

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Reckon Limited ("the Company") will be held at the registered office of the Company at 35 Saunders Street, Pyrmont NSW 2009 on Tuesday 25 May 2004 at 10.00 am.

## General Business

### 1 Consideration of Reports and Statements

To receive and consider the Directors' Report for the financial year ended 31 December 2003, the Annual Financial Report for that year, the Directors' Declaration and the Independent Audit Report.

### 2 Resolution 1 – Re-election of John Thame as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That John Thame be re-elected as a director of the Company."

## Special Business

### 3 Resolution 2 – Return of Capital

To consider and, if thought fit, pass the following special resolution:

"That the following return to shareholders of the Company's share capital be approved, namely the return to the registered holders of fully paid ordinary shares in the Company as at the completion of registration of transfers in accordance with the SCH Business Rules on 1 June 2004 of paid up capital to the extent of \$0.03 (three cents) for each fully paid ordinary share held."

By Order of the Board.



Geoff Tomlinson  
Chairman, Reckon Limited  
15 March 2004

## Proxies

A member entitled to vote at the meeting has the right to appoint a proxy to attend and vote instead of the member. A proxy need not be a member. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and does not specify the proportion or number which each proxy is to exercise, then, in accordance with Section 249X(3) of the Corporations Law, each proxy may exercise half of the votes for which the proxies are appointed.

A form for appointment of proxy is enclosed. To be effective, the document appointing the proxy (and the original, or a certified copy, of the power of attorney or other instrument under which the document appointing the proxy is signed or executed) must be received by the Company at least 48 hours before the meeting. The documents should be delivered to the Company at Reckon Limited (AGM), Locked Bag 15, PO Broadway, NSW, 2007.

No facility exists for receiving proxies by e-mail.

Please refer to other notes appearing on the enclosed Form of Proxy.

## Corporate Representative

A representative of a company attending the meeting must present at the meeting satisfactory evidence of his or her appointment to attend on the company's behalf, unless previously lodged with the Company.

## Entitlement to Vote

In accordance with the Corporations Law and the regulations made thereunder, the Board has determined that in relation to the Annual General Meeting of the Company convened by this Notice of Meeting, shares will be taken to be held by the persons who are the registered holders at 5.00 pm (Sydney time) on Friday 21 May 2004. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

# Explanatory Notes

## Ordinary Business

### 1. Annual Financial Reports

The Corporations Law requires the Reports of the Directors and of the Auditors and the Annual Financial Report, including the Financial Statements, to be laid before the Annual General Meeting.

Neither the Corporations Law nor the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such Reports or Statements. However, shareholders will be given ample opportunity to raise questions on the reports and statements at the meeting.

### 2. Resolution 1 – Re-election of John Thame as a director

Pursuant to Clause 6.1 of the Company's Constitution, John Thame retires by rotation as director of the Company. Being eligible, John Thame offers himself for re-election.

## Special Business

### 3. Resolution 2 – Return of Capital

In 2003 the Company paid a return of capital to shareholders by way of paying each shareholder \$0.01 (one cent). The board stated last year that it did not intend that a return of capital be implemented as a regular occurrence. However, in light of the Company's current financial position, the board resolved on 4 March 2004 to recommend to shareholders a further return of capital in the amount of \$0.03 (three cents) per share.

The decision to make a further return of capital is based upon the company's strong cash position.

The board views a return of capital as an efficient way of returning value to shareholders when the capital of a company is in excess of its commercial needs and the shareholders can share in that surplus.

Each shareholder will be paid a sum of money in proportion to their shareholding in the total share capital of the Company.

The return of capital for each share will not result in the cancellation of any shares.

As at the date of this notice, the number of ordinary fully paid shares issued in the Company is 137,802,456.

If the return on capital is approved, the share capital account will be reduced by the amount of the return on capital, \$4,134,074.

In the opinion of the Directors the financial position of the Company will continue to be sound following the return of capital.

The Corporations Law permits a company to reduce its share capital, in this case in the form of a return of capital, if the reduction:

1. is fair and reasonable to the shareholders as a whole;
2. does not materially prejudice the Company's ability to pay its creditors; and
3. is approved by the shareholders.

