

**Appendix 4E**  
**RUN CORP LIMITED**  
**ABN: 15 111 764 437**  
**ASX PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2008**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**AND LODGED WITH THE AUSTRALIAN STOCK EXCHANGE**  
**UNDER LISTING RULE 4.3A**

	2008	2007	
	A\$'000	A\$'000	% Change
<b>1. Revenue</b>	29,228	25,279	16
Profit / (loss) attributable to members of RUN Corp Limited	(5,207)	(17,052)	(69)
Net profit / (loss) attributable to members of RUN Corp Limited	(5,207)	(17,052)	(69)
Earnings per share for profit/(loss) attributable to ordinary equity holders of the Company			
- Basic Earnings per Share	(0.08)	(0.26)	
- Diluted Earnings per Share	(0.08)	(0.26)	

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked Amount 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>		N/A
<b>Brief explanation of any of the figures above necessary to enable the figures to be understood.</b>		
Refer accompanying media release		

**INCOME STATEMENT**

		<b>CONSOLIDATED</b>	
		<b>June 2008 \$'000</b>	<b>June 2007 \$'000</b>
	<b>NOTE</b>		
Revenue	2.1(a)	25,228	25,220
Other income	2.1(b)	4,000	59
Advertising and promotion		(1,240)	(1,052)
IT & Telecommunications		(1,081)	(1,109)
Professional fees		(640)	(703)
Litigation funding & legal costs	2.2(a)	(2,721)	-
Employee benefits expense	2.2(b)	(17,065)	(17,683)
Agency related fees		(247)	(311)
Other expenses		(1,463)	(1,434)
Rent		(1,376)	(1,387)
Printing, stationery & postage		(814)	(928)
Depreciation expense		(341)	(423)
Amortisation expense	2.2(c)	(5,757)	(4,147)
Finance costs	2.2(d)	(3,228)	(3,785)
Impairment expense		-	(7,615)
Total expenses		(35,973)	(40,577)
Profit / (loss) before income tax		(6,745)	(15,298)
Income tax benefit/(expense)		1,538	(1,754)
Profit / (loss) after tax		(5,207)	(17,052)
Profit / (loss) for the year		(5,207)	(17,052)
<b>Profit / (loss) attributable to members of RUN Corp Limited</b>		<b>(5,207)</b>	<b>(17,052)</b>
Earnings per share for profit/(loss) attributable to ordinary equity holders of the Company			
- Basic Earnings per Share		(0.08)	(0.26)
- Diluted Earnings per Share		(0.08)	(0.26)

**BALANCE SHEET**

	NOTE	CONSOLIDATED	
		June 2008 \$'000	June 2007 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.2	2,637	1,609
Receivables	3.1(a)	627	613
<b>TOTAL CURRENT ASSETS</b>		3,264	2,222
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		1,265	1,417
Deferred tax assets		-	1,291
Intangible assets	3.1(b)	54,690	59,723
<b>TOTAL NON CURRENT ASSETS</b>		55,955	62,431
<b>TOTAL ASSETS</b>		59,219	64,653
<b>CURRENT LIABILITIES</b>			
Payables		1,955	2,391
Interest payable on Converting notes	3.1(c)	1,073	-
Interest bearing liabilities	3.1 (d)(i)	14	2,630
Amounts payable under contracts of sale		13	101
Cash advance		-	2,589
Provisions		816	585
<b>TOTAL CURRENT LIABILITIES</b>		3,871	8,296
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities	3.1 (d)(ii)	35,807	40,183
Deferred tax liabilities		4,719	6,763
Provisions		189	100
<b>TOTAL NON CURRENT LIABILITIES</b>		40,715	47,046
<b>TOTAL LIABILITIES</b>		44,586	55,342
<b>NET ASSETS</b>		14,633	9,311
<b>EQUITY</b>			
Contributed equity		44,351	44,819
Share option reserve		18	18
Converting Notes	3.1(e)	10,880	-
Share Equity Reserve		117	-
Accumulated losses		(40,733)	(35,526)
<b>TOTAL EQUITY</b>		14,633	9,311

