ANNUAL REPORT
30 JUNE 2010

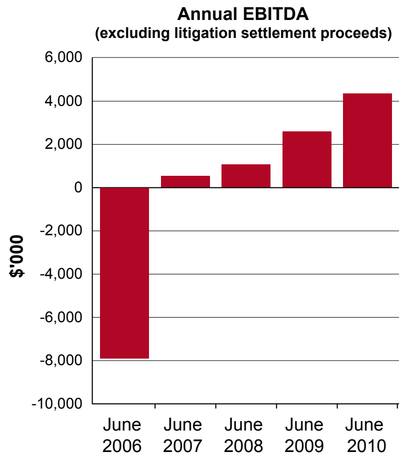
RUN Corp Limited
and Controlled Entities
ACN 111 764 437

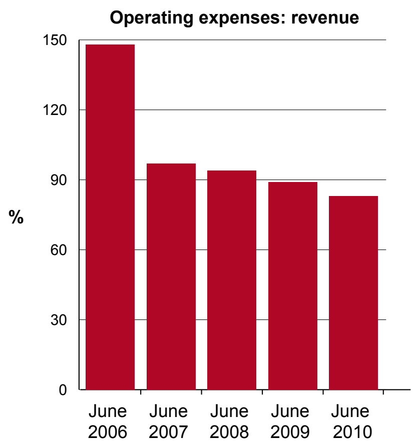
RUN PROPERTY

CONTENTS

RUN™ PROPERTY

CHAIRMAN'S LETTER





"RUN Sales will run parallel to the management business, with a discrete structure and new staff, and will be supported by our current investment property sales activities."

Dear Shareholder

We are proud to present you with our financial statements for 2010.
The RUN business has once again delivered improved results - we have successfully met our forecast EBITDA while additionally funding new initiatives in our emerging Sales business. We have reduced debt and increased operating cash flow.

Whilst improving the financial performance over the previous period and maintaining a sound and trusted relationship with our banker our energies are being applied to the roll-out of our sales business across our offices. Years ago, our business was established to provide a new level of customer service in the Property Management sector, and we now intend to continue this innovation into our newest division – RUN Property Sales.

RUN Sales will run parallel to the management business, with a discrete structure and new staff, and will be supported by our current investment property sales activities.

We have recorded new advances in our white label business 'Agentplus' providing a range of outsourced technology and trust accounting services to third-party Real Estate agent clients.

Presently, depreciation and amortisation, both non-cash flow items, continue to be a feature of our financials, reflecting our policy of a 15-20 per cent per annum amortisation charge on purchased Property Management Rights, however, over the next 18 months, this will sharply reduce allowing the light of bottom line profits shine through our financials.

The outlook for 2011 appears positive. Whilst it is difficult to predict interest rate movements and the possibility of a second downward dip in the economy, it is clear that our business, strongly underwritten by quality property rentals has delivered a recession-proof outcome.

Management has once again worked hard in your favour to deliver these positive results during a period when the world economies are still struggling to rebalance. I commend to you RUN's management who have controlled costs, created the ground-floor of our Sales structure and once again produced positive landlord sentiment.

Nathan Cher
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

"According to industry benchmarks, sales income would typically account for more than 60% of a real estate agent's turnover… this represents a huge growth opportunity."

Dear Shareholder,

I am pleased to report that in the last 12 months, RUN has continued to achieve both financial and operational improvements. I am personally very excited about our new sales business that over time will assist us to take the Company to the next level.

The key achievements for the 2009-2010 year are outlined below.

1. Improved Financial results – 62% improvement in EBITDA

In the RUN business EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is the most meaningful indicator of financial performance as it measures the trading performance of the Company, coupled with its ability to service finance costs.

Since inception RUN Property has continued to improve its financial position. The key financial highlights for the 2009-2010 year are:

- EBITDA of $4,231k, a 62% improvement compared to $2,604k for the previous year;
- Stable property management revenues (Victoria achieved net positive growth over the year; Queensland reported stable properties numbers over the last six months with diminished net property losses in New South Wales); and
- Positive cash flow from operating activities, an increase of $699k over the previous period;
- A reduction of $2.75 million in our banking facility.

2. Growth of Agentplus business – 224% growth in properties from external clients

Agentplus provides real estate agents with a packaged back-office solution including technology and trust accounting services, which frees them from many operational overheads and permits them to focus on their core business.

The Agentplus business grew significantly during the last year. The number of external properties increased by more than 10,000 with a total of 31,000 properties (including RUN) using the Agentplus service at June 2010.

The business continues to invest heavily in enhancing this platform and there is no known comparative service offering in the marketplace.

3. Successful launch of RUN's new Sales business

Historically approximately 1,000 properties have sold off the RUN rent roll each year. In Victoria and New South Wales the previous model relied on referring sales opportunities to other agents which didn't maximise RUN's revenue, brand and referrals back to the rent roll.

According to industry benchmarks, sales revenue would typically account for more than 60% of a real estate agent's turnover. RUN currently generates approximately $22 million of revenue from its property management business and based on these benchmarks we believe the sales business represents a huge growth opportunity over the coming years.

At the end of June we had 24 sales employees in the business with further recruitment expected in the first half of the new financial year.

The initial sales activity has been very promising and we believe that this business will contribute positively in the second half of the year.

Looking ahead

During the last year RUN had stable property management revenue, significantly grown the Agentplus business and operated in sales in Victoria, New South Wales and Queensland.

We have an exciting 12 months ahead and our focus will be to:

- continue to improve the financial performance of the business;
- Organically grow the number of properties under management and to reduce the cost of acquiring new business,
- Increase our sales footprint in Victoria, New South Wales and Queensland with a positive EBITDA contribution in the year ending 30 June 2011 ; and
- Agentplus growth.

Acknowledgement and thanks

I would like to acknowledge and thank the entire RUN team and our valued customers for their support and commitment over the last 12 months.

Your enthusiasm for RUN's operations and services, and your belief in our vision to create the premier real estate company in Australia, is very much appreciated by both me and the executive team.

Rob Farmer
Chief Executive Officer

DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to hereafter as "RUN") consisting of RUN Corp Limited and the entities that it controlled at the end of, or during the year ended 30 June 2010.

DIRECTORS

The names of the directors in office at any time during or since the end of the year to the date of this report are:

Names	Date appointed or resigned
Nathan Paul Cher	
Samuel Jacob Herszberg	Re-elected on 27 November 2009
Jane Anne Tongs	

Qualifications, experience and special responsibilities

Nathan Paul Cher, B.Sc (Comp), FAICD
(Chairman)

Nathan is a co-founder of RUN and has experience in developing and leveraging systems and technology to improve customer service.

Nathan was formerly a co-founder and director of Com Tech Communications Pty Ltd (which was acquired by Dimension Data Australia Pty Ltd) and other private companies.

Nathan is a member of the Audit Committee.

Nathan did not serve as a director of any listed company other than RUN Corp Limited in the last 3 years.

Samuel Jacob Herszberg
(Executive Director)

Sam is a co-founder of RUN, Executive Director and officer in effective control. He has 20 years experience as a real estate agent, is an auctioneer and property manager.

In 1995 he assisted with the establishment of a Wilson Pride Real Estate office in inner suburban Melbourne. For licensing purposes, Sam is the licensed real estate agent for RUN Property Pty Ltd.

Sam was re-elected on 27 November 2009, after retiring by rotation in accordance with the constitution and offering himself for re-election

Samuel did not serve as a director of any listed company other than RUN Corp Limited in the last 3 years.

Jane Anne Tongs, FCA, FCPA, A.I.C.D, BBUS, MBA
(Non-Executive Director)

A former partner with PricewaterhouseCoopers, Jane is a director of several private sector companies, government organisations and Chairman of a number of audit committees. These include Chairman of Netwealth Holdings Limited, LCM Healthcare Limited, Catholic Church Insurances and Leadership Victoria.

Jane has significant experience in corporate governance and financial services particularly within insurance, funds management and superannuation.

Jane is the Chairperson of the Audit Committee.

During the past three years she also served a director of the following listed company:

MacarthurCook Limited - appointed September 2007 (resigned 10 August 2009)

Company Secretary

Jeff Stein, CA (AU)

Jeff is Company Secretary and Chief Financial Officer of RUN. Jeff has significant public company experience serving in senior finance positions in South Africa and Malaysia.

Directors' interests in RUN at the date of this report:

As at the date of this report, the interests of the directors in the shares of RUN Corp Limited were

Name	Ordinary Shares
Nathan Paul Cher	23,803,240
Samuel Herszberg	27,689,294
Jane Tongs	353,691
	51,846,225

PRINCIPAL ACTIVITIES

The principal activity during the year of the entities within the consolidated group was retail property management. There has been no significant change in the nature of these activities during the year.

REVIEW OF OPERATIONS

RUN Corp Limited's consolidated results for the year ended 30 June 2010 are summarised as follows:

	2010 Actual ($'000)	2009 Actual ($'000)
Property management commission	18,386	18,494
Other revenue	7,033	6,148
Total revenue and other income (excluding interest received)	25,419	24,642
EBITDA	**4,231**	**2,604**
Net finance cost	(3,488)	(3,034)
EBTDA	**743**	**(430)**
Depreciation and amortisation	(6,289)	(6,114)
Taxation (charge)/benefit	1,725	1,751
Net loss attributable to members	**(3,821)**	**(4,793)**

RUN is the largest independent residential property management company in Australia with properties under management in Melbourne, Sydney and Brisbane. RUN is now operating in property sales in all of these states.

Business Strategy and Operations

The Company has reported continued improvement in the financial year ended 30 June 2010 and has successfully achieved the following:

- further reduction in business operating costs;
- stable property management and letting fee income;
- commencement of sales operations in VIC and NSW;
- growth in the AgentPlus property base, which provides the real estate industry with a complete back-office solution including technology and trust accounting services freeing agents to focus on their core business; and
- increase of referral channels for property management new business referrals.

As noted in the Chief Executive Officer's report the focus is now to

- organically grow the number of properties managed on the RUN Property platform; this will be achieved by continuing to leverage on relationships that the Company has formed with referrers of property management leads into the business;
- increase Agentplus revenue streams by bringing additional properties and customers onto the platform; and
- grow the property sales business in all three states.

Financial Performance

Total Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year was $4,231k compared to EBITDA of $2,604k for the previous year. This compared favourably against previous market guidance.

The increase in EBITDA of $1,627k was a consequence of $777k in higher operating revenues complemented by $850k in lower operating expenses.

The increase in revenue was primarily attributable to $625k higher Agentplus revenue with an increase in properties on the platform.

The stable property management commission is the reason that the carrying value of the rent-roll has been maintained (rent roll valuations are based on a multiple of annualised property management commissions).

There has been continued focus on operating costs with a reduction of 4% from the previous year. In the second half of the year, the Company commenced sales operations in VIC and NSW. Headcount (FTE equivalents) increased from 197 employees at June 2009 to 221 at June 2010. There were 24 sales employees in the business at the end of the financial year.

Depreciation and amortisation, both non cash flow items, primarily reflect the Company's policy of a 15-20 per cent per annum amortisation charge on purchased Property Management Rights. The Company reviewed the amortisation rate on property management rights and the Directors view it is still appropriate to amortise this asset over a period of between 5-6 years. In 2012, RUN's amortisation charge will reduce by approximately $3 million and in 2013 will reduce by a further $2 million.

Net interest expense includes the financing costs of the $35.75 million bank facility. Net interest expense of $3,488k for the year was $454k higher than the previous year reflecting an increase in the variable rate.

DIRECTORS' REPORT (Continued)

In accordance with group policy and the requirements of Australian Accounting Standards the carrying value of the property management rights, both the identifiable intangible and the goodwill associated with property management rights have been assessed for impairment.

In line with previous reporting periods, goodwill and intangible assets relating to property management rights acquired through business combinations are being managed on a State by State basis.

The recoverable amount of cash-generating units comprising the goodwill and intangible assets has been determined on the basis of fair value less costs to sell. The Company's analysis of fair value is supported by valuer letters received from independent valuers. Based on the analysis performed the Company has assessed the recoverable amount of the cash generating units ($62 million) to be in excess of their carrying amount ($43.8 million) and therefore no adjustments to the carrying amount of goodwill and intangibles is required.

Capital and Funding Structure

At 30 June 2010, the Company had bank debt of $35.75 million with $1,723k cash on deposit.

