



Reckon
NPS | Quicken

Reckon Ltd 6 months to June 2006

Clive Rabie - Group CEO

Greg Wilkinson - Deputy Chairman

Chris Hagglund - Group CFO

Gavin Dixon - Quicken CEO

Brian Armstrong - APS CEO



Group Financial Highlights

6 months to June 06

- Operating revenue up 6%
- EBITDA up 20%
- NPAT up 27%
 - Acquisitions contribute 12%
 - Underlying business up 15%
- EPS up 33%
- Interim dividend of 2 cents



Cashflow Highlights

6 months to June 06

- Cash Balance \$10m
- Cash Flow from Operations \$4.7m
 - Working capital requirements in 2nd half significantly lower
- Acquired Elite – Cash
- Acquired Desktop Super – Cash
- Share buy back of 5% (Jan '06)
- 2005 Final dividend of \$2.6M (Mar'06)
- Small parcel buy back



Margins

6 months to June 06

	2004	2005	2006
EBITDA (pre R&D and Royalties)	7.0m	8.9m	10.0m
Margin	37%	40%	43%
EBITDA	4.3m	5.5m	6.7m
Margin	23%	25%	29%
NPAT	4.0m	3.4m	4.3m
Margin	21%	15%	19%
Effective tax rate	4%	35%	25%
(Full year tax rate expected to be maintained at 25%)			

