APPENDIX 4D
Half Year Report to the
Australian Stock Exchange

Name of Entity	RUN Corp Limited
ABN	15 111 764 437
Half Year Ended	31 December 2009
Previous Corresponding Reporting Period	31 December 2008

The following information should be read in conjunction with the most recent annual financial report.

Results for Announcement to the Market

	$	**Percentage increase / (decrease) over previous corresponding period**
Revenue from ordinary activities	12,666,384	3.4%
Profit / (loss) from ordinary activities after tax attributable to members	(2,006,881)	37.9%
Net profit / (loss) for the period attributable to members	(2,006,881)	37.9%
Dividends	$Nil	$Nil

Refer to Directors' report for summary of operations

Dividend: No dividends were paid or payable.

NTA Backing: Excludes property management rights and related deferred tax liability which are classified as intangibles.

NTA Backing

	Current Period ($)	Previous corresponding period ($)
Net tangible asset backing per ordinary security	(0.30)	(0.50)

Control Gained Over Entities Having Material Effect

Name of entity	n/a
Date control gained	n/a
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	n/a
Profit / (loss) from ordinary activities of the controlled entity for the whole of the previous corresponding period	n/a

Audit / Review Status

This report is based on accounts to which one of the following applies: (Tick One)			
The accounts have been audited		The accounts have been subject to review	x

Attachments Forming Part of Appendix 4D

Attachment #	**Details**
1	Half Year Financial Report
2	Auditor Review Report

Signed By Company Secretary	J Stein
Print Name	Jeff Stein
Date	22-Feb-10

RUN CORP LIMITED
AND CONTROLLED ENTITIES
A.B.N. 15 111 764 437

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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RUN CORP LIMITED
AND CONTROLLED ENTITIES
ABN 15 111 764 437

INTERIM FINANCIAL REPORT
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 half-year ended 31 December 2009.

DIRECTORS

The following persons were directors of RUN Corp Limited during the whole of the half-year and up to the date of this report:

Nathan Paul Cher

Samuel Jacob Herszberg

Jane Anne Tongs

REVIEW OF OPERATIONS

RUN is a specialist residential property management company with properties under management in Melbourne, Sydney and Brisbane. RUN also operates a sales business in Queensland and in the first half of this financial year commenced direct sales activities in both Victoria and New South Wales.

The consolidated loss for the half year, after income tax, was $2,007k against a loss of $3,230k for the comparative period ending 31 December 2008.

Total Earnings before Interest, Taxation, Depreciation, and Amortisation (EBITDA) for the first half was $2,170k compared against an EBITDA of $442k for the 6 months ending December 2008. This tracks favourably against previous market guidance of $4.2 million EBITDA for the financial year.

Total revenue for the period was $12,666k, with $9,207k generated from property management commission income with the balance relating to letting fees, sales commission, other ancillary income and interest income. Management commission marginally exceeded the commission earned for the corresponding half year, reflecting the operational stability that the company has reached.

Sales commission of $599k is expected to increase in the second half of the financial year with the establishment and growth of the sales divisions in Victoria and New South Wales. RUN will continue to work with partner sales agents where these relationships are providing benefit to both parties.

Agentplus revenue of $475k exceeded the corresponding period by $272k and reflects the growth of this division. At the date of the report, Agentplus was providing trust accounting and administrative services to the RUN group as well as to three external real estate agents. Agentplus has signed contracts with two additional agencies`, which will be migrating onto the proprietary platform in the second half of the financial year. The Company will also continue with the Elders rollout over the next 6 months.

Total operating expenses of $15,312k were $930k (6%) lower than the period ending December 2008. Total operating expenses include employee related expenses of $7,290k, other operating expenses of $3,167k, interest expense of $1,716k and non cash charges of $3,139k representing depreciation and amortisation. The company has increased headcount from 197 employees at the beginning of the financial year to 208 employees at the end of December 2009, reflecting the growth in the Agentplus and direct sales businesses.

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. For the period ended 31 December 2009, RUN received formal correspondence from external valuers confirming the valuation multiples, per office, 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. The valuation of the RUN rent roll (before disposal costs) applying these metrics was calculated at $62.4 million as compared to a carrying value of the rent rolls and associated goodwill on acquisition of $46.3 million. Refer to note 9 for further details.