The Company repaid $1.25 million of bank debt during the period under review and reduced the loan facility from $38.5 million to $35.75 million.

The Company previously fixed the rate on $10 million of debt at 6.92% until October 2011 and $10 million until July 2012 (total $20 million fixed).

Risk Management

In its governance role, and particularly in exercising its duty of care and diligence, and associated legal duties, the Board is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the assets and undertakings of the Company. A risk management framework has been developed and implemented. As a consequence, management are able to provide appropriate risk management certifications to the Board.

The Board adopts an active approach to risk management which recognises that the Company is engaged in activities which necessarily demand that the Company take usual business, entrepreneurial and operational risks.

Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management as a risk aware company and not a risk averse one.

DETAILS OF MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors' meetings eligible to attend	Directors' meetings attended	Audit Committee meetings eligible to attend	Audit Committee meetings attended
Number of meetings held:	7		4	
Number of meetings attended:				
Nathan Paul Cher	7	7	4	4
Samuel Jacob Herszberg	7	7	–	–
Jane Anne Tongs	7	7	4	4

Committee membership

As at the date of this report, the company had an Audit Committee. Given the importance of the Nomination and Remuneration functions, the Board as a whole undertakes these responsibilities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than referred to in the Review of Operations, there has been no significant changes in the Company's state of affairs during the financial year.

DIVIDENDS

There were no dividends paid or payable during the year (2009: $nil).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than as disclosed below and in the review of operations, no matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Share issues

The following shares have been issued subsequent to 30 June 2010

Date	Issued to:	Number of shares
9 July 2010	Ordinary shares issued pursuant to the Executive Benefit Plan	375,000
8 September 2010	Executives of the company pursuant to their terms of employment	3,200,000

Banking Facility

The Company has finalised covenants in place for the 2011 financial year with National Australia Bank which is based on forecasts prepared by the Company.

Legal Proceedings

The Company previously instituted bankruptcy proceedings against Mr Justin Brown for a debt owing under a telephone equipment rental agreement. Mr Brown paid an amount of $113k to the company in July 2010.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The key areas of focus for the 2011 financial year will be to:

> continue to improve the financial performance of the business;

> organically increase the number of properties managed;

> increase Agentplus revenue streams by bringing additional properties and customers onto the platform; and

> grow the property sales business in VIC, NSW and QLD.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and unless otherwise indicated) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid a premium of $50,110 to insure the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Other than Deeds of Indemnity, Insurance and Access provided to officers of the Company and its subsidiaries, no other indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the Company.

DIRECTORS' REPORT (Continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

EMPLOYEES

	2010	2009
Number of Full Time Equivalents (FTE's) at balance date	221	197

AUDIT & NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied the provision of the non-audit services is compatible with the general standard of independence for the auditors imposed by the Corporations Act 2001.

AUDITOR'S INDEMNIFICATION

The Company has not, during or since the financial year, in respect of any person who is or has been an auditor of the Company:

> indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

> paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

REMUNERATION REPORT (AUDITED)

This remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director of the parent company, and includes the five executives in the Group receiving the highest remuneration.

The key management personnel and the names of the 5 executives who receive the highest remuneration

(i) Directors

N Cher	Chairman (Non-Executive)
S Herszberg	Executive
J Tongs	Non –Executive

(ii) Executives

R Farmer	Chief Executive Officer
J Stein	Chief Financial Officer
D Robinson	Chief Technology Officer
M Connolly	Franchise Manager (resigned 9 February 2010)
T Tebb	National Manager

Compensation Policy

RUN has established a Nomination and Remuneration Committee. The Board as a whole undertakes Nomination and Remuneration function responsibilities including determining remuneration packages applicable to the Board members, the CEO and senior executives.

The Board remuneration policy has been developed to ensure that remuneration packages properly reflect each person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. There is an annual evaluation of the Board, including Directors and Committees.

The Board nomination policy has been developed to ensure that the composition of the Board is regularly reviewed, including reviewing issues such as identifying and selecting nominees and succession planning. When a Board vacancy occurs or where it is considered that the Board would benefit from the services of a new Director with particular skills, nominations for suitable candidates will be sought.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for directors and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality, high performing directors and executives.

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To achieve this, the Company embodies the following principles in its remuneration framework:

> provide competitive rewards to attract high calibre executives;

> have a significant portion of executive remuneration 'at risk'; and

> establish appropriate, demanding performance hurdles for variable executive remuneration.

The Company prohibits executives from entering into arrangements to protect the value of their equity based remuneration. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package, and is monitored by the Board on an ongoing basis.

Remuneration Structure

In accordance with best corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the members meeting held on 27 October 2005, where members approved an aggregate remuneration of $300,000 per year.

Each non-executive director receives a base fee (excluding superannuation) of $48,000 for being a director of the Group. The chairman is entitled to a base fee (excluding superannuation) of $66,000.

The remuneration of non-executive directors for the period ending 30 June 2010 and 30 June 2009 is detailed later in this report.

Executive Remuneration

Objective

The Group aims to reward executives with a level and a mix of remuneration with their position and responsibilities within the Group so as to:

> reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;

> align the interests of executives with those of shareholders; and

> ensure total remuneration is competitive by market standards.

Structure

The Remuneration Committee has entered into a detailed contract of employment with the Chief Executive Officer and Chief Financial Officer and a standard contract with other executives. Details of these contracts are provided in the service agreements section in this report.

Remuneration consists of the following key elements:

> Fixed remuneration (base salary, superannuation and non-monetary benefits); and

> Variable remuneration

  ■ Short term incentive (STI)

  ■ Long term incentive (LTI)

DIRECTORS' REPORT (Continued)

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of the business and individual performance as well as relevant comparative remuneration.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and allowances. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Variable Remuneration-short term incentive (STI)

Objective

The objective of the variable component of total remuneration is to link the achievement of the Group's financial and operational targets with the remuneration received by the executives charged with meeting those targets. The total potential variable portion is set at a level so as to provide sufficient incentive to the executive to achieve the financial targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual variable payments granted to each executive depend on the extent to which specific targets are met. These targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non financial measures.

As noted in last year's report no further STI bonuses subsequent to the 2009 year will be payable to the CEO and CFO until such time as the Company achieves EBITDA of $8 million.

For the 2009 financial year the incentive payable to the CEO and CFO was primarily based around overachievement of projected EBITDA performance.

STI bonus for 2009 and 2010 financial years

The following STI payments for the 2009 financial year were approved, with payment made during the 2010 financial year.

	Cash $	Shares $	Total $	Number of shares*
Chief Executive Officer	166,219	229,541	395,760	6,203,805
Chief Financial Officer	118,728	118,728	237,456	3,208,865
Total	**284,947**	**348,269**	**633,216**	**9,412,670**

* The number of shares issued was calculated based on a share price of $0.037 (calculated at the Volume-Weighted Average Price of RUN shares for the six trading days prior to grant date). These shares are subject to voluntary escrow for a period of 2 years from date of issue.

No STI bonuses were approved or paid to the above executives for the 2010 financial year.

Variable Remuneration-long term incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

Structure

As mentioned above the variable component of the 2009 bonus was paid in cash and shares. The shares issued are subject to voluntary escrow restrictions that will apply for a period of 24 months following each issue of share.

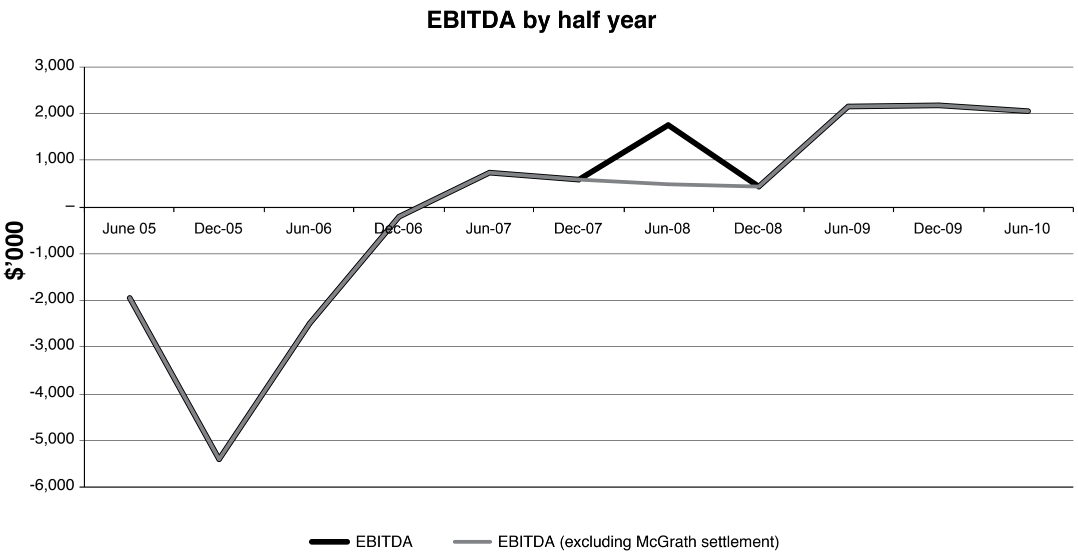
In addition, as noted in last year's report, these executives received performance rights as follows:

	CEO	CFO	Total	
Number of Shares (Series 1)	875,000	525,000	1,400,000	Issued in August 2009
Number of Shares (Series 2)	1,125,000	675,000	1,800,000	Issued in November 2009
Number of Shares (Series 3)	2,000,000	1,200,000	3,200,000	Issued in September 2010
Total	**4,000,000**	**2,400,000**	**6,400,000**	

The above shares are escrowed until September 2011.

Group performance

The graph below shows the 6 monthly EBITDA performance of the Group from the period ending June 2005.



Service Agreements

Remuneration and other terms of employment for some Key Management Personnel have been formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

Chief Executive Officer

The key terms of the current employment contact with CEO, Rob Farmer, are as follows:

> Total fixed remuneration package of $350,000 (increased to $360,850 from 1 July 2010) per annum.

> Employment may be terminated by R Farmer with 120 days written notice.

> If RUN elects to terminate employment prior to 7 January 2011, then RUN will agree to make a payment equal to one year's base remuneration. Following this period, employment may be terminated by RUN with 120 days written notice.

> There will be no further annual or other bonuses paid in relation to future performance until such time as the Company reports an $8 million EBITDA to the market.

Chief Financial Officer

The key terms of the current employment contact with CFO, Jeff Stein, are as follows:

> Total fixed remuneration package of $230,000 (increased to $237,130 from 1 July 2010) per annum.

DIRECTORS' REPORT (Continued)

- Employment may be terminated by J Stein with 90 days written notice.
- There will be no further annual or other bonuses paid in relation to future performance until such time as the Company reports an $8 million EBITDA to the market.

Other Executives (standard contracts)

- All executives have rolling contracts.
- Employment may be terminated by the executive or the Company with 60 days written notice.

Remuneration of Key Management Personnel and 5 highest paid executives of RUN for the year ended 30 June

	Short-Term		Post employment	Long-term				
	Salaries and fees	Cash bonus	Super-annuation	Incentive plans	Long service leave	Share based payment	Total	Perform-ance related
2010	($)	($)	($)	($)	($)	($)	($)	%
Directors								
Nathan Cher	63,250	–	5,693	–	–	–	68,943	–
Sam Herszberg	55,213	–	4,969	–	–	–	60,182	–
Jane Tongs	46,000	–	4,140	–	–	–	50,140	–
Executives								
Robert Farmer	331,154	–	18,846	–	12,782	70,000	432,782	16%
Jeff Stein	215,000	–	15,000	–	10,349	42,000	282,349	15%
Don Robinson	158,340	–	14,251	–	6,403	14,657	193,651	8%
Mike Conolly (resigned 9 February 2010)	112,051	–	9,766	–	2,454	–	124,271	0%
Trish Tebb	160,942	–	14,429	–	4,305	6,464	186,140	4%
	1,141,950	**–**	**87,093**	**–**	**36,293**	**133,121**	**1,398,457**	

2009	($)	($)	($)	($)	($)	($)	($)	%
Directors								
Nathan Cher	55,000	–	4,950	–	–	–	59,950	–
Sam Herszberg	48,011	–	4,321	–	–	–	52,332	–
Jane Tongs	40,000	–	3,600	–	–	–	43,600	–
Brian Reid (resigned 1 December 2008)	16,666	–	1,500	–	–	–	18,166	–
Max Ormsby (resigned 6 January 2009)	20,000	–	1,800	–	–	–	21,800	–
Executives								
Robert Farmer	315,000	166,219	15,000	229,541	2,623	103,639	832,022	60%
Jeff Stein	165,138	118,728	14,862	118,728	1,189	62,183	480,828	62%
Don Robinson	158,770	21,790	16,212	–	1,139	16,178	214,088	18%
Mike Conolly	165,138	32,729	17,133	–	5,913	–	220,913	15%
Trish Tebb	152,596	60,000	13,734	–	14,189	–	240,519	25%
	1,136,319	**399,466**	**93,112**	**348,269**	**25,052**	**182,000**	**2,184,219**	

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307 of the Corporations Act 2001 is set out on page 17.