Earnings Per Share

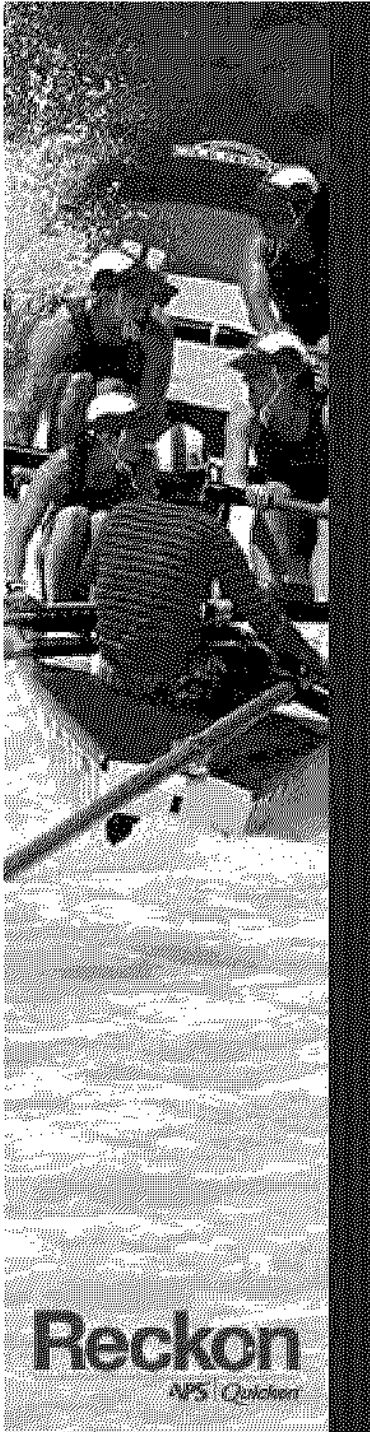
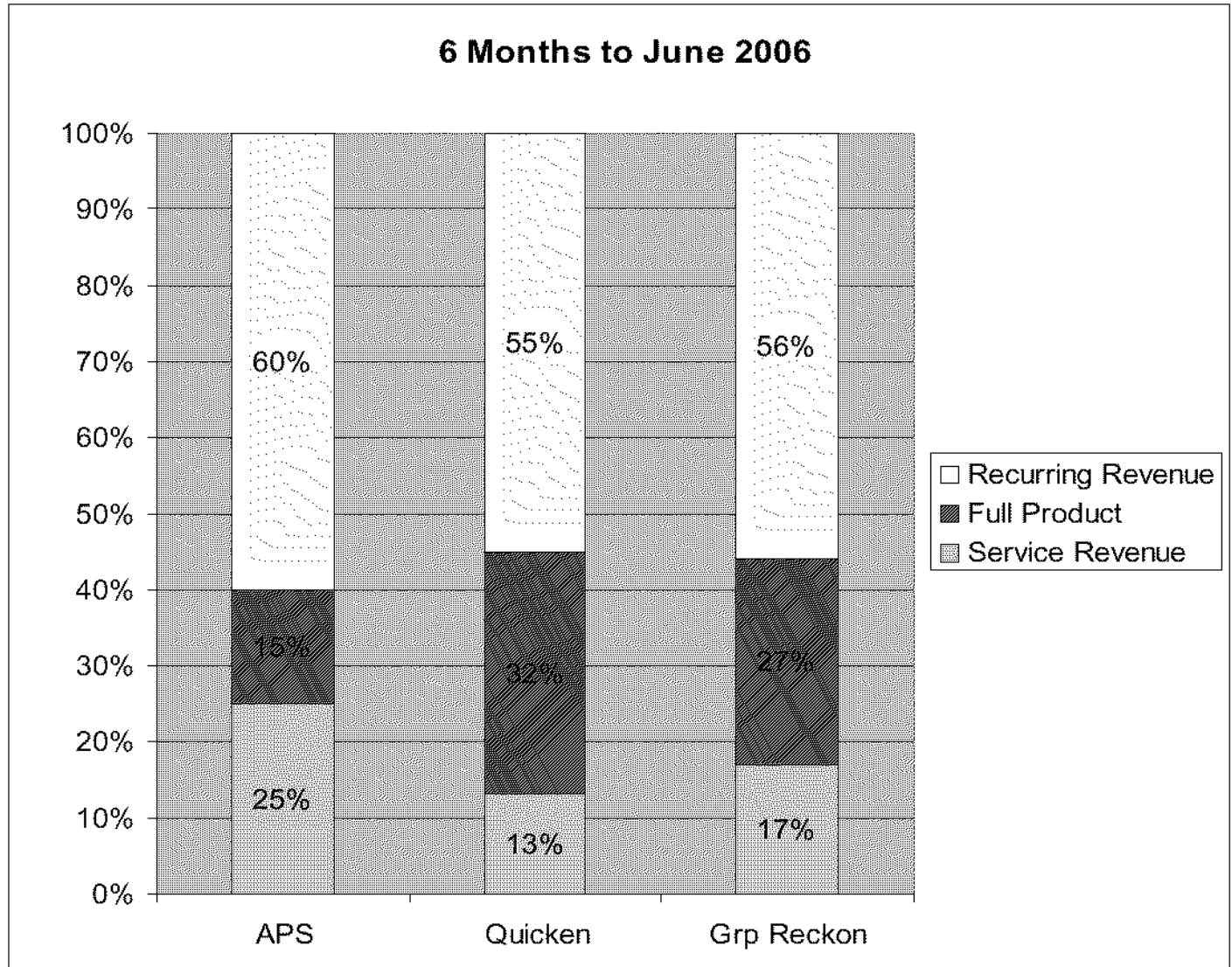
	2004	2005	2006
EPS (basic)	2.9c*	2.5c	3.3c
EPS Growth			33%

