



Notification to the ASX

19 August 2003

Reckon Limited (RKN)

Results for announcement to the market

Please see the attached Appendix 4D and half year financial report for the period ending 30 June 2003.

For further information, please contact:

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Reckon Limited

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Reckon Limited

Half-year results to 30 June 2003

Results for announcement to the market (Appendix 4D)

	30 June 2003 \$'000	30 June 2002 \$'000	% Change
Revenue from ordinary activities	12,323	12,929	(4.7%)
Profit from ordinary activities after tax attributable to members	2,567	1,247	106%
Net Profit attributable to members	2,567	1,247	106%

The revenue for the first half of 2002 included an additional \$1.8 million as a result of a change in accounting policy for the recognition of revenue. A comparison of revenues after allowing for this show an increase of 14.1% in revenues over the corresponding period last year.

The increase in profit over the last year of \$1,320k or 106% is even more significant after allowing for the change in accounting policy. The change increased the profit for 2002 by \$1.002 million meaning that we have moved from a comparative profit of \$245k to a profit of \$2,567k – an increase of 948%

The company does not propose to declare a dividend at this time.

Directors Report

Your directors present their report on the consolidated entity consisting of Reckon Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2003.

Directors

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

Geoff Tomlinson
Greg Wilkinson
Phil Hayman
John Thame
Fred Tinker

Review of Operations

Overview of financial performance for the half-year:

	2003	2002
	\$'000	\$'000
Revenue	\$ 12,696	\$ 12,929
Net Profit	\$ 2,567	\$ 1,247

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Rounding of amounts to the nearest thousand dollars

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.



Geoff Tomlinson
Chairman

Sydney, 19th August 2003

Consolidated Statement Of Financial Performance For the half-year ended 30 June 2003

	2003 \$'000	2002 \$'000
Revenue from ordinary activities	12,696	12,929
Product costs	962	1,857
Royalties	1,533	1,726
Employee benefits expense	3,994	4,119
Marketing expense	1,410	1,321
Premises and establishment expenses	498	463
Depreciation and amortisation	506	841
Telecommunications	236	271
Legal and professional fees	358	285
Other expenses from ordinary activities	<u>629</u>	<u>799</u>
Profit from ordinary activities before income tax expense	2,568	1,247
Income tax relating to ordinary activities	<u>-</u>	<u>-</u>
Net profit	2,568	1,247
Net profit attributable to outside equity interest	<u>1</u>	<u>-</u>
Net profit attributable to members of RECKON LIMITED	<u>2,567</u>	<u>1,247</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>2,567</u>	<u>1,247</u>
	cents	cents
Basic earnings per share	2.0	1.0
Diluted earnings per share	2.0	1.0

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated Statement Of Financial Position
For the half-year ended 30 June 2003

	2003 \$'000	Half-year 2002 \$'000
Current Assets		
Cash assets	13,733	10,683
Receivables	3,065	1,730
Other financial assets	395	-
Inventories	192	225
Other	316	56
	<u>17,701</u>	<u>12,694</u>
Total Current Assets		
Non-Current Assets		
Other financial assets	20	448
Property, plant and equipment	505	1,630
Intangible assets	1,227	750
	<u>1,752</u>	<u>2,828</u>
Total Non-Current Assets		
Total Assets	<u>19,453</u>	<u>15,522</u>
Liabilities		
Current Liabilities		
Payables	2,946	2,166
Provisions	680	480
Other (Deferred revenue)	1,169	1,226
	<u>4,795</u>	<u>3,872</u>
Total Current Liabilities		
Non-Current Liabilities		
Provisions	24	320
	<u>24</u>	<u>320</u>
Total Non-Current Liabilities		
Total Liabilities	<u>4,819</u>	<u>4,192</u>
NET ASSETS	<u>14,634</u>	<u>11,330</u>
Shareholders Equity		
Contributed Equity	49,827	50,117
Retained Earnings	(35,192)	(38,787)
Outside Equity Interest	(1)	-
	<u>14,634</u>	<u>11,330</u>
TOTAL EQUITY		
	<u>14,634</u>	<u>11,330</u>
	cents	cents
Net Tangible Assets per security	0.10	0.08

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement Of Cash Flows
For the half-year ended 30 June 2003

