



Notification to the ASX

13 August 2007

Reckon Limited (RKN)

Half year results for announcement to the market

Please see the attached Highlights Commentary, Appendix 4D, and half year financial report for the period ending 30 June 2007.

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

For further information, please contact:

Mr Clive Rabie
Group CEO
Reckon Limited
(02) 9577 5946

Mr Chris Hagglund
Group CFO
Reckon Limited
(02) 9577 5414



Reckon Limited Highlights Commentary Half Year Ending 30 June 2007

Reckon is pleased to announce details of the company's results to 30 June 2007.

	6 months to June 2007	6 months to June 2006	% Growth
Revenue	\$28.4 million	\$23.2 million	Up 22.3%
EBITDA	\$8.2 million	\$6.7 million	Up 22.6%
NPAT	\$5.0 million	\$4.3 million	Up 16.2%
EPS	3.8c per share	3.3c per share	Up 16.0%
Dividend	2.5c per share	2.0c per share	Up 25.0%

Group CEO, Mr Clive Rabie said:

"There are several key features that mark our results for the first half of calendar year 2007.

Revenues across the group have shown significant improvement with all divisions achieving more than double the growth compared to the previous corresponding period and have beaten disclosed market growth in the sector.

APS continues to make significant inroads into larger accounting firms, is growing its recurring revenue based on strong performance in new product sales, and remains focused on rolling out more solutions to its existing customer base.

We are also eagerly awaiting the release of the APS 'dot net' products which again represents an important technology shift for the company.

The Quicken business once again has delivered a strong result on the back of sales volume increases in recurring revenue products.

Our track record over the past five years showing substantial improvement in Revenue, EBITDA, NPAT and EPS proves the robustness and sustainability of our business model.

We have access to best of breed products and services, delivering world class solutions to an established and growing customer base. This result further highlights the success of the strategies we have pursued with respect to products, services and acquisitions.”

Revenue growth

Overall our top line revenue has improved by 22.3% over the previous corresponding period.

The Professional division (APS) has contributed to revenue growth with a strong sales performance of 27.9% improvement over the previous corresponding period. These sales are generated from both our existing customers increasingly taking up our completely integrated product suite, as well from the ongoing migration of customers from other solutions. This trend has continued early in the second half.

We are especially pleased to announce that the Professional division (APS) has won contracts with top four accounting practices.

The Business division (Quicken) 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.

We are also encouraged that our February 2007 acquisitions, Shelco and Quicken New Zealand, contributed \$1 million of sales in 4 months.

EBITDA growth

The company continues 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 underlying Quicken business growing by 19.5% to \$6.2 million.

Whilst the first half margins for the underlying businesses have been strong, the Business division margin has been impacted by the acquisitions of Shelco and Quicken New Zealand. Significantly higher levels of new product sales in the first half compared to the previous corresponding period also impacted on margins in the Professional division. Margins associated with new sales are initially lower, however they will contribute to the recurring revenue stream in future periods.

The EBITDA result is attributable to strong sales growth in the underlying business 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.

As anticipated, the contribution to EBITDA from the Shelco and Quicken New Zealand acquisitions is modest, but we expect to see improvement in future periods as we bed down the acquisitions.

NPAT growth, EPS growth, improved Operating Cash Flow

All key indicators again bear testimony to the good health of the company.

NPAT growth is 16.2% up over the previous corresponding period. This is encouraging despite absorbing the expected amortisation cost increase of \$0.6 million in development costs.

EPS growth is up by 16.0% over the previous corresponding period.

Although we have had the need for slightly higher working capital due to the higher sales volumes and the acquisitions, we have grown operating cash flow by 44.1% over the previous corresponding period.

As the close of the first half falls in the middle of our peak selling period, working capital requirements are traditionally higher in the first half than in the second half. The positive impact of working capital on cash flow in the second half of 2007 will be offset by higher tax payments.

Return to shareholders

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.

On the horizon

Intuit products remain the world's best selling accounting software and APS' technological superiority has once again been confirmed by its acceptance in the top tier of accounting firms.

Our SQL version of QuickBooks which was released and proved in the US market by Intuit 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.

Gavin Dixon, CEO of Quicken Australia said: "The SQL version of QuickBooks, QuickBooks 2008/09, 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 QuickBooks business will be well positioned to retain its customers through their evolution and to pursue new customers in new market sectors.

It is also encouraging to report that APS has a full order book and that APS has been able to break through and secure contracts with top four accounting firms in Australia.

Brian Armstrong, CEO of APS said: "These contracts are a significant win for APS, proving its technology and service superiority by winning a stamp of approval from the top firms in a competitive environment."

