

**Appendix 4E**  
**RUN CORP LIMITED**  
**ABN: 15 111 764 437**  
**ASX PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**AND LODGED WITH THE AUSTRALIAN STOCK EXCHANGE**  
**UNDER LISTING RULE 4.3A**

|   | 2009<br>A\$'000 | 2008<br>A\$'000 | (% Change) |
|---|-----------------|-----------------|------------|
| Revenue   | 24,744          | 29,228          | (15%)      |
| Profit / (loss) attributable to members of RUN Corp Limited                                 | (4,793)         | (5,207)         | (8%)       |
| Earnings per share for profit/(loss) attributable to ordinary equity holders of the Company |                 |                 |            |
| - Basic Earnings per share  | (0.07)          | (0.08)          |            |
| - Diluted Earnings per share  | (0.07)          | (0.08)          |            |

| <b>Dividends</b>  | <b>Amount<br/>per security</b> | <b>Franked<br/>Amount<br/>per security</b> |
|---|--------------------------------|--|
| Final dividend proposed   | \$nil                          | \$nil                                      |
| Interim dividend proposed   | \$nil                          | \$nil                                      |
| No dividends were paid or declared during the current period  |                                |  |
| No dividends were paid subsequent to the balance date   |                                |  |
| <b>Record date for determining entitlements to the final dividend</b>   |                                | <b>N/A</b>                                 |
| <b>Brief explanation of any of the figures above which is necessary to enable the figures to be understood.</b> |                                |  |
| Refer accompanying media release  |                                |  |

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2009

|  | NOTE   | CONSOLIDATED        |                     |
|--|--------|---------------------|---------------------|
|  |        | June 2009<br>\$'000 | June 2008<br>\$'000 |
| Operating revenue  | 2.1(a) | 24,744              | 25,228              |
| Other income   | 2.1(b) | -                   | 4,000               |
| <b>Total operating revenue and other income</b>                    |        | <b>24,744</b>       | <b>29,228</b>       |
| Advertising and promotion  |        | (1,073)             | (1,240)             |
| IT & Telecommunications  |        | (929)               | (1,081)             |
| Professional fees and legal costs                                  |        | (921)               | (640)               |
| Litigation funding   | 2.2(a) | (100)               | (2,721)             |
| Employee benefits expense  | 2.2(b) | (14,883)            | (17,065)            |
| Agency related fees  |        | (214)               | (247)               |
| Other expenses   |        | (1,739)             | (1,463)             |
| Rent   |        | (1,521)             | (1,376)             |
| Printing, stationery and postage                                   |        | (658)               | (814)               |
| Depreciation expense   |        | (574)               | (341)               |
| Amortisation expense   | 2.2(c) | (5,540)             | (5,757)             |
| Finance costs  | 2.2(d) | (3,136)             | (3,228)             |
| <b>Total expenses</b>  |        | <b>(31,288)</b>     | <b>(35,973)</b>     |
| Profit / (loss) before income tax                                  |        | (6,544)             | (6,745)             |
| Income tax benefit/(expense)                                       |        | 1,751               | 1,538               |
| <b>Profit / (loss) attributable to members of RUN Corp Limited</b> |        | <b>(4,793)</b>      | <b>(5,207)</b>      |

