



## **Notification to the ASX**

**Monday 14<sup>th</sup> April 2003**

**Reckon Limited (RKN)**

### **Commitments Test Entity – First Quarter Report**

Reckon Limited has today released its Appendix 4C cash flow statement to the ASX for the first quarter of the 2003 financial year. The Company's cash reserves at 31 March 2003 were \$12.6 million, an increase of \$529,000 from the balance reported as at 31 December 2002. This represents a positive turnaround of \$953,000 from the same period last year which showed a negative cashflow of \$424,000.

For further information, please contact:

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\*\*\*\*\*ends\*\*\*\*\*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

RECKON LIMITED

ABN

14 003 348 730

Quarter ended ("current quarter")

31 March 2003

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3months) \$A'000
1.1 Receipts from customers	4,632	4,632
1.2 Payments for (a) staff costs	(2,026)	(2,026)
(b) advertising and marketing	(335)	(335)
(c) research and development		
(d) leased assets		
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	139	139
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	(1,998)	(1,998)
<b>Net operating cash flows</b>	<b>412</b>	<b>412</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (3months) \$A'000
1.8 Net operating cash flows (carried forward)	412	412
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(15)	(15)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments	128	128
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
<b>Net investing cash flows</b>	113	113
<b>1.14 Total operating and investing cash flows</b>	525	525
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	4	4
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
<b>Net financing cash flows</b>	4	4
<b>Net increase (decrease) in cash held</b>	529	529
1.21 Cash at beginning of quarter/year to date	12,074	12,074
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	12,603	12,603

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	100
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

The amounts referred to in clause 1.24 represents salary paid to executive directors and fees paid to non-executive directors.
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**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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On 8 January 2002 Reckon Limited 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

On 8<sup>th</sup> January 2003, 1,000,000 shares were issued pursuant to this agreement. The market value of these shares at the time of issue was \$196,013.

On 12<sup>th</sup> March 2003 Reckon 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 market value of these 2,000,000 shares at the time of issue was \$493,437.

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

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

Current quarter \$A'000	Previous quarter \$A'000

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4.1	Cash on hand and at bank	4,006	3,574
4.2	Deposits at call	8,597	8,500
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>12,603</b>	<b>12,074</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
(Director/Company secretary)

Print name: .....

**Notes**

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1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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