



# Result Presentation

## Reckon Limited

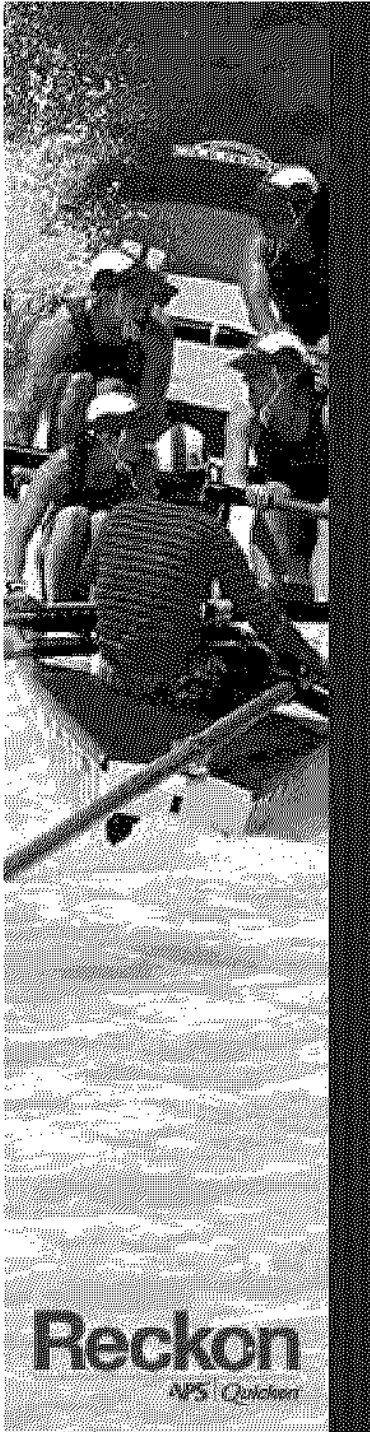
Year ended December 2006

Clive Rabie – Group CEO

Chris Hagglund - Group CFO

Brian Armstrong – APS CEO

Gavin Dixon – Quicken CEO



# Performance Highlights

## Year ended Dec 06

- Operating Revenue up 9% to \$45m
- EBITDA up 29% to \$13m
- APS
  - Operating Revenue up 8%
  - EBITDA up 35%
- Quicken
  - Operating Revenue up 9%
  - EBITDA up 27%
- EPS Growth 22% to 6.2 cents



# 3 Year Trend

## Year ended Dec 06

	2004	2005	2006
Operating Revenue	35.9m	41.4m	45.0m
EBITDA	7.8m	10.1m	13.0m
NPBT	7.4m	9.3m	11.0m
EPS	4.0 cents*	5.1 cents	6.2 cents

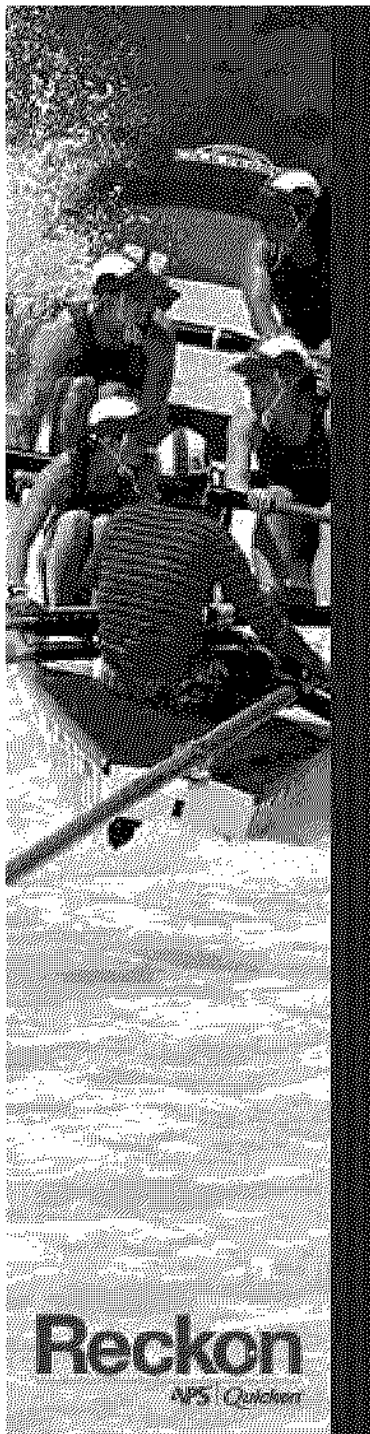
\* Normalised for tax



# Half year analysis

Year ended Dec 06

	2006	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
Operating Revenue	45.0m	23.0m	22.0m
Growth	9%	6%	12%
EBITDA	13.0m	6.7m	6.3m
Growth	29%	20%	39%
NPBT	11.0m	5.8m	5.2m
Growth	19%	10%	30%