# BALANCE SHEET

## AS AT 30 JUNE 2009

|   | NOTE    | CONSOLIDATED        |                     |
|---|---------|---------------------|---------------------|
|   |         | June 2009<br>\$'000 | June 2008<br>\$'000 |
| <b>CURRENT ASSETS</b>                   |         |                     |                     |
| Cash and cash equivalents               | 4.2     | 3,114               | 2,637               |
| Receivables and other assets            | 3.1(a)  | 790                 | 627                 |
| <b>TOTAL CURRENT ASSETS</b>             |         | 3,904               | 3,264               |
| <b>NON CURRENT ASSETS</b>               |         |                     |                     |
| Property, plant and equipment           |         | 932                 | 1,265               |
| Intangible assets                       | 3.1(b)  | 49,832              | 54,690              |
| <b>TOTAL NON CURRENT ASSETS</b>         |         | 50,764              | 55,955              |
| <b>TOTAL ASSETS</b>                     |         | 54,668              | 59,219              |
| <b>CURRENT LIABILITIES</b>              |         |                     |                     |
| Payables                                |         | 1,461               | 1,955               |
| Interest payable on converting notes    | 3.1(c)  | 394                 | 1,073               |
| Interest bearing liabilities            | 3.1 (d) | 1,006               | 14                  |
| Amounts payable under contracts of sale |         | -                   | 13                  |
| Provisions                              |         | 1,777               | 816                 |
| <b>TOTAL CURRENT LIABILITIES</b>        |         | 4,638               | 3,871               |
| <b>NON CURRENT LIABILITIES</b>          |         |                     |                     |
| Interest bearing liabilities            | 3.1 (d) | 35,883              | 35,807              |
| Deferred tax liabilities                |         | 2,968               | 4,719               |
| Provisions                              |         | 258                 | 189                 |
| <b>TOTAL NON CURRENT LIABILITIES</b>    |         | 39,109              | 40,715              |
| <b>TOTAL LIABILITIES</b>                |         | 43,747              | 44,586              |
| <b>NET ASSETS</b>                       |         | 10,921              | 14,633              |
| <b>EQUITY</b>                           |         |                     |                     |
| Contributed equity                      |         | 54,017              | 44,351              |
| Converting notes                        | 3.1(e)  | 2,208               | 10,880              |
| Share based payment reserve             |         | 204                 | 135                 |
| Accumulated losses                      |         | (45,508)            | (40,733)            |
| <b>TOTAL EQUITY</b>                     |         | 10,921              | 14,633              |

NOTE:

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 existing banking facilities.

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2009

|  | NOTE | CONSOLIDATED        |                     |
|--|------|---------------------|---------------------|
|  |      | June 2009<br>\$'000 | June 2008<br>\$'000 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES                   |      |                     |                     |
| Cash receipts from customers                               |      | 24,846              | 24,740              |
| Litigation settlement proceeds                             |      | -                   | 4,000               |
| Cash payments to suppliers and employees                   |      | (21,394)            | (26,710)            |
| Interest received  |      | 102                 | 229                 |
| Interest paid  |      | (3,271)             | (3,328)             |
| <b>Net cash inflow/(outflow) from operating activities</b> | 4.1  | 283                 | (1,069)             |
| CASH FLOWS FROM INVESTING ACTIVITIES                       |      |                     |                     |
| Payments for acquisition of business assets                |      | -                   | (51)                |
| Payments for property management rights                    |      | (106)               | (249)               |
| Payments for property, plant and equipment                 |      | (114)               | (189)               |
| Payments for software development costs                    |      | (577)               | (403)               |
| <b>Net cash outflow from investing activities</b>          |      | (797)               | (892)               |
| CASH FLOWS FROM FINANCING ACTIVITIES                       |      |                     |                     |
| Proceeds from borrowings - Commercial Bills                |      | 1,000               | (7,000)             |
| Proceeds from converting notes issue                       |      | -                   | 10,000              |
| Repayments of hire purchases                               |      | (9)                 | (8)                 |
| Shareholder purchase plan proceeds                         |      | -                   | 308                 |
| Founders' net capital contribution                         |      | -                   | (311)               |
| <b>Net cash inflow from financing activities</b>           |      | 991                 | 2,989               |
| <b>Net increase in cash and cash equivalents</b>           |      | 477                 | 1,028               |
| Cash and cash equivalents at the beginning of the year     |      | 2,637               | 1,609               |
| <b>Cash and cash equivalents at the end of the year</b>    | 4.2  | 3,114               | 2,637               |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