Signed in accordance with a resolution of the directors:

Nathan Cher
Chairman

Jane Tongs
Non Executive Director

Dated this 23rd day of September 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of RUN is responsible for ensuring good corporate governance of the consolidated entity in order to protect and enhance shareholder value. The Board guides and monitors the business on behalf of the shareholders by whom they are elected and to whom they are accountable.

RUN's Corporate Governance Statement outlines the main corporate governance practices in place and is structured with reference to the Australian Stock Exchange Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. RUN considers that it was fully compliant with these principles and recommendations.

Principle 1: Lay solid foundations for management and oversight

The Directors are responsible, and primarily accountable to the shareholders for the effective corporate governance of the Company. This means that the Board is responsible for directing and controlling the Company, guiding and monitoring its strategy and business affairs.

The corporate governance of the Company is carried out through the delegations of appropriate authority to the Chief Executive Officer (CEO) and, through the CEO, to the management of the Company.

All senior executives are measured against agreed key performance indicators (KPI's). The variable portion of remuneration for these executives is based on achievement of these KPI's.

The Board has adopted a Charter as a guiding framework for the corporate governance of the Company. In addition, a Code of Conduct for Directors and Officers has been adopted by the Board, and also a range of relevant governance policies, all of which are available from the Company Secretary. All Directors, individually and as a Board, are required to agree, upon appointment, to act in accordance with the Charter, the Code of Conduct and the policies.

The role of the Board, as the body ultimately responsible for the corporate governance of the Company, specifically consists of the following major functions:

> Providing accountability to shareholders and other stakeholders;

> Appointing and working with the CEO;

> Approval of Company strategy;

> Development of key Company policy; and

> Monitoring management and operations.

The Board held 7 meetings during the year. Attendance at the Board Meetings is detailed in the Directors' Report. Details of the Directors, their qualifications, skills and experience are also set out in the Directors' Report.

Principle 2: Structure the Board to add value

Under the Company's Constitution, the Board comprises a minimum of three and a maximum of seven Directors. As far as practicable, the Board:

> comprises people who bring robust and independent judgement to the Board;

> comprises people with a broad range of experience, expertise, skills and contacts relevant to the Company and its business at any relevant point in time; and

> includes an independent Chairman.

The Board has established an Independence and Conflicts of Interest Policy which assesses the independence of directors and addresses the handling of conflicts that may arise for Directors.

From the beginning of the financial year, the Board comprised the following:

From	To	No. of Non-Executive Directors	No. of Executive Directors
01/07/2009	30/06/2010	2	1

At 30 June 2010, the Board included two Directors (Sam Herszberg and Nathan Cher) whose individual relevant interests constituted more than 5% of the Company's voting capital and hence were classified as substantial shareholders.

However, the Board considers that the overriding consideration in determining the independence of a particular Director is whether a Director is independent of management and free of outside influences which could materially interfere with the independent and objective judgement of the Director. The Board confirms that in its view all Directors met this criterion during the financial year.

The Board periodically assesses the independence of each Director in the light of the interests disclosed by them, and each Director provides the Board with all relevant information for that purpose.

The Board is responsible for the financial and operating performance of the Company against approved strategies. This is done through receiving regular management reporting at Board meetings and participation in meeting of Committees of the Board with management. Directors are entitled to request additional information where they consider such information is necessary to make informed decisions.

The Company Secretary supports the board by monitoring that board policies and procedures are followed and ensuring the timely completion and despatch of board agenda and supporting material.

Given the importance of the function of a Nomination Committee, the Board as a whole undertakes these responsibilities. This includes devising and implementing policies covering the composition, succession planning, appointment, remuneration and evaluation of the performance of the Board, Directors, CEO and CFO.

Principle 3: Promote ethical and responsible decision making

The Board has adopted a Code of Conduct for Directors and Officers to guide behaviour, enhance investor confidence in the Company and demonstrate a commitment to ethical standards and practices.

The Board has also adopted a Securities Trading Policy. This aims to ensure that the Directors and employees do not inadvertently breach the insider trading provisions of the Corporations Act 2001 when dealing in securities of the Company.

The code of conduct and trading policies are available from the company secretary.

Principle 4: Safeguard integrity in financial reporting

The Board has established an Audit Committee which operates under an approved Audit Committee Charter. The role of the Audit Committee is to assist the Board in discharging its obligations to ensure:

> the integrity and reliability of information prepared for use by the Board, shareholders and other stakeholders, including financial information; and

> the integrity of the Company's internal controls affecting the preparation and provision of that information.

The Audit Committee has two Directors (Jane Tongs and Nathan Cher) appointed by the Board and:

> comprises independent non executive Directors;

> is chaired by Jane Tongs who is an independent Director and is not the Chairman of the Board;

> comprises members who are financially literate;

> has at least one member with financial expertise;

> has at least one member with an understanding of the industry in which the Company operates; and

> external auditors, CEO and CFO are invited to attend meetings at the discretion of the Audit Committee.

The experience and qualifications of members of the Audit Committee together with attendance at 2010 Committee meetings, is detailed in the Directors' Report.

The Audit Committee, amongst other things:

> recommends and supervises the engagement of the external auditor, monitors auditor performance and ensures action is taken in relation to audit reports;

> evaluates the adequacy and effectiveness of internal controls and management information;

> reviews all areas of significant risk and arrangements in place to contain those to acceptable levels of exposure;

> reviews financial information, accounting policies and ASX reporting statements; and

> monitors internal controls and compliance with the Corporations Act 2001, ASX Listing Rules and other regulatory requirements.

The CEO and CFO are required to declare whether, in their respective opinions, the Company's financial records have been properly maintained and whether the financial statements present a true and fair view of the Company's financial position and performance, and are in accordance with relevant accounting standards.

The external auditor has declared its independence to the Board. The Board has satisfied itself that there has been compliance with the standards for auditor independence.

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 5: Make timely and balanced disclosure

The Board has adopted a Continuous Disclosure and External Communications Policy with the objective of ensuring compliance with the Company's continuous disclosure obligations under the ASX Listing Rules and the Corporations Act 2001. This ensures that the market is appropriately informed of the Company's strategy and financial performance. The Company aims to achieve this by seeking to provide equal access to information for all investors and avoiding the disclosure of material information to any person on a selective basis.

The Company Secretary is responsible for communications with the ASX including overseeing information going to the ASX, shareholders and other interested parties.

The Company places all relevant market announcements on its website www.run.com.au.

Principle 6: Respect the rights of shareholders

The Board is primarily responsible and accountable to shareholders to oversee the proper management and conduct of the business of the Company.

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of information necessary to assess the performance of the Company. Information on major developments affecting the Company is communicated through the annual and half-yearly reports, notices of general meetings, reporting to the ASX, reporting at the AGM and on the Company's website.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit.

Principle 7: Recognise and manage risk

In its governance role, and particularly in exercising its duty of care and diligence, and associated legal duties, the Board is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the assets and undertaking of the Company. A risk management framework has been developed and implemented. As a consequence, management are able to provide appropriate risk management certifications to the Board.

The Board adopts an active approach to risk management which recognises that the Company is engaged in activities which necessarily demand that the Company take usual business, entrepreneurial and operational risks.

Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management as a risk aware company and not a risk averse one.

Principle 8: Remunerate fairly and responsibly

The Company's Remuneration Report is set out in the Directors' Report.

Given the importance of the function of a Remuneration Committee, the Board as a whole undertakes this responsibility including determining remuneration packages applicable to Board members, the CEO and senior executives. The remuneration committee is provided with sufficient information to ensure informed decision-making.

The Board remuneration policy has been developed to ensure that remuneration packages properly reflect each person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Executive remuneration packages include a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the company's circumstances and goals.

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's Independence Declaration to the Directors of RUN Corp Limited

In relation to our audit of the financial report of RUN Corp Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

David Shewring
Partner
Melbourne
23 September 2010

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 30 June 2010

		CONSOLIDATED	
	NOTE	June 2010 $'000	June 2009 $'000
Revenue	4(a)	25,500	24,744
Total revenue and other income		25,500	24,744
Advertising and promotion		(789)	(1,073)
IT & Telecommunications		(960)	(929)
Professional fees and legal costs		(419)	(921)
Litigation funding		–	(100)
Employee benefits expense	5(a)	(14,509)	(14,883)
Agency related fees		(218)	(214)
Other expenses		(1,986)	(1,739)
Rent		(1,501)	(1,521)
Printing, stationery and postage		(806)	(658)
Depreciation expense	9	(587)	(574)
Amortisation expense	5(b)	(5,702)	(5,540)
Finance costs	5(c)	(3,569)	(3,136)
Total expenses		(31,046)	(31,288)
Profit / (loss) before income tax		(5,546)	(6,544)
Income tax (expense)/benefit	6	1,725	1,751
Profit / (loss) after income tax		(3,821)	(4,793)
Profit attributable to minority equity interest		–	–
Profit / (loss) attributable to members of RUN Corp Limited		**(3,821)**	**(4,793)**
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income/(loss)		(3,821)	(4,793)

		$	$
Earnings/(loss) Per Share:			
Basic earnings/ (loss) per share	25	(0.04)	(0.07)
Diluted earnings / (loss) per share	25	(0.04)	(0.07)

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

BALANCE SHEET
As At 30 June 2010

		CONSOLIDATED	
	NOTE	June 2010 $'000	June 2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	1,723	3,114
Receivables and other assets	8	1,175	790
TOTAL CURRENT ASSETS		**2,898**	**3,904**
NON CURRENT ASSETS			
Property, plant and equipment	9	822	932
Intangible assets	10	44,816	49,832
TOTAL NON CURRENT ASSETS		**45,638**	**50,764**
TOTAL ASSETS		**48,536**	**54,668**
CURRENT LIABILITIES			
Payables	11	1,893	1,461
Interest payable on Converting notes	13 (a)	–	394
Interest bearing liabilities	13(b)	–	1,006
Provisions	12	1,296	1,777
TOTAL CURRENT LIABILITIES		**3,189**	**4,638**
NON CURRENT LIABILITIES			
Interest bearing liabilities	13(c)	35,700	35,883
Deferred tax liabilities	6(e)	1,243	2,968
Provisions	12	416	258
TOTAL NON CURRENT LIABILITIES		**37,359**	**39,109**
TOTAL LIABILITIES		**40,548**	**43,747**
NET ASSETS		**7,988**	**10,921**
EQUITY			
Contributed equity	14	57,171	54,017
Converting Notes	14(b)	–	2,208
Share based payment reserve	14(c)	146	204
Accumulated losses	15	(49,329)	(45,508)
TOTAL EQUITY		**7,988**	**10,921**

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

STATEMENT OF CASH FLOWS
For The Year Ended 30 June 2010

	NOTE	CONSOLIDATED June 2010 $'000	CONSOLIDATED June 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		25,129	24,846
Cash payments to suppliers and employees		(20,780)	(21,394)
Interest received		81	102
Interest paid		(3,448)	(3,271)
Net cash inflow/(outflow) from operating activities	16(b)	**982**	**283**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property management referrals		(241)	(106)
Payments for property, plant and equipment		(423)	(114)
Payments for software development costs		(445)	(577)
Net cash inflow/(outflow) from investing activities		**(1,109)**	**(797)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayment) of Commercial Bills		(1,250)	1,000
Repayments of hire purchases		(6)	(9)
Transaction costs		(8)	–
Net cash inflow/(outflow) from financing activities		**(1,264)**	**991**
Net increase/(decrease) in cash and cash equivalents		**(1,391)**	**477**
Cash and cash equivalents at the beginning of the year		3,114	2,637
Cash and cash equivalents at the end of the year	16(a)	**1,723**	**3,114**

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 June 2010

			Reserves		
	Issued Capital	Accumu-lated losses	Converting Notes	Share Based Payment	Total Equity
CONSOLIDATED	$'000	$'000	$'000	$'000	$'000
At at 1 July 2008	44,351	(40,733)	10,880	135	14,633
Loss for the period	–	(4,793)	–	–	(4,793)
Contribution of equity via shares issued	151	–	–	–	151
Transfer of vested share based payments	–	–	–	(95)	(95)
Executive share based payments	–	–	–	182	182
Cancellation of Elders' Converting notes	10,000	–	(10,000)	–	–
Transfer of ineligible Share options to Accumulated losses	–	18	–	(18)	–
Transfer of transaction costs	(485)	–	485	–	–
Interest on Converting notes payable in shares	–	–	(201)	–	(201)
Adjustment to converting note interest, including Elders adjustment on cancelled notes	–	–	1,044	–	1,044
At 30 June 2009	54,017	(45,508)	2,208	204	10,921
At at 1 July 2009	54,017	(45,508)	2,208	204	10,921
Loss for the period	–	(3,821)	–	–	(3,821)
Contribution of equity via shares issued	2,602	–	(2,602)	–	–
Transfer of vested share based payments	–	–	–	(212)	(212)
Executive share based payments	560	–	–	154	714
Transaction costs	(8)	–	–	–	(8)
Interest on Converting notes payable in shares	–	–	394	–	394
At 30 June 2010	57,171	(49,329)	–	146	7,988

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the year ended 30 June 2010 has been prepared in accordance with Australian Accounting Standards, the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board. The Group's functional and presentation currency is AUD ($'000s).

