



Notification to the ASX

18 August 2004

Reckon Limited (RKN)

Results for announcement to the market

Please see the attached Highlights, Appendix 4D, half year financial report, and analysts presentation for the period ending 30 June 2004.

The information should be read in conjunction with the most recent annual financial report.

For further information, please contact:

Mr Clive Rabie
Reckon Limited
(02) 9577 5946

Reckon Limited Highlights – Half Year Ending 30 June 2004

Reckon is pleased to announce details of the company's results to June 30th this year.

	2004 (‘000)	2003 (‘000)	% Growth
Revenue	\$18,753	\$12,696	Up 47.7%
EBITDA	\$4,420	\$2,578	Up 72%
NPAT	\$3,657	\$2,567	Up 42.5%

Key drivers for growth this year have been:

- The successful merger of the APS businesses acquisition in January;
- The growth in market share of QuickBooks from sales through retail;
- The growth from the number of accounting firms now recommending QuickBooks as the accounting application of choice for their clients.

New product releases include:

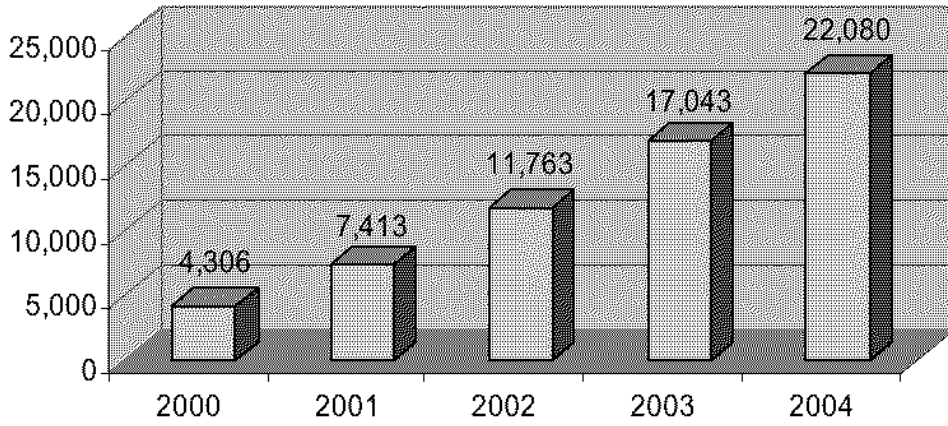
- QuickBooks 2004 with new industry specific ‘flavours’ including a version for:
 - Accountants
 - Not for Profit Organisations
 - Property Managers
 - Manufacturers and Wholesalers
 - Contractors
 - Professional Services
 - Retailers
- Quicken Payroll Premier
- Quicken Customer Manager
- APS Foundation

APS Foundation is the new product to come out of APS Development designed to cater for the specific needs of accountancy practices of less than 15 seats. A satisfactory number of pilot sites are now up and running and the sales and implementation infrastructure required for the APS Foundation customer base is currently in training for a full market roll out.

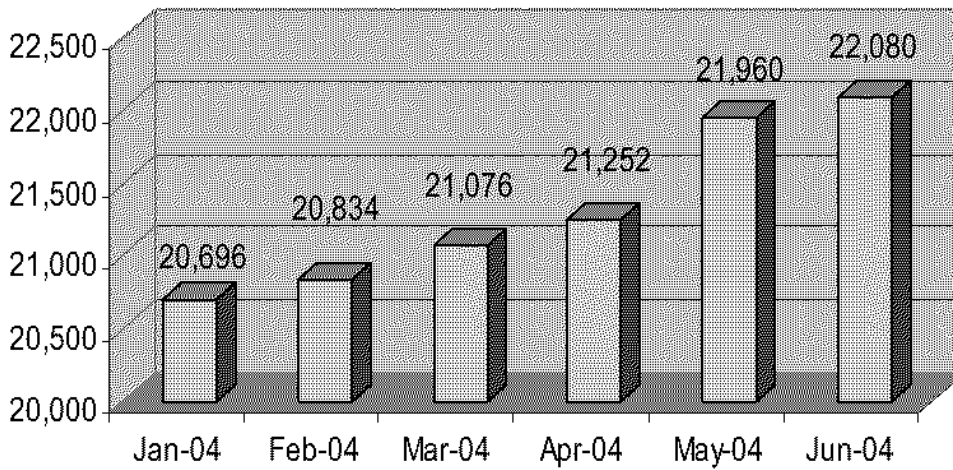
APS has been experiencing record growth in sales, implementation and maintenance revenue since the merger with Reckon Ltd and is now enjoying the profile deserving of its products in the target market thanks to the merger.

APS provides Practice Management, Client Accounting, Tax, Document Management and Practice IQ products to more than 50% of the top 100 Accounting Firms in Australia.

Growth in APS Seats*



Growth in APS Seats* YTD



*Seats = Individual users

Appendix 4D

Half year report

1. Company details

Name of entity

RECKON LIMITED

ABN or equivalent company reference

14 003 348 730

Half year ended ('current period')

30 JUNE 2004

Half year ended ('previous period')

30 JUNE 2003

2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	up	47.7 %	to	18,753
2.2	Profit (loss) from ordinary activities after tax attributable to members	up	42.5 %	to	3,657
2.3	Net profit (loss) for the period attributable to members	up	42.5 %	to	3,657
2.4	Dividends		Amount per security		Franked amount per security
	Interim dividend declared		NIL €		NIL €
2.5	+Record date for determining entitlements to the dividend.	N/A			
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.				
The organic growth of the Reckon business together with the growth derived from the acquisition of the APS group of entities were principal contributors to increased revenues and net profit after tax.					

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	\$0.12	\$0.10

4.1 Control gained over entities

Name of entity (or group of entities)

ADVANCED PROFESSIONAL SOLUTIONS GROUP ("APS") comprising three companies

Date control gained

29 January 2004

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

\$915,813

Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

In the previous corresponding period the APS group comprised private unaudited entities for which relevant and reliable figures are not available.

4.2 Loss of control over entities

Name of entity (or group of entities)

N/A

Date control lost

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

\$

Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

\$

5 Dividends

Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:	Current year	N/A	€	€	€
	Previous year	N/A	€	€	€

6 Dividend Reinvestment Plans

The ⁺dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

--

7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
N/A				

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):

	Current period \$A'000	Previous corresponding period \$A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
Profit/(loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit/(loss)		
Adjustments		
Share of net profit/(loss) of associates and joint venture entities		

8 Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.)
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N/A

9. If the accounts are subject to audit dispute or qualification, details are described below

NIL

Sign here: Date: ..18 August 2004.....
(Director)

Print name: GREG WILKINSON

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 2004

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:

	30 June 2004 \$'000	30 June 2003 \$'000
Revenue	\$ 18,753	\$ 12,696
Net Profit	\$ 3,657	\$ 2,567

The increase in revenue and net profit after tax reflect organic growth in the Reckon business as well as growth derived from the acquisition of the APS entities, which occurred on 29 January 2004.