|   | Issued<br>Capital<br>\$'000 | Accumulated<br>losses<br>\$'000 | Reserves                      |                                     | Total<br>Equity<br>\$'000 |
|---|-----------------------------|---------------------------------|-------------------------------|-------------------------------------|---------------------------|
|   |                             |                                 | Converting<br>Notes<br>\$'000 | Share<br>Based<br>Payment<br>\$'000 |                           |
| At at 1 July 2007   | 44,819                      | (35,526)                        | -                             | 18                                  | 9,311                     |
| Loss for the period   | -                           | (5,207)                         | -                             | -                                   | (5,207)                   |
| Contribution of equity via shares issued  | 308                         | -                               | -                             | -                                   | 308                       |
| Costs associated with capital raising   | (776)                       | -                               | -                             | -                                   | (776)                     |
| Executive share based payments  | -                           | -                               | -                             | 117                                 | 117                       |
| Issue of Converting notes   | -                           | -                               | 12,438                        | -                                   | 12,438                    |
| Transaction costs   | -                           | -                               | (485)                         | -                                   | (485)                     |
| Interest on Converting notes payable<br>in shares   | -                           | -                               | (1,073)                       | -                                   | (1,073)                   |
| At 30 June 2008   | 44,351                      | (40,733)                        | 10,880                        | 135                                 | 14,633                    |
| 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<br>to Accum losses                                   | -                           | 18                              | -                             | (18)                                | -                         |
| Transfer of Transaction costs   | (485)                       | -                               | 485                           | -                                   | -                         |
| Interest on Converting notes payable in shares  | -                           | -                               | (201)                         | -                                   | (201)                     |
| Adjustment to Converting note interest, including<br>Elders adjustment on cancelled notes | -                           | -                               | 1,044                         | -                                   | 1,044                     |
| At 30 June 2009   | 54,017                      | (45,508)                        | 2,208                         | 204                                 | 10,921                    |

## 1 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 \$4.8 million for the year ended 30 June 2009.

Total interest bearing debt with National Australia Bank at 30 June 2009 is \$37 million.

The banking covenants are adjusted on an annual basis. The Company was not in breach of any banking covenants during the year or at the reporting date and is in discussion with National Australia Bank to finalise covenants for the 2010 financial year.

The multi option facility of \$38.5 million (\$1.5 million un-drawn) 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 has exceeded the cash flow forecast in the 2009 financial year, with the expected payment shown as a current liability;
- 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 would 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 options to reduce its debt levels. These options will be subject to the approval of the company's banker.

## 2 Segment Information

### (a) Business Segments

The company has only one significant business segment, which is the provision of property management services by state.

### (b) Geographic Segments

Geographically the group's operations are state based, and relevant segment data by state is shown below:

|   | Victoria<br>\$'000 | NSW<br>\$'000 | QLD<br>\$'000 | Unallocated<br>\$'000 | TOTAL<br>\$'000 |
|---|--------------------|---------------|---------------|-----------------------|-----------------|
| <b>Year ending 30 June 2009</b>                           |                    |               |               |                       |                 |
| Sales to external customers                               | 10,576             | 9,633         | 3,635         | 798                   | 24,642          |
| Other Revenue   | -                  | -             | -             | -                     | -               |
| Total revenue (excluding interest)                        | 10,576             | 9,633         | 3,635         | 798                   | 24,642          |
| Total revenue net of direct costs and interest revenue    | 4,236              | 3,642         | 886           | 571                   | 9,335           |
| Amortisation, impairment and depreciation                 | (2,448)            | (2,119)       | (550)         | (996)                 | (6,113)         |
| Allocation of all other costs (based on property numbers) | (3,236)            | (2,177)       | (912)         | (407)                 | (6,732)         |
| Net Finance costs (including interest received)           | -                  | -             | -             | (3,034)               | (3,034)         |
| Segment result before tax                                 | (1,448)            | (654)         | (576)         | (3,866)               | (6,544)         |
| <b>Assets and liabilities</b>                             |                    |               |               |                       |                 |
| Segment assets  | 21,159             | 22,327        | 5,347         | -                     | 48,833          |
| Unallocated assets  | -                  | -             | -             | 5,835                 | 5,835           |
| Total assets  | 21,159             | 22,327        | 5,347         | 5,835                 | 54,668          |
| Segment liabilities                                       | -                  | -             | -             | -                     | -               |
| Unallocated liabilities                                   | -                  | -             | -             | 43,747                | 43,747          |
| Total liabilities   | -                  | -             | -             | 43,747                | 43,747          |
| <b>Other segment information</b>                          |                    |               |               |                       |                 |
| Capital Expenditure                                       | -                  | -             | -             | 691                   | 691             |
|   | -                  | -             | -             | 691                   | 691             |
| <b>Year ending 30 June 2008</b>                           |                    |               |               |                       |                 |
| Sales to external customers                               | 10,336             | 10,175        | 3,894         | 592                   | 24,997          |
| Litigation revenue  | -                  | -             | -             | 4,000                 | 4,000           |
| Total revenue (excluding interest)                        | 10,336             | 10,175        | 3,894         | 4,592                 | 28,997          |
| Total revenue net of direct costs and interest revenue    | 3,941              | 3,740         | 593           | 1,631                 | 9,905           |
| Amortisation, impairment and depreciation                 | (2,564)            | (2,235)       | (578)         | (721)                 | (6,098)         |
| Allocation of all other costs (based on property numbers) | (3,386)            | (2,904)       | (1,057)       | (206)                 | (7,553)         |
| Net Finance costs (including interest received)           | -                  | -             | -             | (2,999)               | (2,999)         |
| Segment result before tax                                 | (2,009)            | (1,399)       | (1,042)       | (2,295)               | (6,745)         |
| <b>Assets and liabilities</b>                             |                    |               |               |                       |                 |
| Segment assets  | 23,128             | 24,750        | 5,967         | -                     | 53,845          |
| Unallocated assets  | -                  | -             | -             | 5,374                 | 5,374           |
| Total assets  | 23,128             | 24,750        | 5,967         | 5,374                 | 59,219          |
| Segment liabilities                                       | -                  | -             | -             | -                     | -               |
| Unallocated liabilities                                   | -                  | -             | -             | 44,586                | 44,586          |
| Total liabilities   | -                  | -             | -             | 44,586                | 44,586          |
| <b>Other segment information</b>                          |                    |               |               |                       |                 |
| Capital Expenditure                                       | -                  | -             | -             | 592                   | 592             |
|   | -                  | -             | -             | 592                   | 592             |