* Minimal tax expense in 2004



Revenue Breakdown

6 Months to June 2006



Group Structure

Reckon Ltd
Board

Deputy Chairman
Greg Wilkinson

Group CEO
Clive Rabie

Professional Business

CEO
Brian Armstrong

APS

Desktop Super

SMB Business

CEO
Gavin Dixon

QuickBooks

Elite

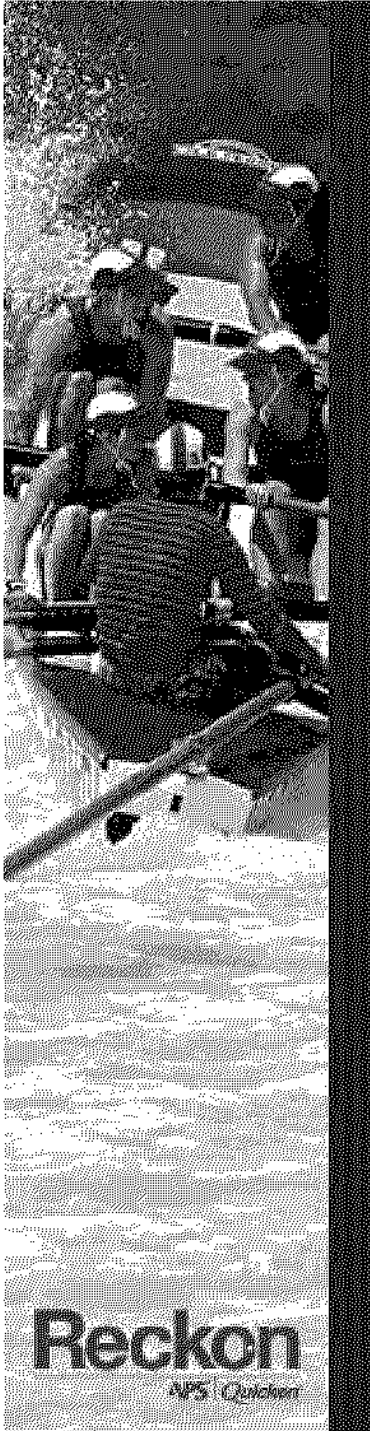
Wealth Management

CEO
Gavin Dixon

Quicken

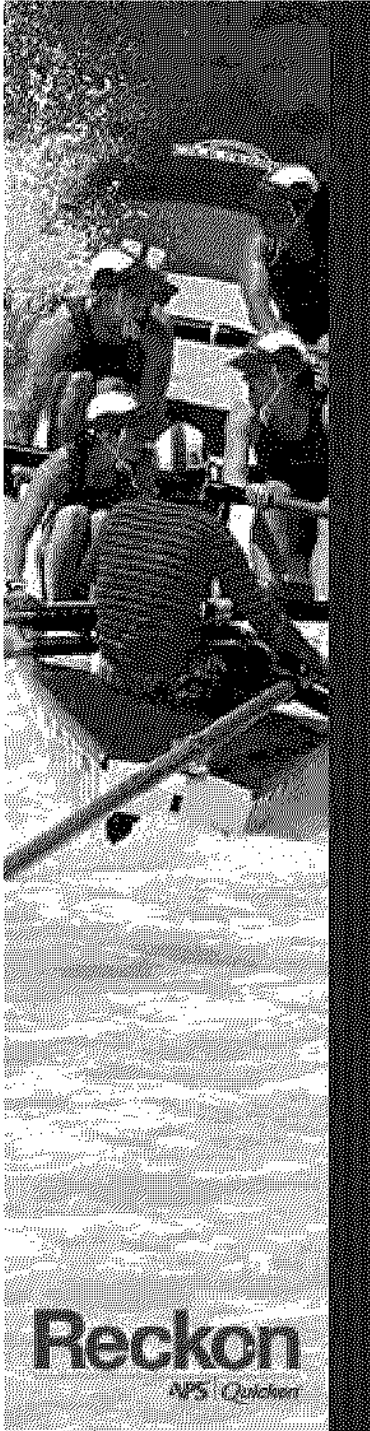
TBA





Group Structure

- **Professional (full service model)**
 - Practice management
 - Tax management and statutory accounting tools
 - CRM, document storage and other modules for professional firms
 - Desktop Super
- **SMB Business Division**
 - QuickBooks
 - Payroll
 - POS
- **Elite**
 - Practice management
 - Tax return and other tools for professional partners
- **Wealth Management**
 - Quicken personal products



