

31 March 2003

Company Announcements Office
Australian Stock Exchange Limited
4th Floor, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

Please find attached the Reckon Limited Annual Report for 2002.

Yours faithfully

Myron Zlotnick
Company Secretary

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Better Management

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Better Products

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Better Results

Reckon Ltd



Over every financial program.



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Looking
at things in
a new way

BETTER MANAGEMENT

What every Shareholder should know.

The year ended 31 December 2002 was a make or break year for Reckon. I am delighted therefore, to announce a profit of \$2.274 million for the year ending 31 December 2002.

This compares with a loss of \$0.785 million for the previous financial year. The 2002 profit was achieved on revenues of

\$23.540m, up 24.1%, and operating & investing cash flow of \$2.269m compared with a negative \$1.995m in the previous year.

My review highlights some of the key reasons why I believe we achieved these results and why we can build upon them in 2003. On pages 10 to 26, our Chief

Executive, Greg Wilkinson and his team have provided further details about our activities in 2002 that will be of interest to you, and should give our shareholders confidence in the future direction of Reckon.

A Good Turn Around In Anyone's Language

Within a difficult retail market, there were a combination of factors that assisted in the turnaround and I've outlined them below:

- we improved the process by which we develop our software, both internally and through a closer working relationship with Intuit Inc., our product licensor in the USA.

This improvement provides us greater cost savings and the ability to provide our customers with proven, leading-edge technology;

- we rationalised the product range and improved the packaging and point of sale material to make it easy for our customers to choose the best software solution for their requirements;
- we adjusted our prices in line with the Australian development costs and implemented tighter management of expenses across the company;
- we continued to develop closer ties with our network of Professional Partners who are crucial recommenders of software to the business market;
- we improved systems that enabled us to better manage our customer relationships and we continued to grow our subscription and Quicken Advantage membership base.

All of these factors have lead to an overall improved trading performance. As a result, at the end of 2002, the Reckon share price was close to its 52-week high.

I would also like to add to my comment about our network of Professional Partners. There is no doubt that the closer ties and growth from this network is thanks to the momentum delivered by our Software road shows. These road shows, of which there were four national tours during 2002 have been



Geoff Tomlinson -
Chairman

led directly by the founder and Chief Executive, Greg Wilkinson. They have provided us with an opportunity to demonstrate the significant advances we have made with our technology as well as to keep our partners and customers abreast of the company's overall developments.

The road shows have set the standard for our industry and are now regular and well-attended events on our calendar.

The Future

2003 is shaping up as a challenging but exciting year for the company and our Professional Partners. High on the agenda is the release in May of QuickBooks 2003.

This product has undergone a major update that significantly adds to its features and functionality. It is also significant as it marks the first occasion when Reckon has been able to concurrently release the same version of a major product as is sold by Intuit in America. QuickBooks 2003 will further improve our competitive standing in Australia, reflecting the value Reckon gains from Intuit's annual product development budget of around \$US200 million per annum.

In addition, we will introduce QuickBooks Enterprise Solutions, an accounting package for medium-sized businesses of between 20 to 150 staff. It has been developed to cater for the medium-sized market which needs increased capacity, group reporting requirements and up to 10 simultaneous users.

Furthermore, it is based on the same ease-of use principles that have made QuickBooks the world's best-selling accounting software. QuickBooks Enterprise Solutions will also meet the needs of many of our existing customers whose growth has started to stretch the capabilities of our current product.

These are just two of the important milestones that will help Reckon consolidate its 2002 results. Certainly, we face this year with renewed confidence and energy.

We have the right people, products and focus on Professional Partners and customers to ensure a strong continuation of our turnaround story. I should add that these attributes are all emerging within the framework of a company with an appropriate corporate governance regime.

This success and our future plans need people. So, to close, I would like to thank both our management team for their strong leadership in effecting a massive turnaround of the business and our staff for their dedication. The results speak for themselves.

Geoff Tomlinson
Chairman
Reckon Limited
24th March 2003



A word from the Chief Executive.

Financial Year	Revenue	Net Profit (loss)	Cash held at the end of the year
2002	\$23.54 million	\$2.274 million	\$12.07 million
2001	\$18.97 million	(\$0.785 million)	\$9.80 million

Reckon has reported a net profit of \$2.274 million for the 12 months to 31 December 2002.

This maiden profit is the culmination of a turnaround in performance that commenced 24 months ago when we reported significant losses in the 2000 financial year.



Two years ago we decided to return to our core business and embarked on a program to increase sales and market share of our software products and to focus on efficiencies in order to achieve the current levels of performance.

In summary, Reckon Limited (trading as Quicken Australia):

- increased revenue by 24.10%
- registered a profit turnaround of \$3.059 million
- increased cash held at the end of the financial year by 23.14%

This result can be attributed to the commitment of the management, our staff and those in our sales channels, all of whom sensed the potential, agreed with the direction and worked hard to deliver this result.

We now have over 320,000 customers in the small-to-medium enterprise (SME) sector and 150,000 personal customers - giving us an Australia-wide total of 470,000 registered customers. Added to this, we now provide our online financial services to 40,000 registered members. These services comprise a range of competitive and robust internet products.

I invite you to review the following pages of our 2002 Annual Report where I have detailed the Highlights of 2002 and

Operations

opportunities for the future. I also provide detail in the Operations and Products section of what we have established and will continue to develop to ensure we build on these results in 2003.

Once you have reviewed this report, you will see why Quicken Australia is looking forward to consolidating on the successful initiatives of the past two years and exploiting the new opportunities we have as we move into connected services and the larger business market.

Finally, having attended all of our Software road shows during 2002, the most exciting aspect of this work is seeing how Quicken's products impact on businesses in Australia.

There are thousands of stories to tell. However, I would like to share just one with you in this year's annual report. On page 22, you can read about The Finishing Touch, a wonderful example of a business using our technology to manage their innovative ideas. It's very pleasing for me to see our software making a difference where it counts.

Greg Wilkinson
CEO
Reckon Limited
24 March 2003



Our call centre

Quicken Australia is operating more efficiently, largely thanks to the decision to discontinue outsourcing functions such as our call centre and distribution and to bring these functions in-house.

In 2000 we purchased state of the art telephone, CRM and financial management systems. In 2002 we completed the total integration of these and our internet development which has dramatically enhanced our efficiency, customer service and cost management.

This integration enabled us to reduce the time it takes to process an order by 50% and to improve product fulfilment, measured in terms of warehouse throughput by 200%.

Our software development

In the past two years, our Australian software development team has successfully implemented some 18 major projects. Of these 17 were delivered on time and under budget, a success rate of almost 95%. The worldwide industry standard according to research houses such as Meta Group and Gartner is around 23%.

Thanks to the ever-improving relationship with Intuit, the US originators of the Quicken range, the development of the

Australian version is synchronised with Intuit's international development team allowing us to launch the most current version available very shortly after the US release. This has provided us with a compelling strategic advantage in this region.



A list of some of the achievements by our development team can be found in the Highlights section on page 14.

Our online development

Quicken.com.au was relaunched in December 2002 to more accurately reflect our current structure as a provider of leading financial management software augmented by relevant online financial services. "The web site is designed, built and hosted in-house and is a triumph in ease of use and informative design with intuitive navigation."

- **Market Monitor**

Market Monitor is one of the best-known internet sources of stock market data and research on Australian companies. We have recently launched a new subscription package for our Market Monitor customers such that they now have the ability to pay monthly

rather than six-monthly or annually - the response to this initiative has been encouraging.

- **Quick.Broker**

This is our online real-time share-trading service. In 2002, Quick.Broker was named among Money Magazine's "Best of the Best" for being the cheapest online share trading service in Australia.

- **e-Store**

In 2002, we brought all of customer online purchases - such as software upgrades, Quicken Advantage and subscription renewal - under one roof.

e-Store is now our one-stop shop for both business and personal customers who wish to purchase either upgrade products and/or services online.

As previously mentioned, e-Store is fully integrated with our Financial Management and CRM systems making the process of ordering, invoicing, payment and delivery almost entirely automated and error free, measurably enhancing customer experience and increasing internal efficiencies.

Our Professional Services Group

Accountants have proved to be the key recommender of financial management software to small business.

Our Professional Services Group has the task of recruiting, educating and servicing accounting firms who become members of our Professional Partner program such that they can provide the most applicable applications and services to their clients.

Our National Sales Team

With representation in all states of Australia, this team services the needs of our resellers which include major retailers such as Harvey Norman, Officeworks, Dick Smith, David Jones, and selected Myers stores as well as 1550 independent software retailers.

We strive for responsible and sustainable stock management in this channel to ensure that “sell in” rates equal “sell



We now service over 5,000 Professional Partners and sales of our products through this channel grew by more than 150% in 2002

This team also takes care of the needs of 500 Accredited Trainers around Australia. These are organisations that have been certified to train Professional Partner firms and their clients in the installation and efficient use of our products.

through” rates. Added to this, the Quicken range forms a substantial part of these retailers’ software sales and this combination of service and sales has resulted in a mutually beneficial and positive relationship throughout.

Highlights in the past year.

