



Announcement

25 February 2010

Runge Announces 2010 Half Year Results

Leading mining technology services company, Runge Limited (Runge), today announced its results for the six months ended 31 December 2009 (1H10).

Summary

- Overall a difficult half year with lower revenue from both consulting and software services compared to 1H09 and 2H09
- Calendar year 2009 has been very challenging due to the GFC with definite improvement visible in the last quarter
- Continued delay in major software sales throughout calendar 2009 with encouraging signs that this is now easing
- Operating revenue of \$37.6 million (2H09: \$39.3 million; 1H09: \$43.7 million)
- EBITA of \$2.8 million (2H09: \$5.4 million; 1H09: \$7.3 million)
- Net profit after tax of \$1.2 million (2H09: \$3.3 million; 1H09: \$4.7 million)
- Earnings per share of 1.0 cent per share (1H09: 3.8 cents per share)
- Interim FY10 dividend of 1.0 cent per share fully franked (1H09: 2.0 cents per share fully franked)

Commenting on the results, Runge's Managing Director, Mr Tony Kinnane said "Runge's performance over the six months ended 31 December 2009 needs to be put in the context of the past twelve months which has been very challenging. Runge's performance was slightly ahead of the guidance provided to the market in December 2009 and the results in the last quarter indicated that the low point in the cycle is behind us.

Runge's operating revenues were adversely affected by constrained spending by mining companies worldwide. However, there is growing positive sentiment within the industry as evidenced by increased demand for consulting work since July 2009."

Whilst trading conditions have been difficult, Runge has focused on executing its long term strategy to position the company for growth as markets improve. In looking to the future Runge retained its people in order to maintain the company's skills base through the cycle.

Positive outlook

Mr Kinnane said: "Our software sales pipeline of \$26.5 million reflects the deferral of expenditure by mining organisations in calendar 2009. With improving commodity prices, industry sentiment is picking up. The re-emergence of feasibility studies and due diligence work is evidence of this.

As mining companies regain their confidence and start to undertake expansion projects, they are seeking systems and processes that assist with centralisation and control over their operations. Our business model has allowed us to respond to the changing customer requirements and together with retention of our staff, means we are well placed to capitalise on the improving market conditions.”

Whilst the lumpy nature of large enterprise software sales makes it inherently difficult to forecast earnings, Runge reaffirmed its previous FY10 guidance of net profit after tax in the range between \$5.5 million to \$10 million.

In commenting on Runge’s outlook for the second half of the 2010 financial year, Mr Kinnane added “Runge has a number of attractive growth opportunities. We are opening new offices in Moscow (Russia) and Ulaanbaatar (Mongolia) and we continue to seek attractive opportunities to expand our business beyond organic growth.”

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About Runge Limited:

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

Today, Runge 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’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 currently owns and operates 17 offices in 10 countries throughout the world. Our team includes Pincock Allen & Holt, Minarco-MineConsult, MRM Mining Services (Pty) Ltd and GeoGAS.