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

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, 18th August 2004

Consolidated Statement Of Financial Performance For the half-year ended 30 June 2004

	----- Half-year -----	
	30 June 2004 \$'000	30 June 2003 \$'000
Revenue from ordinary activities	18,753	12,696
Product and selling costs	(1,571)	(962)
Royalties	(1,811)	(1,534)
Employee benefits expense	(5,690)	(3,995)
Employee related expense	(279)	(202)
Marketing expense	(2,523)	(1,410)
Premises and establishment expenses	(759)	(498)
Amortisation of goodwill	(453)	-
Depreciation and amortisation of other non-current assets	(497)	(506)
Telecommunications	(267)	(236)
Legal and professional fees	(356)	(358)
Other expenses from ordinary activities	<u>(740)</u>	<u>(427)</u>
Profit from ordinary activities before income tax expense	3,807	2,568
Income tax expense	<u>(150)</u>	<u>-</u>
Net profit	3,657	2,568
Net profit attributable to outside equity interest	<u>-</u>	<u>(1)</u>
Net profit attributable to members of RECKON LIMITED	<u>3,657</u>	<u>2,567</u>
Net exchange differences on translation of financial reports of foreign controlled entities	79	-
Total revenues, expenses and valuation adjustments attributable to members of RECKON LIMITED recognised directly in equity	<u>79</u>	<u>-</u>
Total changes in equity attributable to members of RECKON LIMITED other than those resulting from transactions with owners as owners	<u>3,736</u>	<u>2,567</u>
	cents	cents
Basic earnings per share	2.7	2.0
Diluted earnings per share	2.7	2.0

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

Consolidated Statement of Financial Position As at 30 June 2004

	30 June 2004 \$'000	31 December 2003 \$'000
Current Assets		
Cash assets	14,751	15,372
Receivables	6,046	2,092
Inventories	195	277
Other	387	151
Total Current Assets	21,379	17,892
Non-Current Assets		
Receivables	139	139
Other financial assets	327	415
Property, plant and equipment	683	408
Tax assets	192	-
Intangible assets	11,993	1,335
Other	846	1,337
Total Non-Current Assets	14,180	3,634
Total Assets	35,559	21,526
Current Liabilities		
Payables	3,957	2,336
Provisions	1,031	468
Tax liabilities	283	-
Other (deferred revenue)	1,733	1,082
Total Current Liabilities	7,004	3,886
Non-Current Liabilities		
Provisions	87	33
Tax liabilities	9	-
Total Non-Current Liabilities	96	33
Total Liabilities	7,100	3,919
NET ASSETS	28,459	17,607
Shareholders Equity		
Contributed equity	57,136	50,020
Retained earnings/(accumulated losses)	(28,753)	(32,410)
Reserves	79	-
Outside equity interest	(3)	(3)
TOTAL EQUITY	28,459	17,607
Net Tangible Assets per security	cents 0.12	cents 0.10

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 2004

	----- Half-year -----	
	30 June	30 June
	2004	2003
	\$'000	\$'000
Cash Flows From Operating Activities		
Receipts from customers	17,718	12,426
Payments to suppliers and employees	(14,363)	(9,726)
Interest received	301	287
	<hr/>	<hr/>
Net cash from operating activities	3,656	2,987
 Cash Flows From Investing Activities		
Payment for property, plant and equipment	(200)	(32)
Payment for other assets	(881)	-
Payment for purchase of controlled entities, net of cash acquired	(3,365)	-
Security deposits released	101	-
Proceeds from sale of investment	-	128
Deposit for acquisition of intellectual property	-	(150)
	<hr/>	<hr/>
Net cash used in investing activities	(4,345)	(54)
 Cash Flows From Financing Activities		
Proceeds from issues of equity securities	58	5
Return of capital payment	-	(1,279)
	<hr/>	<hr/>
Net cash used in financing activities	58	(1,274)
 Net Increase In Cash Held	(631)	1,659
Cash at the beginning of the reporting period	15,372	12,074
Effects of exchange rate changes on cash balances	10	-
	<hr/>	<hr/>
Cash At The End Of The Reporting Period	14,751	13,733

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 2004

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 2004 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 2003 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.

However, as a result of the acquisition of the Advanced Professional Solutions group of companies ("APS") in January 2004, Reckon Limited adopted additional accounting policies in relation to the APS business. These are discussed in Note 3 below.

Note 2. Profit from ordinary activities after income tax

	----- Half-year -----	
	30 June	30 June
	2004	2003
	\$'000	\$'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:

Proceeds on disposal of investment previously written off	-	128
Amortisation of goodwill on consolidation which arose in relation to the acquisition of controlled entities during the period	(453)	-

Note 3. Significant accounting policies

The following significant accounting policies have been adopted in relation to the APS business.

Software licence fee revenue

Licence fees for software sales are recognised as revenue at the point when the customer is in agreement for a "live operation" position (ie - when all users can use the system on a fully functional basis).

Support and maintenance fee revenue

Revenue from support and maintenance contracts are recognised on a straight-line basis over the period of the contract.

Consulting services revenue

Consulting and other service related revenues are recognised over the period in which the services are provided. This is determined on either a percentage of completion or time and materials basis, depending upon the particular type of contract.

APS intellectual property ("IP")

This IP represents the value ascribed to IP relating to software applications acquired prior to the acquisition of the New Zealand company. The IP is amortised using the straight-line method over the period during which the benefits are expected to arise. This is currently 4 years from 1st February 2004.

Goodwill on acquisition of the APS group

The excess of the fair value of the costs of acquisition over the fair value of the identifiable net assets acquired, is brought to account as goodwill and amortised on a straight-line basis over 10 years, being the period during which the benefits are expected to arise.

Development costs

Development costs on the existing APS suite of software applications, including upgrades and added features and costs that improve functionality, are capitalised and written off over a 4 year period commencing the following month after the costs are incurred.

Development costs on new APS products are capitalised and written off on a straight-line basis over a period of 4 years commencing at the time of commercial release of the new product.

At balance date, a review of the carrying value of the capitalised development costs being carried forward is undertaken to ensure the carrying value is recoverable from future revenue generated by the sale of that software.