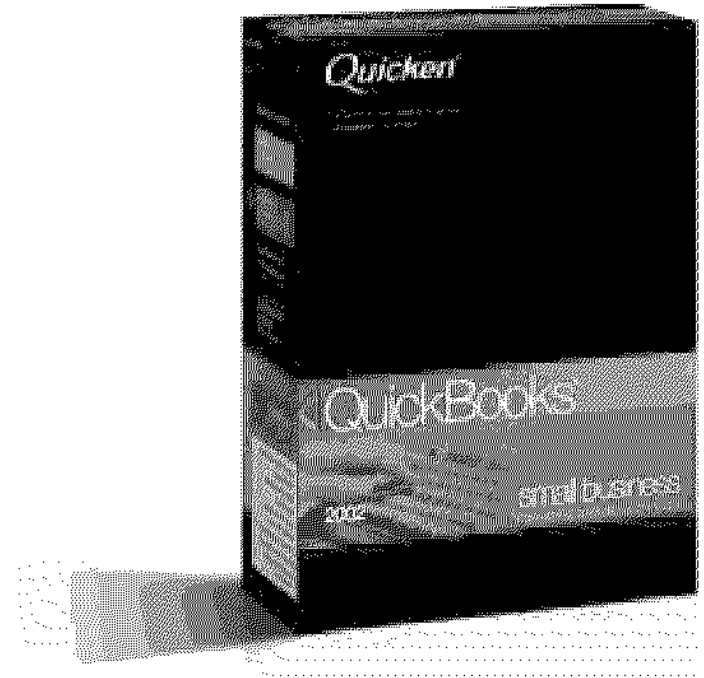
Some of the major highlights have included:

- **in February**, we announced a strategic partnership with Microsoft Australia and demonstrated the powerful integration between QuickBooks 2002 and Microsoft Office XP;
- **in March**, we launched QuickBooks 2002 with more than 100 product enhancements. This launch takes users four years ahead of previous technology;
- **in June**, Quicken Australia and Microsoft Australia joined forces to offer Smart-Tags Technology to SMEs. This technology enables Microsoft Office XP software to instantly pull data out of the QuickBooks 2002 data-file into a Word, Excel or Email document. The launch of this technology was a world first;
- **in June**, we launched QuickBooks Lite 2002, our entry level accounting package which integrates GST tracking and 'one-click' BAS with the basic accounting tools needed for small businesses;
- **in July**, Quicken Personal 2002 earned the APC Editor's Choice award, describing the product as "powerful and packed with time-saving, real-world features";
- **in July**, QuickBooks Plus 2002 also earned the APC Editor's Choice status, saying: "With complex functions placing it ahead of MYOB, QuickBooks Plus is nevertheless easy to set up. MYOB may be the market leader but it's far behind QuickBooks in terms of speed and functionality";
- **in August**, we launched QuickPOS Retailer 2002. This software, designed in Australia specifically for retailers, integrates our QuickBooks Pro product with our point-of-sale software. As a result, retailers using this software automate BAS functions and keep track of their inventory while at the same time providing full back-office reporting and multi-pricing information;
- **in September**, we released a new version of our unique home and business software, CashBook Home and Business 2003. It was designed specifically for those with minimal accounting knowledge who want to better manage their personal and business finances. It offers complete control of GST, the BAS and all other reports needed to meet tax deadlines

This package has proved very popular among farmers and other primary industry producers. Quicken CashBook training and on-farm implementation is one of several courses, subsidised by the FarmBis program.

The Queensland and Federal Government jointly fund this program. It provides financial support to farmers for learning/training activities;

- **in October**, John Hallows in his Sunday Telegraph column wrote: "If you are running a small business and using double-entry accounting software, Quicken CashBook 2003 is a good brand to move to... I did my BAS on it last week and finished it in two minutes";
- **in December**, we relaunched Quicken.com.au to more closely reflect our status as a leading provider of financial management software. Augmented by online financial services, this site is now a one-stop shop for customers who make online purchases such as software upgrades, Quicken Advantage and/or subscription renewals.



Board of Directors

Geoff Tomlinson BEd
age 55, Non-Executive Chairman

Geoff Tomlinson is Chairman of Programmed Maintenance Services Limited, Funtastic Limited and Neverfail Springwater Limited. He is Deputy Chairman of Hansen Technologies Limited and is a director of Amcor Limited, Mirrabooka Investments Limited and National Australia Bank Limited.

Greg Wilkinson
age 47, Chief Executive Officer

Greg Wilkinson has 18 years experience in the computer software industry. Greg entered the industry in the early 1980's in London where he managed Caxton Software, which became one of the UK's leading software publishers. Greg co-founded Reckon in 1987, and since that time has been the Chief Executive Officer.

Phil Hayman
age 44, Executive Director

Phil Hayman co-founded Reckon in 1987 with Greg Wilkinson. Until November 2000, Phil spent 12 years as the company's Finance Director during its start-up and growth phases. In February 2001, Phil rejoined the company as its Logistics Manager.

John Thame AAIBF FCPA
age 61, Non-Executive Director

John Thame has over 30 years experience in the retail financial services industry. He was Managing Director of Advance Bank Limited from 1986 until it merged with St George Bank Limited in January 1997, and held a variety of senior positions in his career with Advance.



John is Chairman of the Trust Company of Australia Limited, Abacus Property Trust Group Limited, Director of St George Bank Limited and AWB Limited.

John is Chairman of the Board's Audit Committee.

Fred Tinker

age 49, Non-Executive Director

Fred Tinker is the director of finance for the Global Business Group and Rest of World Sales for Intuit Inc. Intuit Inc has licensed to Reckon the rights to localise, manufacture and distribute the Quicken range of personal and financial management software and also the rights to the www.quicken.com.au website.

Fred has held several positions at Intuit, including CFO of VFSC, an Intuit startup corporation, and Director of Financial Planning and Analysis. Fred was previously Vice President of Finance for Claris, the software subsidiary of Apple Computers.

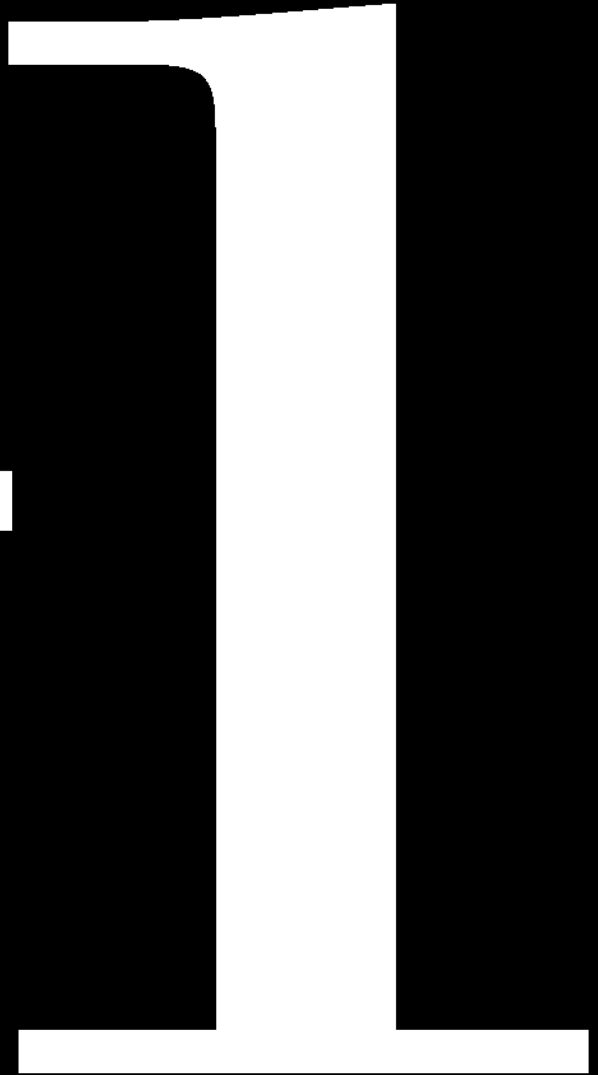
Management Team





What is
now proved
was once only
imagined

BETTER PRODUCTS



New Product Range & Opportunities

Each year Intuit invests around 20% of its revenue into research and development of the QuickBooks range of products. In 2002 this represented a development spend of over US\$200 million.

Intuit research has found nearly 20% of their QuickBooks customer base has outgrown the capabilities of the product, but on researching who was the market leader in the next level of business size, they were surprised to find, it was overwhelmingly QuickBooks. This meant that around 700,000

businesses were using software that was now inappropriate for their requirements but felt it was better to persevere with QuickBooks than move to any of the alternatives.

This represents a real opportunity and, to capitalise on this, Intuit has now developed QuickBooks Enterprise Solutions version, designed for larger businesses with up to 150 members of staff and allowing 10 simultaneous users.

Our team of developers in Australia will have the responsibility of localising this software for the Australian, New Zealand and South East Asian markets.

The Australian version of QuickBooks Enterprise Solutions will be launched later this year bringing relief to tens of thousands of medium-sized businesses for whom there is no reasonable alternative to the ease of use and powerful reporting for which QuickBooks is renowned.



Our Australian software team will also continue to develop third party connected products - such as the highly-successful QuickPOS point of sale software - specifically for the Australian retailer market.

This team was responsible for ensuring that Quicken Australia would be able to successfully launch QuickBooks 2003 in May of 2003.

QuickBooks 2003 comes with a host of connected services to make life easier and more efficient for our customers.