(a) Basis of preparation

The financial report relates to RUN Corp Limited and controlled entities as a consolidated entity (the Group). RUN Corp Limited is a company limited by shares, incorporated and domiciled in Australia. RUN Corp Limited was incorporated on 24 December 2004 and is listed on the Australian Stock Exchange.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non current assets.

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 periods presented, unless otherwise stated.

Statement of compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New accounting standards and interpretations

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting year ended 30 June 2010. They are expected to impact the group in the period of initial application. All of the following are available for early adoption, but have not been applied in preparing this financial report.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular: > the scope of AASB 2; and > the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A "group" has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2—Group and Treasury Share Transactions. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	The amendments are not expected to have any material impact on the Group's financial report.	1 July 2010
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9 (Cont'd)		These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.			
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: > two categories for financial assets being amortised cost or fair value > removal of the requirement to separate embedded derivatives in financial assets > strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows > an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition > reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes > changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of RUN Corp Limited and its subsidiaries as at each reporting date ('the Group' or 'the consolidated entity').

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(c) Going Concern basis of Accounting

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity (the "entity") incurred a loss of $3.8 million for the year ended 30 June 2010.

Total interest bearing debt with National Australia Bank at 30 June 2010 was $35.75 million.

The banking covenants are adjusted on an annual basis. The entity was not in breach of any banking covenants during the year and has finalised covenants applicable for the 2011 financial year, and no breach to the date of this report has occurred.

The multi option facility of $35.75 million at 30 June 2010 expires in August 2012. Under this agreement:

> Future capital raised is to be applied to the reduction of the facility, at the Bank's absolute discretion;

> At the discretion of the Bank, 75% of the free cash flow over and above the free cash flow forecast in the current budget is to be applied to reduce the total amount owing. The Company exceeded the cash flow forecast in the first half of the financial year and reduced the total banking facility by $750k; and

> Each year the Bank will review the contents of each budget provided and the terms of the repayment from free cash flow may be adjusted.

The ability of the entity to continue as a going concern is dependent on its funding from operational cash flows and the ongoing support of its banker. Without such support there would be inherent uncertainty as to the going concern of the entity and therefore whether it will be able to pay its debts as and when they become due and payable, and realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report. The directors have satisfied themselves that the continued application of the going concern basis is appropriate due to the following factors:

> The entity continues to manage its cost base and has stabilised property management annuity income. With the additional income expected from RUN'S Agentplus' platform and property sales initiatives the entity is targeting further improvement in operating cash flows.

> The entity continues to explore a number of strategic options for reducing its debt levels. These options will be subject to the approval of the company's banker. The Directors are currently of the opinion that the entity will be able to develop and implement strategic options that will meet bank approval.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the rendering of services including property management commissions, letting fees, statement fees and ancillary fees are recognised upon the percentage of completion and delivery of services to customers. Revenue from the sale of property is recognised on unconditional exchange of that property. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised as interest accrues using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the current income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and losses.

Deferred tax assets or liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries 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.

Current and deferred tax relating to amounts recognised directly in equity are also recognised directly in equity.

A deferred tax liability arises in relation to the property management right intangible assets acquired as part of a business combination. This is because the value of these assets is expected to be recovered through use in the business and no tax deduction is available for the accounting amortisation charge. The recognition of this deferred tax liability as part of the business combination accounting results in an increase to goodwill on acquisition.

Current tax assets and liabilities, where applicable, are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Tax consolidation

RUN Corp Limited and its Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime as of 24 December 2004.

The head entity, RUN Corp Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continued to be a stand-alone tax payer in its own right.

No tax funding agreement is in place at present. The amounts assumed are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(f) Acquisitions of assets/business combinations

Subsequent to 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree acquired did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

(g) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value basis to allocate the cost of the assets, net of their residual values, over their estimated useful lives, as follows:

- Furniture, fixtures and equipment – 30 to 37.5%
- Computer equipment – 37.5%

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible assets

The Group has acquired the shares or net assets of the property management businesses of a number of real estate agents. A calculation is performed to assess the value of the Property Management Rights at the date of acquisition. The remainder of unidentified net assets acquired represents goodwill. The nature of the businesses acquired is that they have few tangible assets. Many of the future economic benefits anticipated to flow to the Group in future years relate to assets that are not capable of being individually identified and separately recognised. Such amounts are included in goodwill.

Identifiable intangible assets

Intangible assets acquired separately are recognised at cost and assets acquired from a business combination are recognised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which expenditure is incurred.

Amortisation is calculated on a straight-line basis to allocate the cost of assets with finite lives over their estimated useful lives and taken to the statement of comprehensive income.

Intangible assets are tested for impairment where an indicator of impairment exists and, in the case of intangibles with indefinite lives, on an annual basis, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Property Management Rights are measured at fair value as at the date of acquisition. Fair value at acquisition is determined on the basis of estimated discounted future cash flows that are expected to be derived from these assets. The useful lives of these intangible assets are assessed to be finite. For Property Management Rights this is assessed as the period that the underlying contracts are retained.

The directors view that it is appropriate to amortise these property management rights over a period of between 5-6 years (varies by state).

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary or business at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and is carried at cost less accumulated impairment losses.

As at the acquisition date, goodwill is allocated to cash-generating units expected to benefit from the combination's synergies for the purpose of impairment testing.

Gains and losses on the disposal of an entity or business include the carrying amount of goodwill relating to the entity or business sold. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Computer software

Computer software acquired separately or in a business combination is capitalised.

Expenditure on software development is recognised in the income statement as incurred, unless specific requirements mainly relating to technical and commercial feasibility are met, in which case the expenditure is capitalised.

Capital expenditure is depreciated at 37.5% on a diminishing value basis to allocate the cost over the estimated useful life.

(i) 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 impairment are reviewed for possible reversal of the impairment at each reporting date. Refer to note 10 for further details.

(j) Leases

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group retains all the risks and benefits of the leased asset are classified as operating leases.

(k) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

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.

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are capitalised in accordance with the requirements of AASB 123.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is included in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Contributed equity

Ordinary shares are classified as 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 relating to the issue of new shares or options that are directly attributable to the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

(n) Converting notes

Converting notes issued to Rentamobile and NCN Investments Pty Ltd in prior years have been disclosed as equity as the following conditions have been met:

a) The instrument includes no contractual obligation:

> to deliver cash or another financial asset to another entity; or

> to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

b) As the instrument will or may be settled in the issuer's own equity instruments, it is:

> A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments

Transaction costs of an equity transaction are accounted for as a deduction from equity.

Interest payable on the notes (in shares) is debited directly to equity.

(o) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and term deposits.

Term deposits have a maturity term of up to twelve months. Term deposits are held for the purposes of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(p) Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.

(q) Payables

Trade accounts payable, including accruals not yet billed, are recognised when the group becomes obliged to make future payments as a result of a purchase of assets or services and are recognised initially at fair value and subsequently at amortised cost. Trade accounts payable are unsecured and generally settled within agreed supplier terms.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee Benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within one year of the reporting date are recognised in other payables 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 plus related on-costs.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the value of the expected future payments to be made in respect of services provided by employees up to the reporting date. The company policy starts accruing on a pro-rata basis for long service leave from inception of employment.

(iii) Retirement benefit obligations

All employees of the Group are entitled to benefits on retirement, disability or death from superannuation funds on a defined contribution basis. The funds receive contributions from Group companies and the Group's obligation is restricted to these contributions.

Contributions are recognised as an expense as they become payable.

(iv) Share-based payments

Equity settled transactions

The Group provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of the equity settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the equity instruments ('vesting date').

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RUN Corp Limited ('market conditions').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of equity instruments that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for equity instruments that do not ultimately vest, except for benefits where vesting is conditional upon a market condition. The fair value of options granted are 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. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transactions as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(t) Working capital

The excess of current liabilities over current assets reflects the nature of RUN's ongoing business and is supported by RUN's operating cashflow generation and banking facilities.

(u) Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and unless otherwise disclosed) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(v) Earnings/(loss) per share

Basic earnings per share is calculated as net profit attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit attributable to members of the parent entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares outstanding during the year and dilutive potential ordinary shares, adjusted for any bonus element.

There is no additional dilutive effect disclosed as the company has a loss position.

(w) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors considered reasonable under the circumstances.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. For disclosure purposes this is offset against the deferred tax liability.

Unrecognised deferred tax assets relating to carried forward tax losses are reassessed at each balance sheet date and are recognised to the extent that that it has become probable that future taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. No deferred tax assets on tax losses have been recognised as at 30 June 2010.

Capitalised development costs

Development costs are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to reliably measure the expenditure attributable to the intangible asset during its development.

(ii) Significant accounting estimates and assumptions

Amortisation of intangibles

The directors view that it is appropriate to amortise property management rights acquired over a period of 5-6 years. This estimate is based on management's expectations of the benefits expected to be derived from these property management rights.

Goodwill and intangible assets

The excess of consideration paid for business combinations is recognised as goodwill. The consideration is first attributed to the fair values of all tangible assets and liabilities, then to intangible assets (recognised in respect of property management rights that have been identified as meeting the requirements of a separate intangible asset), with any residual excess recognised as goodwill. Goodwill is not amortised but is tested annually for impairment.

Estimated impairment of goodwill and property management rights

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash generating units have been determined based on the fair value less costs to sell.

These calculations require the use of assumptions. Refer to note 10 for details of these assumptions and the carrying amount of the assets subject to impairment testing. The Group also tests for impairment of property management rights on the same basis.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measure the cost of share options at the grant date using the Black-Scholes formula taking into Account the terms and conditions upon which the instruments were granted.

Other equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined as the market price of the shares at the grant date.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than the probability of employment on the proposed issue date.

Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with bringing the premises back to a similar condition as at the start of the lease period. The calculation of this provision requires estimates of the total cost to be incurred as well as assumptions as to expected lease terms. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Changes for the estimated future costs are recognised in the balance sheet by adjusting both the expense and provision. The related carrying amounts are disclosed in note 12.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 2: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables and bank bills.

The Group manages its exposure to key financial risks, primarily interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group enters into fixed rate bills to manage the risk of interest rate fluctuations and seeks to manage risk in ways that will generate and protect shareholder value.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long term debt obligations.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian interest rates.

	2010 $'000	2009 $'000
Financial Assets		
Cash and cash equivalents	1,723	3,114
Financial Liabilities		
Bank Bills	(35,750)	(37,000)
Net exposure	(34,027)	(33,886)

The Group's policy is to manage its finance costs using a mix of fixed and variable bank bills.

As at 30 June 2010 the Company had fixed the rate on $10 million of debt at 6.92% (before bank margin) until October 2011 and $10 million until July 2012 (total of $20 million is currently fixed). The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Group's policy is to maintain approximately 50% of its borrowings at fixed rates. Treasury management for the Group is centralised.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2010, if interest rates had moved, as illustrated in the table below with all other variables held constant, post tax profit and equity would have been affected as follows:

	Pre Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgements of reasonably possible movements:	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
+ 1% (100 basis points)	(140)	(139)	(140)	(139)
- 0.5% (50 basis points)	70	69	70	69

Management have chosen the above variation which is representative of forecast interest rate movements.