Income tax

The New Zealand and Australian APS subsidiaries recognise future tax benefits and provisions for deferred income taxes. The future tax benefits related to income tax losses and timing differences of the UK APS subsidiary are not carried forward as an asset.

Foreign currency translation

As the foreign controlled entities are self-sustaining, their assets and liabilities are translated into Australian currency at rates of exchange ruling at balance date, whilst revenue and expenses are translated at the average of rates during the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in the Statement of Financial Position.

Note 4. International Financial Reporting Standards ("IFRS")

The Australian Accounting Standards Board ("AASB") is adopting IFRS for application to reporting periods beginning on or after 1 January 2005.

Adoption of the Australian Equivalents to International Financial Reporting Standards ("AEIFRS") will be first reflected in the group's financial statements for the half-year ending 30 June 2005 and the full year ending 31 December 2005.

An initial review of the impact of the AEIFRSs has identified a limited number of accounting policy changes that will be required, including the following:

Intangible assets - goodwill

Under the new Australian AASB 3 "Business Combinations", amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, which conforms to existing Australian accounting standards, under which goodwill is amortised on a straight-line basis over 10 years, this being the period during which the benefits are expected to arise.

Equity-based compensation benefits

Under the new Australian AASB 2 "Share Based Payments", equity-based compensation to employees will be recognised as an expense in respect of the services received.

This will result in a change to the current accounting policy, which conforms to existing Australian accounting standards, under which no expense is recognised for equity-based compensation.

Implications of tax-effecting tax losses carried forward

Under the new Australian AASB 112 "Income Taxes", the "virtual certainty" test which currently exists in assessing the ability of a company to recognise a future tax benefit in respect of tax losses is replaced by a "probability" test.

This may result in a change to the current accounting policy under which no future tax benefits or timing differences are recognised in the accounts in respect of Reckon Limited and the UK APS subsidiary.

Note 5. Return of capital

On 3rd March 2004, the Board resolved to put to the shareholders a special resolution approving the payment of a return of capital of \$0.03 (three cents) per share, with all shares treated equally. The special resolution was put to shareholders and subsequently approved at the Annual General Meeting held on 25th May 2004.

In July 2004, Reckon Limited distributed \$4,158,394 to shareholders as payment of the return of capital.

Note 6. Equity securities issued

Issues of shares during the period were for the following purposes:

Exercise of employee share scheme options
Consideration for acquisition of controlled entities

Half-year 2004		Half-year 2003	
No.	\$'000	No.	\$'000
225,791	58	25,750	5
9,295,175	7,059	3,000,000	689
9,520,966	7,116	3,025,750	694

Note 7. Contingent liabilities

The ACCC has raised concerns in relation to the company's right to charge customers a fee for re-installation/re-registration of software. The company will be meeting with the ACCC to discuss the issue. The issue is complex and it is difficult to assess with any certainty how this issue will ultimately be resolved. Legal costs in addressing the issue raised by the ACCC are expensed as incurred.

Note 8: Segment information

Primary reporting - business segments

Half-year 2004	Quicken Products	APS Products	Other	Inter-segment Eliminations/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	13,262	5,122	369	-	18,753
Other items					-
Revenue from ordinary activities					<u>18,753</u>
Segment result	2,878	1,046	(117)		3,807
Unallocated revenue less unallocated expenses					-
Profit from ordinary activities before related income tax expense					<u>3,807</u>

	Quicken Products	APS Products	Other	Inter-segment Eliminations/ Unallocated	Consolidated
Half-year 2003	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	12,416	-	280	-	12,696
Other items					-
Revenue from ordinary activities					<u>12,696</u>
Segment result	2,568	-		-	2,568
Unallocated revenue less unallocated expenses					-
Profit from ordinary activities before related income tax expense					<u>2,568</u>

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 2 to 8:

- (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 2004 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
18th August 2004

HORWATH SYDNEY PARTNERSHIP

Chartered Accountants
A member of Horwath International
1 Market Street
Sydney NSW 2000

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 (the consolidated entity), for the half-year ended 30 June 2004. The consolidated entity 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 2004 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.

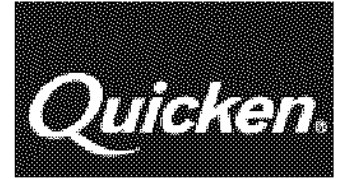
Dated the 18th day of August 2004.


HORWATH SYDNEY PARTNERSHIP
Chartered Accountants


MICHAEL P STIBBARD
Partner



Reckon Ltd



Result Presentation 6 Months to 30th June 2004

Greg Wilkinson – CEO

Clive Rabie - CFO



On the Agenda

Clive Rabie - CFO

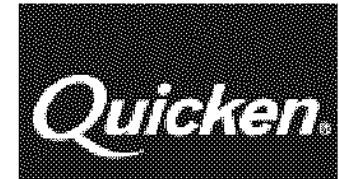
- 6 Month – June 2004 Financial Results

Greg Wilkinson – CEO

- Product Development
- Customer Acquisition
- Marketing Campaign
- APS Update

Financial Highlights

Six Months to June 2004



	<u>Six Month</u> To June 2003	<u>Six Month</u> To June 2004
Revenue	\$12,696,000	\$18,753,000
Net Profit	\$2,567,000	\$3,657,000
Operating Cash Flow	\$2,987,000	\$3,656,000
Cash in Bank	\$13,733,000	\$14,760,000
Return of Capital	1 cent per Share	3 cents per Share

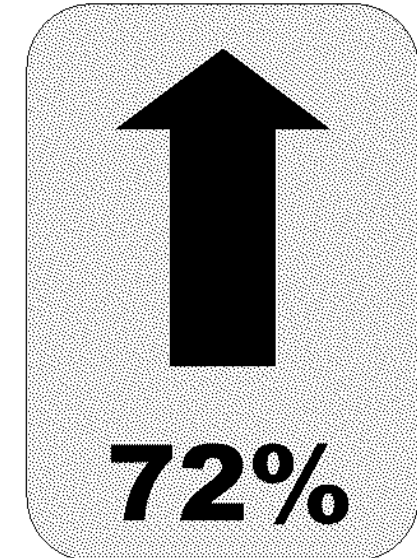
Accounts for 5 months of APS contribution