# Half year growth

Year ended Dec 06

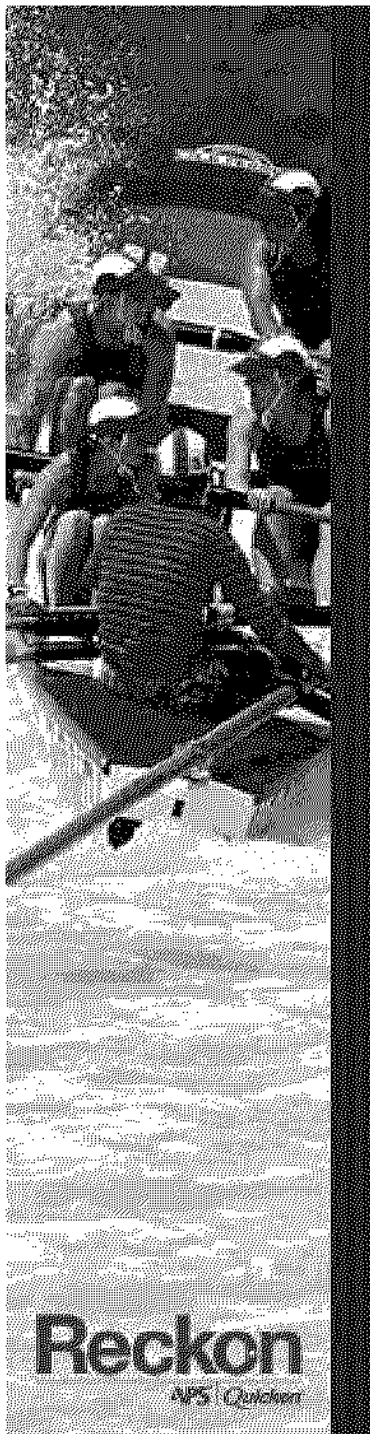
	2006	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
Operating Revenue Growth – Group	9%	6%	12%
Operating Revenue Growth – APS	8%	3%	13%
Operating Revenue Growth – QKN	9%	7%	11%
EBITDA Growth - Group	29%	20%	39%
EBITDA Growth - APS	35%	35%	35%
EBITDA Growth - QKN	27%	17%	40%



# Margins

## Year ended Dec 06

	2004	2005	2006
EBITDA (pre R&D and Royalties)	13.0m	16.0m	19.3m
Margin	36%	38%	42%
EBITDA	7.8m	10.1m	13.0m
Margin	21%	24%	29%
NPBT	7.4m	9.3m	11.0m
Margin	20%	22%	24%
Effective tax rate	-%	24%	26%



# Cash Flow Highlights

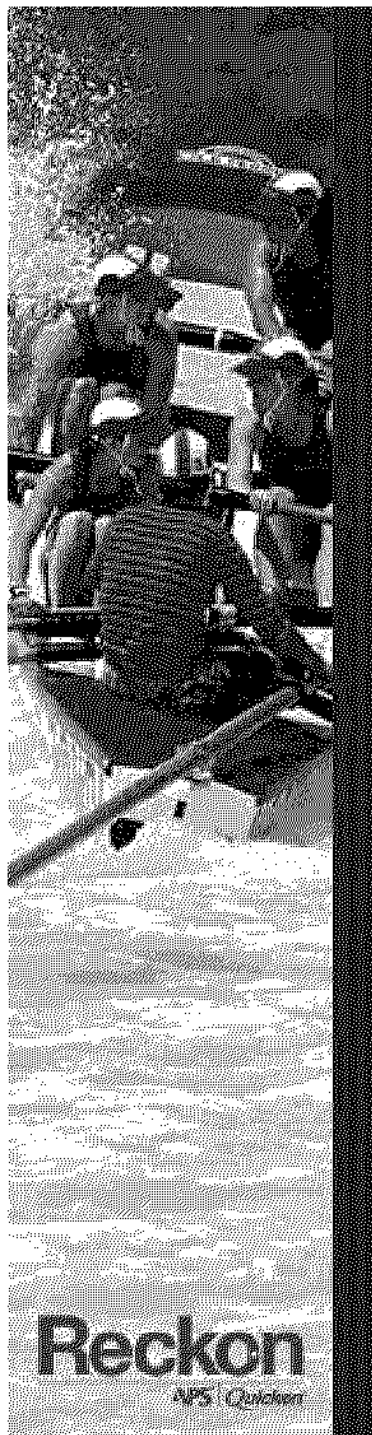
Year ended Dec 06

	2006	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
Cash Balance at year end	\$12.7m		
Cash Flow from Operations	\$12.2m	\$4.7m	7.5m
Acquired Elite & Desktop	\$2.1m		
Development Cost expenditure	\$3.2m	1.5m	1.7m
Fixed Asset Acquisition	\$1.4m		
Share Buy Back ( Jan 06)	\$5.6m		
2005 Final Dividend (Mar 06)	\$2.6m		
2006 Interim Dividend (Mar 06)	\$2.6m		
2006 Dividend payout ratio	73%		