Clive Rabie, CEO of Reckon Limited, added: "With a full pipeline and a good start to the second half of the year Reckon has good reason to feel positive that it can repeat the strong first half performance in the second half. This will hopefully set a foundation for further performance enhancements in 2008 and beyond.

Finally I wish to thank our staff, professional partners and customers for their support and contribution to such a strong start to the year."

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 2007

Half year ended ('previous period')

30 JUNE 2006

2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	up	22.3 %	to	28,438
2.2	Profit (loss) from ordinary activities after tax attributable to members	up	16.2 %	to	5,012
2.3	Net profit (loss) for the period attributable to members	up	16.2 %	to	5,012
2.4	Dividends		Amount per security		Franked amount per security
	Interim dividend declared		2.5¢		1.25¢
2.5	+Record date for determining entitlements to the dividend.		27 August 2007		
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 improvement is as a result of strong organic sales growth in the underlying businesses, based on improved new sales, improved recurring revenue, combined with focused expense management.				

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	\$0.08	\$0.07

4.1 Control gained over entities

Name of entity (or group of entities)	NZ distributor and Shelco businesses
Date control gained	1 March 2007
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	EBITDA of \$22,000
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.	No material difference to the reported result

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	10/9/2007	2.5¢	1.25¢	- ¢
	Previous year	4/9/2006	2.0¢	-¢	-¢

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

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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



Clive Rabie
Director

13 August 2007

Reckon Limited
ACN 003 348 730
Directors' Report

Your directors present their report for the half-year ended 30 June 2007.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as follows:

John Thame
Greg Wilkinson
Ian Ferrier
Clive Rabie

Review of Operations

Overview of financial performance for the half-year:

	30 June 2007 \$'000	30 June 2006 \$'000
Revenue	\$ 28,438	\$ 23,249
EBITDA	\$ 8,181	\$ 6,671
Net Profit before tax	\$ 6,736	\$ 5,763
Net Profit after tax	\$ 5,012	\$ 4,314

The Professional division (APS) has contributed to revenue growth with a strong sales performance of 27.9% growth over the previous corresponding period. Sales were generated from more existing customers taking up the APS integrated product suite, as well from the migration of new customers from other solutions.

The Business division (Quicken) enjoyed overall revenue growth of 19.6% over the prior period. 13.1% was growth from the underlying business and 6.5% was from the Shelco and Quicken New Zealand acquisitions. Shelco and Quicken New Zealand, contributed \$1 million of sales in 4 months commencing 1 March 2007. 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.

The Professional division had EBITDA growth of 31.7% to \$2 million over the previous corresponding period and the Business division grew by 19.5% to \$6.2 million.

Whilst the first half margins for the underlying businesses have been strong, the Business division margin has been impacted by the acquisitions of Shelco and Quicken New Zealand. Significantly higher levels of new product sales in the first half compared to the previous corresponding period also impacted on margins in the Professional division. Margins associated with new sales are initially lower, however they will contribute to the recurring revenue stream in future periods.

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. The EBITDA contributions from the acquisitions were modest as expected, but these are anticipated to improve in subsequent reporting periods.

NPAT growth is 16.2% up over the previous corresponding period, despite an expected amortisation cost increase of \$0.6 million in development costs

EPS growth is up by 16.0% over the previous corresponding period.

Rounding of amounts to the nearest thousand dollars

The Company is a company of the kind referred to in ASIC Class Order 98/100, 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.

Auditor's independence declaration

We have obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which is attached to this report.

Signed in accordance with a resolution of the directors.



John Thame
Chairman

Sydney, 13 August 2007

Consolidated Income Statement
For the half-year ended 30 June 2007

	30 June 2007 \$'000	Half-year 30 June 2006 \$'000
Revenue from continuing operations	28,438	23,249
Product and selling costs	(2,569)	(1,437)
Royalties	(2,265)	(2,248)
Employee benefits expenses	(8,688)	(7,495)
Employee related expenses	(437)	(361)
Expense of share-based payments	(142)	(178)
Marketing expenses	(2,667)	(2,240)
Premises and establishment expenses	(897)	(755)
Depreciation and amortisation of other non-current assets	(1,773)	(1,170)
Telecommunications	(349)	(269)
Other expenses	<u>(1,915)</u>	<u>(1,333)</u>
Profit before income tax	6,736	5,763
Income tax expense	<u>(1,724)</u>	<u>(1,449)</u>
Profit for the half-year	5,012	4,314
Profit attributable to minority interest	<u>-</u>	<u>-</u>
Profit attributable to members of RECKON LIMITED	<u><u>5,012</u></u>	<u><u>4,314</u></u>
Earnings per share		
	cents	cents
Basic earnings per share	3.8	3.3
Diluted earnings per share	3.7	3.2

The above consolidated income statement should be read in conjunction with the accompanying notes.