**CONSOLIDATED**

|  | <b>June 2009</b> | <b>June 2008</b> |
|--|------------------|------------------|
|  | <b>\$'000</b>    | <b>\$'000</b>    |

**2.1 Revenues****(a) Revenue**

|                                     |        |        |
|-------------------------------------|--------|--------|
| Property management commission fees | 18,494 | 18,384 |
| Letting fees                        | 2,952  | 2,960  |
| Statement fees                      | 570    | 816    |
| Sales commissions                   | 990    | 1,689  |
| Other revenue                       | 1,636  | 1,150  |
| Interest income                     | 102    | 229    |
| Operating revenue                   | 24,744 | 25,228 |

**(b) Other income**

|                     |   |       |
|---------------------|---|-------|
| Litigation proceeds | - | 4,000 |
|                     | - | 4,000 |

**2.2 Expenses****(a) Litigation funding & legal costs**

|   |     |       |
|---|-----|-------|
| Amount paid to Futuris for funding of litigation expenses | -   | 2,721 |
| Other litigation costs                                    | 100 | -     |
|   | 100 | 2,721 |

**(b) Employee benefits expense**

|  |        |        |
|--|--------|--------|
| Wages and salaries                           | 12,702 | 13,775 |
| Share payment expense                        | 182    | 117    |
| Defined contributions superannuation expense | 1,036  | 1,248  |
| Annual & Long service leave provision        | 74     | 158    |
| Other employment related costs               | 889    | 1,767  |
|  | 14,883 | 17,065 |

**(c) Amortisation of intangibles**

|  |       |       |
|--|-------|-------|
| Amortisation of property management rights | 5,117 | 5,376 |
| Amortisation of software development       | 423   | 381   |
|  | 5,540 | 5,757 |

**(d) Finance costs**

|                                    |       |       |
|------------------------------------|-------|-------|
| Commercial bills                   | 2,888 | 3,174 |
| Other interest expense             | 171   | -     |
| Amortisation of establishment fees | 77    | 54    |
|                                    | 3,136 | 3,228 |

| <b>CONSOLIDATED</b> |                  |
|---------------------|------------------|
| <b>June 2009</b>    | <b>June 2008</b> |
| <b>\$'000</b>       | <b>\$'000</b>    |

### **3.1(a) Receivables And Other Assets**

|                          |            |            |
|--------------------------|------------|------------|
| Debtors                  | 26         | 229        |
| Interest prepayment      | 742        | 368        |
| Other receivables        | 22         | 30         |
| <b>Total receivables</b> | <b>790</b> | <b>627</b> |

### **3.1(b) Intangibles Note**

#### **Identifiable Intangible - Property management rights**

|                          |               |               |
|--------------------------|---------------|---------------|
| Cost                     | 28,650        | 28,545        |
| Accumulated amortisation | (16,213)      | (11,096)      |
|                          | <b>12,437</b> | <b>17,449</b> |