APS Performance

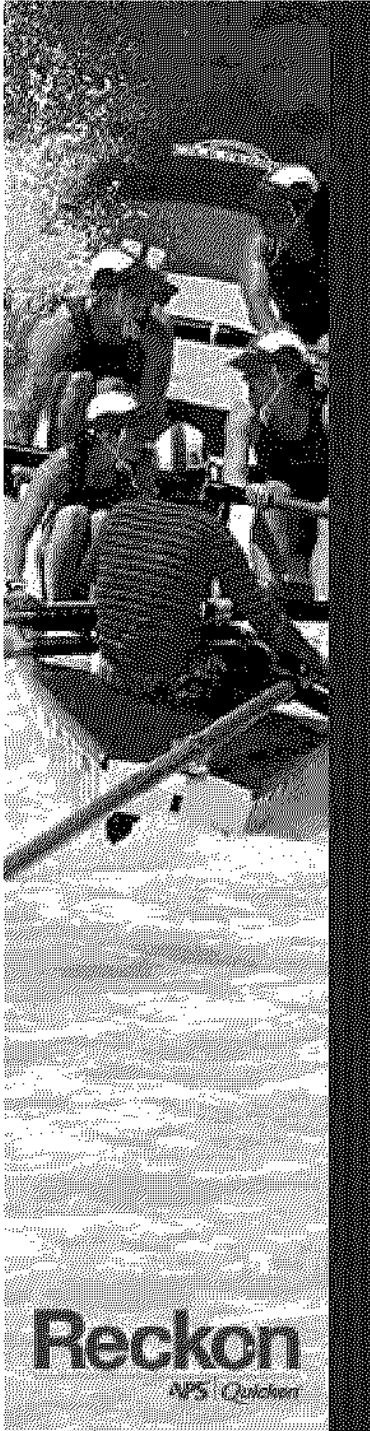
Sales growth of 3%

NPBT growth of 37%

- Recurring revenue.. up 25%
- Maintenance revenue in underlying business up 22%
- Reflects impact of the take up of full product suite by clients
- Desktop Super contributes 3% of growth

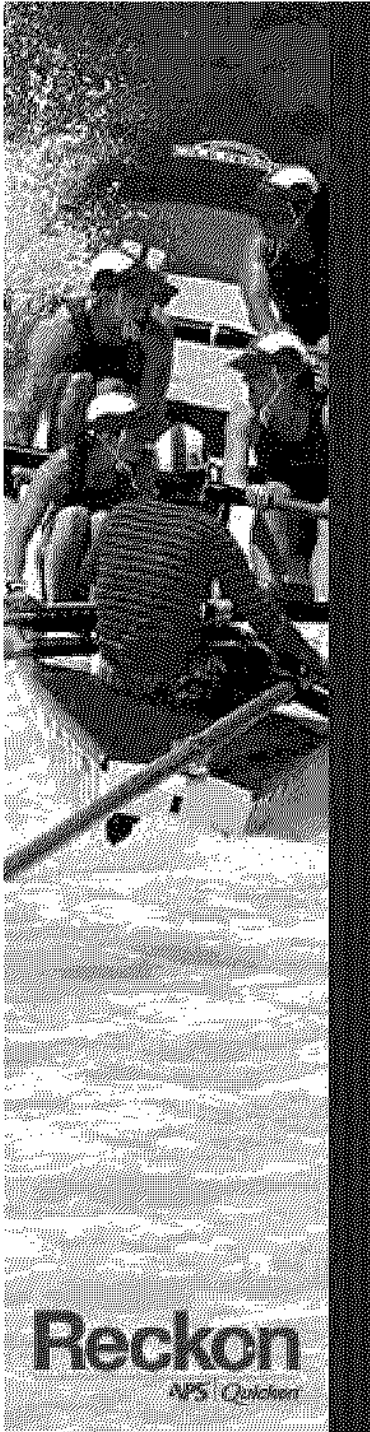
- Added 49 new firms in 6 months
- New business & Service revenue.. down 19%
- Resources constrained in consulting division
- Rollout of document management product impacts new business invoicing
 - Increased maintenance revenue in future periods
- Strong order book for second half, without resource constraints
- Extended selling season this year
- New product rollout in second half