# Strong Management of Costs

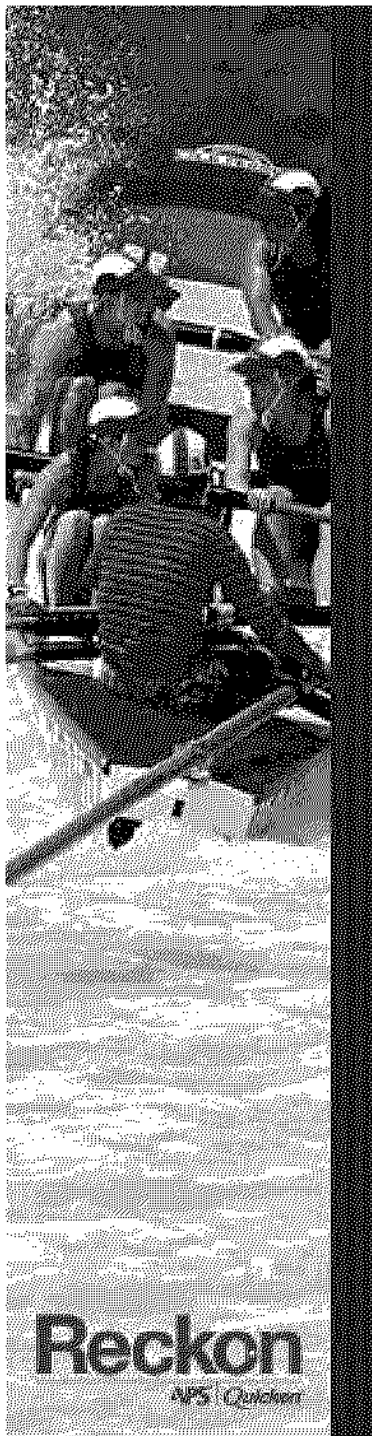
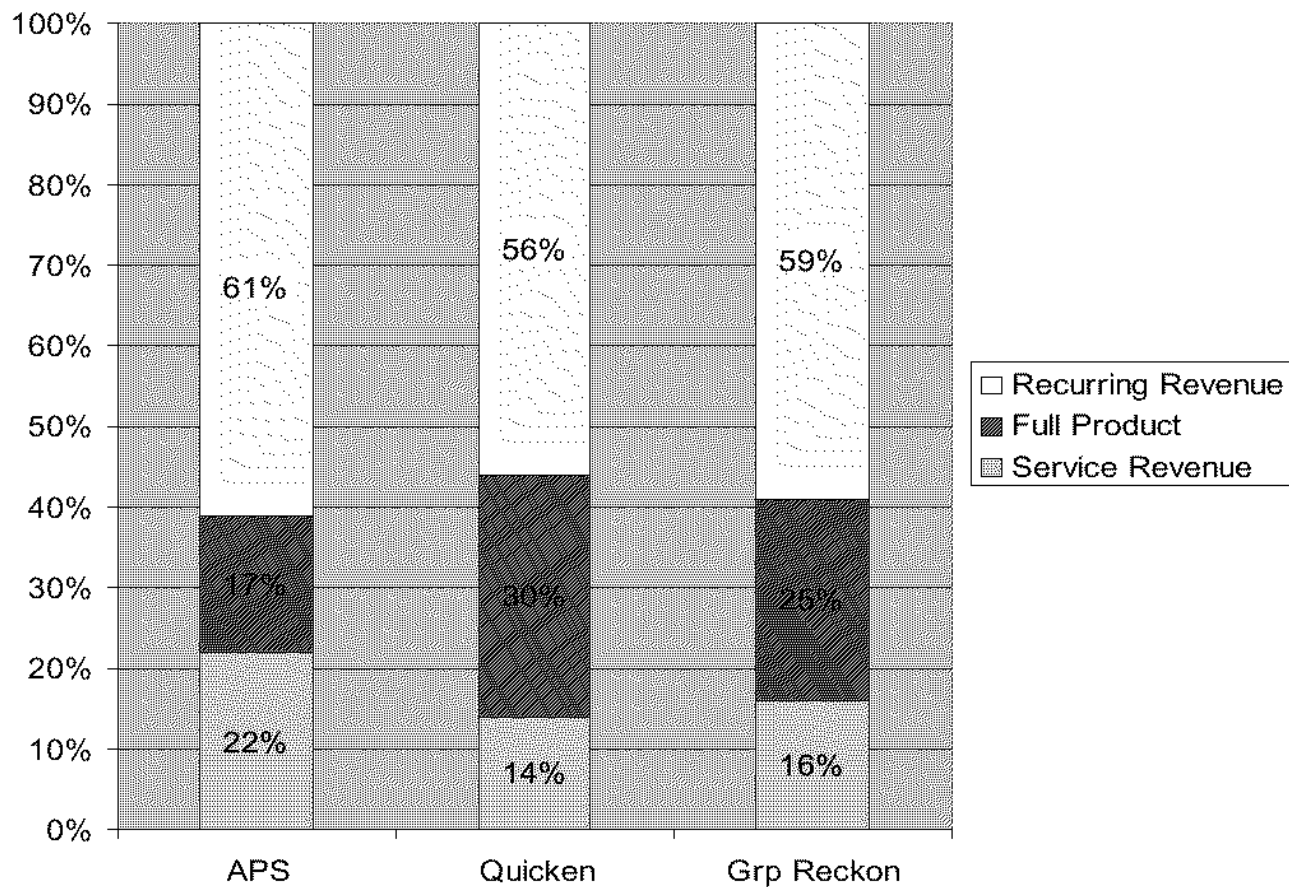
Year ended Dec 06