These services include Online Banking, Payment Services, Online Backup and Credit Checking. Integration with Microsoft Office will synchronise Contacts, output reports to fully formatted and sophisticated Excel spreadsheets and allow marketing and debt collection mail-merge facilities in Word to maximise sales opportunities and cash flow for our customers. Use of some of these services will in turn

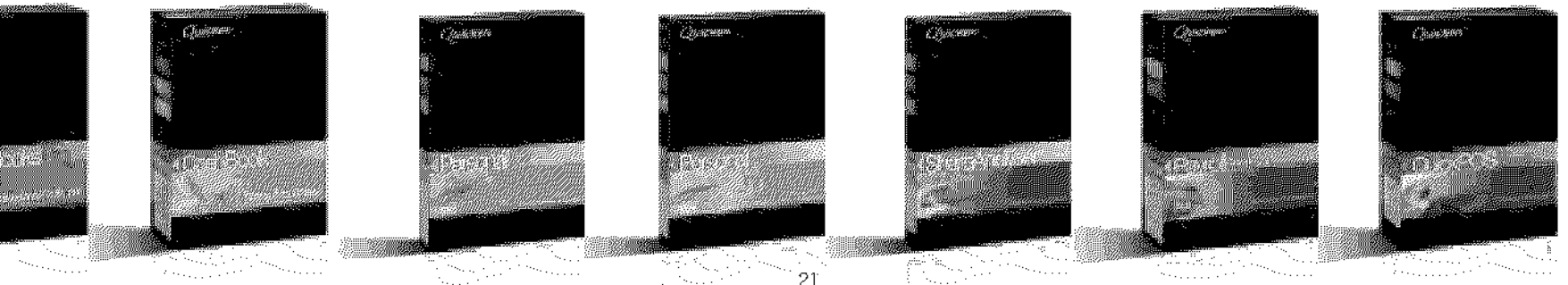
provide healthy new revenue streams to Quicken Australia.

Looking ahead, according to Taxpayers Australia there are over 600,000 small and home-based businesses that are yet to introduce computerised systems to help handle their BAS and their invoicing as well as to manage their overall finances.

We aim to continue to grow our market share into this new customer base as it embraces technology.

Our accounting software will help them better manage their businesses by providing them with better reporting about their businesses. By also supplying one-click BAS and GST compliance, our accounting software will leave them more time to focus on their businesses.

The case study below on The Finishing Touch demonstrates also how our software is capable of meeting the needs of a business as it grows in size.



Making a difference where it counts

The Finishing Touch: Technology the key to moving homes

Established only eight years ago by Susan Williams and Steve Hitchings, The Finishing Touch (www.ftouch.com.au) is a fast-growing company that operates in Australia and New Zealand, providing a total packing and unpacking service for people who are relocating.

From its beginnings as an entrepreneurial idea that spawned a small, home-based business, The Finishing Touch now employs over 300 people in 44 locations with revenues in the millions of dollars.

The Challenge -

To find technology that would grow with the business.

According to the Real Estate Institute of Australia, more than 500,000 home sales occurred last year in Australia - and moving house is one of life's most stressful experiences.

Each sale brings the formidable task of packing-up the entire contents of your home, moving, and then having to unpack and get settled into your new home.

Many of those employed by The Finishing Touch are women in their 40s and 50s who are expert 'house managers' trained to ease the burden on those moving home, by making the task as efficient and stress-free as possible.

The Solution -

Proper planning and the right systems.

"Even when we were starting out, my partner Susan Williams and I had a broader objective which was to build a national business," says Steve Hitchings, Business Manager at The Finishing Touch.

"Both Susan and I had worked in large corporate environments so we appreciated and understood the need to plan for the long term and to use only the best technology.

"As a result, our aim was always to ensure every part of the business - from our 'in home' employees to our office environment to our software systems -- were highly professional.

"When it came to deciding on which accounting program to use, I obtained trial software from the two market leading small business packages and carefully compared them over a three-week period before deciding which one to choose."

The Benefits -

It met and continues to meet our needs.

"I settled on QuickBooks because it was easy-to-use, very flexible and had a full complement of features which I thought we could 'grow into' as our business expanded.



“A key factor in my choice was the fact that although QuickBooks is published by an Australian company, Quicken, it benefited from the millions of dollars that US software giant, Intuit invests each year in product research and development.

“Each time we undertook an annual review of our business, we were pleasantly surprised that our back office ‘product

of choice’ from way back in 1995 continued to meet all of our financial management needs,” says Steve Hitchings.

Benefit -

Innovation made easy.

Hitchings added, “Our rapid expansion of the past eight years means that it was vital that our systems and software were able to keep pace. With QuickBooks we found the software didn’t retard change but it actually accommodated growth and even facilitated ongoing innovation.

“Having worked in IT, I had an appreciation of how software can impact a business. I must confess, I did not expect that the QuickBooks software we adopted when we were a small start-up in 1995 would still be managing our national business today.

“However, there’s no doubt in my mind, that as our organisation has grown, so too has QuickBooks, its range and its capabilities.

“We are now using the latest QuickBooks Pro 2002 multi-user version with five licenses. We use it not only for accounts but also in other areas such as marketing, sales, HR and management.”

Benefit -

We know exactly what is happening in our business at all times.

Today, The Finishing Touch continues to ride the wave of a booming housing market and corporate relocations.

Its passion for service and attention to detail has seen the company win no fewer than 17 awards for service and business excellence.

Most recently, the company won an unequalled three major awards at the national 'MyBusiness Awards for 2003':

- for customer service
- for being the most innovative business
- for seachange success

Steve explains: "Winning awards is a result of being 'in control' of your business. Over time we have built a lot of customised reports in QuickBooks. These allow us to instantly understand what is happening in every facet of our business at all times - such as which of our reseller partners are more active, which months require a more concentrated marketing effort, where our jobs are being done and correctly managing and paying our staff.

"We also need to take into account the many variations that come from having such a diverse, geographically spread workforce and customer base.

"I had always thought that when The Finishing Touch reached this level that our core business technology would be costing us many thousands of dollars each year in upgrades and support.

"Instead we paid a flat fee to join the Quicken Advantage Program in order to receive automatic upgrades, ongoing support plus other business specific information.

"We're looking forward to QuickBooks 2003 to continue giving us new features with additional functionality to be smarter and more progressive at managing our operations."

Hitchings concludes:

"If I had to offer one piece of advice to a start-up business, it would be to invest the time in the early days to discover the best technology to truly 'run' your business. It's the best investment of time you'll make".



Donna Harrington and
Brian Wilson,
The Harrington Group

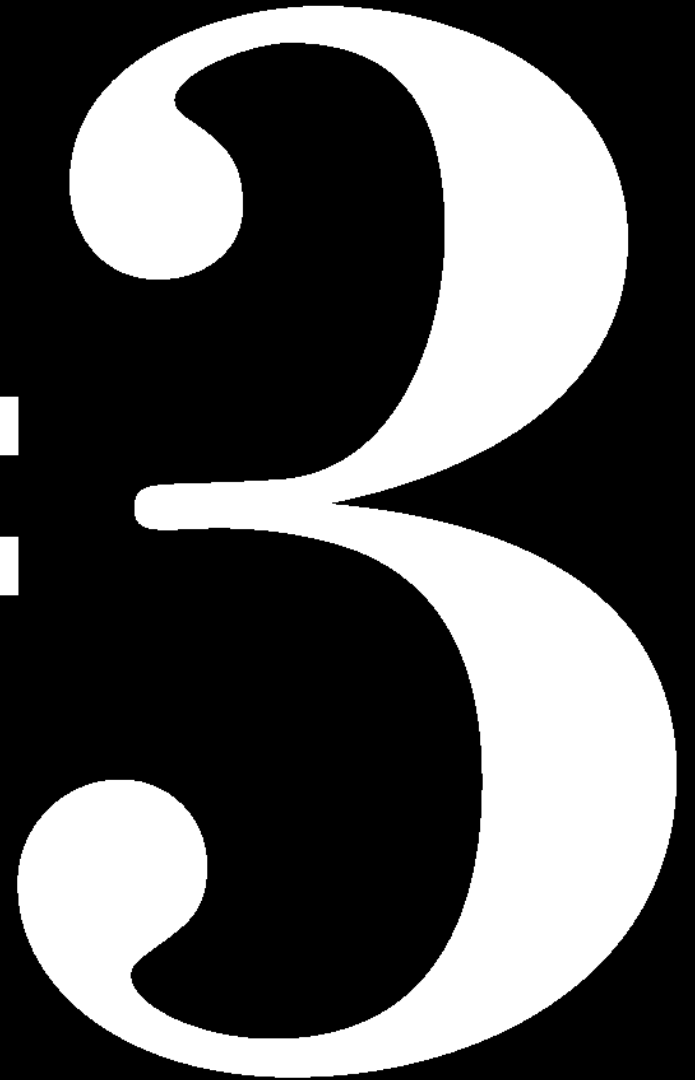


Building on
ideas to make
better ideas

Quicken

Quicken

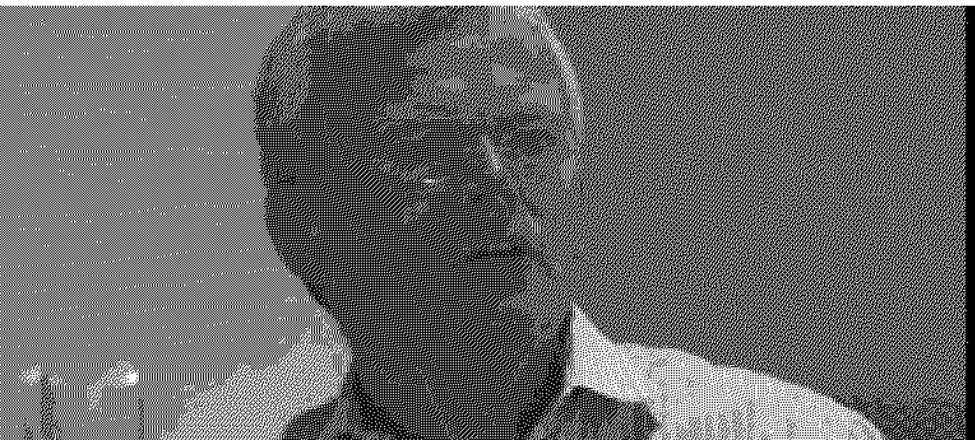
BETTER RESULTS



Corporate Governance Statement

The Company is governed on behalf of the shareholders by its Board of Directors through the management which the Board oversees.