The movements in profit are due to the higher/lower interest costs from the variable rate debt and cash balances.

The movement in equity is in line with the increase/decrease in net profit after tax.

Liquidity Risk

The Group's objective is to maintain sufficient available cash on hand and un-drawn bank facilities to meet ongoing working capital requirements.

The excess of current liabilities over current assets reflects the nature of RUN's ongoing business and is supported by RUN's operating cashflow generation, and banking facilities.

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below, reflect a balanced view of cash inflows and outflows. To monitor existing financial assets and liabilities, the Company has established risk reporting that reflect expectations of management of expected settlement of financial assets and liabilities.

Consolidated	< 6 Months $000	6-12 Months $000	>12 Months $000	Total $000
Year ended 30 June 2010				
Financial assets				
Cash & cash equivalents	1,723	–	–	1,723
Trade & other receivables	1,175	–	–	1,175
	2,898	–	–	2,898
Financial liabilities				
Trade and other payables	3,189	–	416	3,605
Interest bearing borrowings	–	–	35,750	35,750
	3,189	–	36,166	39,355
Net maturity	**(291)**	–	**(36,166)**	**(36,457)**
Year ended 30 June 2009				
Financial assets				
Cash & cash equivalents	3,114	–	–	3,114
Trade & other receivables	790	–	–	790
	3,904	–	–	3,904
Financial liabilities				
Trade and other payables	3,238	–	258	3,496
Interest bearing borrowings	2,653	1,647	43,157	47,457
	5,891	1,647	43,415	50,953
Net maturity	**(1,987)**	**(1,647)**	**(43,415)**	**(47,049)**

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 3: SEGMENT INFORMATION

(a) Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are used and reviewed by the executive management team in assessing performance and in determining the allocation of resources.

The operating segments have been identified by management based on the type of service provided and the region in which those services were performed. Separate financial information about each of these operating businesses is reported to the executive management team on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided.

Types of services

Property management

The property management business is conducted in the following states, each of which has been determined as both operating segments and reportable segments;

> Victoria
> New South Wales
> Queensland

The property management business provides services primarily to property owners; these services include the sourcing of tenants, collection of rent, inspection of premises and disbursement of funds. The material revenue components are management commission, which is earned when rent is received and letting fees which is collected when a new tenant is sourced.

In addition, sales revenue is earned in the office network. Sales commission is received from RUN referring a sales lead to a partner agent or alternatively when a property is sold directly by the RUN sales team. Whilst the sales service is reported separately for internal purposes, it is currently not material and as such the operating segment is not reported separately. Instead, it is combined with the relevant state property management business for the purpose of determining the Group's reportable segments.

Agentplus

The Agentplus business provides trust accounting and other administrative services to the real estate industry. These services are provided to the RUN property network as well as to other independent real estate agents. A fee is charged for services and is typically based on the number of properties managed by a particular agent.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period except as detailed below:

Inter-entity sales

Inter-entity sales are recognised on an internally set transfer price. This price is determined annually and reflects the price that the business operation could achieve if this service was provided to external real estate agents at arm's length.

These amounts are eliminated on consolidation.

Corporate Charges

Corporate charges comprise non-segmental expenses such as head office expenses, corporate marketing and interest.

The charges are currently not allocated to the business units for internal reporting.

Amortisation

Amortisation is provided on the identifiable intangible component of the rent rolls purchases. This charge is allocated to the property management business segments based on the original purchase price of the rent-rolls purchased and the amount allocated to identifiable intangibles. An amortisation rate of 15% is applied for VIC and 20% for NSW and QLD.

Income tax benefit

An income tax benefit is allocated to the property management segments based on 30% (2009:30%) of the amortisation charge recognised. No effect is given for taxable or deductible temporary differences.

The following items are not allocated to the operating segments as they are not considered part of the core operations of any segment:

> Interest revenue and interest expense
> Head office expenses
> Investment sales revenue

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2010 and 30 June 2009

	Property Management				
	Victoria $'000	NSW $'000	Queensland $'000	AgentPlus $'000	Total $'000
Year ended 30 June 2010					
Revenue					
Sales to external customers	11,086	9,534	3,673	1,126	25,419
Inter-segment sales	–	–	–	1,912	1,912
Total segment revenue	11,086	9,534	3,673	3,038	27,331
Other revenue					–
Inter-segment elimination					(1,912)
Total revenue per the statement of comprehensive income (excluding interest income)					25,419
Result					
Total income net of direct costs	2,984	2,743	632	212	6,571
Amortisation	(2,208)	(2,423)	(621)	(450)	(5,702)
Taxation benefit	662	727	186	–	1,575
Segment result	1,438	1,047	197	(238)	2,444
Reconciliation of segment net (loss) after tax to net (loss) before tax					
Income tax adjustments					(1,575)
Corporate charges					(2,340)
Other revenue					–
Net Finance costs					(3,488)
Depreciation					(587)
Net loss before tax per the statement of comprehensive income					(5,546)
Year ended 30 June 2009					
Revenue					
Sales to external customers	10,721	9,740	3,680	501	24,642
Inter-segment sales	–	–	–	1,974	1,974
Total segment revenue	10,721	9,740	3,680	2,475	26,616
Other revenue					–
Inter-segment elimination					(1,974)
Total revenue per the statement of comprehensive income (excluding interest income)					24,642
Result					
Total income net of direct costs	2,896	2,734	497	(187)	5,940
Amortisation	(2,032)	(2,463)	(622)	(423)	(5,540)
Taxation benefit	610	739	187	–	1,536
Segment result	1,474	1,010	62	(610)	1,936
Reconciliation of segment net (loss) after tax to net (loss) before tax					
Income tax adjustments					(1,536)
Corporate charges					(3,336)
Other revenue					–
Net Finance costs					(3,034)
Depreciation					(574)
Net loss before tax per the statement of comprehensive income					(6,544)

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

		CONSOLIDATED	
	NOTE	June 2010 $'000	June 2009 $'000
NOTE 4: REVENUE			
(a) Revenue			
Property management commission fees		18,386	18,494
Letting fees		3,043	2,952
Statement fees		567	570
Sales Commissions		1,397	990
AgentPlus Revenue		1,126	501
Other revenue		900	1,135
Interest income		81	102
		25,500	24,744
(b) Other income			
Litigation proceeds		–	4,000
		–	4,000
NOTE 5: EXPENSES			
(a) Employee benefits expense			
Wages and salaries		12,260	12,702
Share based payments expense		154	182
Defined contribution superannuation expense		1,053	1,036
Annual & Long service leave provision		24	74
Other employment related costs		1,018	889
		14,509	14,883
(b) Amortisation of intangibles			
Amortisation of property management rights	10	5,252	5,117
Amortisation of software	10	450	423
		5,702	5,540
(c) Finance costs			
Commercial bills		3,411	2,888
Other interest expense		77	171
Amortisation of establishment fees		81	77
		3,569	3,136
(d) Lease payments			
Minimum lease payments - operating leases		1,415	1,468
		1,415	1,468

	NOTE	CONSOLIDATED June 2010 $'000	CONSOLIDATED June 2009 $'000

NOTE 6: INCOME TAX EXPENSE / (BENEFIT)

		June 2010 $'000	June 2009 $'000
(a) The major components of income tax expense / (benefit) are:			
Deferred Income tax Relating to origination and reversal of temporary differences		(1,725)	(1,751)
Income tax expense / (benefit) reported in the income statement		(1,725)	(1,751)
(b) Reconciliation			
Reconciliation between tax expense / (benefit) and the product of accounting profit / (loss) before income tax multiplied by the Group's applicable income tax rate is as follows:			
Accounting profit / (loss) before tax		(5,546)	(6,544)
At the Group's income tax rate of 30% (2009: 30%)		(1,664)	(1,963)
Non-deductible expenses		11	–
Other non-assessable items		(72)	–
Current year losses not recognised		–	212
Income tax expense/(benefit) reported in the consolidated income statement		**(1,725)**	**(1,751)**
Franking Account Balance		**$nil**	**$nil**
(c) Deferred income tax balances			
Deferred income tax at 30 June relates to the following:			
Deferred tax liabilities			
Property management rights		(8,491)	(8,491)
Accumulated amortisation of property management rights		6,439	4,864
		(2,052)	(3,627)
Deferred tax assets			
Employee entitlements		260	72
Blackhole expenditure		78	23
Accruals		264	232
Provisions		207	332
		809	659
Net Deferred tax liability		**(1,243)**	**(2,968)**
(d) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		7,406	6,155
Potential tax benefit at 30%		2,222	1,846

The losses shown above are estimated, unconfirmed and unrecouped at the date of this report.

The benefit is anticipated to be available when the Group in is a tax paying position.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

	NOTE	CONSOLIDATED June 2010 $'000	CONSOLIDATED June 2009 $'000
NOTE 7: CASH AND CASH EQUIVALENTS			
Cash at bank		1,723	3,114
		1,723	3,114

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	NOTE	June 2010 $'000	June 2009 $'000
NOTE 8: RECEIVABLES AND OTHER ASSETS			
Trade receivables		329	39
Provision for doubtful debts		(34)	(13)
Interest prepayment		519	497
Other prepayments		298	245
Other current receivables		63	22
Total receivables		1,175	790

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally settled on a 30-60 day term. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment provision of $34k (2009: $13k) has been recognised in the current year.

At 30 June, the ageing analysis of trade receivables is as follows: ($`000)

		Total	0-30 Days	31-60 Days PDNI*	61-90 days PDNI*	61-90 days CI*	+91 Days PDNI*	+91 Days CI*
2010	Consolidated	329	164	77	–	–	54	34
2009	Consolidated	39	1	9	16	–	–	13

* Past due not impaired (PDNI)
Considered impaired (CI)

Receivables past due not considered impaired are $131k (2009: $25k). Based on the history of prior dealings with these customers, the Company is satisfied that payment will be received in full.

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED ($'000)					
	Computer Equipment	Office Equipment	Motor Vehicles	Furniture	Leasehold improvements	Total
Year ended 30 June 2010						
At 1 July 2009, net of accumulated depreciation and impairment	259	153	7	20	493	932
Additions	142	10	–	–	325	477
Disposals	–	–	–	–	–	–
Depreciation charge for the year	(159)	(89)	(2)	(20)	(317)	(587)
At 30 June 2010, net of accumulated depreciation and impairment	242	74	5	–	501	822
Year ended 30 June 2009						
At 1 July 2008, net of accumulated depreciation and impairment	351	189	9	20	696	1,265
Additions	56	15	–	–	170	241
Disposals	–	–	–	–	–	–
Depreciation charge for the year	(148)	(51)	(2)	–	(373)	(574)
At 30 June 2009, net of accumulated depreciation and impairment	259	153	7	20	493	932
At 30 June 2010						
Cost	1,288	411	18	25	1,322	3,064
Accumulated Depreciation	(1,046)	(337)	(13)	(25)	(821)	(2,242)
Net carrying amount	242	74	5	0	501	822
At 30 June 2009						
Cost	1,146	401	18	25	997	2,587
Accumulated Depreciation	(887)	(248)	(11)	(5)	(504)	(1,655)
Net carrying amount	259	153	7	20	493	932

For non-current assets pledged as security, refer to Note 13.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 10: INTANGIBLE ASSETS

	CONSOLIDATED	
	June 2010 $'000	June 2009 $'000
Identifiable Intangible - Property management rights		
Cost	28,891	28,650
Accumulated amortisation	(21,465)	(16,213)
	7,426	12,437
Computer Software		
Cost	2,909	2,464
Accumulated amortisation	(1,914)	(1,464)
	995	1,000
Total Identifiable Intangibles	8,421	13,437
Goodwill associated with business acquisitions		
Cost	53,294	53,294
Provision for impairment	(16,899)	(16,899)
Total Goodwill associated with business acquisitions	36,395	36,395
Total Intangible Assets	44,816	49,832

	CONSOLIDATED				
2010 - Reconciliation of intangible asset movements ($'000)	Prop Mgt Rights	Computer Software	Goodwill	Other	Total
Year ended 30 June 2010					
At 1 July 2009, net of accumulated amortisation and impairment	12,437	1,000	36,395	–	49,832
Additions	241	445	–	–	686
Amortisation charge for the year	(5,252)	(450)	–	–	(5,702)
At 30 June 2010, net of accumulated amortisation and impairment	7,426	995	36,395	–	44,816

2009 - Reconciliation of intangible asset movements ($'000)	Prop Mgt Rights	Computer Software	Goodwill	Other	Total
Year ended 30 June 2009					
At 1 July 2008, net of accumulated amortisation and impairment	17,449	845	36,395	–	54,689
Additions	105	578	–	–	683
Amortisation charge for the year	(5,117)	(423)	–	–	(5,540)
At 30 June 2009, net of accumulated amortisation and impairment	12,437	1,000	36,395	–	49,832

IMPAIRMENT TESTING

In accordance with Group policy and the requirements of Australian Accounting Standards the carrying value of the property management rights, both the identifiable intangible and the goodwill associated with business acquisitions have been assessed for impairment.