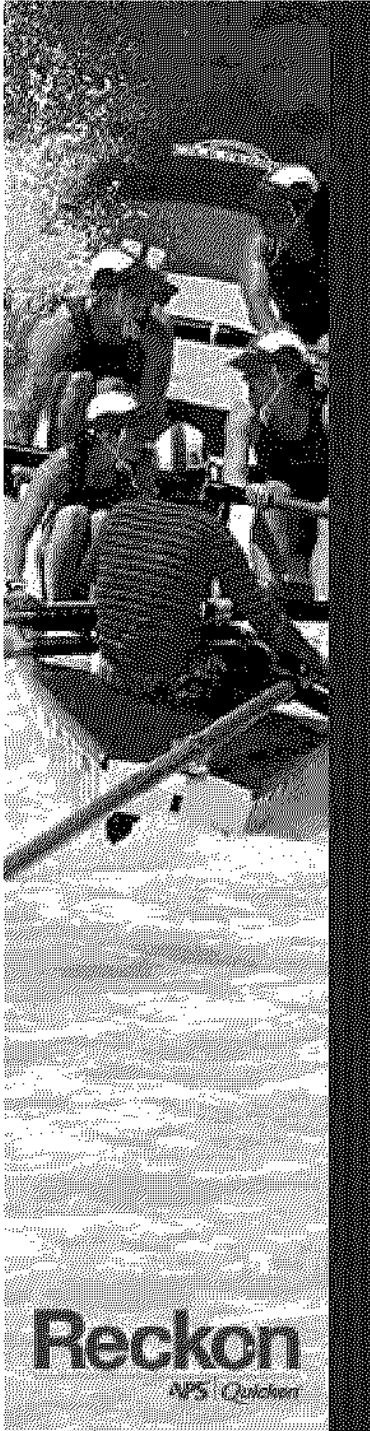
	2006	2005	% Change
Product and selling costs	\$2,978	\$2,852	4%
Employee expenses	\$16,130	\$15,361	5%
Marketing expenses	\$3,920	\$3,945	(1%)
Royalties	\$3,985	\$3,885	3%
Other expenses	\$4,981	\$5,278	(6%)
<b>COSTS BEFORE D&amp;A</b>	<b>\$31,994</b>	<b>\$31,321</b>	<b>2%</b>
Depreciation & Amortisation	\$2,619	\$1,678	56%
<b>TOTAL COSTS</b>	<b>\$34,613</b>	<b>\$32,999</b>	<b>5%</b>



# Revenue Breakdown

Year ended Dec 2006





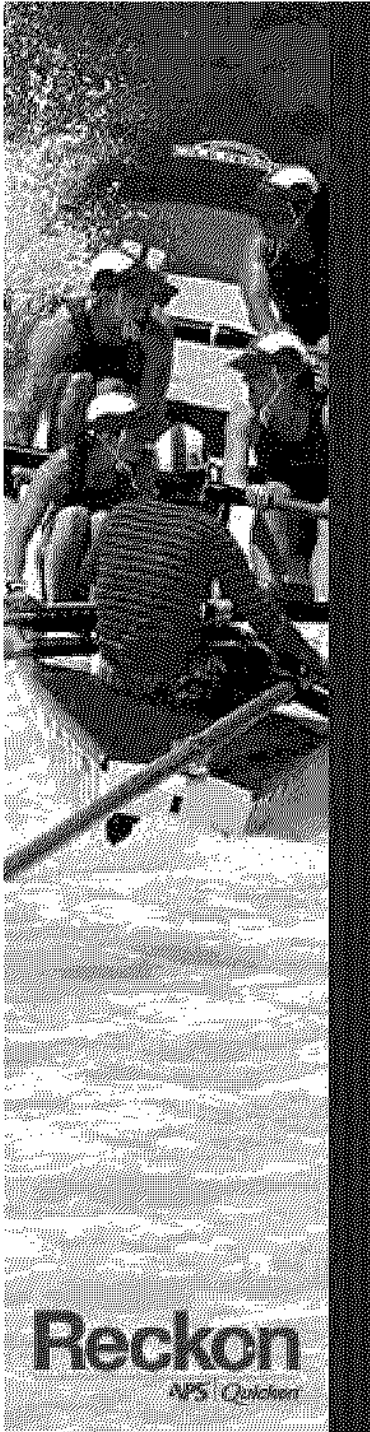
# Group Structure

- **Professional**
  - Practice management
  - Tax management and statutory accounting tools
  - CRM, document storage and other modules for professional firms
  - Desktop Super
  - Elite Tax tools
  - .net tax product
  - Shelco suite of products
  - Company Secretarial
- **SMB Business Division**
  - QuickBooks
  - Payroll
  - POS
- **Wealth Management**
  - Quicken personal products

# Acquisitions

- Qkn NZ Business
  - NZ Distribution Business
  - Software – ASP
    - » Online Backup
    - » ASP Payroll
    - » Bankdata
  
- Shelco
  - Services
    - » Companies
    - » Trusts
    - » Super Deeds
    - » Constitutional updates
    - » Domain Names
  
  - Databroker
    - » ASIC searches
    - » State Business names
    - » Credit checks
    - » Other searches