**Consolidated Balance Sheet
As at 30 June 2007**

	30 June 2007 \$'000	31 December 2006 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	11,908	12,726
Receivables	6,276	3,719
Inventories	415	358
Other assets	610	674
Total Current Assets	<u>19,209</u>	<u>17,477</u>
Non-Current Assets		
Financial assets	301	301
Property, plant and equipment	1,826	1,733
Deferred tax assets	411	158
Intangible assets	22,596	20,863
Other assets	508	200
Total Non-Current Assets	<u>25,642</u>	<u>23,255</u>
Total Assets	<u>44,851</u>	<u>40,732</u>
LIABILITIES		
Current Liabilities		
Payables	5,505	5,492
Tax liabilities	1,901	280
Provisions	733	608
Other liabilities	2,278	2,021
Total Current Liabilities	<u>10,417</u>	<u>8,401</u>
Non-Current Liabilities		
Deferred tax liabilities	613	430
Provisions	471	401
Other liabilities	214	257
Total Non-Current Liabilities	<u>1,298</u>	<u>1,088</u>
Total Liabilities	<u>11,715</u>	<u>9,489</u>
NET ASSETS	<u>33,136</u>	<u>31,243</u>
EQUITY		
Contributed equity	18,093	17,896
Reserves	670	675
Retained earnings	14,375	12,674
Parent entity interest	33,138	31,245
Minority interest	(2)	(2)
TOTAL EQUITY	<u>33,136</u>	<u>31,243</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2007**

	30 June 2007 \$'000	Half-year	30 June 2006 \$'000
Total equity at the beginning of the half-year	31,243		28,360
Employee share options	6		40
Exchange differences on translation of foreign operations	<u>59</u>		<u>(495)</u>
Net income recognised directly into equity	65		(455)
Profit for the half-year	<u>5,012</u>		<u>4,314</u>
Total recognised income and expense for the half-year	<u>5,077</u>		<u>3,859</u>
Transactions with equity holders in their capacity as equity holders:			
Purchase of less than marketable parcels	-		(37)
Dividends paid	(3,311)		(2,645)
Contributions of equity, net of transaction costs	<u>127</u>		<u>57</u>
Total equity at the end of the half-year	<u>33,136</u>		<u>29,594</u>
Total recognised income and expense for the half-year attributable to:			
Members of Reckon Limited	5,077		3,859
Minority interest	<u>-</u>		<u>-</u>
	<u>5,077</u>		<u>3,859</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated Cash Flow Statement
For the half-year ended 30 June 2007**

	30 June 2007 \$'000	Half-year 30 June 2006 \$'000
Cash Flows From Operating Activities		
Receipts from customers	28,396	23,085
Payments to suppliers and employees	(21,726)	(18,271)
Interest received	328	263
Income tax paid	(157)	(328)
	<u>6,841</u>	<u>4,749</u>
Net cash inflow from operating activities		
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(300)	(785)
Payment for intellectual property	(100)	-
Payment for purchase of businesses	(2,245)	(2,097)
Payment for capitalised development costs	(1,779)	(1,546)
	<u>(4,424)</u>	<u>(4,428)</u>
Net cash (outflow) from investing activities		
Cash Flows From Financing Activities		
Dividends paid	(3,311)	(2,645)
Reduction of capital	-	(5,568)
Purchase of less than marketable parcels	-	(37)
Proceeds from issues of equity securities	127	57
	<u>(3,184)</u>	<u>(8,193)</u>
Net cash outflow from financing activities		
Net Decrease In Cash and Cash Equivalents	(767)	(7,872)
Cash and cash equivalents at the beginning of the half-year	12,726	18,023
Effects of exchange rate changes on cash and cash equivalents	(51)	(79)
	<u>11,908</u>	<u>10,072</u>
Cash and Cash Equivalents at the end of the half-year		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements For the half-year ended 30 June 2007

Note 1. Basis of preparation of half-yearly report

This general purpose financial report for the interim half year ended 30 June 2007 has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

This interim financial report does not include all of the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2006 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.