Financial Highlights

Six months to June 2004



EBITDA

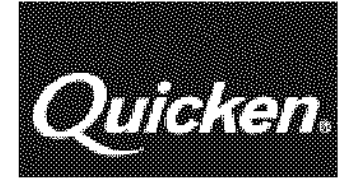


	To June 2003	To June 2004
EBITDA	\$2.57million	\$4.42million

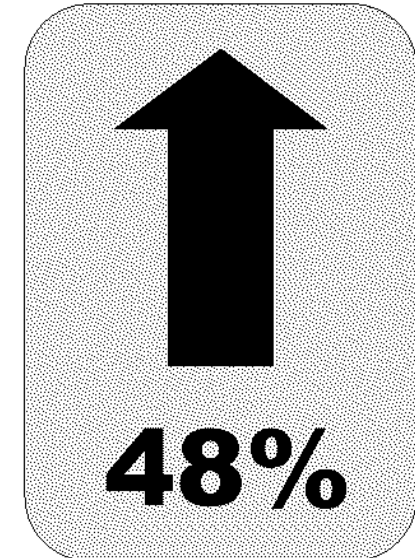
Accounts for 5 months of APS contribution

Financial Highlights

Six Months to June 2004



Revenue

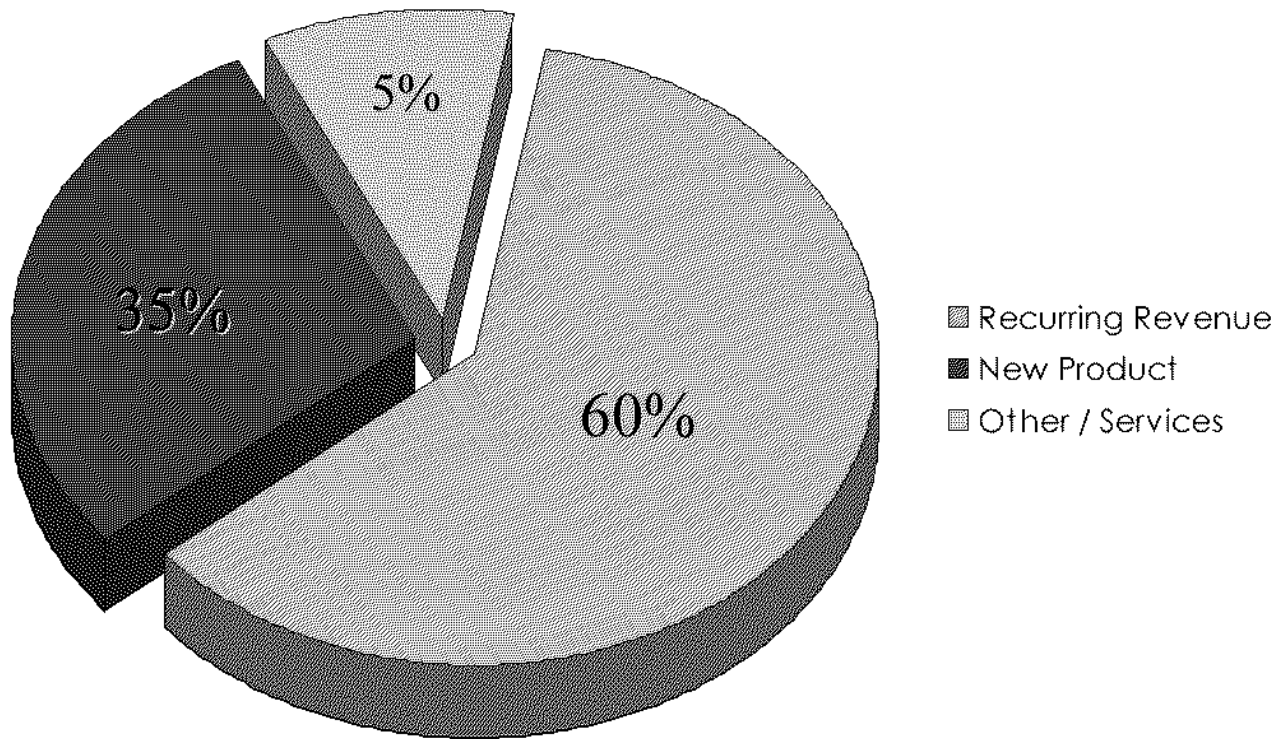


	To June 2003	To June 2004
Revenue	\$12.7million	\$18,8million

Accounts for 5 months of APS contribution



Revenue Breakdown

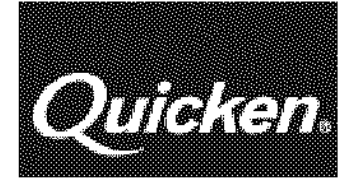




Greg Wilkinson – CEO

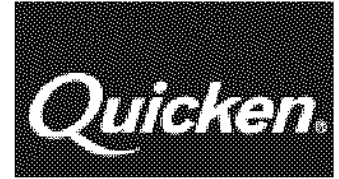
- Product Development
- Customer Acquisition
- Marketing Campaign
- APS Update

Product Development



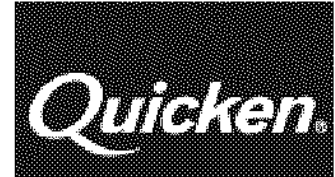
- 2004 Released
 - QuickBooks 2004 with 7 Flavours
 - Quicken Payroll Premier
 - Quicken Customer Manager
 - APS Foundation
- 2004 To Come
 - Quicken Personal Plus 2005
 - Quicken Share Analyser 3.0

Marketing



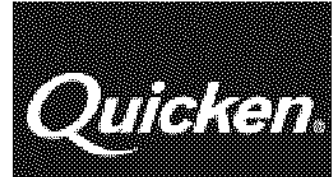
- Advertising campaign
- National and Regional Road Shows

