June 2011. Operating margin improvements continued throughout the year and this momentum remains evident across the Group; reflecting management's ongoing focus on the efficient deployment of assets and capital.

As previously announced, the Group recognised a non-cash expense of approximately \$1.0 million, arising from the write-down of internally developed software assets. Underlying NPAT* rose by 87% to \$4.3 million (FY10: \$2.3 million) excluding this one-off significant item.

The Group continues to demonstrate improving cash conversion qualities, generating operating cash flows of \$11.8 million (FY10: \$3.6 million). During the year the group repaid \$5.2 million of borrowings, closing the period with a year end net cash position of \$3.8 million (FY10: net debt \$(1.3) million).

Outlook

Commenting on the full year results, Managing Director David Meldrum said "The improved results are significant in that they demonstrate the effectiveness of the business interventions initiated over the last year. The business is building momentum and now has a robust platform on which we will build improving performance around our regional and technology strategic focus."

Mr Meldrum reiterated that the outlook remained positive for the Group, with the continued strength in commodities pricing and demand, presenting significant opportunities. “We have been through a period of robust development of resource projects. Through this period demand for our consulting services has grown with the need to meet the requirements of capital markets. We believe that while commodity prices remain strong this demand for our pre-production and laboratory gas testing services will continue. In addition, as these developing projects mature there will be an increasing demand for our technology products to support their ongoing development and optimisation.”

Underlying NPAT Reconciliation

	\$'m
Underlying net profit after tax	4.3
Less: Impairment of internally developed software (after tax effect)	<u>(0.7)</u>
Reported net profit after tax	<u>3.6</u>

* *Underlying NPAT - Net profit after tax prior to impairment of intangible software*

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About Runge Limited:

Runge Limited was established in 1977 by Dr Ian Runge and listed on the Australian Securities Exchange on 27 May 2008 (ASX code: RUL).

Runge Limited is a leader in the provision of technology products, consulting services and training courses to the global mining industry, delivering solutions and services across a range of commodities.

With expertise across a range of mining disciplines, Runge Limited’s approach to the business of mining is strongly grounded in economic principles and delivering mine planning solutions that are tightly coupled with technological support and training. Runge Limited currently owns and operates 20 offices in 12 countries throughout the world. Our team includes Pincock Allen & Holt, Minarco-MineConsult, MRM Mining Services Pty Ltd, GeoGAS Pty Ltd and Corelate Capital Pty Ltd.