**CASHFLOW STATEMENT**

	NOTE	CONSOLIDATED	
		June 2008 \$'000	June 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		28,740	25,180
Cash payments to suppliers and employees		(26,710)	(25,659)
Interest received		229	126
Interest paid		(3,328)	(3,125)
<b>Net cash outflow from operating activities</b>	4.1	(1,069)	(3,478)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of business assets		(51)	(2,696)
Payment for amounts owing under contract of sale		-	(2,468)
Payments for property management rights		(249)	(117)
Payments for property, plant and equipment		(189)	(783)
Payments for software development costs		(403)	(382)
<b>Net cash outflow from investing activities</b>		(892)	(6,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds or (Repayment) of Commercial Bills		(7,000)	3,000
Proceeds from issue of converting notes		10,000	-
Share Purchase Plan proceeds		308	-
Repayments of hire purchases		(8)	(9)
Costs associated with capital raising		(311)	183
Founders' net capital contribution		-	2,438
<b>Net cash inflow from financing activities</b>		2,989	5,612
<b>Net increase in cash and cash equivalents</b>		1,028	(4,312)
Cash and cash equivalents at the beginning of the year		1,609	5,921
<b>Cash and cash equivalents at the end of the year</b>	4.2	2,637	1,609

**STATEMENT OF CHANGES IN EQUITY**

	<b>Issued Capital \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Converting Notes \$'000</b>	<b>Share Option \$'000</b>	<b>Share Based Payment \$'000</b>	<b>Total Equity \$'000</b>
As at 1 July 2006	44,286	(19,862)	-	1,406	-	25,830
Loss for the period	-	(17,052)	-	-	-	(17,052)
Contributions of equity, net of transaction costs	533	-	-	-	-	533
Cancellation of share options	-	1,388	-	(1,388)	-	-
At 30 June 2007	44,819	(35,526)	-	18	-	9,311
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
Deferred tax write off attributable to initial capital raising costs	(776)	-	-	-	-	(776)
Executive share based payment	-	-	-	-	117	117
Issue of converting notes	-	-	12,438	-	-	12,438
Transaction costs	-	-	(485)	-	-	(485)
Interest on Converting notes payable in shares	-	-	(1,073)	-	-	(1,073)
At 30 June 2008	44,351	(40,733)	10,880	18	117	14,633

	<b>CONSOLIDATED</b>	
	<b>June 2008 \$'000</b>	<b>June 2007 \$'000</b>
<b>2.1 Revenues</b>		
<b>(a) Revenue</b>		
Property management commission fees	18,384	19,325
Letting fees	2,960	2,913
Statement fees	816	604
Commissions	1,689	1,594
Other revenue	1,150	658
Interest income	229	126
Total revenue	25,228	25,220
<b>(b) Other income</b>		
Government grants	-	59
Litigation proceeds	4,000	-
	4,000	59
<b>2.2 Expenses</b>		
<b>(a) Litigation funding &amp; legal costs</b>		
Amount paid to Futuris for funding of litigation expenses	2,721	-
<b>(b) Employee benefits expense</b>		
Wages and salaries	13,775	14,513
Share payment expense	117	-
Defined contributions superannuation expense	1,248	1,263
Annual & Long service leave provision	158	(4)
Other employment related costs	1,767	1,911
	17,065	17,683
<b>(c) Amortisation of intangibles</b>		
Amortisation of property management rights	5,376	3,752
Amortisation of software development	381	395
	5,757	4,147
Refer note 2.3 for details of change in amortisation rate.		
<b>(d) Finance costs</b>		
Commercial bills	3,174	3,151
Other interest expense	-	430
Interest on cash advance	-	151
Amortisation of establishment fees	54	53
	3,228	3,785

## 2.3 Revision of Accounting Estimates

### Details of Revision of accounting estimates

#### Change in amortisation rate

As noted at the half year, the Company reviewed the amortisation rate on property management rights which have been previously amortised over an expected useful life of 7-10 years. The directors view that it is appropriate to amortise this asset over a shorter period of between 5-6 years. This is a change in accounting estimate which affects current and future years with no adjustment to previous accounting periods. The effect on the current reporting period is an increase in amortisation of approximately \$1.3 million.

	CONSOLIDATED	
	June 2008 \$'000	June 2007 \$'000
<b>3.1(a) Receivables</b>		
Debtors	229	122
Prepayments	368	318
Other receivables	30	173
Total receivables	627	613
<b>3.1(b) Intangibles Note</b>		
<b>Identifiable Intangible - Property management rights</b>		
Cost	28,554	28,277
Accumulated amortisation	(11,096)	(5,720)
	17,458	22,557
<b>Computer Software</b>		
Cost	1,886	1,484
Accumulated amortisation	(1,041)	(660)
	845	824
	18,303	23,381
<b>Goodwill associated with property management rights</b>		
Cost	53,286	53,241
Provision for impairment	(16,899)	(16,899)
	36,387	36,342
<b>Total</b>	<b>54,690</b>	<b>59,723</b>

In accordance with group policy and the requirements of Australian 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 being managed on a State by State basis.