TV Commercials

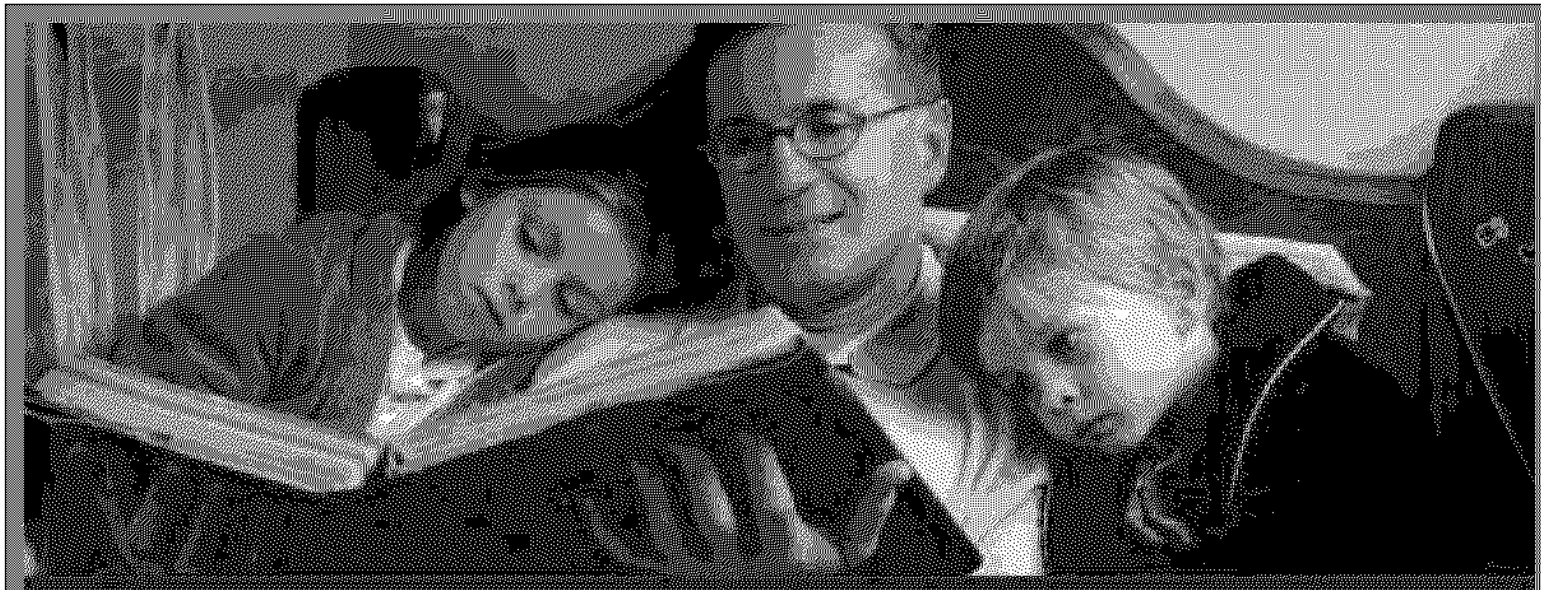


- 1 x 30 Second
- 2 x 15 Second
- 3 x 10 second

National (Metro and Regional Markets)



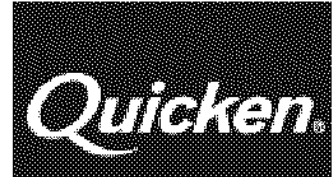
Outdoor: Bus/Taxi Backs




"Dad. Brought to you by Quicken."



Adelaide, Brisbane, Sydney, Melbourne, Perth, Canberra, Hobart



Outdoor: Supersites



"Because there are other books that need doing."

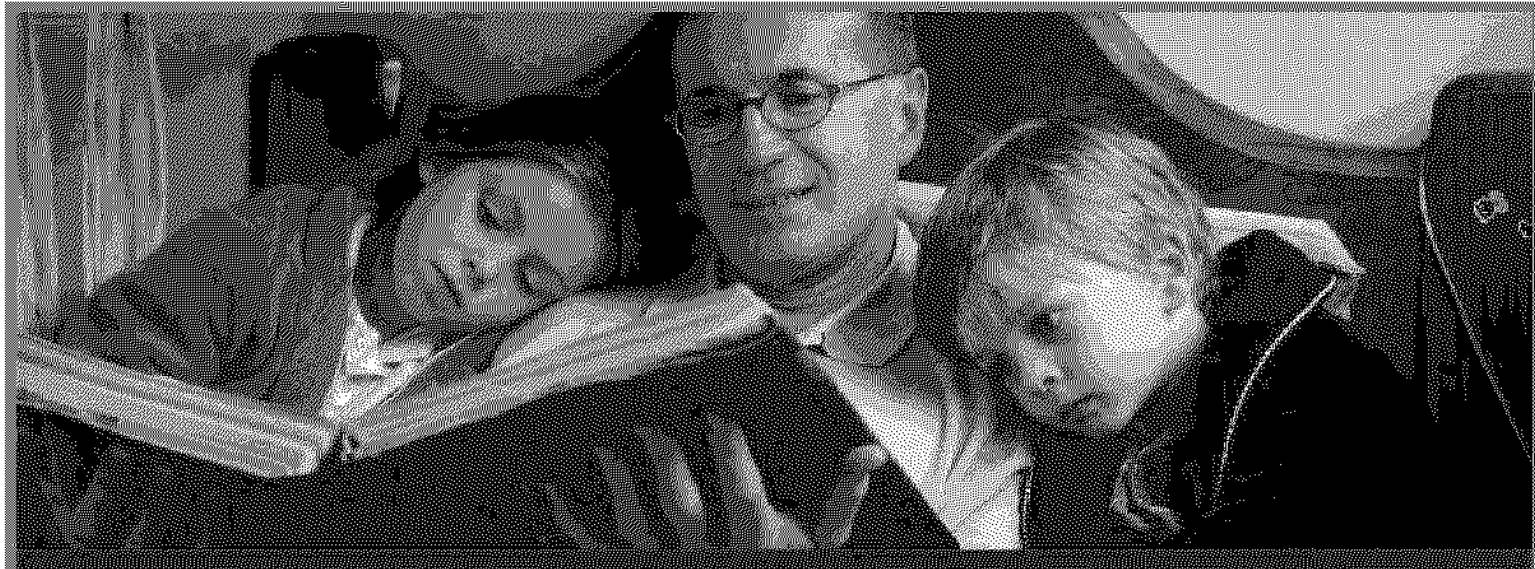
Quicken
Easy
quicken.com.au

A horizontal banner featuring a black and white photograph on the left showing a woman and two children reading a book together. To the right of the photo is a quote in italics. In the bottom right corner of the banner is the Quicken logo with the word 'Easy' and the website 'quicken.com.au' below it.

Sydney, Melbourne, Perth



Outdoor: 24 Sheet Posters



"Because there are other books that need doing."