- Operating expenses well contained
- Turnaround in the UK



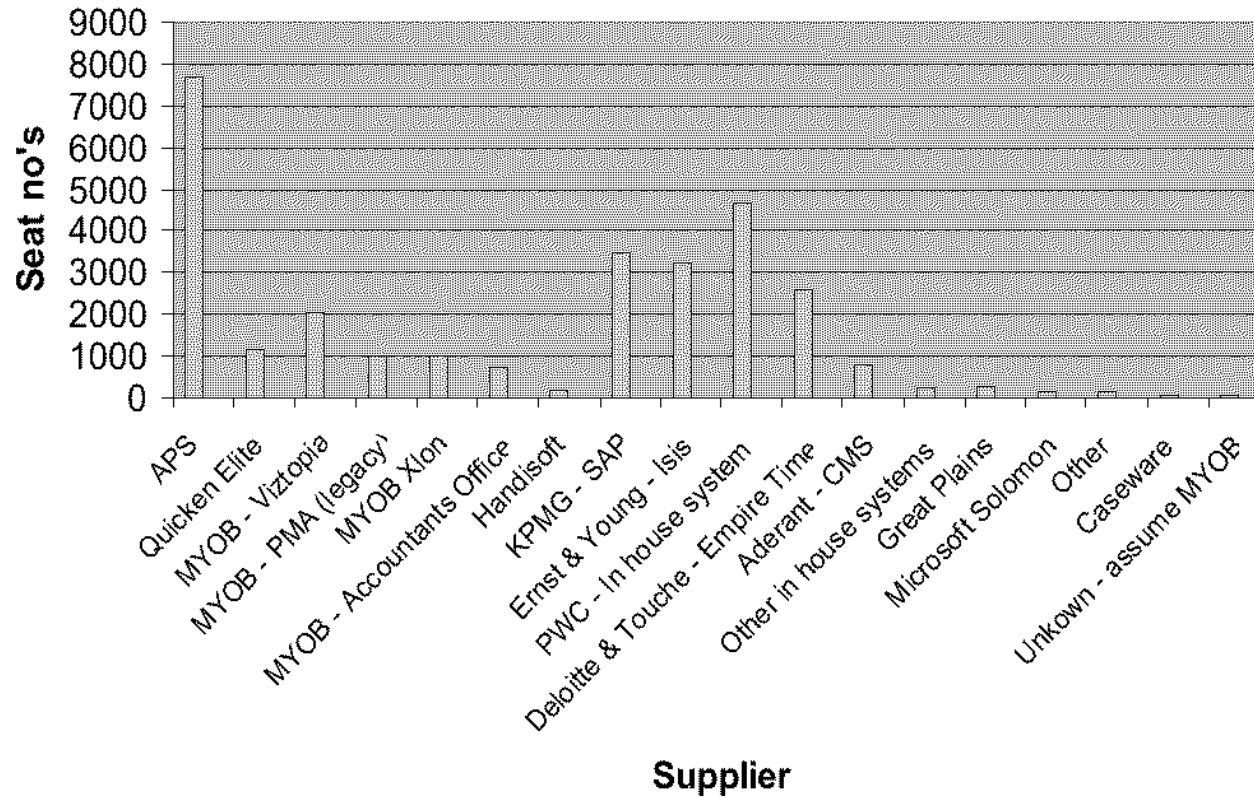
Professional Business

- **Australia - Reckon Surveyed the top 100 firms**
 - Represents 29,400 Practice Management Software Seats
 - 48% - Big 4 – 14,000 users (in-house / international systems)
 - 30% - APS/ Elite – 8,802 seats (57% excluding Big 4)
 - 22% - Other Suppliers including Handisoft, MYOB and some smaller systems
- **Australia - Balance 9,510 firms (Australian Bureau of Statistics)**
 - 29% - APS Foundation & Elite – 2,730 firms
- **New Zealand**
 - 66% - NZ top 100 firms
- **United Kingdom**
 - 15% - UK top 100 firms