An indicator of impairment can be that the market capitalisation of RUN at 30 June 2010 is less than its accounting net assets at the same date. It is noted that the current share market has been volatile and RUN shares are very thinly traded. As per the accounting standard hierarchy of evidence, market capitalisation represents a lower level of supportable evidence than independent rent roll valuations which have been based on market rent roll multiples from recent arms length transactions.

The recoverable amounts of cash generating units (CGU's) have been determined based on fair value less costs to sell.

Information about goodwill and impairment	VIC $'000	NSW $'000	QLD $'000	TOTAL $'000
Goodwill allocated to the CGUs	23,587	24,115	5,592	53,294
Provision for impairment of goodwill	(8,699)	(6,678)	(1,522)	(16,899)

In 2008, RUN engaged independent valuers to perform valuations of the property management rights (rent rolls) in each state, on an office by office basis.

The valuations were carried out in accordance with the major bank's requirements for the valuation of rent rolls.

The market value of these rent rolls may be defined as the best price at which the interest in the rent roll being valued might be expected to be sold at the date of valuation assuming:-

> A willing but not over anxious vendor and purchaser;

> A reasonable period in which to negotiate the sale, taking into account the value of the rent roll and the state of the market;

> The value will remain static throughout the period;

> The rent roll will be freely exposed to the market; and

> No account is to be taken of any additional bid by a special purchaser.

In addition;

> The valuations assume the renewal of management agreements in the name of the purchaser, either at settlement or within a reasonable time after settlement and before the expiry date for retention adjustment; and

> Retention adjustment at an agreed date within three to six months from settlement date, whereby portion of the purchase price is withheld at settlement, either by the purchaser or placed in an interest bearing trust account, pending adjustment against rent roll losses on an agreed specified date.

A rent-roll generally consists of a number of managing agency agreements, whose agreements are a contract between the real estate agent, and the landlord that sets out the terms and conditions under which the real estate agent manages the landlord's real property.

A management agency agreement allows the real estate agent to charge a commission and to deduct this amount from the rents collected. It is these commissions that the real estate agent collects and attracts value which determines the ultimate value of the rent roll.

The acceptable method of valuing a rent roll is to multiply annual management commission received by the real estate agent by a multiplier factor. This factor is derived from the analysis of sales of similar rent rolls.

For the current financial year 2010, RUN received formal correspondence from the same valuers as those used in 2008 confirming that the same valuation multiples, per office, were still applicable and evidence of recent arms length transactions tracking rent rolls at consistent multiples based on information supplied by RUN including property numbers, average rent and average commission rates. In addition for comparative and rotational purposes, a second valuer was used in NSW with similar results obtained.

The range of valuation multiples per state, used in the assessment of fair values are as follows:

> VIC 3.0-3.5 (2009: 3.0-3.5)

> NSW 3.0-3.6 (2009: 3.0-3.6)

> QLD 2.6-3.0 (2009: 2.6-3.0)

Based on the above valuation multiples, the fair value less costs to sell of the cash generating units (CGU's) exceeded the carrying value in each state with no impairment adjustment needed.

The above valuation multiples are driven by market forces. Any increase to these multiples will increase the value of these assets whilst any decrease in these multiples will adversely affect the carrying value. Similarly, the loss of properties included in the rent rolls would also have an adverse impact on the fair value calculation when the multiple impacts are taken into account.

Disposal costs were estimated to be 1% of the market valuation and approximated the legal costs incurred by RUN in entering into the original rent roll acquisition agreements. The directors have assessed that should disposal costs be reasonably above the 1% estimate, no impairment would be required.

Software is not considered impaired because it was recently developed and is currently used to provide trust accounting outsourced services to the RUN Group and to external customers.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

	CONSOLIDATED	
	June 2010 $'000	June 2009 $'000
NOTE 11: OTHER PAYABLES		
CURRENT		
Payables-Unsecured		
Trade Creditors	308	286
Accrued liabilities	1,585	1,175
Total payables	1,893	1,461
NOTE 12: PROVISIONS		
CURRENT		
Employee benefits - Annual leave and long service leave	606	709
Bonus Provision	690	1,068
	1,296	1,777
Movement in provisions - Make good		
At 1 July	127	–
Arising during year	61	127
Utilised	(33)	–
At 30 June	155	127
NON CURRENT		
Make good costs	155	127
Employee benefits - Long service leave	261	131
	416	258

Nature and timing of provisions

a) Make good provision

In accordance with lease conditions, the Group must restore leased premises back to their original condition at the end of the lease term.

Because of the long term nature of the liability (with lease expiry dates extending to December 2013), the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. This provision has been calculated using a pre-tax discount rate of 4 per cent.

b) Employee benefits (annual and long service leave)

Refer to note 1(s) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

c) Bonus provision

The bonus provision reflects the best estimate of bonus payments payable to executives and other employees, based on year 2010 performance.

	CONSOLIDATED	
	June 2010 $'000	June 2009 $'000
NOTE 13: LIABILITIES		
(a) Interest Payable on Converting Notes		
Interest payable on converting notes issued to Rentamobile Pty Ltd and NCN Investments Pty Ltd	–	394
INTEREST BEARING LIABILITIES		
(b) CURRENT		
Commercial Bills	–	1,000
Hire purchase liability	–	6
	–	1,006
(c) NON CURRENT		
Commercial Bills	35,750	36,000
Borrowing costs	(50)	(117)
	35,700	35,883

Security for the Group's facilities with National Australia Bank comprises registered mortgage debentures over all Group assets, an Interlocking Guarantee and Indemnity given by all Group entities.

The Company has complied with its covenants in relation to the commercial bill facility for the year ended 30 June 2010.

As at 30 June 2010, the financial covenants that were in effect were:

- minimum EBITDA;
- minimum free cash flow;
- minimum maintainable property management income;
- minimum properties under management.

The same covenants as above, as well as an additional sales covenant, have been formalised for the 2011 financial year.

The classification as a non current interest bearing liability disclosed above at balance date reflects principal loan repayments committed in accordance with the facility, in accordance with the Bank's facility terms.

Under the terms of the commercial bill facility, the facility expires in August 2012 with amortisation of the facility via:

- A capital clause whereby any proceeds of any further capital raising are to be applied to the reduction of the multi option facility; and
- A Prepayment clause whereby 75% of the free cash flow over and above the free cash flow forecast in the current budget is to be applied to reduction of the total amount owing. The Company exceeded the free cash forecast in the 2009 financial year and $1 million was paid to National Australia Bank in August 2009. The Company exceeded the free cash flow forecast in the first half of the financial year with an additional $250k paid in February 2010.
- The Company reduced its facility with National Australia Bank from $38.5 million at the end of June 2009 to $35.75 million at the end of June 2010.
- Each year the Bank will review the contents of each budget provided and the terms of the repayment from free cash flow may be adjusted.
- The banking covenants are adjusted on an annual basis. The agreed covenants for the 2011 financial year are similar in nature to previous reporting periods and are based on RUN's forecast presented to National Australia Bank.
- The Company previously fixed the rate on $10 million of debt at 6.92% until October 2011 and $10 million at 6.92% until July 2012 (total $20 million fixed).

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

	CONSOLIDATED June 2010 $'000	CONSOLIDATED June 2009 $'000
NOTE 14: CONTRIBUTED EQUITY		
Balance at beginning of year	54,017	44,351
Issues of ordinary shares during the year to founders	2,602	151
Issue of shares under Executive share issue	560	–
Cancellation of Converting notes by Elders PM Pty Ltd	–	10,000
Transaction costs	(8)	(485)
Total	57,171	54,017

MOVEMENT IN ORDINARY SHARES	Number	Number
(a) Issues of ordinary shares during the year:		
Balance at beginning of year	71,259,512	67,754,999
Shares issued to Executives	14,105,206	3,504,513
Rentamobile & NCN Converting notes	28,868,709	–
	114,233,427	71,259,512

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	$'000	$'000
(b) Converting Notes		
Rentamobile and NCN Investments Pty Ltd	–	2,602
Interest payable on converting notes	–	(394)
	–	2,208

A total of 28,868,709 shares were issued to Rentamobile Pty Ltd and NCN investments Pty Ltd on 31 August 2009 in settlement of the converting notes issued in August 2007.

Key terms of the converting notes issued to Rentamobile Pty Ltd and NCN Investments Pty Ltd were:

- The notes converted in RUN at anytime up to 31 August 2009.
- Interest accumulated on the face value of the unconverted notes at a rate of 7.0% per annum (compounding daily); and
- Accumulated interest was satisfied by the issue of RUN ordinary shares at $0.15 each.

	$'000	$'000
(c) Share Based Payment reserve		
Opening Balance	204	135
Transfer of vested share based payments	(204)	(95)
Executive share based payments	146	182
Cancellation of share options	–	(18)
Closing balance	146	204

New issue of shares (2008-2010)

The Group has provided benefits to certain Key Management Personnel of the Group in the form of share-based payment transactions, based on continued employment.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than the probability of employment on the proposed issue date.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of equity instruments that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Performance rights (2009,2010)

The Company has granted performance rights (shares) to 2 executives as follows:

> 3,200,000 shares issued in the 2010 financial year

> 3,200,000 shares based on continued employment at 30 June 2001, to be issued in the 2011 financial year.

In valuing equity-settled transactions, account is taken of the likelihood of such conditions being met.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the equity instruments ('vesting date').

I. Transfer of vested share based payments

In January 2008, the Company concluded agreements with key management under which securities were to be issued in two tranches, contingent on continued employment on those dates.

Under these agreements the following shares were proposed to be issued

	After 30 June 2008 Number of shares	After 30 June 2009 Number of shares
R Farmer	746,268	746,268
J Stein	447,761	447,761
D Robinson	298,508	298,508
Total	1,492,537	1,492,537

The value of the share issue expense and associated reserve in 2008 was calculated based on the share price as at the date of the offer ($0.067 on 7 January 2008), with assumptions made as to the probability of employment on the two dates (95% probability for continued employment on June 2008 and 100% probability for continued employment on 30 June 2009).

The first tranche of 1,492,537 shares vested on 13 August 2008.

The second tranche of 1,492,537 shares vested on 6 July 2009.

II. Executive share based payments

The company entered into an agreement with the CEO and CFO under which performance rights were to be issued as follows:

	Vesting period	
	On release of 2009 results Number of shares	After 30 June 2010 Number of shares
R Farmer	2,000,000	2,000,000
J Stein	1,200,000	1,200,000

The value of the share issue expense and associated reserve was calculated based on the 6-day Volume-Weighted Average Price share price as at the date of the offer ($0.037). The expense for the first tranche of shares has been recognised in full in the 2009 financial year. Fifty percent (50%) of the second tranche has been recognised as an expense in the 2009 financial year, with the balance in the 2010 financial year.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 14: CONTRIBUTED EQUITY (Continued)

As announced in February 2010 an additional 2,750,000 shares are proposed to be issued to 3 executives (other than the CEO and CFO) in 3 tranches, based on continued employment, as follows:

> 375,000 shares on continued employment on 1 July 2010 (these shares were issued in July 2010)
> 1,425,000 shares on continued employment on 1 July 2011
> 950,000 shares on continued employment on 1 July 2012

The share payment expense has been calculated based on the share price at grant date (3.5 cents).

(d) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders.

Management is cognisant of the fact that it is heavily geared and is continually investigating opportunities to reduce debt and would consider additional share issues to raise capital.