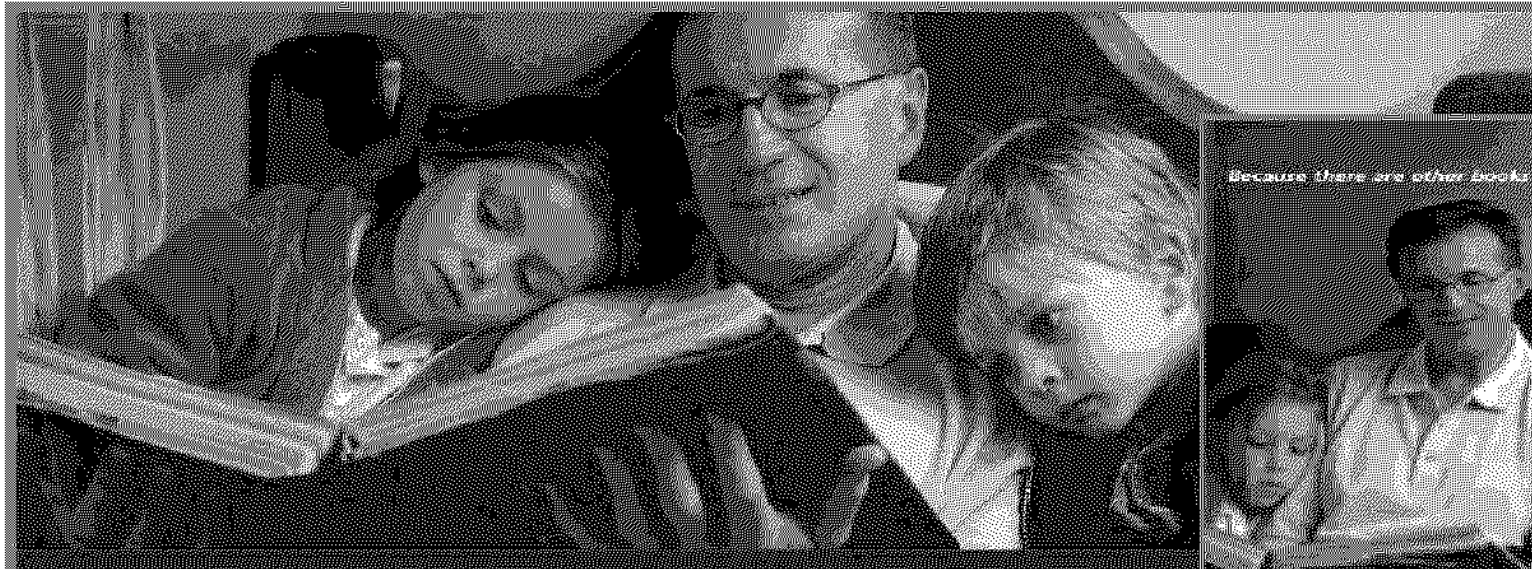


Brisbane

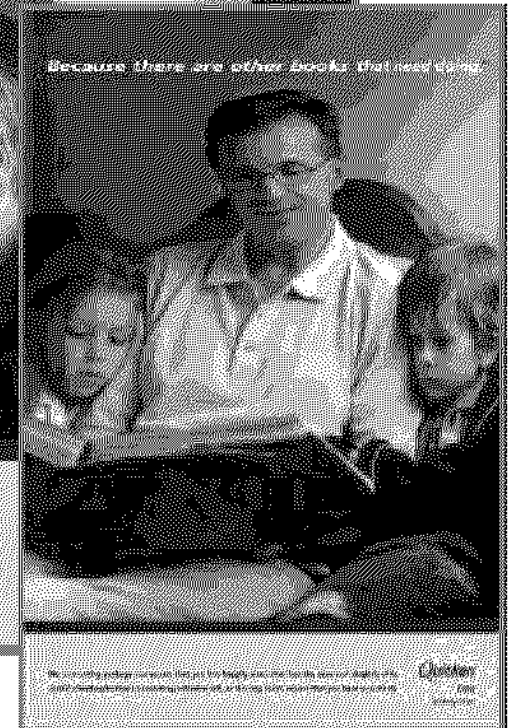


Outdoor: Airports

(indoor & outdoor)



"Because there are other books that need doing."