The Board is responsible for ensuring appropriate control mechanisms and corporate governance practices are in place and that the Company operates in accordance with the appropriate laws, regulations and principles to fulfil its responsibilities.



(A) The Board

At present, the Board comprises five members, including the Managing Director of the Company, one other Executive Director and three non-executive members.

Details of the directors are set out in the directors' report. The Chairman of the Board, Mr G. Tomlinson, is a non-executive director.

The non-executive directors ensure that all issues that come before the Board are considered in an impartial manner, and from a variety of perspectives.

The criteria for directorship and the directorial election process are set out in the Company's constitution.

The directors intend to periodically review the composition of the Board to ensure that members have the desired breadth of experience and expertise to govern the Company effectively.

(B) Board Procedure

The Board met eight times during the 2002 financial year.

It is the view of the Board that each member should be involved in all aspects of corporate governance.

However, it has established an Audit Committee consisting of John Thame and Geoff Tomlinson, independent non-executive directors. The terms of reference of the committee are to review and monitor all financial, risk management and compliance policies.

Because of the relatively small size of the Board, the Audit

Committee is the only committee of the Board, and the Board is able to deal with issues which in other larger enterprises may normally be delegated to committees.

In these circumstances, The Board does not have a Remuneration Committee. Accordingly, the non-executive directors supervise the development and implementation of the Company's Remuneration Policy including the operation of the Option Plans, and reviews the performance of the Executive Directors and senior executives.

In addition the non-executive directors consider and approve payments of bonuses.

The Board is responsible for the Company's system of internal controls. It constantly monitors the operational and financial aspects of the Company's activities and, through the Audit Committee, considers the recommendations and advice of auditors and other external advisers on the operational and financial risks that face the Company.

(C) Independent Advice

Directors are entitled to seek independent professional advice at the Company's expense to assist them in fulfilling their duties in order to comply with all applicable laws and regulations.

(D) Procedures For Establishing And Reviewing Compensation

Directors' fees are determined by the Board within the aggregate approved by Shareholders.

During the course of the last financial year, no change occurred in the level of Director's fees.

Remuneration of Executive Directors is determined by the Board having regard to appropriate market rates of remuneration for equivalent responsibilities.

(E) Auditors

Horwath Sydney Partnership, the Company's Auditors, report directly to the Audit Committee on the appropriateness of the Company's internal accounting policies and practices.

The Board Reviews the adequacy of existing external audit arrangements each year, with particular emphasis on the scope and quality of the audit.

(F) Ethics

The Board's policy is that the Company and its employees must maintain high ethical standards in their dealings with the public and other members of the industry.

Directors' Report

The directors of Reckon Limited submit the annual financial report for the financial year ended 31 December 2002. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

The names and particulars of the directors of the company during or since the end of the financial year are listed on pages 16 and 17 of this annual report.

Principal Activities

The consolidated entity's principal activities in the course of the financial year were the development, distribution and support of financial software. Specifically Reckon develops, markets and supports the Quicken range of financial software under license from Intuit Inc, a leading US based software house. Intuit's annual development cost is approximately US\$200 million per year.

Review of Operations

Overview of financial performance:

	2002 \$'000	2001 \$'000
Revenue	23,540	18,968
Net Profit (Loss)	2,274	(785)

Total revenues of \$23.54 million for the year represent a 24.1% improvement on 2001.

The net profit of \$2.274 million when adjusted for a change in Accounting Policy relating to recognition of revenue (see note 1) is \$1.272 million, which nonetheless reflects a significant turnaround of \$1.195 million when measured against 2001.

The revenues affirm the strategy to pursue recurring revenues and sales through the channels and the success of the Road Show marketing strategy.

The Future

Indications are positive that 2003 will see continued improvements and growth in revenue based on the foundations laid in 2002. Especially encouraging are the prospects for recurring revenues for Advantage and Subscription products. The introduction of QuickBooks Enterprise Solutions in 2003 will mark a further inroad into the business market.

The relationship with Intuit is well cemented with the more than satisfactory royalty returns it received. We continue to enjoy the unprecedented benefit of its investment in development.

Share Buy Back Scheme

On 14 November 2002 the Company implemented an on market buy back scheme in accordance with Chapter 2J of the Corporations Act 2001. The company placed the following bids:

Date	Bid	Number of shares	Number of shares bought to date
14 Nov 2002	0.150	500,000	Nil
14 Nov 2002	0.155	500,000	Nil
2 Dec 2002	0.160	500,000	Nil
23 Dec 2002	0.180	500,000	Nil

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that outlined above or referred to in the Financial Statements or notes thereto.

Matters Subsequent to the End of the Financial Year

Subsequent to the end of the financial year:

- 32,734 options in the Executive Share Option Plan No. 2 have lapsed and 26,276 options have been issued.
- The company issued the following shares to DJZ Investments Pty Limited, a company controlled by Mr C Rabie, Reckon Limited's Chief Operating Officer. These issues were in further consideration for the purchase of Electronic Business Management Software Pty Limited, the owner of intellectual property rights in the WorkFlow Manager software, which is included with the Quicken CashBook software offering.

- Equal Reduction of Share Capital (Return of Capital).
 - 1,000,000 fully paid ordinary shares on 8th January 2003
 - 2,000,000 fully paid ordinary shares on 12th March 2003
- Full details in relation to this acquisition are included in note 22 to the financial statements.

No other matter or circumstance has arisen since 31 Dec 2002 that has significantly affected, or may significantly affect:

- a) the consolidated entity's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the consolidated entity's state of affairs in future financial years

Future Developments

Other than as outlined above, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Return of Capital

On 24 February 2003, the Board resolved to put to the shareholders a special resolution approving the payment of a return of capital of \$0.01 (one cent) per share, with all shares treated equally. The special resolution will be put to shareholders at the Annual General Meeting on 8th May 2003 for approval. Full details of the recommendation are included in the notice to the AGM.

Directors' Shareholdings

As at the date of this report, the directors held the following shares and options in Reckon Limited. All options were granted under the Executive Share Option Plan.

Name of Director	Shares	Options (i)
Greg Wilkinson	16,668,438	-
Phil Hayman	11,000,000	-
Geoff Tomlinson	400,000	-
John Thame	20,000	-
Fred Tinker	-	-

(i) Each option entitles the holder to purchase one ordinary share in Reckon Limited. Details of the terms and conditions of these options are disclosed in Note 16 to the financial statements. All options held by Directors as at 31 December 2001 have lapsed in 2002 in accordance with the terms of the Scheme as set out in the Prospectus.

Directors' and Executives' Remuneration

The Constitution of the Company provides that the directors

are entitled to such remuneration as the directors determine, but the remuneration of non-executive directors must not exceed in aggregate a maximum amount fixed by the Company in general meeting for that purpose.

Remuneration packages contain the following key elements:

- d) Salary and bonuses
- e) Benefits -- including the provision of superannuation and health benefits
- f) Incentive schemes -- share options issued under the Option Plans as disclosed in Note 16 to the financial statements.

The table (right) disclosed the remuneration of the directors of the Company and the five highest remunerated executives of the Company.

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary and all executive officers of the Company, and any related body corporate, against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

In addition, Rule 12 of the Company's constitution obliges the Company to indemnify on a full indemnity basis and to the full extent permitted by law, every director, officer or former

Name	Office	Salary \$	Benefits \$	Options \$	Total \$
Greg Wilkinson	Executive Director	340,000	25,950	-	365,950
Philip Hayman	Executive Director	94,994	11,556	-	106,550
Geoff Tomlinson	Non-Executive Director	56,063	4,765	-	60,828
John Thame	Non-Executive Director	37,382	3,177	-	40,559
Fred Tinker	Non-Executive Director	-	-	-	-
Graeme Blackett*	Company Secretary	82,441	6,431	-	88,872
Gary Burg**	Non-Executive Director	-	-	-	-
Clive Rabie	Chief Operating Officer	310,000	21,250	-	331,250
John Gleeson	Call Centre Manager	160,000	10,703	-	170,703
Mark Florence	Development Manager	134,998	11,475	-	146,473
Wayne Schmidt	Professional Partners Manager	108,000	9,479	6,700	124,179
Glenn Roberts	National Sales Manager	94,165	6,675	-	100,840

* Resigned effective 12 September 2002. ** Resigned effective 25 January 2002.

officer for all losses or liabilities incurred by the person as an officer. This obligation continues after the person has ceased to be a director or an officer of the Company or a related body corporate, but operated only to the extent that the loss or liability is not covered by insurance.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company, or any related body corporate, against a liability incurred as such an officer or auditor.