Practice Management Software in top 100

BRW Top 100 user count





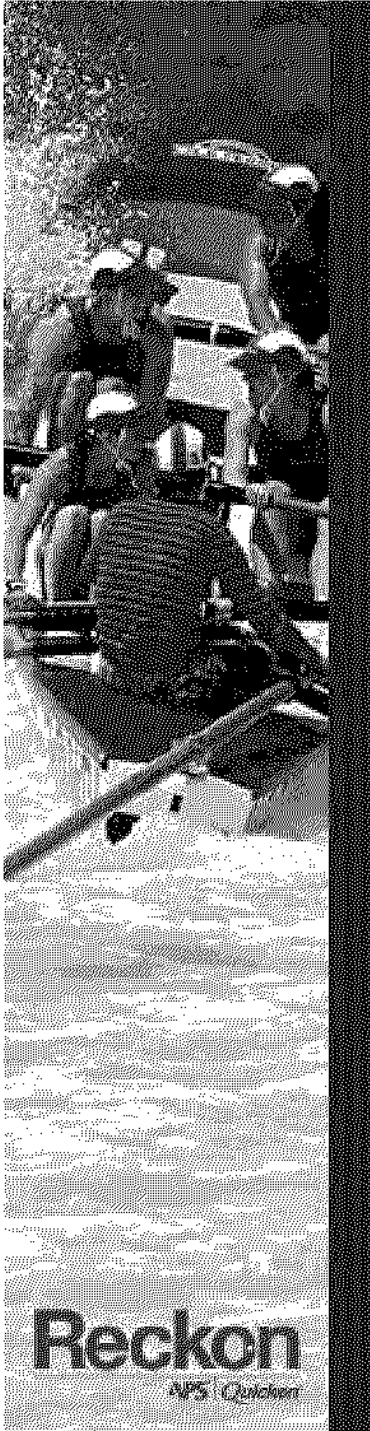
Professional Growth Strategies

- Continued high uptake of full product suite by Top 100 clients
- Positioning
- New products
- Client management
- Building platforms to support Advanced Growth
- Other collaborative software applications
- Building Interwoven Document Management capability (to support high growth and uptake in this area)
- Systems and processes – improve efficiencies

Opportunities Professional Business

- **New release of Practice Management & Fees**
- **Expand managed service offering**
- **Top 300 firms growth to continue**
- **New .Net Tax release in 2007**
- **Desktop Super**
- **Document and Content management solutions**
- **Expand collaborative product offering**





Quicken Performance

Sales growth of 7%

NPBT growth of 8%

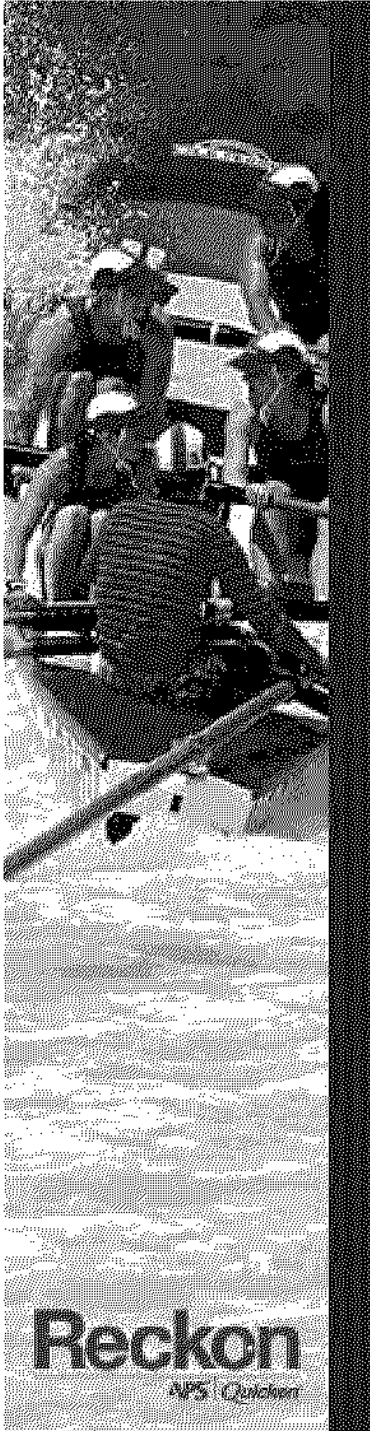
– Direct

- Recurring & Service revenue - up 15%
- Elite contributes 8% of growth
- Underlying business up 7%


– Retail

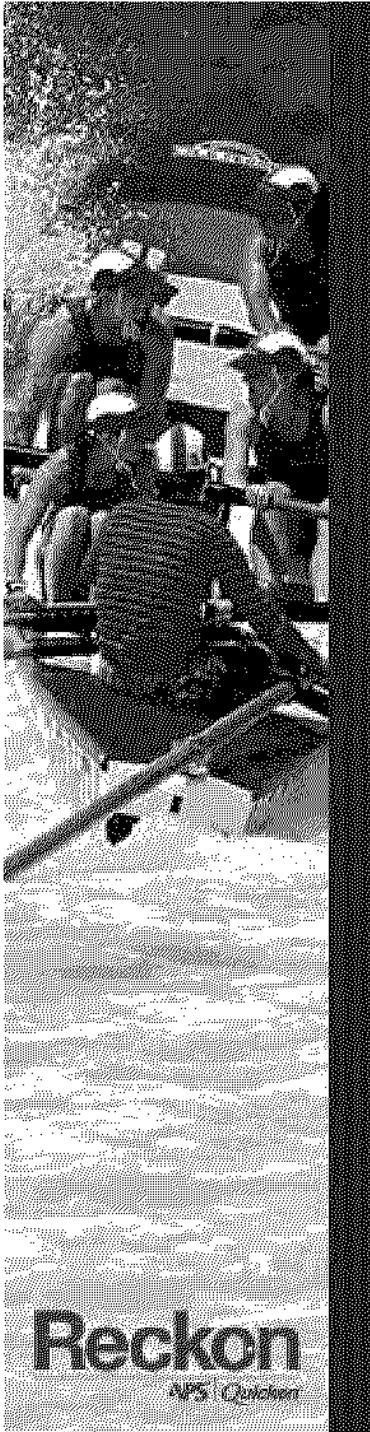
- Market up by 4% to July'06*
- Quicken retail growth 11% to July'06*
Not yet reflected in sales to stores by June'06
*Source: GfK Australia
- Sales to retail - down 6%