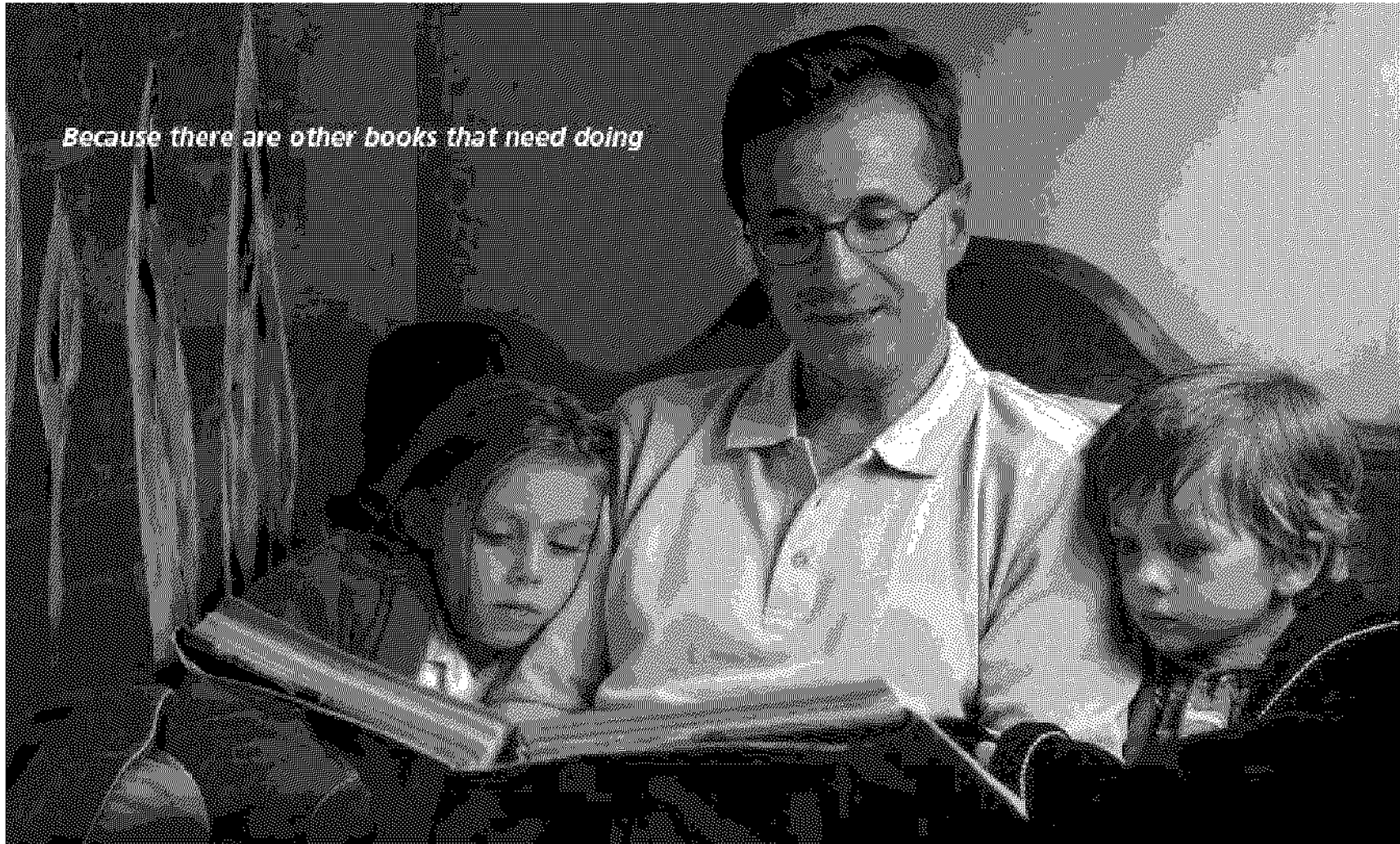


Adelaide, Brisbane, Sydney, Melbourne, Perth

Print Advertising

Quicken

Because there are other books that need doing



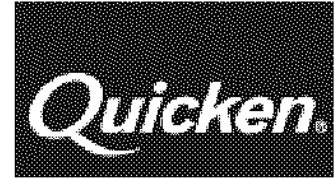
No accounting package can ensure that you live happily ever after, but the ease and simplicity of the world's leading

business accounting software will, at the very least, ensure that you have more of a life.

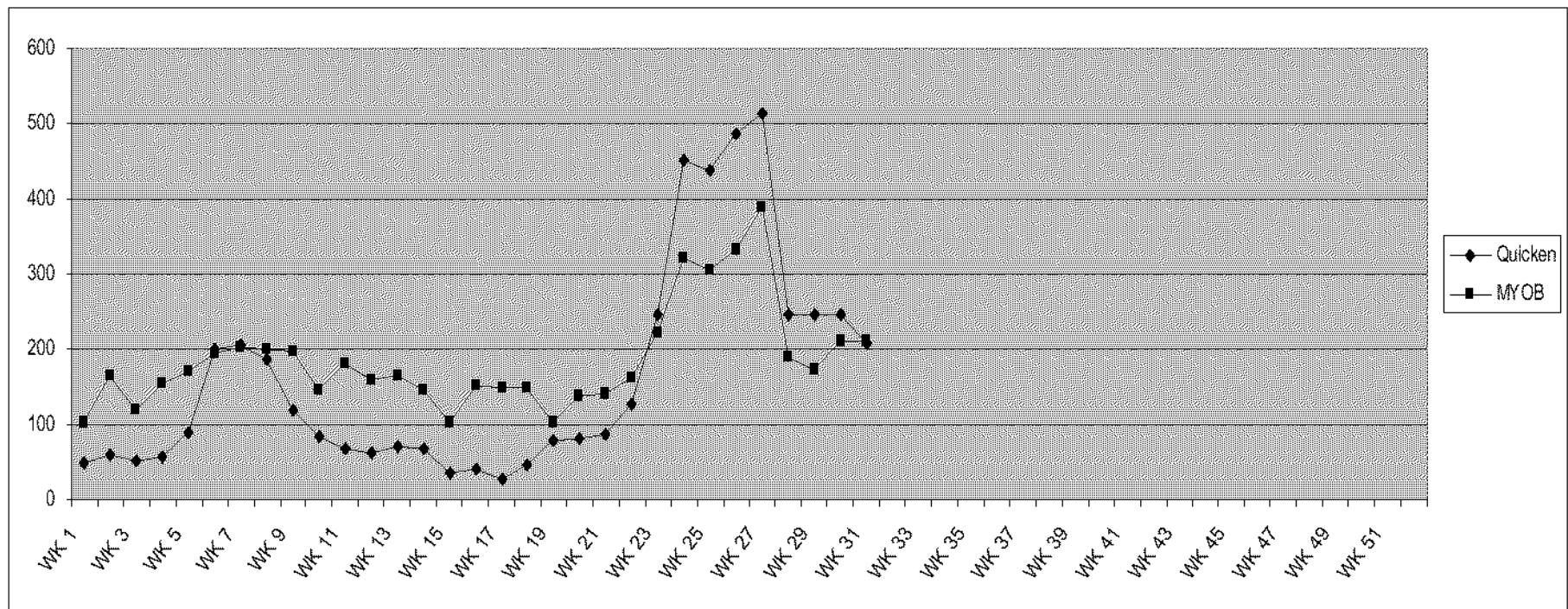
Quicken
Easy
quicken.com.au

www.quicken.com.au

Campaign Impact



Entry level product retail sell through comparison



Source: Inform

National Capitals Road Show

Quicken

1200 Attendees

- Melbourne
- Sydney
- Brisbane
- Adelaide
- Perth

Regional Road Show

Quicken



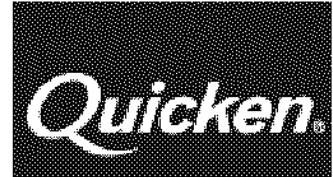
- Bendigo
- Albury
- Canberra
- New Castle
- Dubbo
- Armidale
- Toowoomba
- Bundaberg
- Rockhampton
- Townsville
- Mackay
- Cairns