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

Reckon Limited - Attendance tables

Directors	Meetings			
	Board		Audit Committee	
	A	B	A	B
GA Tomlinson	8	8	3	3
GJ Wilkinson	8	8	-	-
PR Hayman	8	8	-	-
JM Thame	8	8	3	3
F Tinker	8	8	-	-

Key: A – number of meetings eligible to attend
B - number of meetings attended

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, and in accordance with that Class Order, amounts in the directors' report and the financial statements have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to Section 298 of the Corporations Act 2001.

On behalf of the Directors
Mr Geoff Tomlinson
Chairman, Sydney, 24 March 2003



Independent Audit Report to the Members of Reckon Limited

Scope

We have audited the financial report of Reckon Limited for the financial year ended 31 December 2002 as set out on pages 35 to 63.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Reckon Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

HORWATH
Sydney Partnership
Chartered Accountants

Michael P Stibbard
Partner
Dated: 24 March 2003

 **Horwath**

Sydney Partnership
Chartered Accountants
A member of Horwath International
1 Market Street Sydney NSW 2000
GPO Box 1455 Sydney NSW 1041

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 36 to 63:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial 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; and

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

On behalf of the Directors
Geoff Tomlinson
Chairman, Sydney, 24 March 2003

A handwritten signature in black ink, appearing to read 'Geoff Tomlinson', written over a faint dotted line.

Statement of Financial Performance for the Financial Year Ended 31 December 2002

	Note	Consolidated		Parent	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from ordinary activities	2	23,540	18,968	23,408	17,429
Product costs		(2,858)	(2,535)	(2,857)	(1,922)
Royalties		(3,046)	(2,966)	(3,046)	(2,985)
Employee benefits expense		(7,587)	(6,359)	(7,587)	(6,320)
Employee related expenses		(363)	(509)	(363)	(477)
Marketing expenses		(2,169)	(1,835)	(2,169)	(1,761)
Premises and Establishment expenses		(636)	(1,021)	(636)	(965)
Depreciation and amortisation		(1,669)	(1,910)	(1,565)	(1,905)
Telecommunications		(489)	(512)	(489)	(512)
Legal and professional expenses		(643)	(685)	(643)	(685)
Other expenses from ordinary activities		(1,808)	(1,421)	(1,781)	(1,590)
Profit/(loss) from ordinary activities before income tax expense		2,272	(785)	2,272	(1,693)
Income tax relating to ordinary activities	3	-	-	-	-
Net profit/(loss)		2,272	(785)	2,272	(1,693)
Net loss attributable to outside equity interest		2	-	-	-
Net profit/(loss) attributable to members of the parent entity	18	2,274	(785)	2,272	(1,693)
Total changes in equity other than those resulting from transactions with owners as owners		2,274	(785)	2,272	(1,693)
		Cents	Cents		
Basic Earnings per Share	19	1.8	(0.7)		
Diluted Earnings per Share	19	1.8	(0.7)		

Notes to the financial statements are included on pages 39 to 63.

Statement of Financial Position as at 31 December 2002

		Note	Consolidated		Parent	
			2002	2001	2002	2001
			\$'000	\$'000	\$'000	\$'000
Current Assets	Cash assets	24	12,074	9,805	11,851	9,732
	Receivables	8	1,278	796	1,293	697
	Inventories	7	207	218	207	218
	Other	9	175	112	174	111
Total Current Assets			13,734	10,931	13,525	10,758
Non-Current Assets	Other financial assets	10	414	448	693	428
	Property, plant and equipment	11	819	2,142	813	2,133
	Intangible assets	12	698	1,000	500	1,000
Total Non-Current Assets			1,931	3,590	2,006	3,561
Total Assets			15,665	14,521	15,531	14,319
Current Liabilities	Payables	13	1,254	1,236	1,253	1,179
	Provisions	14	705	815	696	805
	Other	15	1,012	1,824	1,012	1,824
Total Current Liabilities			2,971	3,875	2,961	3,808
Non-Current Liabilities	Payables	13	-	-	453	442
	Provisions	14	44	563	44	563
Total Non-Current Liabilities			44	563	497	1,005
Total Liabilities			3,015	4,438	3,458	4,813
Net Assets			12,650	10,083	12,073	9,506
Equity	Contributed equity	17	50,411	50,117	50,411	50,117
	Accumulated losses	18	(37,759)	(40,034)	(38,338)	(40,611)
	Total parent entity interest		12,652	10,083	12,073	9,506
	Outside equity interest in controlled entities	25	(2)	-	-	-
Total Equity			12,650	10,083	12,073	9,506

Notes to the financial statements are included on pages 39 to 63.

Statement of Cash Flows for the Financial Year Ended 31 December 2002

	Note	Consolidated		Parent	
		Inflows/(Outflows)		Inflows/(Outflows)	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities					
Receipts from customers		22,867	17,544	22,711	15,468
Payments to suppliers and employees		(20,882)	(19,751)	(20,861)	(17,376)
Interest received		472	456	469	455
Net cash from/(used in) operating activities	24(d)	2,457	(1,751)	2,319	(1,453)
Cash Flows From Investing Activities					
Payment for purchase of controlled entity, net of cash acquired	24(b)	-	-	(3)	-
Payment for purchase of intellectual property	24(b)	(3)	-	-	-
Payment for property, plant and equipment		(219)	(256)	(219)	(241)
Increase of loans to related parties		-	(31)	(12)	(31)
Proceeds from disposal of assets		-	43	-	43
Security deposits released		34	-	34	-
Net cash used in investing activities		(188)	(244)	(200)	(229)
Cash Flows From Financing Activities					
Proceeds from issues of equity securities		-	3,000	-	3,000
Repayment of borrowings		-	(43)	-	-
Net cash provided by/(used in) financing activities		-	2,957	-	3,000
Net Increase In Cash Held		2,269	962	2,119	1,318
Cash At The Beginning Of The Financial Year		9,805	8,843	9,732	8,414
Cash At The End Of The Financial Year	24(a)	12,074	9,805	11,851	9,732

Notes to the financial statements are included on pages 39 to 63.

Notes to the Financial Statements for the Financial Year Ended 31 December 2002

1. Summary of Accounting Policies

Financial Reporting Framework

The general purpose financial report has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views.

The financial report has been prepared in accordance with the historical cost convention, and except where noted, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Trade Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of the month of recognition.

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Where equity instruments are issued in an acquisition, the value of the instruments is the weighted average of their closing market price for the total of the five business days either side of the acquisition date.

In the event that settlement of all or part of the consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. However, where the deferred component is subject to certain criteria being met, the amount deferred is not taken into account as consideration until the relevant criteria are met.

1. Summary of Accounting Policies (Continued)

(c) Capital Gains Tax

No provision has been made for capital gains tax which may arise in the event of sale of revalued assets as no decision has been made to sell any of those assets.

(d) Depreciation and Amortisation

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis. Leasehold improvements are amortised over 5 years or the estimated useful life, whichever is the shorter, using the straight-line method. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	3 – 5 years
Leasehold improvements	5 years

(e) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(f) Financial Instruments Issued by the Consolidated Entity

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(g) Foreign Currency

All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in the statement of financial performance in the period in which they arise.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(i) Intangibles

Intellectual property is recorded at cost and amortised on a straight-line basis over a period of 3 years.

(j) Income Tax

Tax-effect accounting principles have been adopted whereby income tax expense or benefit has been calculated on pre-tax accounting profits or losses after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the provision for deferred income tax and future income tax benefit, as applicable.

The future tax benefits related to tax losses and timing differences are not carried forward as an asset (refer note 3).

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to inventory on hand on a weighted average cost basis.

(l) Investments

Investments in controlled entities are recorded at cost. Other investments are recorded at cost.

Dividend revenue is taken to income on a receivable basis. Interest revenue is taken to income on an accrual basis.

1. Summary of Accounting Policies (Continued)

(m) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased assets, and operating leases under which the lessor effectively retains substantially all the risks and benefits.

The consolidated entity does not have any finance leases in force.

Operating lease payments are charged as an expense in the period in which they are incurred. This basis is representative of the pattern of benefits derived from the leased asset.

Surplus Leased Space

In the event that premises leased by the consolidated entity pursuant to a non-cancellable operating lease are identified as surplus to the needs of the consolidated entity, a liability and expense are recognised equal to the present value of the total expected outlay relating to the surplus space as specified under the lease agreement net of any non-cancellable sub lease income relating to those premises.

(n) Principles of Consolidation

The consolidated financial statements have been

prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in note 22 to the financial statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising from transactions within the consolidated entity are eliminated in full.

(o) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(p) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current

asset exceeds its recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(q) Revenue Recognition

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Change in Accounting Policy for the Recognition of Revenue

The consolidated entity has reviewed its policy of income recognition and deferred costs associated with the sale of Advantage products.

Previously 100% of the revenue from the sale of Advantage products was deferred with an estimate of costs associated with those sales also deferred at the time of the sale. Both the revenue and costs from Advantage sales were released each month to the

Statement of Financial Performance over the Advantage contract period, normally 12 months.

The consolidated entity has reassessed this policy and believes that the sale of the upgrade software and joining fee included in the Advantage products, should be recognised as revenue immediately and that no costs relating to these sales should be deferred. The Auditors support this view.