# APS Performance

Year ended Dec 06

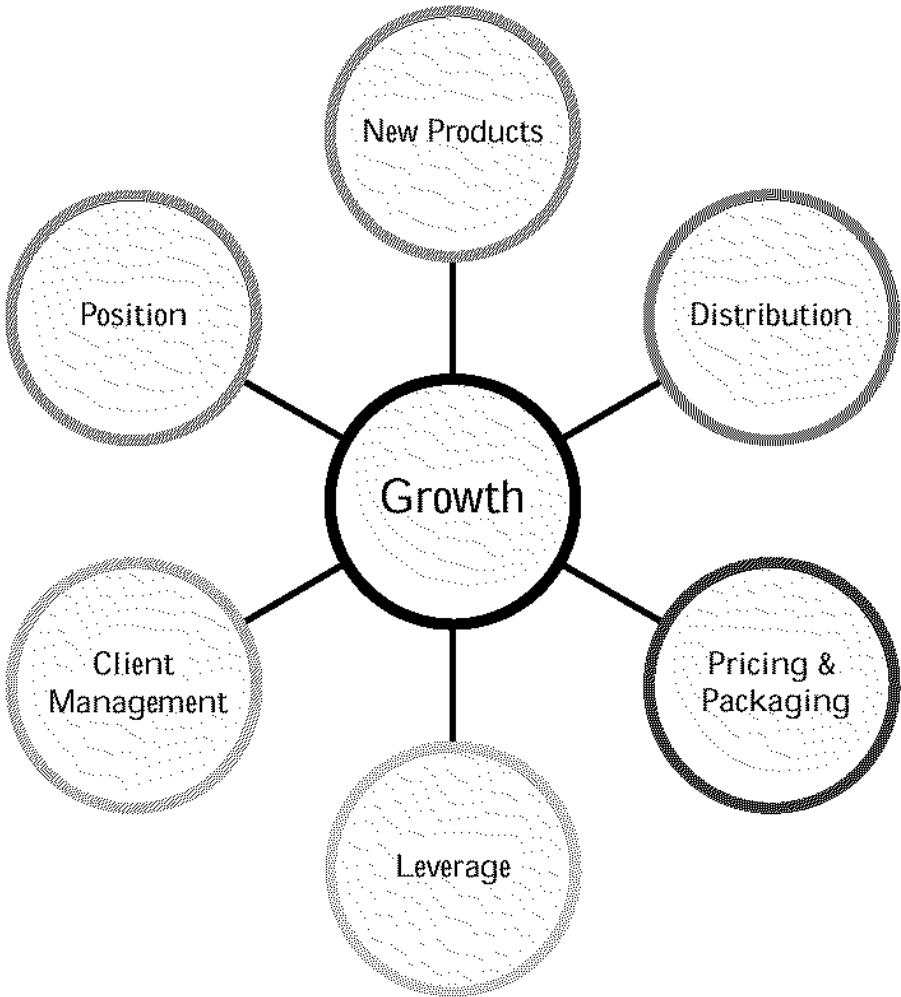
	2006	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
Revenue	Up 8%	Up 3%	Up 13%
New Sales & Service			
Growth	Down 12%	Down 19%	Down 3%
Maintenance			
Growth	Up 25%	Up 25%	Up 25%

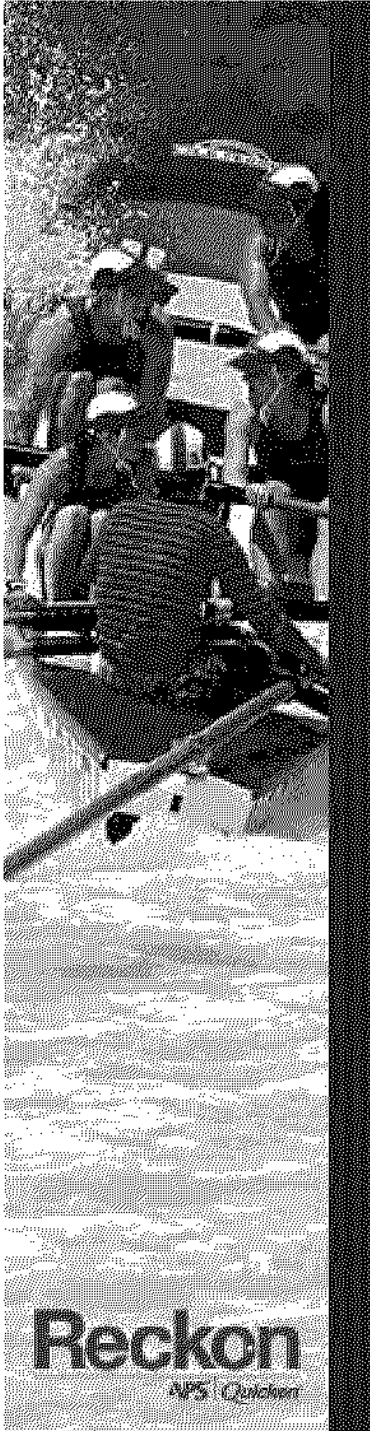


# Professional Growth Strategies

- Increased take up of product suite by clients
- Consolidated our position as leading supplier to Top 100 accounting firms (15 new top firms added )
- Strong growth in recurring maintenance revenue
- 52 new firms moved to APS in Australia
- 28 new firms moved to APS in NZ & UK
- Successful integration of the Desktop Super business
- Ongoing investment sees the UK return to profit
- UK entering new growth phase

# Professional Growth Strategies





# Professional Growth Strategies

- **Australia**

- High uptake of full product suite by Top 100 clients – 80% now using full suite of product
- 52 new firms including 9 Top 100 firms moved to APS
- Accelerate rollout of Desktop Super
- Strong pipeline