A key metric for management is the amount of gross debt as a percentage of the rent roll valuation (Loan-to-Value-Ratio). As at 30 June 2010 this ratio approximated 58% (2009: 60%)

	CONSOLIDATED	
	June 2010 $'000	June 2009 $'000
NOTE 15: ACCUMULATED LOSSES	$'000	$'000
Accumulated losses at the beginning of the period	(45,508)	(40,733)
Net profit /(loss) attributable to members of the parent entity	(3,821)	(4,793)
Transfer from Share Option Reserve on cancellation of share options	–	18
Accumulated losses at the end of the period	(49,329)	(45,508)

	CONSOLIDATED	
	June 2010 $'000	June 2009 $'000

NOTE 16: CASH FLOW RECONCILIATIONS

(a) Reconciliation to Cash Flow Statements

For the purposes of the Cash Flow Statements, cash and cash equivalents comprise the following at 30 June:

	June 2010 $'000	June 2009 $'000
Cash and cash equivalents (Note 7)	1,723	3,114
	1,723	3,114

(b) Reconciliation of net profit / (loss) after income tax to net cash flow from operations

	June 2010 $'000	June 2009 $'000
Operating profit / (loss) after income tax	(3,821)	(4,793)
Add/(Less) non cash items		
Depreciation	587	574
Amortisation	5,702	5,540
Share based payments	154	182
Non cash interest charges	67	246
Bonuses paid via share issue	348	–
Non cash addition for Make good asset	(54)	–
Changes in assets/liabilities during the financial year		
(Increase)/Decrease in debtors	(269)	203
(Increase)/Decrease in prepayments	(75)	(374)
(Increase)/Decrease in sundry debtors	(41)	8
Increase/(Decrease) in provisions	(323)	954
Increase/(Decrease) in payables	432	(506)
Increase/(Decrease) in deferred tax liabilities	(1,725)	(1,751)
Net cash inflow/(outflow) from operating activities	**982**	**283**

NOTE 17: BUSINESS COMBINATIONS

During the years ended 30 June 2010 and 30 June 2009 the parent entity, through its wholly owned subsidiary RUN Property Ltd, did not acquire (or dispose of) any new property management businesses.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

	CONSOLIDATED	
	June 2010 $'000	June 2009 $'000
NOTE 18: CAPITAL AND LEASING COMMITMENTS		
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable		
– not later than one year	993	972
– later than one year but not later than five years	915	855
– later than five years	–	–
	1,998	1,827

The Group has entered into property leases which are non-cancellable and have an average life of 2-4 years.

Certain leases require a deposit as security. These amounts have been recognised as other assets in the balance sheet.

The Group also leases motor vehicles under operating lease.

CONSOLIDATED	2010 Minimum Lease payments $'000	2009 Minimum Lease payments $'000
(b) Hire Purchase commitments		
The group previously had a hire purchase liability relating to the use of a photocopier.		
Within one year	–	11
After one year but not more than five years	–	–
Total minimum payments	–	11
Less unguaranteed residual	–	(4)
Less future finance charges	–	(1)
Present value of minimum payments	–	6
Total financing charges are $8,858 per annum over the term of the hire purchase.		
Interest rate is 8.25% per annum.		
The parent entity had no hire purchase commitments.		
(c) Operating lease commitments - Group as lessor		
Operating lease payments receivable by the Group as a lessor:		
– not later than one year	8	31
– later than one year but not later than five years	–	–
– later than five years	–	–
	8	31

This relates to a sublease agreement for floor space in one of RUN's Sydney offices, which is contracted to expire 20th September 2010.

The parent entity had no operating lease commitments.

(d) Capital expenditure commitments

At balance date, RUN had no commitments for capital expenditure.

(e) Guarantees

RUN Property Pty Limited has Bank Guarantees totalling $261,914 at 30 June 2010 (2009: $263,000).

These primarily relate to retention monies payable to vendor agents in the previous year and security deposits for property leases.

	CONSOLIDATED	
	June 2010	June 2009
NOTE 19: AUDITOR'S REMUNERATION		
The auditor of RUN Corporation Limited is Ernst & Young		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated group	169,000	188,500
Amounts received or due and receivable by Ernst & Young (Australia) for:		
– Tax compliance	12,041	6,550
– Other assurance services	55,791	30,000
	236,832	225,050

NOTE 20: FINANCIAL INSTRUMENTS

The Group's activities expose it to interest rate risk on its cash and cash equivalents, interest bearing liabilities and credit risk only. The Group is not subject to any other market risk. The nature of the Group's exposure to financial risk does not require formal risk management policies other than in relation to interest bearing liabilities. All risk management is carried out by the directors on an ongoing basis.

Fair value

For all financial assets and liabilities their carrying values approximate their fair values with the exception of fixed rate bank bills which at 30 June 2010 had a fair value of $20.112 million. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Credit Risk

The credit risk on financial assets of the Group which have been recognised in the balance sheet is generally the carrying amount of those assets net of any provision for impairment. The Group does not have any material credit risk exposure to a single debtor or group of debtors under financial instruments entered into by the Group.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 20: FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The following table sets out the carrying amount, by maturity of the financial instruments exposed to interest rate risk:

CONSOLIDATED	<1 year $'000	>1-<2 years $'000	>2-<3 years $'000	>3-<4 years $'000	>4-<5 years $'000	> 5 years $'000	Total $'000	Weighted average effective bank bill rate %
Year end 30 June 2010								
FINANCIAL LIABILITIES								
Fixed rate								
Bank bills*	10,000	–	10,000	–	–	–	20,000	
Weighted average effective bank bill rate	10.7%	–	10.7%	–	–	–		10.7%
Floating Rate								
Bank Bills*	15,750	–	–	–	–	–	15,750	
Weighted average effective bank bill rate	8.6%	–	–	–	–	–		8.6%
Year end 30 June 2009								
FINANCIAL LIABILITIES								
Fixed rate								
Bank bills*	–	10,000	–	10,000	–	–	20,000	
Weighted average effective bank bill rate	–	10.4%	–	10.4%	–	–		10.4%
Floating Rate								
Bank Bills*	17,000	–	–	–	–	–	17,000	
Weighted average effective bank bill rate	7.0%	–	–	–	–	–		7.0%

* The Company enters into rolling floating bills (30-90 days maturity period) for the variable portion of the bank debt. The fixed portion of the bank debt converts to variable rate debt as per the maturing analysis above. All underlying debt matures in August 2012.

NOTE 21: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than as disclosed below and in the review of operations, no matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Share issues

The following shares have been issued subsequent to 30 June 2010

Date	Issued to:	Number of shares
9 July 2010	Ordinary shares issued pursuant to the Executive Benefit Plan	375,000
8 September 2010	Executives of the company pursuant to their terms of employment	3,200,000

Banking Facility

The Company has formalised the covenants for the 2011 financial year with National Australia Bank. These covenants are based on the Company's forecast presented to the bank.

Legal Proceedings

The Company previously instituted bankruptcy proceedings against Mr Justin Brown for a debt owing under a telephone equipment rental agreement. Mr Brown paid an amount of $113k to the company in July 2010.

NOTE 22: RELATED PARTY DISCLOSURES

(a) Key Management Personnel

Disclosures in relation to key management personnel (KMP) of RUN during the financial year report are set out in note 25 and the remuneration report.

(b) Subsidiaries

The consolidated financial statements include the financial statements of RUN Corp Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest (ordinary shares) 2010	2009
Parent Entity			
RUN Corp Limited (Ultimate Parent)			
Controlled entities of RUN Corp Limited			
RUN Property Pty Ltd *	Australia	100	100
Ressafe Pty Ltd (formerly RUN RH Pty Ltd)	Australia	100	100
Agentplus Pty Ltd	Australia	100	100
RUN Property Franchise Pty Ltd	Australia	100	100
Controlled entities of RUN Property Pty Ltd			
RUN Property (MPM) Pty Ltd	Australia	100	100
Real Estate Corp Pty Ltd (formerly RUN Property (Richmond) Pty Ltd)	Australia	100	100
RUN Property (Carlton) Pty Ltd	Australia	100	100
RUN Property (Brunswick) Pty Ltd	Australia	100	100
RUN Property (CBD 1) Pty Ltd	Australia	100	100
RUN Property (CBD 2) Pty Ltd	Australia	100	100
RUN Property (CBD 3) Pty Ltd	Australia	100	100
RUN Property (Bondi 1) Pty Ltd	Australia	100	100
RUN Property (Bondi 2) Pty Ltd	Australia	100	100
RUN Property (QLD) Pty Ltd (formerly Network Real Estate Pty Ltd)	Australia	100	100
Rental Hotline Pty Ltd	Australia	100	100

Entities subject to class order

Pursuant to Class Order 98/1418, relief has been granted to RUN Property Pty Ltd from the Corporations Act 2001 requirements for preparation and lodgment of its financial reports. The closed group consists of RUN Corp Limited and RUN Property Pty Ltd.

As a condition of the class order, RUN Corp Limited entered into a Deed of Cross Guarantee to pay any deficiency in the event of winding up RUN Property Pty Ltd if it does not meet its obligations under the terms of the overdraft, loans, leases or other liabilities subject to the guarantee.

Refer section (c) below for the Closed Group balance sheet and income statement.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 22: RELATED PARTY DISCLOSURES (Continued)

(c) Closed Group Balance Sheet & Income Statement

Pursuant to Class Order 98/1418, relief has been granted to RUN Property Pty Ltd from the Corporations Act 2001 requirements for preparation and lodgment of their financial reports.

The closed group consists of RUN Corp Limited and RUN Property Pty Ltd.

Closed Group

	Closed Group	
	June 2010 $'000	June 2009 $'000
CURRENT ASSETS		
Cash and cash equivalents	1,721	3,111
Receivables	1,175	787
TOTAL CURRENT ASSETS	**2,896**	**3,898**
NON CURRENT ASSETS		
Property, plant and equipment	822	792
Intangible assets	28,564	31,867
Loans receivable	15,472	16,054
TOTAL NON CURRENT ASSETS	**44,858**	**48,713**
TOTAL ASSETS	**47,754**	**52,611**
CURRENT LIABILITIES		
Payables	1,893	1,397
Interest bearing liabilities	–	1,400
Provisions	1,296	1,777
TOTAL CURRENT LIABILITIES	**3,189**	**4,574**
NON CURRENT LIABILITIES		
Interest bearing liabilities	35,700	35,883
Deferred tax liabilities	576	1,183
Provisions	416	258
TOTAL NON CURRENT LIABILITIES	**36,692**	**37,324**
TOTAL LIABILITIES	**39,881**	**41,898**
NET ASSETS	**7,873**	**10,713**
EQUITY		
Contributed equity	57,171	54,017
Share based payment reserve	146	204
Converting Notes	–	2,208
Accumulated losses	(49,444)	(45,716)
TOTAL EQUITY	**7,873**	**10,713**
Summary of movements in Accumulated losses		
Accumulated losses at the beginning of the financial year	(45,716)	(40,852)
Loss for the year	(3,728)	(4,864)
Accumulated losses at the end of the financial year	**(49,444)**	**(45,716)**

	Closed Group	
	June 2010 $'000	June 2009 $'000
Revenue	24,374	24,743
Advertising and promotion	(789)	(1,073)
IT & Telecommunications	(960)	(929)
Professional fees, legal costs and litigation funding	(419)	(1,021)
Employee benefits expense	(14,509)	(14,882)
Agency related fees	(218)	(214)
Other expenses	(1,986)	(1,897)
Rent	(1,501)	(1,521)
Printing, stationery and postage	(806)	(658)
Depreciation expense	(587)	(574)
Amortisation expense	(2,906)	(2,744)
Finance costs	(3,569)	(3,136)
Non recovery of loans expense	(459)	(1,523)
Total expenses	(28,709)	(30,172)
Profit / (loss) before income tax	(4,335)	(5,429)
Income tax (expense) / benefit	607	565
Profit / (loss) from continuing operations	(3,728)	(4,864)

NOTE 23: KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

Nathan Cher	Chairman
Sam Herszberg	Executive Director
Jane Tongs	Non-Executive Director

(ii) Executives

Robert Farmer	Chief Executive Officer
Jeff Stein	Chief Financial Officer & Company Secretary
Don Robinson	Chief Technology Officer
Mike Connolly	Franchise Manager (resigned 9 February 2010)
Trish Tebb	National Manager

(b) Compensation of Key Management Personnel (not rounded)

CONSOLIDATED	Short-Term Employee Benefits ($)	Cash Bonus ($)	Post-Employment Benefits ($)	Incentive plans ($)	Long Service Leave ($)	Share Based Payments Shares ($)	Total ($)
Year end 30 June 2010							
Compensation	1,141,950	–	87,093	–	36,293	133,121	1,398,457
Year end 30 June 2009							
Compensation	1,136,319	399,466	93,112	348,269	25,052	182,000	2,184,219

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 23: KEY MANAGEMENT PERSONNEL (Continued)

(c) Equity instrument disclosures relating to key management personnel (continued)
(i) Ordinary Shares

Interests Associated with:	Number at 01-Jul-09	Number acquired	Settlement of converting notes	Number issued as compensation	Number disposed	Number at 30-Jun-10
Directors						
Nathan Cher (1)	10,160,056	200,000	13,443,184	–	–	23,803,240
Sam Herszberg (2)	12,212,512	51,257	15,425,525	–	–	27,689,294
Jane Tongs (3)	246,691	107,000	–	–	–	353,691
Executives						
Robert Farmer (4)	3,560,516	–	–	8,950,073	–	12,510,589
Jeff Stein (5)	1,467,569	–	–	4,856,625	–	6,324,194
Don Robinson (6)	415,861	–	–	2 98,508	–	714,369
Mike Connolly (resigned 9 February 2010)	10,000	–	–	–	_	10,000
Trish Tebb	3,868	–	–	–	–	3,868
	28,077,073	358,257	28,868,709	14,105,206	–	71,409,245

1) Interests associated with Nathan Cher

Nathan Cher's primary interest in RUN is held via NCN Investments Pty Ltd as trustee of a family trust.