#### **Computer Software**

|                          |               |               |
|--------------------------|---------------|---------------|
| Cost                     | 2,463         | 1,887         |
| Accumulated amortisation | (1,463)       | (1,041)       |
|                          | <b>1,000</b>  | <b>846</b>    |
|                          | <b>13,437</b> | <b>18,295</b> |

#### **Goodwill associated with property management rights**

|                          |               |               |
|--------------------------|---------------|---------------|
| Cost                     | 53,294        | 53,294        |
| Provision for impairment | (16,899)      | (16,899)      |
|                          | <b>36,395</b> | <b>36,395</b> |
| <b>Total</b>             | <b>49,832</b> | <b>54,690</b> |

In accordance with group policy and the requirements of Australian Equivalents to International Financial Reporting 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 managed on a state by state basis.

The impairment test has been conducted on the fair value method, based on the directors' assessment of fair value on evidence of recently transacted sales multiples of annual management commissions for property management right acquisitions in specific geographic areas. The directors have sought and obtained evidence from independent valuers supporting the multiples used for the determination of fair value.

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

VIC 3.0-3.5 (2008: 3.0-3.5)

NSW 3.0-3.6 (2008: 3.0-3.6)

QLD 2.6-3.0 (2008: 2.6-3.0)

Disposal costs are estimated to be 1% of the assessed fair value.

The directors have assessed that should the disposal costs be within 1%-5% of the assessed fair value, no impairment would be required.

Based on this analysis, the directors believe that the fair value of the intangible assets exceeds the carrying value, with no adjustment needed.

### **3.1(c) Interest payable on converting notes**

|   |     |       |
|---|-----|-------|
| Interest payable on Converting notes issued | 394 | 1,073 |
|---|-----|-------|

**CONSOLIDATED**

|  | June 2009<br>\$'000 | June 2008<br>\$'000 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

**3.1(d) Interest Bearing Liabilities****CURRENT**

|                         |       |    |
|-------------------------|-------|----|
| Commercial Bills        | 1,000 | -  |
| Hire purchase liability | 6     | 14 |
|                         | 1,006 | 14 |

**NON CURRENT**

|                             |        |        |
|-----------------------------|--------|--------|
| Commercial Bills            | 36,000 | 36,000 |
| Capitalised borrowing costs | (117)  | (193)  |
|                             | 35,883 | 35,807 |

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 2009.

As at 30 June 2009, the financial covenants that were in effect were:

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

Under the terms of the commercial bill facility agreements, the thresholds required to be met for periods subsequent to 1 July 2009 under these covenants are still subject to determination by the National Australia Bank.

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 has exceeded the free cash forecast in the 2009 financial year, with the expected payment disclosed as a current liability.
- 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.

At 30 June 2009, the Company had fixed the rate on \$20 million of debt at the rate of 6.92%.

**3.1(e) Converting Notes**

|   | 30 June 2009<br>\$'000 | 30 June 2008<br>\$'000 |
|---|------------------------|------------------------|
| Elders Property Management Pty Ltd      | -                      | 10,000                 |
| Rentamobile and NCN Investments Pty Ltd | 2,602                  | 2,438                  |
| Transaction costs                       | -                      | (485)                  |
| Interest payable on converting notes    | (394)                  | (1,073)                |
|   | 2,208                  | 10,880                 |

As announced to the market on 19 December 2008, the converting notes and options previously granted to Elders were cancelled for nominal consideration of one dollar. Accordingly, RUN was not be required to issue ordinary shares with respect to either the converting notes or the options that were issued to Elders.

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

- The notes convert into approximately 26 million ordinary shares in RUN at anytime up to 31 August 2009.
- Interest accumulates on the face value of the unconverted notes at a rate of 7.0% per annum (compounding daily).
- Accumulated interest is to be satisfied by the issue of RUN ordinary shares at \$0.15 each.

Under the converting note terms a maximum number of 28,868,709 shares will be issued to Rentamobile Pty Ltd and NCN Investments Pty Ltd.

Post conversion, these entities (including all associated entities) will hold 51,241,277 shares.