## **New Zealand**

- Build on momentum gained in NZ
- High uptake of full product suite by Top 100 clients – 88% now using full suite of product
- 22 new firms including 4 Top 100 firms moved to APS
- Strong pipeline

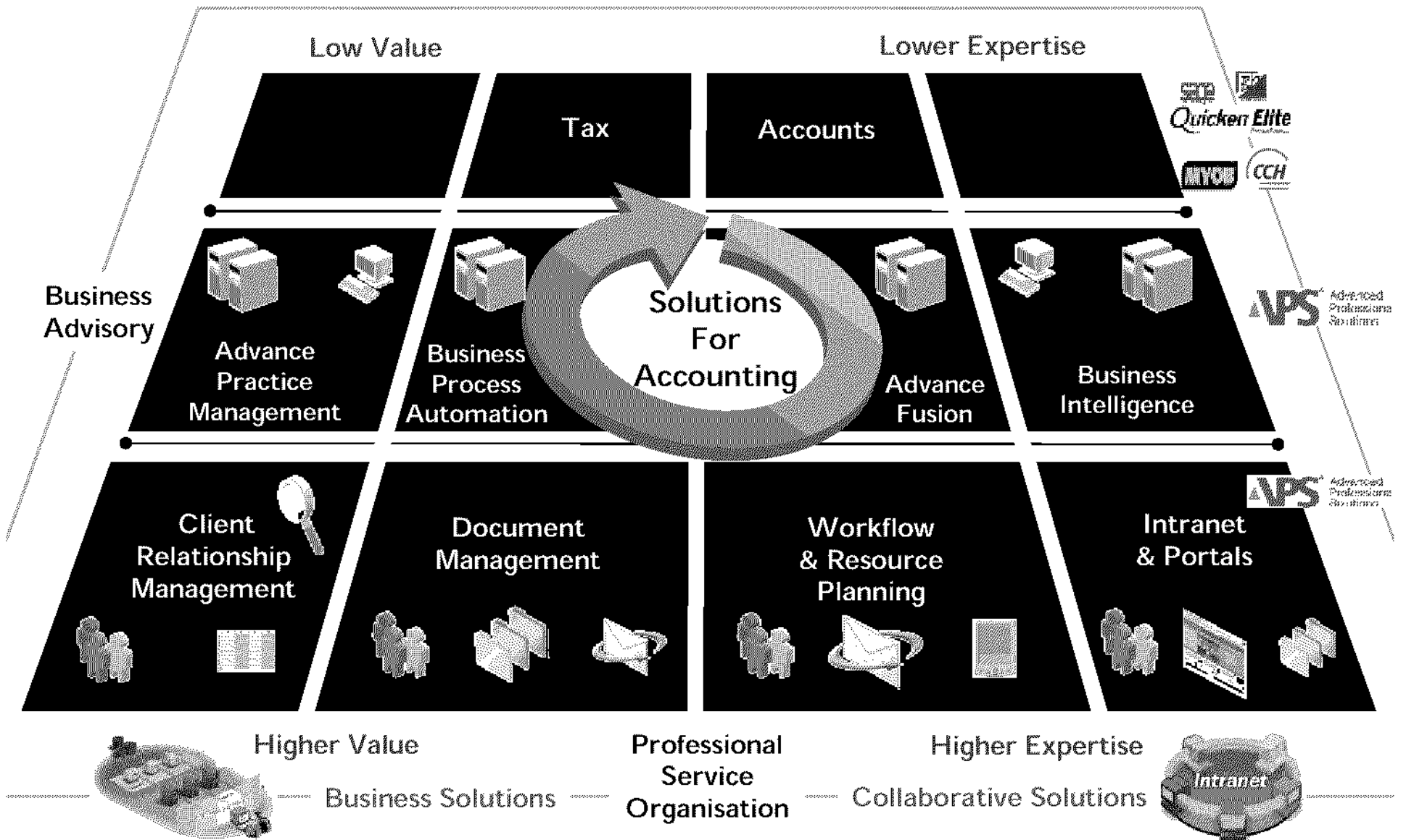
- **United Kingdom**

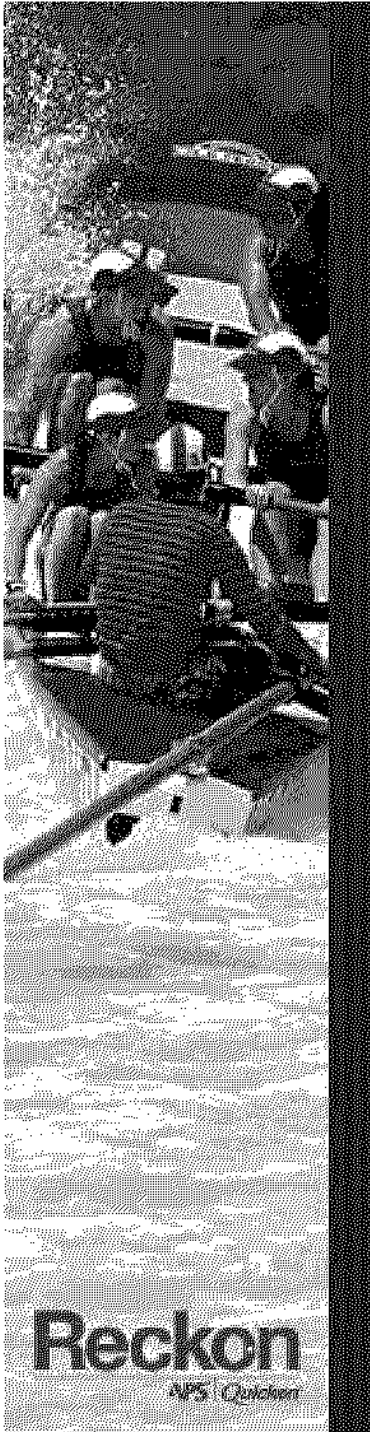
- Further investment to drive growth under review
- Return to profitability
- 6 New firms including 2 new Top 100 firms moved to APS
- Strong pipeline