RUN CORP LIMITED
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INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

During the half year, there was a cash inflow from operations of $491k (including $1,707k net interest paid) and a cash outflow from investing activities of $518k. This compared favourably against the corresponding period where there was a cash outflow of $854k from operating activities. The Company exceeded its free cash forecast in the 2009 financial year and $1 million was paid to National Australia Bank at the end of August. As at the end of December the company had $2,075k cash on hand with an additional $0.5 million in funds available under existing facilities with National Australia Bank.

As previously announced, a total of 28,868,709 shares were issued to NCN Investments Pty Ltd and Rentamobile Pty Ltd on 31 August 2009 in settlement of the converting notes issued in August 2007. 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
- 1,425,000 shares on continued employment on 1 July 2011
- 950,000 shares on continued employment on 1 July 2012

No additional shares are to be issued to the CEO and CFO, other than as previously disclosed in the annual report.

ROUNDING OF AMOUNTS

The amounts contained in this 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.

RUN CORP LIMITED
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INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the directors:

Nathan Cher	Jane Tongs
Chairman	Director

Dated this 22nd day of February 2010

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

In relation to our review of the financial report of RUN Corp Limited for the half-year ended 31 December 2009, 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

D Shewring
Partner
Melbourne
22 February 2010

Liability limited by a scheme approved under Professional Standards Legislation

RUN CORP LIMITED
AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	NOTE	Half-year	
		31 December 2009 $'000	**31 December 2008 $'000**
Revenue	3	12,666	12,244
Total revenue		12,666	12,244
Advertising and promotion		(336)	(666)
IT & telecommunications		(464)	(469)
Professional fees		(200)	(541)
Employee benefits expense	4	(7,290)	(8,021)
Agency related fees		(124)	(112)
Other expenses		(1,338)	(1,130)
Operating leases		(705)	(800)
Depreciation expense		(291)	(226)
Amortisation expense	4	(2,848)	(2,746)
Finance costs	4	(1,716)	(1,531)
Total expenses		(15,312)	(16,242)
Profit / (loss) before income tax		(2,646)	(3,998)
Income tax benefit		639	768
Profit / (loss) after income tax		(2,007)	(3,230)
Profit / (loss) attributable to members of RUN Corp Limited		(2,007)	(3,230)
Other Comprehensive income		-	-
Total Comprehensive Income for the period		**(2,007)**	**(3,230)**
		Cents	**Cents**
Earnings Per Share:			
Basic earnings/ (loss) per share		(0.02)	(0.05)
Diluted earnings / (loss) per share		(0.02)	(0.05)

RUN CORP LIMITED
AND CONTROLLED ENTITIES
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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	NOTE	31 December 2009 $'000	30 June 2009 $'000
CURRENT ASSETS			
Cash and cash equivalents		2,075	3,114
Receivables		957	790
TOTAL CURRENT ASSETS		3,032	3,904
NON CURRENT ASSETS			
Property, plant and equipment		850	932
Intangible assets	9	47,294	49,832
TOTAL NON CURRENT ASSETS		48,144	50,764
TOTAL ASSETS		51,176	54,668
CURRENT LIABILITIES			
Trade and other payables		1,593	1,461
Interest payable on converting notes	6	-	394
Interest bearing liabilities	5	252	1,006
Provisions		1,168	1,777
TOTAL CURRENT LIABILITIES		3,013	4,638
NON CURRENT LIABILITIES			
Interest bearing liabilities	5	35,661	35,883
Deferred tax liabilities		2,330	2,968
Provisions		460	258
TOTAL NON CURRENT LIABILITIES		38,451	39,109
TOTAL LIABILITIES		41,464	43,747
NET ASSETS		9,712	10,921
EQUITY			
Contributed equity	7	57,171	54,017
Converting notes	6	-	2,208
Share based payment reserve		56	204
Accumulated losses		(47,515)	(45,508)
TOTAL EQUITY		9,712	10,921

RUN CORP LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Attributable to equity holders of the parent