**CONSOLIDATED**

|  | June 2009<br>\$'000 | June 2008<br>\$'000 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

#### 4.1 Reconciliation of loss from continuing activities after income tax to net cash inflow/(outflow) from operating activities

|  |            |                |
|--|------------|----------------|
| Operating loss after income tax                                | (4,793)    | (5,207)        |
| <b>Add/(Less) non cash items</b>                               |            |                |
| Depreciation   | 574        | 341            |
| Amortisation   | 5,540      | 5,757          |
| Share based payments   | 182        | 117            |
| Non cash interest charges/(credits)                            | 246        | (527)          |
| <b>Changes in assets/liabilities during the financial year</b> |            |                |
| (Increase)/Decrease in debtors                                 | 203        | (108)          |
| (Increase)/Decrease in prepayments                             | (374)      | 277            |
| (Increase)/Decrease in sundry debtors                          | 8          | 211            |
| (Increase)/Decrease in provisions                              | 906        | (264)          |
| Increase/(Decrease) in payables                                | (506)      | (236)          |
| Increase/(Decrease) in provision for employee entitlements     | 48         | 108            |
| Increase/(Decrease) in deferred tax                            | (1,751)    | (1,538)        |
| <b>Net cash inflow/(outflow) from operating activities</b>     | <b>283</b> | <b>(1,069)</b> |

#### 4.2 Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June 2009:

|              |              |              |
|--------------|--------------|--------------|
| Cash at bank | 3,114        | 2,637        |
|              | <b>3,114</b> | <b>2,637</b> |

#### 4.3 Facilities Available

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Total facilities at reporting date  |               |               |
| - bank loans                        | 38,500        | 40,000        |
| - other facilities                  | 570           | 600           |
|                                     | <b>39,070</b> | <b>40,600</b> |
| Facilities used at reporting date   |               |               |
| - bank loans                        | 37,000        | 36,000        |
| - other facilities                  | 263           | 212           |
|                                     | <b>37,263</b> | <b>36,212</b> |
| Facilities unused at reporting date |               |               |
| - bank loans                        | 1,500         | 4,000         |
| - other facilities                  | 307           | 388           |
|                                     | <b>1,807</b>  | <b>4,388</b>  |

#### 5. Dividends

No dividends were declared or paid during the current period

#### 6. Dividend Reinvestment Plan

There were no plans in place at any time during the current or previous period.

**CONSOLIDATED**

|  | June 2009<br>\$'000 | June 2008<br>\$'000 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

**7. Consolidated Retained Profits / (accumulated losses)**

|  |          |          |
|--|----------|----------|
| Accumulated losses at the beginning of the period                          | (40,733) | (35,526) |
| Net loss attributable to members of the entity                             | (4,793)  | (5,207)  |
| Cancellation of share options transferred from share based payment reserve | 18       | -        |
| Accumulated losses at the end of the period                                | (45,508) | (40,733) |

**8. Net Tangible Asset Backing**

|  | Current<br>period | Previous<br>Period |
|--|-------------------|--------------------|
| Net tangible asset backing per ordinary security (cents) | (0.55)            | (0.59)             |

**9. Control Gained Over Entities**

|  |     |
|--|-----|
| Name of entity   | n/a |
| Date control gained  | n/a |
| Contribution of such entities to the reporting entity's profit from ordinary activities during the period (where material)** | n/a |

**10. Details of Associates and Joint Ventures**

The Entity does not hold any interests in associates or joint ventures

**11. Significant information**

Refer accompanying press release

**12. Foreign entities**

N/A to the Entity

**13. Commentary on results of the period****13.1 The earnings per security and the nature of any dilution aspects.**

|                              | Current period<br>(cents) | Previous Period<br>(cents) |
|------------------------------|---------------------------|----------------------------|
| Earnings per share - basic   | (0.07)                    | (0.08)                     |
| Earnings per share - diluted | (0.07)                    | (0.08)                     |

**13.2 Returns to shareholders including distributions and buy backs.**

N/A to the Entity

**13.3 Significant features of operating performance**

Refer accompanying media release

**13.4 The results of segments that are significant to an understanding of the business as a whole.**

The Entity operates in a single segment

**13.5 A discussion of trends in performance**

Refer media release

**13.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.**

Refer media release

**14. 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

The accounts are in the process of being audited

The accounts are in the process of being reviewed

The accounts have not yet been audited or reviewed

**15. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below.**

N/A

**16. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below.**

N/A

**Sign here:**



Company Secretary

**Date:**

28 August 2009

**Print Name:**

Jeff Stein