



Media Release

## **RECKON GROWTH RATE FOR FIRST HALF 2007 MORE THAN DOUBLE PREVIOUS YEARS**

**Sydney 13 August 2007** – Reckon Limited (RKN) today announced group revenue of A\$28.4million for the six months ended June 2007 (up 22.3 percent on the prior corresponding half year) while earnings before interest, tax, depreciation and amortisation (EBITDA) were up 22.6 percent at \$8.2million.

Highlights for the first half included an operating cash flow up 44 percent to \$6.8million, earnings per share up by 16 percent to 3.8 cents and dividend to shareholders up by 25 percent to 2.5 cents per share. Net profit after tax was A\$5million, up 16.2 percent on the previous corresponding period.

Reckon Group Chief Executive Officer, Clive Rabie said, "Revenues across both our divisions have shown significant improvements. Our recurring revenues continue to increase at impressive levels accompanied by strong performance in new product sales. In fact, the growth rate for this half is more than double that of previous years."

"Our business plan is delivering solid success with a mix of strategic acquisitions and the provision of an integrated suite of best of breed products and services delivering world class solutions to an established and growing customer base," Mr Rabie added.

The Professional Division (for the accounting sector) achieved a strong sales performance of 27.9 percent improvement over the previous corresponding period. These sales were generated from both existing customers taking up the integrated product suite as well as from the ongoing migration of customers from other solutions.

A standout achievement for the Professional division in the first half was winning contracts with top four accounting practices.

The Business Division (for the SME, SOHO and Wealth Management sectors) also continues to make a solid contribution to revenue growth with its revenue up 19.6% over the previous corresponding period. 13.1% was sales growth from the underlying business and 6.5% was from the Shelco and Quicken New Zealand acquisitions.

"Growth in the Business Division has been driven by increased subscribers to our suite of products and services as well as growth in new customers," Mr Rabie said. "Additionally, we are also encouraged that our February 2007 acquisitions, Shelco and Quicken New Zealand, contributed \$1 million of sales in 4 months."

"We continue to enjoy excellent drop through to the EBITDA line with APS showing growth of 31.7% to \$2 million over the previous corresponding period and the QuickBooks and Quicken business growing 19.5% to \$6.2m." Mr Rabie added.



The EBITDA result is attributable to strong sales growth while maintaining cost efficiency. The full benefit of substantial new product sales concluded across the divisions is expected to result in further improved EBITDA margins in subsequent reporting periods.

Mr Rabie said, "The ongoing growth and profitability of the company means that the board of directors was in a position to approve a 25% increase in the interim dividend to be paid to shareholders of 2.5c per share. This is also the first time that Reckon will frank the dividend. This interim dividend will be franked to 50% and it is expected that the final dividend will be fully franked."

The future direction for Reckon Ltd. will see greater emphasis in all marketing activities on the Reckon brand as the company moves to position QuickBooks and Quicken as sub-brands, along with APS, Shelco, Elite, Reckon.Tools and Reckon Products & Support. All these products and services will be aligned by market sector within Reckon's Professional and Business divisions.

APS' technological edge has once again been confirmed by its acceptance in the four top tier accounting firms this year. The QuickBooks and Quicken products remain the world's best selling accounting software and the next version of QuickBooks will be underpinned by the latest technology.

"Our SQL version of QuickBooks (*Quickbooks QB<sup>i</sup>*), successfully released in the US market by Intuit in 2005, is set for formal release in Australia in March 2008. In the third quarter of 2007 we will be releasing limited beta test versions to our professional partners and selected customers," Mr Rabie concluded.

Gavin Dixon, CEO of Quicken Australia said: "*QuickBooks QB<sup>i</sup>*, will set a new standard for ease of use, extensive functionality and scalability equipped for dozens of users and millions of records. This means the Business division will be well positioned to retain its customers through their evolution and to pursue new customers in new market sectors."

**Ends**

#### **Notes to Editors**

For full financial results, please see the attached highlights commentary, and half year financial report for the period ending 30 June 2007.

#### **About Reckon**

Reckon Limited (RKN) is a publicly-listed Australian company, providing best of breed business management solutions for the, SME, SOHO, Accounting and Wealth Management sectors. Reckon comprises two divisions: Professional Division (Accounting) and Business Division (SME/SOHO and Personal Wealth Management).

#### **For more information, please contact:**

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