	Contributed Equity $'000	Accumulated losses $'000	Converting Notes Reserve $'000	Share Based Payment Reserve	Total Equity $'000
As at 1 July 2008	44,351	(40,733)	10,880	135	14,633
Loss for the period	-	(3,230)	-	-	(3,230)
Executive remuneration issue of shares	151	-	-	(51)	100
Cancellation of Elders' Converting notes	10,000		(10,000)	-	-
Interest on Founders' converting notes payable in shares	-	-	(100)	-	(100)
Interest on Elders' converting notes cancelled	-	-	734	-	734
At 31 December 2008	54,502	(43,963)	1,514	84	12,137
As at 1 July 2009	54,017	(45,508)	2,208	204	10,921
Loss for the period	-	(2,007)	-	-	(2,007)
Executive remuneration issue of shares	560	-	-	(148)	412
Share issue expenses	(8)	-	-	-	(8)
Issue of Shares to Founders on conversion of notes	3,029	-	(2,602)	-	427
Converting Notes Interest Distribution	(427)	-	427	-	-
Interest on Founders' converting notes payable in shares	-	-	(33)	-	(33)
At 31 December 2009	57,171	(47,515)	-	56	9,712

RUN CORP LIMITED
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Half-year ended	
	31 December 2009 $'000	31 December 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	12,464	12,321
Cash payments to suppliers and employees	(10,305)	(11,676)
Interest received	39	63
Interest paid	(1,707)	(1,562)
Net cash inflow/(outflow) from operating activities	491	(854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property management rights	(115)	(49)
Payments for property, plant and equipment	(210)	(64)
Payments for software development costs	(193)	(238)
Net cash (outflow) from investing activities	(518)	(351)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from/of Commercial Bills	(1,000)	1,000
Costs associated directly with Capital Raising	(8)	-
Repayments of hire purchase liability	(4)	(4)
Net cash inflow/(outflow) from financing activities	(1,012)	996
Net (decrease) in cash and cash equivalents	(1,039)	(209)
Cash and cash equivalents at the beginning of the half-year	3,114	2,637
Cash and cash equivalents at the end of the half-year	2,075	2,428

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR REPORT AND ACCOUNTING POLICIES

The interim financial report relates to RUN Corp Limited and controlled entities as a consolidated entity. RUN Corp Limited is a company limited by shares, incorporated and domiciled in Australia.

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

This general purpose condensed financial report for the half year ended 31 December 2009 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by RUN Corp Limited during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New accounting standards

From 1 July 2009, the Group adopted AASB 101 (revised) *Presentation of Financial Statements* which is mandatory for annual reporting periods beginning on or after 1 January 2009. The adoption of this standard has impacted the presentation of the financial statements through the replacement of the income statement, with a statement of comprehensive income.

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting for the 2010 financial year.

Matter	Standard	Description	Effective Date	Impact	Run Effective Date
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 group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010

NOTE 1(a): 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 Company incurred a loss of $2 million for the six months ended 31 December 2009 with Non Current Liabilities of $38.5 million.

Total interest bearing debt with National Australia Bank at 31 December 2009 was $36 million.

The banking covenants are adjusted on an annual basis. The Company was not in breach of any banking covenants during the period or at the reporting date.

The multi option facility of $36.5 million at 31 December 2009 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; 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 company has significantly reduced its cost base and has stabilised property management annuity income. With the additional income expected from RUN'S Agentplus' platform and other initiatives the company is targeting further improvement in operating cash flows.
- The company 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.

NOTE 2: 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 arms 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% (2008:30%) 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (Continued)

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2009 and 31 December 2008

	Continuing operations				
	Property Management - Victoria	Property Management - NSW	Property Management - Queensland	AgentPlus	Total
	$'000	$'000	$'000	$'000	$'000
Half-year ended 31 December 2009					
Revenue					
Sales to external customers	5,433	4,770	1,883	475	12,561
Inter-segment sales	-	-	-	959	959
Total segment revenue	5,433	4,770	1,883	1,434	13,520
Other revenue					66
Inter-segment elimination					(959)
Total revenue per the statement of comprehensive income (excluding interest income)					12,627