The deferred revenue should relate solely to the maintenance and support services provided with the Advantage products. This will be released each month to the Statement of Financial Performance over the Advantage contract period, normally 12 months.

As at 1 January 2002 the deferred revenue and deferred costs relating to the Advantage products were restated based on the consolidated entity's revised policy.

The financial effect on the reported results of 31 December 2002 following this change in accounting policy is \$1,094,358 before tax calculated as follows:

Increase in Revenue recognised	1,978,265
Increase in costs recognised	(883,907)
Net effect on reported profit before tax	1,094,358

1. Summary of Accounting Policies (Continued)

There is no income tax effect due to significant carry forward tax losses that have not been recognised as an asset by the consolidated entity. The effect of the change on the current period results and previously reported period are as follows:

	12 Mths to 31/12/02 \$'000	12 Mths to 31/12/01 \$'000	12 Mths to 31/12/00 \$'000
Previously reported Profit/(Loss)	-	(785)	(27,251)
Profit for 12 months to 31/12/02 on previous basis	1,180	-	-
Effect of change in accounting policy	92	862	140
Result adjusted for change in accounting policy	1,272	77	(27,111)

Had the change in policy not been affected, the reported results would have been:

	12 Mths to 31/12/02 \$'000	12 Mths to 31/12/01 \$'000	12 Mths to 31/12/00 \$'000
Previously reported Profit/(Loss)	2,274	(785)	(27,251)
Adjustment required to reflect previous accounting policy	(1,094)	-	-
Result adjusted to reflect previously used accounting policy	1,180	(785)	(27,251)

(r) Research and Development Costs

Research and development costs are recognised as an expense when incurred.

(s) Comparative Figures

Where necessary, prior year comparatives have been reclassified in order to facilitate more meaningful comparisons.

2. Profit/(loss) from Ordinary Activities

Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:

		Consolidated		Parent	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
Operating Revenue	Sales revenue:				
	Sale of goods	22,583	18,205	22,583	16,847
Non-Operating Revenue	Other income	485	307	356	127
	Interest revenue - Other entities	472	456	469	455
		957	763	825	582
Total Revenue		23,540	18,968	23,408	17,429
Expenses	Cost of Sales	5,904	5,501	5,903	4,907
	Net provision for doubtful debts in respect of amounts receivable from:				
	Other entities	(221)	(69)	(236)	(80)
	Net transfers to/(from) provisions:				
	Sales returns	11	(1,229)	11	(1,229)
	Sales rebates	36	-	36	-
	Surplus lease space	(867)	(543)	(867)	(543)
	Employee entitlements	192	(491)	192	(16)
	Depreciation of non-current assets:				
	Property, plant and equipment	876	1,125	871	1,120
	Amortisation of non-current assets:				
	Leasehold improvements	194	285	194	285
	Intellectual property	599	500	500	500
	Inventory write-downs and other losses	(50)	100	(50)	100
	Loss on disposal of fixed assets	472	372	472	372
	Loss on disposal of investments	-	96	-	-
	Research and Development costs	2,396	2,029	2,396	1,716
	Operating lease rental expenses:				
	Minimum lease payments	950	984	950	928

3. Income Tax

	Consolidated		Parent	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
(a) The prima facie income tax expense on pre-tax accounting profit/(loss) reconciles to the income tax expense in the financial statements as follows:				
Profit/(Loss) from Ordinary Activities	2,272	(785)	2,272	(1,693)
Income tax expense/(benefit) calculated at 30% of profit/(loss) from ordinary activities	682	(235)	682	(508)
Tax Effect Of Permanent Differences:				
Sundry non-deductible items	288	58	238	58
Income tax adjusted for permanent differences	970	(177)	920	(450)
Benefit of tax losses of prior years recouped	(970)	-	(920)	-
Timing differences and tax losses not brought to account as future tax benefits (note 3(b))	-	177	-	450
Income tax attributable to profit/(loss) from ordinary activities	-	-	-	-
(b) Future income tax benefits not brought to account as an asset:				
Tax losses:				
Revenue	6,711	7,681	4,364	5,284
Capital	2,575	2,575	2,575	2,575
Timing differences	327	543	316	543
	9,613	10,799	7,255	8,402

The future income tax benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

4. Directors' Remuneration

	Consolidated		Parent	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
The directors of Reckon Limited during the year were:				
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities.	573,887	385,606	573,887	385,606

Directors' remuneration excludes insurance premiums of \$ 31,271 (2001 - \$24,000) paid by the parent entity in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out in the directors reports.

The number of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

	No.	No.	No.	No.
\$ 0 - \$ 9,999	2	3	2	3
\$ 40,000 - \$ 49,999	1	1	1	1
\$ 50,000 - \$ 59,999	-	1	-	1
\$ 60,000 - \$ 69,999	1	1	1	1
\$100,000 - \$109,999	1	-	1	-
\$220,000 - \$229,999	-	1	-	1
\$360,000 - \$369,999	1	-	1	-

No options were issued to directors during the year

5. Executives' Remuneration (including executive directors)

	Consolidated		Parent	
	2002 \$	2001 \$	2002 \$	2001 \$
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian-based executive officers (including directors) whose remuneration was at least \$ 100,000:				
Executive officers of the parent entity:	1,586,966	904,224	1,586,966	904,224
Executive officers of other entities in the consolidated entity	-	129,600	-	-
	1,586,966	1,033,824	1,586,966	904,224
The number of executives whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000).	No.	No.	No.	No.
\$100,000 - \$109,999	3	2	3	2
\$110,000 - \$119,999	-	2	-	2
\$120,000 - \$129,999	2	1	2	-
\$130,000 - \$139,999	-	1	-	1
\$150,000 - \$159,999	1	1	1	1
\$170,000 - \$179,999	1	-	1	-
\$220,000 - \$229,999	-	1	-	1
\$330,000 - \$340,000	1	-	1	-
\$360,000 - \$369,999	1	-	1	-

6. Remuneration of Auditors

		Consolidated		Parent	
		2002	2001	2002	2001
		\$	\$	\$	\$
During the year, the auditors of the parent entity and its related practices earned the following remuneration:					
(a) Horwath Sydney Partnership	Auditing and reviewing of financial reports	60,227	-	60,227	-
	Other services	67,050	-	64,290	-
		127,277	-	124,517	-
(b) Deloitte Touche Tohmatsu	Auditing and reviewing of financial reports	10,343	88,000	8,146	88,000
	Other Services	1,100	60,000	1,100	60,000
		11,443	148,000	9,246	148,000
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
7. Inventories					
Finished goods:	At net realisable value	207	218	207	218
8. Receivables					
	Trade receivables	1,291	1,039	1,264	929
	Provision for doubtful debts	(54)	(274)	(26)	(263)
		1,237	765	1,238	666
	Non-trade receivables due from wholly owned subsidiary	-	-	21	-
	Other Receivables	41	31	34	31
		1,278	796	1,293	697
9. Other Assets					
	Prepayments	175	112	174	111
10. Other Financial Assets					
	Security deposits	414	448	394	427
	Shares in controlled entities - at cost (note 22)	-	-	299	1
		414	448	693	428

11. Property, Plant And Equipment

		Consolidated		Parent	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
Leasehold Improvements	At cost	640	1,190	640	1,190
	Less: Accumulated amortisation	345	385	345	385
	Total leasehold improvements	295	805	295	805
Plant and equipment	At cost	2,447	2,890	2,432	2,877
	Less: Accumulated depreciation	1,923	1,553	1,914	1,549
	Total plant & equipment	524	1,337	518	1,328
		819	2,142	813	2,133

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below.

		Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Consolidated	Carrying amount at 31 December 2001	805	1,337	2,142
	Additions	-	219	219
	Disposals	(316)	(156)	(472)
	Depreciation/amortisation expense	(194)	(876)	(1,070)
	Balance at 31 December 2002	295	524	819
Parent entity	Carrying amount at 31 December 2001	805	1,328	2,133
	Additions	-	219	219
	Disposals	(316)	(156)	(472)
	Depreciation/amortisation expense	(194)	(873)	(1,067)
	Balance at 31 December 2002	295	519	813

12. Intangibles

	Consolidated		Parent	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Intellectual property	2,373	2,074	2,074	2,074
Accumulated amortisation	(1,675)	(1,074)	(1,574)	(1,074)
	698	1,000	500	1,000

Aggregate amortisation allocated during the year is recognised as an expense and disclosed in note 2 to the financial statements.

13. Payables

Current:	Trade payables and sundry accruals	1,254	1,236	1,253	1,179
Non Current:	Unsecured loans from related parties	-	-	453	442

Loans from related parties are non-interest bearing with no fixed terms of repayment.

14. Provisions

Current:	Sales returns, volume rebates	77	30	77	30
	Cost of surplus leased premises	47	431	47	431
	Employee entitlements (Note 16)	581	354	572	344
		705	815	696	805
Non Current:	Cost of surplus leased premises	22	505	22	505
	Employee entitlements (Note 16)	22	58	22	58
		44	563	44	563

15. Other Liabilities

Current:	Deferred revenue	1,012	1,824	1,012	1,824
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16. Employee Entitlements

		Consolidated		Parent	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:					
Provision for employee entitlements:	Current (Note 14)	581	354	572	344
	Non-current (Note 14)	22	58	22	58
		603	412	594	402
Employee Numbers					
Average number of employees during the financial year		130	131	130	131

Reckon Limited Employee Option Plans

The company has two ownership-based remuneration schemes:

Executive share option plan

The Reckon Limited Executive Share Option Plan was established prior to the listing of the Company in July 1999, and was fully disclosed in the Company's prospectus. Under the provisions of the plan, the Directors may grant free options over unissued shares in the Company to executives and directors of the Company (or their associates) or subsidiaries of the Company selected by the Directors from time to time, subject to the ASX Listing Rules and the Corporations Act 2001. Options issued under this plan terminate five years from the date of issue. Each option entitles the holder to one ordinary share.