#### As to Point 1:

The only class of shares issued by the Company are ordinary shares.

The Company proposes to pay to each shareholder a return of capital of \$0.03 (three cents) per share.

The reduction of capital applies equally to each shareholder in proportion to the number of shares they hold.

The terms of the reduction are the same for each holder of shares.

#### As to Point 2:

On the date of this notice the cash in hand is \$11,484,000.

The cash reserves of the company after payment of the return of capital will be approximately \$7,350,000.

The average monthly cash flow relating to operating activities for the last 12 months is \$475,000 positive. No material additional capital costs are expected for the year going forward.

The Company will not be borrowing any funds for the purpose of the return on capital. The return on capital will be funded from existing cash balances.

In the circumstances the Board considers that there will be no material prejudice to the Company's ability to pay its creditors.

#### As to Point 3:

This resolution is put to the shareholders for approval by special resolution at the general meeting.

The Corporations Law only requires that an equal capital reduction be approved by an ordinary resolution, however, clause 2.6 of the Company's Constitution requires that the resolution be passed as a special resolution.

#### Further information:

The company's growth is intended to be generated from product development and enhancements achieved through its relationship with Intuit Inc and organic growth in the market. There is also growth expected in the new revenue streams acquired as a consequence of the acquisition of the APS entities as set out in the Annual Report.

The future capital requirements of the Company are not significant.

The board does not view the payment of a return of capital as a regular occurrence. Any decision regarding further capital returns will be reviewed periodically by the board.

#### Taxation Considerations

The taxation implications for each shareholder receiving a return of capital will vary depending on a number of factors, including how the shares are held, for example whether personally, through a company, trust or superannuation fund, the cost base that each member has in the shares and the shareholder's place of residence. It is recommended that each shareholder seek tax advice specific to their own circumstances as to the proposed capital return.

#### Determination of Entitlements

Entitlements to participate in the capital reduction will be based on the Company's share register as at completion of registration of transfers in accordance with the Securities Clearing House Business Rules on 2 June 2004 and any references to that date in the notice of meeting and these explanatory notes should be read accordingly.

#### Directors' interests in the Capital Reduction

| Directors       | Shares beneficially held |
|-----------------|--------------------------|
| Greg Wilkinson  | 16,668,438               |
| Phil Hayman     | 9,000,000                |
| Geoff Tomlinson | 400,000                  |
| John Thame      | 20,000                   |
| Fred Tinker*    | -                        |

\* Fred Tinker is Director of Corporate Alliances at Intuit Inc. USA. Intuit Ventures Inc., a wholly owned subsidiary of Intuit Inc., holds 15,608,741 shares or 11.47% of the shares in Reckon Limited.

#### Other interests

| Chief Operating Officer | Shares beneficially held |
|-------------------------|--------------------------|
| Clive Rable             | 11,823,437**             |

There is no further information known to the Company that is material to the decision on how to vote on the resolution.

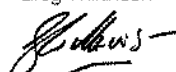
| Event  | Date                    |
|--|-------------------------|
| Date of AGM  | 25 May 2004             |
| Date of vote on special resolution   | 25 May 2004             |
| Lodge outcome of AGM with ASX  | 25 May 2004             |
| Assuming shareholder approval is given, trading on an "ex-return of capital" basis starts                                    | 26 May 2004             |
| Record date<br>(The date on which the Company fixes the balance of shareholders to whom the return of capital will be paid.) | 1 June 2004             |
| Return of capital paid   | Not before 14 July 2004 |

## Timetable of events

### Summary

The Directors consider the return of capital is a distribution of capital surplus to the needs of the Company at this time. It will apply equally to all of the ordinary shareholders of the Company. The Directors believe it will not materially prejudice the Company's ability to pay its creditors. The Directors consider that the return of capital is fair and reasonable to the Company's shareholders as a whole.

Greg Wilkinson 15 March 2004



CEO and Director

\*\* Includes 1,000,000 shares held in escrow.