	Continuing operations				
	Property Management - Victoria	Property Management - NSW	Property Management - Queensland	AgentPlus	Total
	$'000	$'000	$'000	$'000	$'000
Result					
Total revenue net of direct costs	1,675	1,496	380	121	3,672
Amortisation	(1,107)	(1,221)	(314)	(206)	(2,848)
Taxation benefit	332	366	94		792
Segment result	900	641	160	(85)	1,616
Reconciliation of segment net (loss) after tax to net (loss) before tax					
Income tax adjustments					(792)
Corporate charges					(1,568)
Other revenue					66
Net Finance costs					(1,677)
Depreciation					(291)
Net profit before tax per the statement of comprehensive income					(2,646)

	Continuing operations				
	Property Management - Victoria	Property Management - NSW	Property Management - Queensland	AgentPlus	Total
	$'000	$'000	$'000	$'000	$'000
Half-year ended 31 December 2008					
Revenue					
Sales to external customers	5,216	4,894	1,778	203	12,091
Inter-segment sales	-	-	-	994	994
Total segment revenue	5,216	4,894	1,778	1,197	13,085
Other revenue					90
Inter-segment elimination					(994)
Total revenue per the statement of comprehensive income (excluding interest income)					12,181

	Continuing operations				
	Property Management - Victoria	Property Management - NSW	Property Management - Queensland	AgentPlus	Total
	$'000	$'000	$'000	$'000	$'000
Result					
Total revenue net of direct costs	1,240	1,053	143	(207)	2,229
Amortisation	(1,030)	(1,222)	(313)	(181)	(2,746)
Taxation benefit	309	367	94		770
Segment result	519	198	(76)	(388)	253
Reconciliation of segment net (loss) after tax to net (loss) before tax					
Income tax adjustments					(770)
Corporate charges					(1,877)
Other revenue					90
Net Finance costs					(1,468)
Depreciation					(226)
Net profit before tax per the statement of comprehensive income					(3,998)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (Continued)

NOTE 3: REVENUE AND OTHER INCOME

	Half-year ended	
	31 December 2009 $'000	31 December 2008 $'000
(a) Revenue		
Property management commission fees	9,207	9,178
Letting fees	1,528	1,473
Ancillary fees	373	543
Sales commissions	599	539
AgentPlus Revenue	475	203
Other Revenue	445	245
Interest income	39	63
	12,666	12,244

NOTE 4: EXPENSES

Expenses include the following specific items:

Employee benefits expense		
Wages and salaries	6,240	6,554
Share based payments expense	64	52
Defined contributions superannuation expense	531	564
Annual & long service leave provision	(37)	(90)
Other employment related costs	492	941
	7,290	8,021
Amortisation of intangibles		
Amortisation of property management rights	2,642	2,565
Amortisation of software	206	181
	2,848	2,746
Finance costs		
Commercial bill interest expense	1,670	1,493
Make good costs interest expense	5	-
Amortisation of establishment fees	41	38
	1,716	1,531

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009
(Continued)

NOTE 5: INTEREST BEARING LIABILITIES

	31 December 2009	30 June 2009
	$'000	$'000
CURRENT		
Commercial bills	250	1,000
Hire purchase liability	2	6
	252	1,006
NON CURRENT		
Commercial Bills	35,750	36,000
Borrowing costs	(89)	(117)
	35,661	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 in the six months to 31 December 2009.

As at 31 December 2009, the confirmed financial covenants were based on the following measures;

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

The classification between current and non current interest bearing liabilities 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 bank may apply amounts received in accordance with this prepayment undertaking to the total amount owing as the bank see fit in the bank's absolute discretion. This can be achieved by a bank sweep or by a reduction in the total available facility.
- 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 Company exceeded the free cash flow budget for the period and in consultation with the Bank have agreed to reduce the total banking facility by $750k. This will be achieved by:

- A reduction in the unused facility of $500k.
- Payment of $250k which is reflected as a current liability at 31 December 2009.