Options are granted for a five year period, and 33.33% of each new tranche becomes exercisable after each of the first three anniversaries of the grant date, subject to the achievement of predetermined performance criteria. The entitlements are vested as soon as they are exercisable (ie they are not conditional on future employment). Each option entitles the holder to one ordinary share.

16. Employee Entitlements (Continued)

Set out below are summaries of options granted under the Executive Share Option Plan.

Grant date	Expiry date	Exercise Price	Options Initially Granted	Options lapsed during the year		Options exercised and shares issued during the year		Unissued shares and options available at the end of the year	
				2002	2001	2002	2001	2002	2001
19/7/99	18/7/04	\$1.05	2,380,000	998,335	-	-	-	-	998,335
12/8/99	11/8/04	\$1.05	25,000	-	-	-	-	25,000	25,000
11/12/99	10/12/04	\$1.05	35,000	-	-	-	-	11,667	11,667
16/12/99	15/12/04	\$1.05	10,000	-	6,667	-	-	3,333	3,333
27/1/00	27/1/05	\$1.05	20,000	6,667	-	-	-	13,333	20,000
			2,470,000	1,005,002	6,667	-	-	53,333	1,058,335

Executive share option plan No. 2

The Reckon Limited Executive Share Option Plan No. 2 was established on 19/7/2000. Under the provisions of the plan, the Directors may grant free options over unissued shares in the Company to executives and directors of the Company (or their associates) or subsidiaries of the Company selected by the Directors from time to time, subject to the ASX Listing Rules and the Corporations Act 2001.

Options are granted for a five year period, and 50% of each new tranche becomes exercisable after each of the first two anniversaries of the grant date. The entitlements are vested as soon as they are exercisable (ie they are not conditional on future employment). Each option entitles the holder to one ordinary share.

16. Employee Entitlements (Continued)

Set out below are summaries of options granted under the Executive Share Option Plan No. 2.

Grant date	Expiry date	Exercise Price	Options Initially Granted	Options lapsed during the year		Options exercised and shares issued during the year		Unissued shares and options available at the end of the year		
				2002	2001	2002	2001	2002	2001	
19/7/00	18/7/05	\$0.672	3,487,381	106,554	805,497	-	-	631,345	737,899	
July 00	July 05	\$1.120	101,110	-	28,084	-	-	45,263	45,263	
Aug 00	Aug 05	\$1.125	129,466	11,584	23,166	-	-	52,219	63,803	
Sep 00	Sep 05	\$0.881	171,200	-	50,986	-	-	19,485	19,485	
Oct 00	Oct 05	\$0.492	127,667	20,000	35,250	-	-	64,167	84,167	
Nov 00	Nov 05	\$0.264	15,625	-	7,375	-	-	8,250	8,250	
Dec 00	Dec 05	\$0.222	68,000	-	23,000	-	-	45,000	45,000	
Jan 01	Jan 06	\$0.183	1,079,759	10,610	44,536	-	-	1,024,613	1,035,223	
Feb 01	Feb 06	\$0.198	1,146,667	187,645	290,296	-	-	668,726	856,371	
Mar 01	Mar 06	\$0.163	68,391	3,333	19,998	-	-	45,060	48,393	
Apr 01	Apr 06	\$0.160	12,547	-	6,297	-	-	6,250	6,250	
May 01	May 06	\$0.175	31,892	3,452	-	-	-	28,440	31,892	
Jun 01	Jun 06	\$0.147	63,579	24,585	21,286	-	-	17,708	42,293	
Jul 01	Jul 06	\$0.138	17,588	13,811	2,518	-	-	1,259	15,070	
Aug 01	Aug 06	\$0.107	13,536	6,704	-	-	-	6,832	13,536	
Sep 01	Sep 06	\$0.073	39,889	8,367	5,580	-	-	25,942	34,309	
Oct 01	Oct 06	\$0.079	50,826	20,000	-	-	-	30,826	50,826	
Dec 01	Dec 06	\$0.122	23,660	-	-	-	-	23,660	23,660	
Jan 02	Jan 07	\$0.146	103,553	25,000	-	-	-	78,553	-	
Feb 02	Feb 07	\$0.145	7,778	-	-	-	-	7,778	-	
Mar 02	Mar 07	\$0.145	41,666	7,222	-	-	-	34,444	-	
Jul 02	Jul 07	\$0.140	41,668	-	-	-	-	41,668	-	
Sep 02	Sep 07	\$0.142	16,111	-	-	-	-	16,111	-	
Dec 02	Dec 07	\$0.185	130,553	-	-	-	-	130,553	-	
				6,990,112	448,867	1,363,869	-	-	3,054,152	3,161,690

Amounts receivable on exercise of any options are recognised as share capital.

17. Contributed Equity

	2002		2001	
	No.	\$'000	No.	\$'000
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	122,842,816	50,117	107,234,075	47,117
Issue of shares	2,00,000	294	15,608,741	3,000
Balance at end of financial year	124,842,816	50,411	122,842,816	50,117

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

Shares And Options Issued During The Financial Year

The 2,000,000 shares issued during the year were in relation to the acquisition of a controlled entity. Full details relating to this are disclosed in note 22. During the year the company issued 341,329 options under the Executive share option plan no. 2 at an average strike price of \$0.160. Further details of the share option plans are contained in Note 16 to the financial statements.

18. Accumulated Losses

	Consolidated		Parent	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Balance at beginning of financial year	(40,034)	(39,249)	(40,611)	(38,918)
Net profit/(loss)	2,274	(785)	2,272	(1,693)
Balance at end of financial year	(37,759)	(40,034)	(38,338)	(40,611)

19. Earnings Per Share

	2002	2001
Basic earnings / (loss) per share	1.8 ¢	(0.7 ¢)
Diluted earnings / (loss) per share	1.8 ¢	(0.7 ¢)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	124,793,501	116,513,333
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	127,585,315	119,318,228

20. Contingent Liabilities

The parent entity is involved in a legal action with a former staff member in respect of that staff member's entitlements to shares prior to the listing of the company. The directors believe that the action can be successfully defended and therefore no losses other than legal fees to settlement will be incurred. All legal fees incurred to date regarding this have been expensed. A hearing in relation to this matter was held in July 2002, from which a decision is pending.

21. Commitments For Expenditure

(a) Capital Expenditure Commitments

The consolidated entity has no capital expenditure commitments as at 31 December 2002 (2001: \$ nil)

(b) Lease Commitments

		Consolidated		Parent	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
Operating Leases	Within 1 year	1,000	788	1,000	566
	Later than 1 year and not longer than 5 years	354	1,647	354	1,394
	Later than 5 years	-	-	-	-
		1,354	2,435	1,354	1,960
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases		228	241	228	241

Operating leases relate to office premises and warehouse facilities with lease terms of between 3 to 4 years. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

22. Controlled Entities

Name of Entity	Country of Incorporation	Ownership Interest	
		2002%	2001%
Parent Entity			
Reckon Limited	Australia		
Controlled Entities			
Reckon.com.au Pty Limited	Australia	100	100
Reckon Australia Pty Limited	Australia	100	100
Reckon Development Pty Limited*	Australia	100	100
Reckon Development Unit Trust	Australia	N/A	100
Reckon Investment Centre Limited	Australia	100	100
Reckon Online NZ Limited	New Zealand	100	100
Reckon Online Holdings Pty Limited	Australia	100	100
Reckon Pacrim Pty Limited	Australia	100	100
Reckon Publishing Pty Limited*	Australia	N/A	100
Reckon Publishing Unit Trust	Australia	100	100
Electronic Business Management Software Pty Limited	Australia	100	-
Reckon Training Pty Limited	Australia	90	90
Zatso Pty Limited	Australia	50	50

* companies were deregistered on 30/12/2002

Acquisition of controlled entity

On 8 January 2002 the parent entity acquired 100% of the issued share capital of Electronic Business Management Software Pty Limited, ("EBMS") from DJZ Investments Pty Limited, a company controlled ultimately by Mr C Rabie.

EBMS provided Reckon limited with the rights to use proprietary software in products sold by Reckon. In return for this Reckon was required to make a royalty payment to EBMS. As a result of the acquisition of EBMS, royalty payments are no longer required.

The consideration payable for the purchase of EBMS consisted of 5,000,000 ordinary fully paid shares in Reckon Limited to be issued as follows, subject to certain pre-determined conditions being met.

- 2,000,000 fully paid ordinary shares issued on 8 January 2002
- 1,000,000 fully paid ordinary shares issued on 8 January 2003
- 1,000,000 fully paid ordinary shares issued on 8 January 2004
- 1,000,000 fully paid ordinary shares issued on 8 January 2005

22. Controlled Entities (Continued)

On 12th March 2003 the company and DJZ Investments Pty Limited, agreed to vary the terms of the original share purchase agreement such that on that date the 1,000,000 shares due for issue on 8 January 2004 and 8 January 2005 were issued and placed in Escrow to be released subject to certain pre-determined conditions being met on 8 January 2004 and 8 January 2005 respectively.