As at the date of this report, entities associated with Nathan Cher hold a total of 23,803,240 shares.

A total of 13,443,184 shares were issued to NCN Pty limited on 31 August 2009 in settlement of Converting Notes previously issued.

The history and terms of these converting notes were as follows:

In August 2006 Nathan Cher procured $1,135,325 by way of loans from NCN Investments Pty Ltd as trustee of the Nathan Cher Family Trust (NCN) under terms set out in formal facility agreements.

On 2 July 2007, the Company entered into a Converting Note Deed, subject to shareholder approval, with NCN for the issue of 3 Converting Notes, each with a face value of $403,938 and with an entitlement for NCN to be issued up to 12,118,140 ordinary shares in the Company (excluding shares to be issued as interest that accrues under the Notes). Upon the issue of the Converting notes to NCN, the facility agreement setting out the terms on the loan provided by NCN to the Company in August 2006 was immediately terminated and both NCN and the Company were relieved of any further obligations under the agreement, including the obligations of RUN to make payments to NCN.

Each of the 3 Notes issued to NCN on 31 August 2007 were to be converted into 403,938 ordinary shares within 2 years of their issue at the discretion of NCN, or automatically following 2 years.

Until such time that the Notes were converted, interest of 7% per annum (compounded daily) accrued on the value of the unconverted Notes. Once converted, all accrued interest was to be paid to NCN as ordinary shares at $0.15 per share.

The terms of the Converting Notes provided for various rights and adjustments in the event that RUN made a pro rata or bonus issue of shares or reconstructed its share capital.

2) Interests associated with Sam Herszberg

Sam Herszberg's current interest in RUN Corp is primarily held through Dash Corp Pty Ltd and through an associated entity Rentamobile Pty Ltd. In addition, in October 2005, the Company entered into an Acquisition Agreement with Kleiber Nominees Pty Ltd, being an entity associated with Sam Herszberg. Under the terms of that agreement, Kleiber Nominees sold to RUN its management rights to approximately 150 properties. The consideration paid to Kleiber Nominees was satisfied by way of an issue of 377,515 shares at the price set under the Prospectus of $1 per share.

In total, as at the date of this report, entities or persons associated with Sam Herszberg hold 27,689,294 shares.

A total of 15,425,525 shares were issued to Rentamobile Pty Limited on 31 August 2009 under the terms of the Converting Note deed; the terms which are summarised below.

In August 2006 Sam Herszberg procured $1,302,742 by way of loans from Rentamobile, an entity that is associated with Herszberg family interests.

On 2 July 2007, the Company entered into a Converting Note Deed, subject to shareholder approval, with Rentamobile for the issue 3 Converting Notes, each with a face value of $463,503 and with an entitlement for Rentamobile to be issued up to 13,905,090 ordinary shares in the Company (excluding shares to be issued as interest that accrues under the Notes). Upon the issue of the Converting notes to Rentamobile, the facility agreement setting out the terms on the loan provided by Rentamobile to the Company in August 2006 was immediately terminated and both Rentamobile and the Company were relieved of any further obligations under the agreement, including the obligations of RUN to make payments to Rentamobile.

Each of the 3 Notes that were issued to Rentamobile on 31 August 2007 were to be converted into 463,503 ordinary shares within 2 years of their issue at the discretion of Rentamobile, or automatically following 2 years.

Until such time that the Notes were converted, interest of 7% per annum (compounded daily) accrued on the value of the unconverted Notes. Once converted, all accrued interest was to be paid to Rentamobile as ordinary shares at $0.15 per share.

3) Interests associated with Jane Tongs

As at the date of this report Jane Tongs holds 146,691 shares through Tongs Corporation Pty Ltd. and 207,000 shares through P&J Tongs Superannuation Fund.

4) Interests associated with Robert Farmer

At 30 June 2010, Robert Farmer held directly and indirectly a total of 12,510,589 shares. An additional 2,000,000 shares were issued in September 2010 pursuant to terms of his employment and at the date of this report Rob holds 14,510,589 shares.

5) Interests associated with Jeff Stein

At 30 June 2010 Jeff Stein directly and indirectly held 6,324,194 shares. An additional 1,200,000 shares were issued in September 2010 pursuant to terms of his employment and at the date of this report Jeff holds 7,524,194 shares.

6) Interests associated with Don Robinson

At 30 June 2010 Don Robinson directly and indirectly held 714,369 shares.

Subsequent to year end an additional 150,000 shares have been issued to him and at the date of this report Don holds directly and indirectly a total of 864,369 shares.

(d) Other transactions with Key Management Personnel

Transactions are all on normal arms length terms and conditions.

(i) RUN manages a number of investment properties on behalf of Directors and associates of Directors on normal commercial terms and conditions:
   - Sam Herszberg and related entities have investment properties managed by RUN. Revenue was $23,635 (2009: $21,204),
   - Nathan Cher and associates have investment properties managed by RUN. Revenue was $30,031 (2009: $27,428)

NOTE 24: CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2010 (Continued)

NOTE 25: EARNINGS PER SHARE

	CONSOLIDATED	
	2010 $'000	2009 $'000
(a) Earnings used in calculating earnings per share*	(3,821)	(4,793)

* Earnings used agrees to the net profit / (loss) after tax as shown in the statement of comprehensive income as there are no reconciling adjustments required.

(b) Weighted average number of shares used as the denominator

	CONSOLIDATED	
	2010 Number	2009 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	106,832,329	70,324,773
Effect of dilution	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	106,832,329	70,324,773

NOTE 26: PARENT ENTITY INFORMATION

Information relating to RUN Corp Limited	2010 $'000	2009 $'000
Current assets	4	4
Total assets	8,177	10,577
Current liabilities	119	524
Total liabilities	119	524
Issued capital	57,171	54,017
Accumulated losses	(49,259)	(46,376)
Converting notes	–	2,208
Share based payment reserve	146	204
Total shareholders equity	8,058	10,053
Loss of the parent entity	(2,883)	(4,580)
Total comprehensive loss of the parent entity	(2,883)	(4,580)

Security for the Group's facilities with National Australia Bank comprises registered mortgage debentures over all Group assets, an interlocking Guarantee and indemnity given by all Group entities.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of RUN Corp Limited, we state that:

1) In the opinion of the directors:
   a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date
      (ii) complying with Accounting Standards and the Corporations Regulations 2001.
   b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
   c) the financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.
2) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.
3) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Nathan Cher
Chairman

Jane Tongs
Non executive Director

Dated this 23rd day of September 2010

INDEPENDENT AUDITOR'S REPORT

ERNST & YOUNG

Ernst & Young Building
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Melbourne VIC 3000 Australia
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Independent auditor's report to the members of RUN Corp Limited

Report on the Financial Report

We have audited the accompanying financial report of RUN Corp Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising 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 the 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 and International Standards on Auditing. 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

2

Auditor's Opinion

In our opinion:

1. the financial report of RUN Corp Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its 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*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report which indicates that the Company and the consolidated entity's ability to continue as a going concern is dependent on the Company and the consolidated entity continuing to achieve positive operational cashflows, and the ongoing support of its banker.

Accordingly without funding from continuing operational cashflows, and the ongoing support of its banker, there would be a material uncertainty as to whether the Company and the consolidated entity would be able to continue as a going concerns and therefore whether it would be able to realise its assets (including property management rights and other intangible assets) and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts or classifications of liabilities that might be necessary should the Company and/or the consolidated entity not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2010. 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 RUN Corp Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

David Shewring
Partner
Melbourne
23 September 2010

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is set out below.

(a) Distribution of ordinary shares

The number of shareholders, by size of holding, as at 31 August 2010:

1-1,000	64
1,001 - 5,000	145
5,001 - 10,000	105
10,001 - 100,000	298
100,001 and over	89
	701

There are 114,608,427 ordinary shares held by 701 individual shareholders as at 31 August 2010.

Each share carries one right to vote.

(b) Substantial shareholders as at 31 August 2010

Ordinary shareholders	No. of ordinary shares held	% of issued capital
NCN Investments Pty Ltd	23,803,240	20.77
Rentamobile Pty Ltd	15,425,525	13.46
Dash Corp Pty Limited	11,834,997	10.33
Robert Farmer	8,203,805	7.16
Jeffrey Stein	6,254,577	5.46

(c) Marketable Parcel

The number of holders holding parcels of less than $500 was 220 as at 31 August 2010.

(d) Shares subject to voluntary escrow

As at 31 August 2010 14,624,645 sharess were subject to voluntary escrow.

(e) Twenty Largest holders of quoted equity securities as at 31 August 2010

	No. of ordinary shares held	% of Issued Share Capital
NCN Investments Pty Ltd	23,803,240	20.77
Rentamobile Pty Ltd	15,425,525	13.46
Dash Corp Pty Limited	11,834,997	10.33
Robert Farmer	8,203,805	7.16
Jeffrey Stein	6,254,577	5.46
Velocity 3 Pty Ltd	3,256,784	2.84
Bell Potter Nominees	2,984,215	2.60
Friede Super Fund A/C	2,254,057	1.97
Luxor Super Pty Ltd	1,400,000	1.22
Friedemiller Property Plus Holdings Pty Limited	1,200,621	1.05
CDV Investments Pty Ltd	1,193,000	1.04
Dorvell Pty Ltd	1,064,284	0.93
Robert Farmer & Kirrily Farmer	1,050,000	0.92
Loctor Pty Ltd	1,003,849	0.88
Steven douglas	1,000,000	0.87
Toppo Pty Ltd	966,908	0.84
Lowan Investments Pty Ltd	907,297	0.79
Donald Charles Robinson & Catherine Maree Robinson	824,369	0.72
Christopher James Rolls	813,600	0.71
Thomas John Reaney	677,500	0.59
	86,118,628	75.15

(f) Additional Statement

The entity, in accordance with ASX listing rule 1.3.2(b), utilised cash and assets at the time of admission in a manner that was consistent with its business objectives.

(g) Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford
Victoria 3067 Australia

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CORPORATE INFORMATION

This annual report covers RUN Corp Limited ("RUN") as a consolidated entity comprising RUN and its subsidiaries.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 12. The directors' report does not form part of the financial report.

Directors
Nathan Paul Cher (Non-Executive Chairman)
Samuel Jacob Herszberg (Executive)
Jane Anne Tongs (Non-Executive)

Company Secretary
Jeff Stein

Registered Office
107 High Street
Prahran, Victoria, 3181

Principal Place of Business
107 High Street
Prahran, Victoria, 3181

Share Register
Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria, 3067
GPO Box 52
Melbourne, Victoria 8060 Australia

Solicitors
DLA Phillips Fox
Level 21
140 William Street
Melbourne, Victoria, 3000

Bankers
National Australia Bank Limited

Auditor
Ernst & Young
8 Exhibition Street
Melbourne, Victoria, 3000

Website
www.run.com.au

ASX Code
RNC

Annual General Meeting Date
17 November 2010

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