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

NOTE 6: CONVERTING NOTES

	31 December 2009	30 June 2009
	$'000	$'000
Rentamobile and NCN Investments Pty Ltd	-	2,602
Interest payable on converting notes	-	(394)
	-	2,208

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

- Interest accumulated on the face value of the unconverted notes at a rate of 7.0% per annum (compounding daily).
- Accumulated interest was satisfied by the issue of RUN ordinary shares at $0.15 each.
- A total of 28,868,709 shares were issued to Rentamobile Pty Ltd and NCN Investments Pty Ltd on 31 August 2009 under these arrangements.

NOTE 7: CONTRIBUTED EQUITY

	31 December 2009	30 June 2009
	$'000	$'000
Balance at beginning of period	54,017	44,351
Contributions of equity via shares issued	-	151
Issue of shares under employee share plan	560	-
Cancellation of Elders' converting notes	-	10,000
Issue of shares to founders converting loans principal	2,602	-
Issue of shares to founders converting loans interest	427	-
Converting Notes Interest Distribution	(427)	-
Transfer of transaction costs	(8)	(485)
Balance at end of period	57,171	54,017

Movement in ordinary shares on issue

	Number	Number
Issues of ordinary shares during the period:		
Balance at beginning of period	71,259,512	67,754,999
Issue of shares to Rentamobile and NCN Investments Pty Ltd	28,868,709	-
Issue of shares to Executives	14,105,206	3,504,513
Balance at end of period	114,233,427	71,259,512

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

NOTE 8: BUSINESS COMBINATIONS

During the half year ended 31 December 2009 the consolidated entity did not acquire (or dispose of) any new property management (or other) businesses.

NOTE 9: INTANGIBLE ASSETS

	31 December 2009 $'000	30 June 2009 $'000
Identifiable Intangible - Property management rights		
Cost	28,767	28,650
Accumulated amortisation	(18,855)	(16,213)
	9,912	12,437
Computer Software		
Cost	2,657	2,464
Accumulated amortisation	(1,670)	(1,464)
	987	1,000
Total Identifiable Intangibles	10,899	13,437
Goodwill associated with property management rights		
Cost	53,294	53,294
Provision for impairment	(16,899)	(16,899)
Total Goodwill associated with property management rights	36,395	36,395
Total	47,294	49,832

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.

An indicator of impairment can be that the market capitalisation of RUN at 31 December 2009 is less than its accounting net assets at the same date. It is noted that the current share market has displayed wholesale reductions 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 have been determined based on fair value less costs to sell.

For the year ended 30 June 2008, RUN engaged independent valuers to perform valuations of the 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 assumed 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.

At each reporting date and for the period ended 31 December 2009, RUN received formal correspondence from the same valuers confirming the valuation multiples, per office, 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.

The range of valuation multiples per state, used in the assessment of fair values are as follows:
- VIC 3.0-3.50
- NSW 3.0-3.65
- QLD 2.6-2.98

Based on the above valuation multiples, the fair value less costs to sell of the CGU's exceeded the carrying value 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. Appropriate sensitivity analysis at higher rates has been undertaken by management and did not result in any impairment.

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.

NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operation of the company or the state of affairs of the company in future financial periods.

RUN CORP LIMITED
AND CONTROLLED ENTITIES
A.B.N. 15 111 764 437

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes:

(a) Comply with AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.

In the directors' opinion:

(a) The financial statements and notes are in accordance with the Corporations Act 2001; and

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Nathan Cher	Jane Tongs
Chairman	Director

Dated this 22nd day of February 2010

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To the members of RUN Corp Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of RUN Corp Limited (the company), which comprises the consolidated balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act* 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of RUN Corp Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of RUN Corp Limited is not in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and

ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Liability limited by a scheme approved under Professional Standards Legislation

Emphasis of Matter – Bank Reliance

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As indicated in Note 1(a) to the interim financial statements, the ability of RUN Corp Limited to continue as a going concern is dependent on the Company continuing to achieve positive operational cash-flows, and the ongoing support of its banker.

Accordingly, without funding from operational cashflows, and the ongoing support of its banker, there would be a material uncertainty as to whether the Company would be able to continue as a going concern 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 and classification of liabilities that might be necessary should the Company not continue as a going concern.

Ernst & Young

D Shewring
Partner
Melbourne
22 February 2010