	2003 \$'000	Half-year 2002 \$'000
Cash Flows From Operating Activities		
Receipts from customers	12,426	11,817
Payments to suppliers and employees	(9,726)	(11,058)
Interest received	287	178
	<u>287</u>	<u>178</u>
Net cash from operating activities	2,987	937
 Cash Flows From Investing Activities		
Payment for property, plant and equipment	(32)	(90)
Loans repaid by other entities	-	31
Proceeds from sale of investment	128	-
Deposit for acquisition of intellectual property	(150)	-
	<u>(150)</u>	<u>-</u>
Net cash used in investing activities	(54)	(59)
 Cash Flows From Financing Activities		
Proceeds from issues of equity securities	5	-
Return of capital payment	(1,279)	-
	<u>(1,279)</u>	<u>-</u>
Net cash used in financing activities	(1,274)	-
 Net Increase In Cash Held	1,659	878
 Cash At The Beginning Of The Beginning of the Reporting Period	<u>12,074</u>	<u>9,805</u>
 Cash At The End Of The Reporting Period	<u>13,733</u>	<u>10,683</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes To The Consolidated Financial Statements For the half-year ended 30 June 2003

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 30 June 2003 has been prepared in accordance with Accounting Standard AASB 1029 Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2002 and any public announcements made by Reckon Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The consolidated entity has however, reviewed an accounting estimate relating to the expected life of an intangible asset. Detail of this is shown at note 3.

Note 2. Profit from ordinary activities after income tax

	2003 \$'000	2002 \$'000
Profit from ordinary activities after related income tax expense includes the following items of revenue and expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half year:		
Effect of change in accounting policy for deferred revenue	-	1,002
Proceeds on disposal of investment previously written off	128	-

Note 3. Change in accounting estimate

In the current period the consolidated entity reassessed the expected life of the investment in QPOS which is included in the accounts as an intangible asset.

The expected life for the intangible asset has been extended by 5 years effective 1 January 2003. The effect of the change in accounting estimate has increased the profit before tax reported in the current period by \$200,000. For the full year, the profit disclosed by the consolidated entity will be increased by \$400,000.

Note 4. 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 was put to shareholders and subsequently approved at the Annual General Meeting on 8th May 2003.

In June 2003, Reckon Limited distributed \$1,278,686 to shareholders as payment of the return of capital.

Note 5. Equity securities issued

	Half-year		Half-year	
	2003	2002	2003	2002
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year				
Exercise of options issued under the Executive ShareOption Plan No. 2	25,750	-	5	-
Shares issued to DJZ Investments Pty Limited to complete the acquisition of Electronic Business Management Software Pty Limited.	3,000,000	2,000,000	689	295
	<u>3,025,750</u>	<u>2,000,000</u>	<u>694</u>	<u>295</u>

Note 6: Segment Information

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

Note 7: Contingent Liabilities

On 24 April 2003 a decision in relation to litigation in the Federal Court between a former staff member and Reckon Limited was handed down in favour of Reckon Limited. An appeal is pending.

The Directors are advised and believe that the appeal can be successfully defended and therefore no losses other than legal fees to the date of the appeal will be incurred.

Directors Declaration

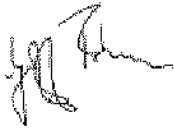
The directors declare that the financial statements and notes set out on pages 1 to 6:

- (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 consolidated entity's financial position as at 30 June 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Reckon Limited will be able to pay its debts as and when they become due and payable.

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



Geoff Tomlinson
Chairman

Sydney
19 August 2003

Reckon Limited

HORWATH SYDNEY PARTNERSHIP

Chartered Accountants
A member of Horwath International

1 Market Street Sydney NSW 2000
GPO Box 1455 Sydney NSW 1041

Independent review report to members of Reckon Limited**Scope***The financial report and directors' responsibility*

The financial report comprises the consolidated statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Reckon Limited, for the half-year - ended 30 June 2003. Reckon Limited comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order to state whether, on the basis of the procedures prescribed, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" 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 consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Reckon Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Dated the 19th day of August 2003



HORWATH SYDNEY PARTNERSHIP
Chartered Accountants



MICHAEL P. STIBBARD
Partner