# Professional Growth Strategies

- Continuing to build Interwoven Document Management capability (to support high growth and uptake in this area)
- Positioning – High value & relationship based
- New products – CRM & release of new .Net Tax system
- Introduced client management program
  - Relationship audit
  - Client advisory board
  - APS conference
  - Managed service
- Leverage new acquisitions
  - Shelco
  - Databroker
  - Company secretarial

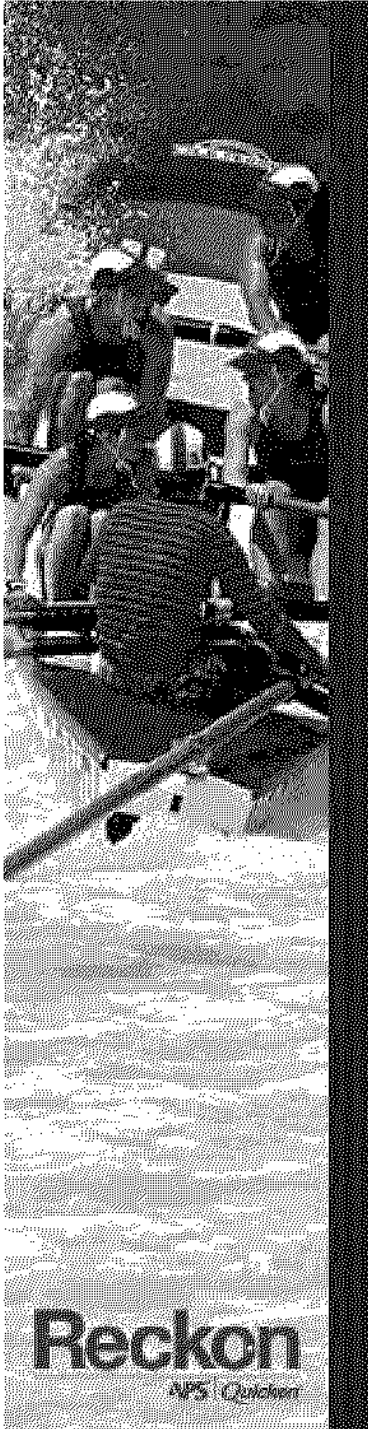




# Quicken Performance

Year ended Dec 06

	2006	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
Revenue	Up 9%	Up 7%	Up 11%
Retail			
New Sales Growth	Down 2%	Down 6%	up 3%
Direct sales			
Growth	Up 15%	Up 15%	Up 15%



# Quicken Performance

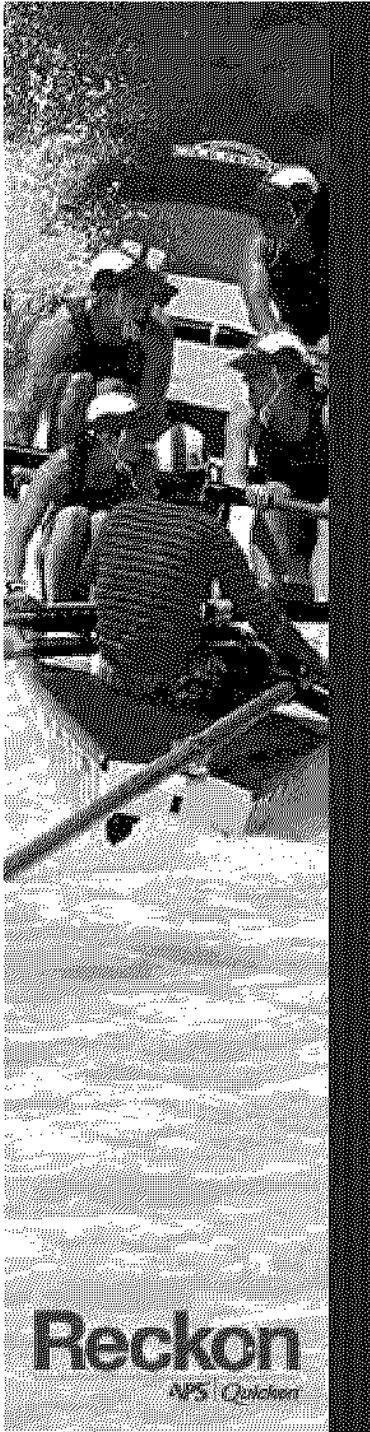
- Direct sales
  - Performed strongly
  
- Retail sales
- Sell Through
  - Total Market up by 1.5%\*
  - Quicken retail growth 5.7%\*
  - Quicken market share 36%\*
  - \*Source: GfK Australia
  