The variation of the original share purchase agreement will enable the company to establish certainty regarding the purchase price of EBMS.

23. Related Party Disclosures

(a) Directors' Remuneration

Details of directors' remuneration are disclosed in note 4 to the financial statements.

Greg Wilkinson, Phil Hayman and Steve Rickwood (previous director) have entered into an escrow agreement with the company in respect of their shareholdings. The remaining shares that are subject to escrow are released as follows:

26.67% on 19 July 2003, and 26.67% on 19 July 2004.

(b) Directors' Equity Holdings

	Fully Paid Ordinary Shares	Executive Share Options
Held as at the reporting date by directors and their director-related entities in Reckon Limited	28,088,438	-

No ordinary shares were issued to the directors and no executive share options were issued to the directors during the financial year.

(c) Other Transactions with Directors. There were no other transactions with Directors.

(d) Transactions within the Wholly-Owned Group. During the financial year, Reckon Limited provided management, accounting and administration services, at no cost, to other entities in the wholly-owned group.

(e) Related Party Transactions. Intuit Ventures Inc. is a significant shareholder (12.5%) in Reckon Limited provides the rights for Reckon to market and distribute Intuit software throughout Australasia and parts of South-East Asia. In return for this, Intuit receives a royalty payment based on sales made throughout the territory. These royalties amounted to \$2,620,383 (2001 \$2,257,525) which is expensed in the month the associated product was sold.

24. Notes To The Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated		Parent	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash (i)	12,074	9,805	11,851	9,732

(i) Cash balance is predominantly in the form of short-term promissory bills, which can be accessed at call.

(b) Business Acquired

Consideration	2,000,000 ordinary shares in Reckon Ltd	295	-
	Cash	3	-
		298	-
	Fair value of net assets of entity acquired		
	Intellectual property	298	-
	Outflow of cash to acquire EBMS, net of cash acquired: Cash consideration	3	-

Full details regarding this are included in note 22.

(c) Business Disposed

Consideration	Cash consideration	-	20	-	20
Book Value of Net Assets Sold					
Current assets	Cash	-	34	-	20
	Receivables	-	355	-	-
	Inventory	-	80	-	-
	Other	-	249	-	-

24. Notes To The Statement of Cash Flows (Continued)

(c) Business Disposed continued		Consolidated		Parent	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Non-current assets	Property, plant and equipment	-	358	-	-
	Goodwill on consolidation	-	-	-	-
Current liabilities	Trade creditors	-	960	-	-
Net assets disposed		-	116	-	20
Disposal costs		-	-	-	-
Loss on disposal		-	96	-	-
Net cashflow on disposal:	Cash consideration	-	20	-	-
	Less: cash balances disposed	-	20	-	-
		-	-	-	-
(d) Reconciliation Of Operating Profit After Income Tax To Net Cash Flows From Operating Activities					
Operating profit/(loss) after income tax		2,274	(785)	2,272	(1,693)
(Profit)/loss on sale of non-current assets		472	387	472	373
Depreciation adjustment		-	-	-	(557)
Depreciation and amortisation of non-current assets		1,669	1,910	1,565	1,905
(Increase)/decrease in assets:	Current receivables	(482)	137	(584)	(318)
	Current inventories	61	58	61	32
	Other current assets	(63)	1,057	(63)	960
	Non-current receivables	-	-	-	212
	Other non-current assets	-	27	-	27
Increase/(decrease) in liabilities:	Current trade payables	(795)	(2,279)	(726)	(606)
	Other current liabilities	(160)	(1,829)	(159)	(1,354)
	Other non-current liabilities	(519)	(434)	(519)	(434)
Net cash inflow/(outflow) from operating activities		2,457	(1,751)	2,319	(1,453)

25. Outside Equity Interests in Controlled Entities

		Consolidated		Parent	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
Interest in:	Share Capital	-	-		
	Retained profits	(2)	-		
		(2)	-		

26. Non-cash Financing and Investing Activities

Acquisition of controlled entity primarily via the issue of shares in the parent entity (note 22)	295	-	295	-
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27. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Interest Rate Risk

The consolidated entity's exposure to interest rate risk as at the reporting date was in respect of cash of \$12,074,389 (which attracts an average variable interest rate of 4.56%, 2001: 5.00%). All other financial assets and liabilities are non-interest bearing.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient

27. Financial Instruments (Continued)

collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial report represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

28. Non-Hedged Foreign Currency Balances

At the year end the company had US Dollar denominated assets with an Australian Dollar equivalent of \$NIL (2001: \$NIL)

At the year end the company had US Dollar denominated liabilities with an Australian Dollar equivalent of \$77,941 which are included in the current trade payables and sundry accruals (2001: \$108,123)

29. Segment Information

The consolidated entity operates predominantly in Australia and in one industry.

30. Subsequent Events

Subsequent to the end of the financial year:

Options

32,734 options in the Executive Share Option Plan No. 2 have lapsed and 26,276 options have been issued.

Issue of Shares

The company issued the following shares to DJZ Investments Pty Limited, a company controlled by Mr C Rabie, Reckon Limited's Chief Operating Officer. These issues were in further consideration for the purchase of Electronic Business Management Software Pty Limited, the owner of intellectual property rights in the WorkFlow Manager software, which is included with the Quicken CashBook software offering.

- 1,000,000 fully paid ordinary shares on 8th January 2003
- 2,000,000 fully paid ordinary shares on 12th March 2003

Full details are disclosed in note 22.

Return of Capital

On 24 February 2003, the Board resolved to put to the shareholders a special resolution approving the payment of a return of capital of \$0.01 (one cent) per share, with all shares treated equally. The special resolution will be put to shareholders at the Annual General Meeting on 8th May 2003 for approval. Full details of the recommendation are included in the notice to the AGM.

Additional Stock Exchange Information (as of 12 March 2003)

Twenty Largest Holders of Quoted Equity Securities

Ordinary Shareholders		Number	Percentage %
1	Greg Wilkinson	16,668,438	13.04
2	Intuit Ventures Inc.	15,608,741	12.21
3	Phil Hayman	11,000,000	8.60
4	Steve Rickwood	8,000,000	6.26
5	CAPX Limited	5,036,092	3.94
6	DJZ Investments Pty Limited	5,000,000	3.91
7	Three Crowns Investments Pty Limited	3,996,409	3.13
8	Clive Alan Rabie	3,168,437	2.48
9	Mr Clive Rabie & Mr Joel Rabie (Rabie Executive Super Fund)	2,650,000	2.07
10	Droga Capital Pty Limited	1,000,000	0.78
11	Westpac Custodian Nominees Limited	939,924	0.74
12	Mrs Shara Michelle Sundell	937,731	0.73
13	Invia Custodian Pty Limited (WAM Equity Fund)	926,971	0.73
14	Invia Custodian Pty Limited (WAM Capital Fund)	923,972	0.72
15	Lousham Nominees Pty Limited	888,000	0.69
16	Fretensis Pty Limited	862,000	0.67
17	GrayMatter Enterprises Pty Limited	657,895	0.51
18	MacGyver Pty Limited	557,000	0.44
19	Permanent Trustees Australia Limited	550,000	0.43
20	Ryan Superannuation Nominees Pty Limited	500,000	0.39
		79,871,610	62.48

Number of Holders of Equity Securities

Equity securities include shares, units, options over issued or unissued securities, rights to any one of the former securities and convertible securities.

Ordinary Share Capital

127,842,816 fully paid ordinary shares are held by 6,320 individual shareholders as at 12 March 2003.

All issued ordinary shares carry one vote per share.

Options

3,107,485 options were held by 144 individual option holders as at 31 December 2002. These options do not carry a right to vote and are not listed on ASX.

Since 31 December 2002, 32,734 options have lapsed.

Since 31 December 2002, the Company has granted 26,276 options to employees at a strike price of \$0.19.

Distribution of Holders of Equity Securities

As at 12 March 2003	Ordinary Shares	Options
1 – 1,000	1,372	-
1,001 – 5,000	3,335	8
5,001 – 10,000	845	61
10,001 – 100,000	703	71
100,001 and over	65	1

Substantial Shareholders

As at 12 March 2003	Ordinary Shares (number)	Ordinary Shares (Percentage)
Greg Wilkinson	16,668,438	13.04
Intuit Ventures Inc.	15,608,741	12.21
Phil Hayman	11,000,000	8.60
Clive Alan Rabie (i)	10,838,437	8.48
Steve Rickwood	8,000,000	6.26

(i) this includes associated holdings.

Company Secretary

Mr. Myron Zlotnick BA LLB LLM

Principal Registered Office

Level 2, 35 Saunders Street

Pyrmont

Sydney NSW 2009

Tel: (02) 9577 5000

Principal Administration Office

Level 2, 35 Saunders Street

Pyrmont

Sydney NSW 2009

Tel: (02) 9577 5000

Share Registry

Computershare Investor Services Pty Limited

Level 3

60 Carrington Street

Sydney NSW 2000

Tel: (02) 8234 5000

Stock Exchange Listings

Reckon Limited's ordinary shares are listed on the Australian Stock Exchange Limited under the symbol 'RKN'.

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