The impairment test has been conducted on the fair value method, based on valuation reports received from independent valuers. Based on this analysis, the directors believe that the fair value of the intangible assets exceeds the carrying value, with no adjustment needed.

	<b>CONSOLIDATED</b>	
	<b>June</b>	<b>June</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.1(c) Interest Payable on Converting Notes</b>		
Interest payable on converting notes issued to Elders Property Management Pty Ltd, Rentamobile Pty Ltd and NCN Investments Pty Ltd	1,073	-
<b>3.1(d) Interest Bearing Liabilities</b>		
<b>(i) Current</b>		
Commercial Bills	-	3,000
Unamortised commercial bill discount	-	(392)
Hire purchase liability	14	22
	14	2,630
<b>(ii) Non Current</b>		
Commercial Bills	36,000	40,430
Capitalised borrowing costs	(193)	(247)
	35,807	40,183

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 2008

As at 30 June 2008, 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 2008 under these covenants are subject to determination by the National Australia Bank.

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, up to 30 June 2009 and those committed subsequent to that date 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 has exceeded the free cash forecast in the 2008 financial year.
- 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 2008, the Company had fixed the rate on \$20 million of debt.

	<b>CONSOLIDATED</b>	
	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.1(e) Converting Notes</b>		
Elders Property Management Pty Ltd	10,000	-
Rentamobile and NCN Investments Pty Ltd	2,438	-
Transaction costs	(485)	-
Interest payable on converting notes	(1,073)	-
	<b>10,880</b>	<b>-</b>

Key terms of the converting notes issued to Elders Property Management Pty Ltd are:

- The notes convert into 100 million ordinary shares in RUN at any time up to 31 August 2009.
- Interest accumulates on the face value of the unconverted notes at a rate of 8.5% per annum (compounding daily).
- Accumulated interest is to be satisfied by the issue of RUN ordinary shares at \$0.15 each.

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.

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

	<b>CONSOLIDATED</b>	
	<b>June</b>	<b>June</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating loss after income tax	(5,207)	(17,052)
<b>Add/(Less) items classified as investing/financing activities</b>		
Interest expense	-	660
<b>Add/(Less) non cash items</b>		
Depreciation	341	423
Amortisation	5,757	4,147
Share based payment	117	-
Impairment provision	-	7,615
<b>Changes in assets/liabilities during the financial year</b>		
(Increase)/Decrease in debtors	(108)	27
(Increase)/Decrease in prepayments	277	(117)
(Increase)/Decrease in sundry debtors	211	(115)
(Increase)/Decrease in provisions	(264)	7
Increase/(Decrease) in payables	(236)	(782)
Increase/(Decrease) in provision for employee entitlements	108	(45)
Increase/(Decrease) in deferred tax	(1,538)	1,754
Increase/(Decrease) in cash advance and interest bearing liabilities	(527)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,069)</b>	<b>(3,478)</b>

**CONSOLIDATED**

	<b>June</b>	<b>June</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>

**4.2 Reconciliation of cash**

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

Cash at bank	2,637	1,609
Cash at bank	2,637	1,609

**4.3 Facilities available**

Total facilities at reporting date		
- bank loans	40,000	43,400
- other facilities	600	600
	40,600	44,000
Facilities used at reporting date		
- bank loans	36,000	43,000
- other facilities	212	212
	36,212	43,212
Facilities unused at reporting date		
- bank loans	4,000	400
- other facilities	388	388
	4,388	788

**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.

**7. Consolidated retained profits / (accumulated losses)**

Accumulated losses at the beginning of the period	(35,526)	(19,862)
Net loss attributable to members of the entity	(5,207)	(17,052)
Cancellation of share options transferred from share option reserve	-	1,388
Accumulated losses at the end of the period	(40,733)	(35,526)

**8. Net Tangible Asset backing**

	<b>Current period</b>	<b>Previous Period</b>
Net tangible asset backing per ordinary security (cents)	(0.59)	(0.78)

**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 media 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 (cents)	Previous Period (cents)
Earnings per share - basic	(0.08)	(0.26)
Earnings per share - diluted	(0.08)	(0.26)

**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:**

- The accounts have been audited
- The accounts are in the process of being audited
- The accounts have been subject to review.
- The accounts are in the process of being reviewed
- The accounts have not yet been audited or reviewed

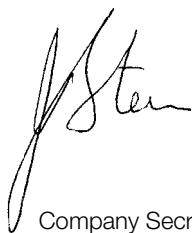
**15. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below.**

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:**

27 August 2008

**Print Name:**

Jeff Stein