4300 attendees

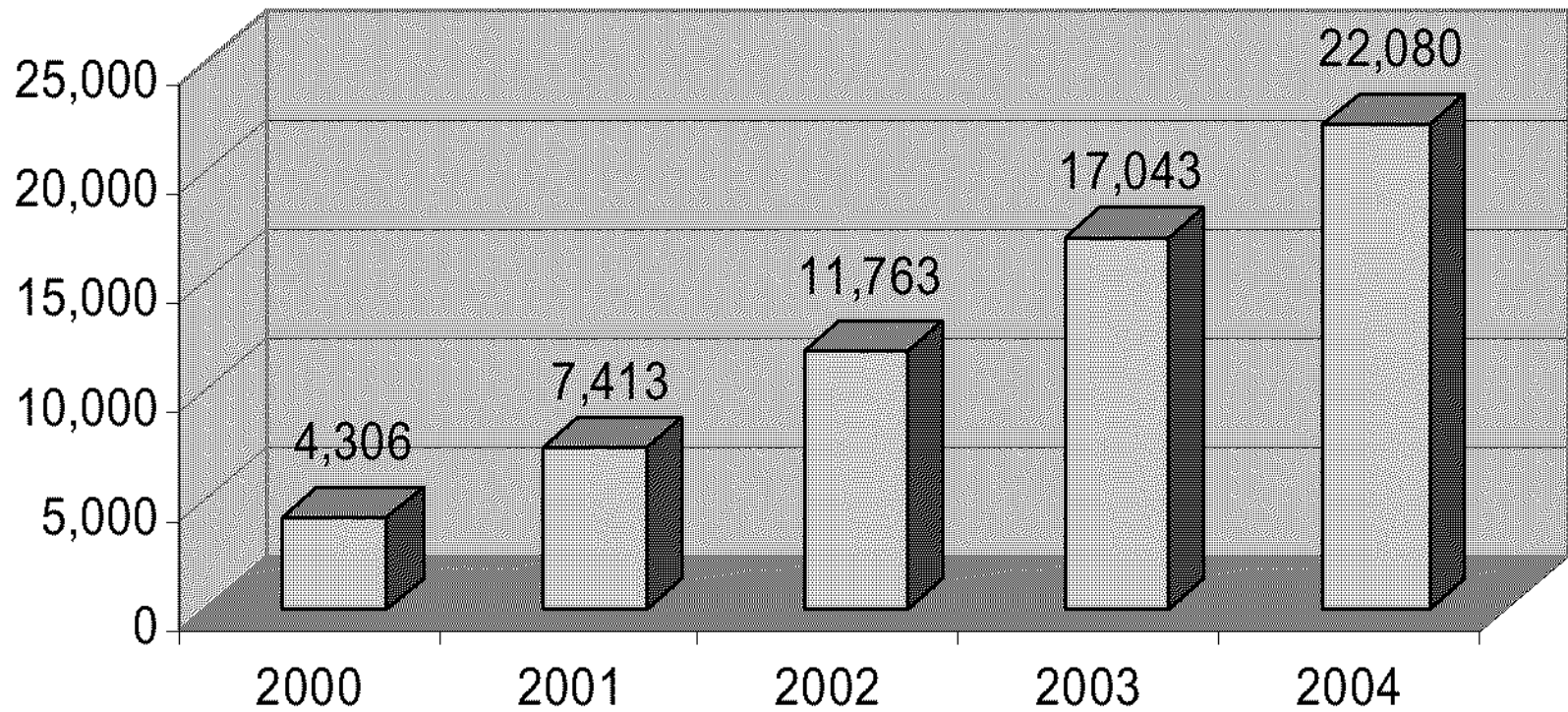


APS

APS

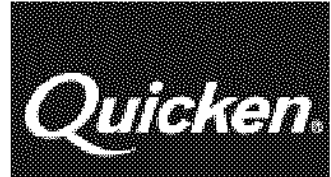


Growth in APS Seats*

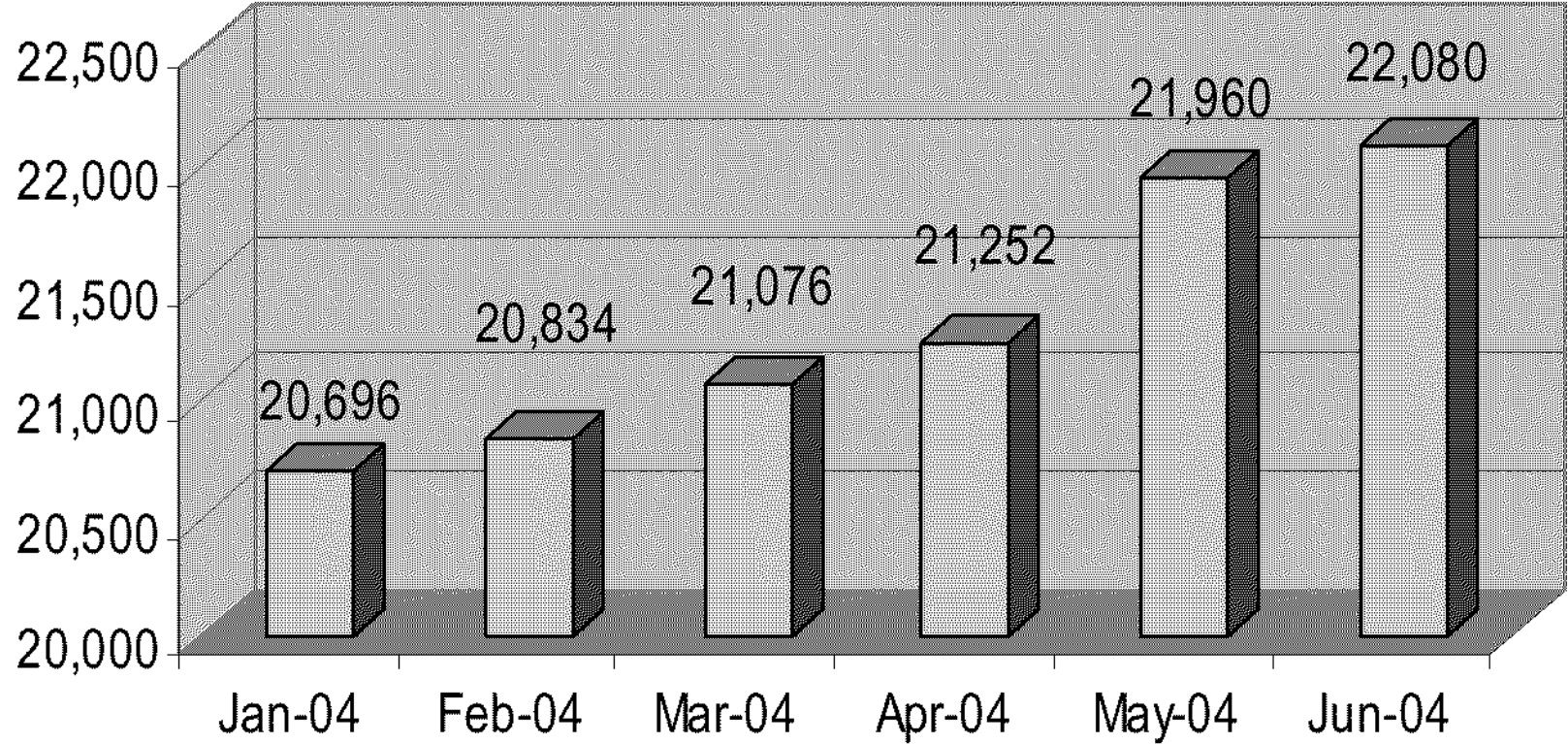


* Seats = Individual Users

APS



Growth in APS Seats* YTD



* Seats = Individual Users