- Operating expenses well contained
- Amortisation expense increases by \$0.4m



SMB Business

- **Comprises:**
 - 400,000 registered users
 - 5,300 professional partners
- **Successful launch of 2006/07 product**
- **Only new product launch in SMB space in this half**
- **Relaunch of professional partner program**
- **Awards** 
- **Elite**
 - 2300 clients
 - Comprehensive range
 - Easy to use and install software



Quicken Strategic Advances

- **Leverage Intuit R&D Investment of USD 300m p.a.**
Significant new product features delivered year on year. For Example:
 - **Re-engineered to use SQL Database providing:**
 - Hugely improved scalability
 - Broader market reach
 - Stronger customer retention
 - **Refreshed User Interface**
 - Improved end user productivity
 - **“Vista Ready”**
 - Able to leverage new Microsoft Operating System
 - **Seamless integration with Internet**
 - On-line backup to Class A data centres
 - Support for electronic supply chain collaboration

Opportunities SMB Business

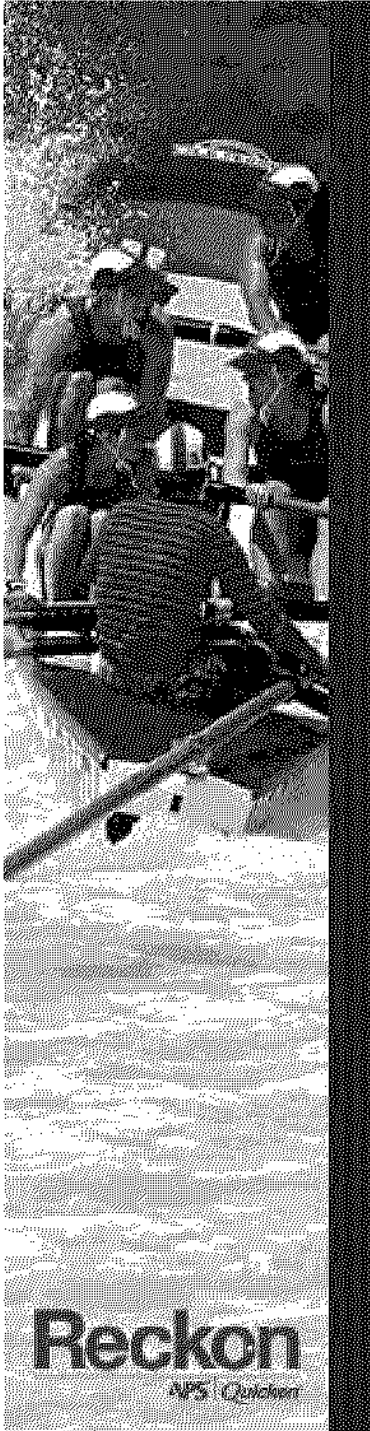
- Roll out Elite to professional partner group
- Practice Management Software offering to the full professional market
- Continued double digit organic growth





Foundation for future Growth

- **Organic growth continues**
- **Strong balance sheet**
- **Substantial cash holdings**
- **CEO for Quicken business – focus on growth**
- **New acquisitions bedded down and contributing above expectations**
- **Wealth Management opportunities**
 - 80% market share of personal finance management software in retail
 - 290,000 registered users
 - Strong focus on expanding offering in this category



Thank you