Note 2: Segment information

Primary reporting - business segments

	Quicken	APS	Interest	Inter-segment Eliminations/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Half-year 2007					
Total segment revenue	18,680	9,430	328	-	28,438
Segment result*	4,552	1,856	328	-	6,736
Half-year 2006					
Total segment revenue	15,613	7,374	262	-	23,249
Segment result*	4,031	1,470	262	-	5,763

* The Quicken result includes royalty income from APS, net of APS development costs and IP amortisation.

Note 3. Equity securities issued

Issues of ordinary shares during the half-year:

	Half-year 2007		Half-year 2006	
	No.	\$'000	No.	\$'000
Exercise of employee share scheme options	205,823	127	112,686	57
Transfer from share-based payments reserve	-	70	-	31
	205,823	197	112,686	88

	Half-year	
	30 June 2007 \$'000	30 June 2006 \$'000

Note 4. Dividends

Ordinary shares

Dividends paid during the half-year	<u>3,311</u>	<u>2,645</u>
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Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 2.5 cents per fully paid ordinary share (2005 - 2 cents). The dividend will be franked to 50%. The aggregate amount of the proposed dividend expected to be paid on 10 September 2007 out of retained profits at 30 June 2007, but not recognised as a liability at the end of the half-year, is

	<u>3,316</u>	<u>2,646</u>
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Note 5. Capital Commitments

Further payments may be required to be made in respect of the 2006 Desktop Super acquisition, subject to future sales performance criteria. This amount cannot be reliably measured at this time.

Further payments may also be required to be made in respect of the Shelco acquisition, subject to performance criteria for the year ended 30 June 2008. The maximum amount payable is \$1,250,000, however the amount cannot be reliably measured at this time.

Note 6. Business combinations

Reckon Limited acquired the Shelco business effective from 1 March 2007 for an initial payment of \$750,000. Further payments may be made subject to performance (refer note 5). Shelco is a provider of company registration, trust and superannuation fund establishment, ASIC and other search services predominantly to the accounting and legal professions.

Effective 1 March 2007 Reckon Limited also acquired its New Zealand Quicken distributor as well as the Intellectual Property for a complimentary range of products for \$420,000. The additional products acquired include an ASP payroll solution, an online backup solution and a tool which allows the more efficient downloading and processing of bank data.

The acquired businesses contributed revenues of \$1,026,000 and an EBITDA of \$22,000 for the half-year ended 30 June 2007.

If the acquisitions had occurred on 1 January 2007, the consolidated revenue and consolidated EBITDA for the half-year ended 30 June 2007 would not have been materially different to the reported results.

	30 June 2007 \$'000	Half-year	30 June 2006 \$'000
Shelco and NZ distributor			
Consideration:			
Cash paid	1,170		-
Direct costs relating to the acquisitions	128		-
Cash	<u>1,298</u>		<u>-</u>
Fair value of net assets of entity acquired:			
Receivables	7		-
Inventories	88		-
Deferred tax assets	11		-
Property, plant and equipment	119		-
Intellectual property	804		-
Employee benefit liabilities	(42)		-
Other current liabilities	<u>(189)</u>		<u>-</u>
	798		-
Goodwill	<u>500</u>		<u>-</u>
	<u>1,298</u>		<u>-</u>

The goodwill is attributable to the established profitability of the Shelco business.

	30 June 2007 \$'000	Half-year	30 June 2006 \$'000
Elite and Desktop Super			
Consideration:			
Cash	-		2,097
Consideration yet to be paid	-		947
	<u>-</u>		<u>3,044</u>
Fair value of net assets of entity acquired:			
Receivables	-		116
Deferred tax assets	-		27
Property, plant and equipment	-		53
Intellectual property	-		1,004
Employee benefit liabilities	-		(90)
Other current liabilities	<u>-</u>		<u>(603)</u>
	-		507
Goodwill	<u>-</u>		<u>2,537</u>
	<u>-</u>		<u>3,044</u>

The goodwill is attributable to the established profitability of the Elite business.


Directors' Declaration

In accordance with a resolution of the directors of Reckon Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2007 and the performance for the half-year on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 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.

On behalf of the Board



John Thame
Chairman

Sydney, 13 August 2007

Independent Auditor's Review Report to the Board of Directors of Reckon Limited

We have reviewed the accompanying half-year financial report of Reckon Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reckon Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU



Ben Arthur
Partner
Chartered Accountants
Sydney, 13 August 2007

The Board of Directors
Reckon Limited
35 Saunders Street
Pyrmont NSW 2009

13 August 2007

Dear Board Members

Reckon Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Reckon Limited.

As lead audit partner for the review of the financial statements of Reckon Limited for the half-year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU



Ben Arthur
Partner