- Sell in
  - Sales to retail - down 2%
    - 1<sup>st</sup> half – down 6%
    - 2<sup>nd</sup> half – up 3%
  
- Operating expenses well contained

# Quicken 2006 Business Highlights

- Successful launch of 2006/07 products – QuickBooks, Quicken, POS
- Relaunch of professional partner program
- Quicken Training Centres launched with web-based booking facility
- Top Australian Software Awards won in SME, Personal & Payroll categories
- Strong growth in Elite Software for Accounting firms



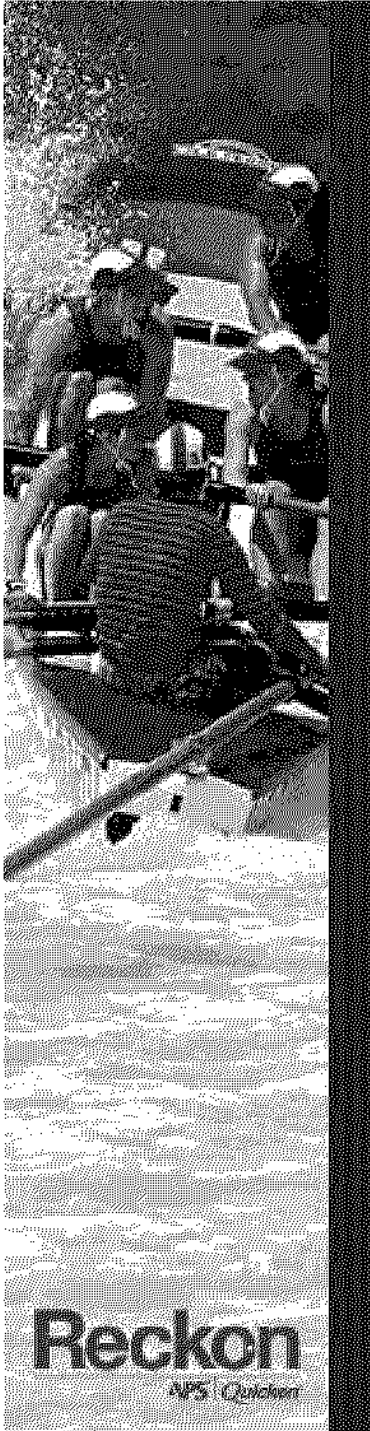
**Reckon**  
NPS | Quicken



# Quicken 2007 Strategic Advances

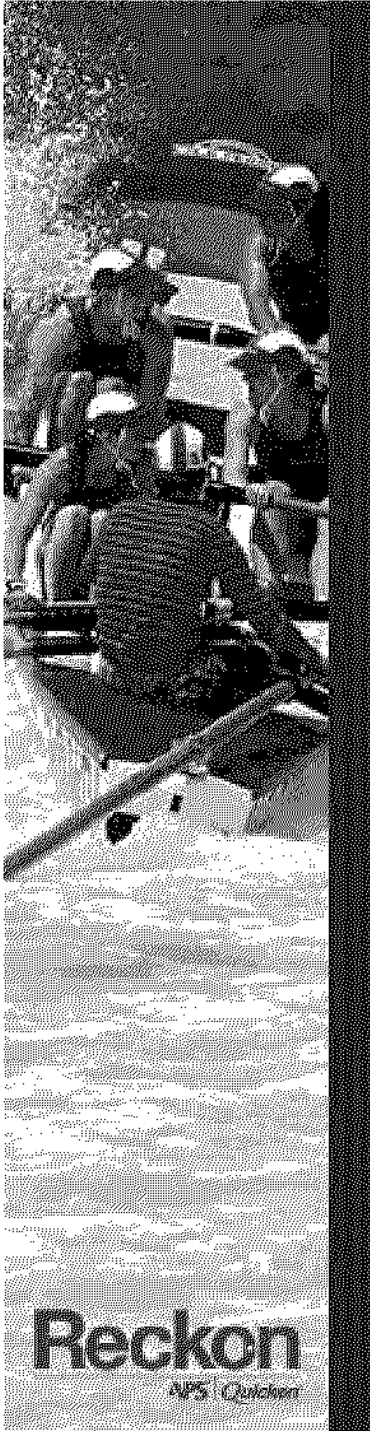
- **Leverage Intuit R&D Investment of USD 300m p.a.**
  - Re-engineered to use SQL Database
    - » Improved scalability
    - » Broader market reach
  - Significant new product features
    - » Improved user interface
- **All Quicken and QuickBooks products Vista Ready**
  - Extended financial transaction services
- **Leverage new acquisitions**
  - Internet based applications
    - » Payroll
    - » On-line Backup
  - Cross sell company formation services
- **Reaching into the Enterprise Space**
  - Supply Chain Collaboration
  - Reckon Data Centre solutions
- **Extending Quicken Elite into Practice Level solutions**





# Foundation for future Growth

- Organic growth continues
- Strong balance sheet
- Substantial cash holdings
- Established management for group companies
- 2006 acquisitions bedded down and contributing to profitability and expect growth in coming years
- New acquisitions to increase product offerings and increased revenue per customers
- More acquisitions are being considered



**Thank you**