

Results Presentation

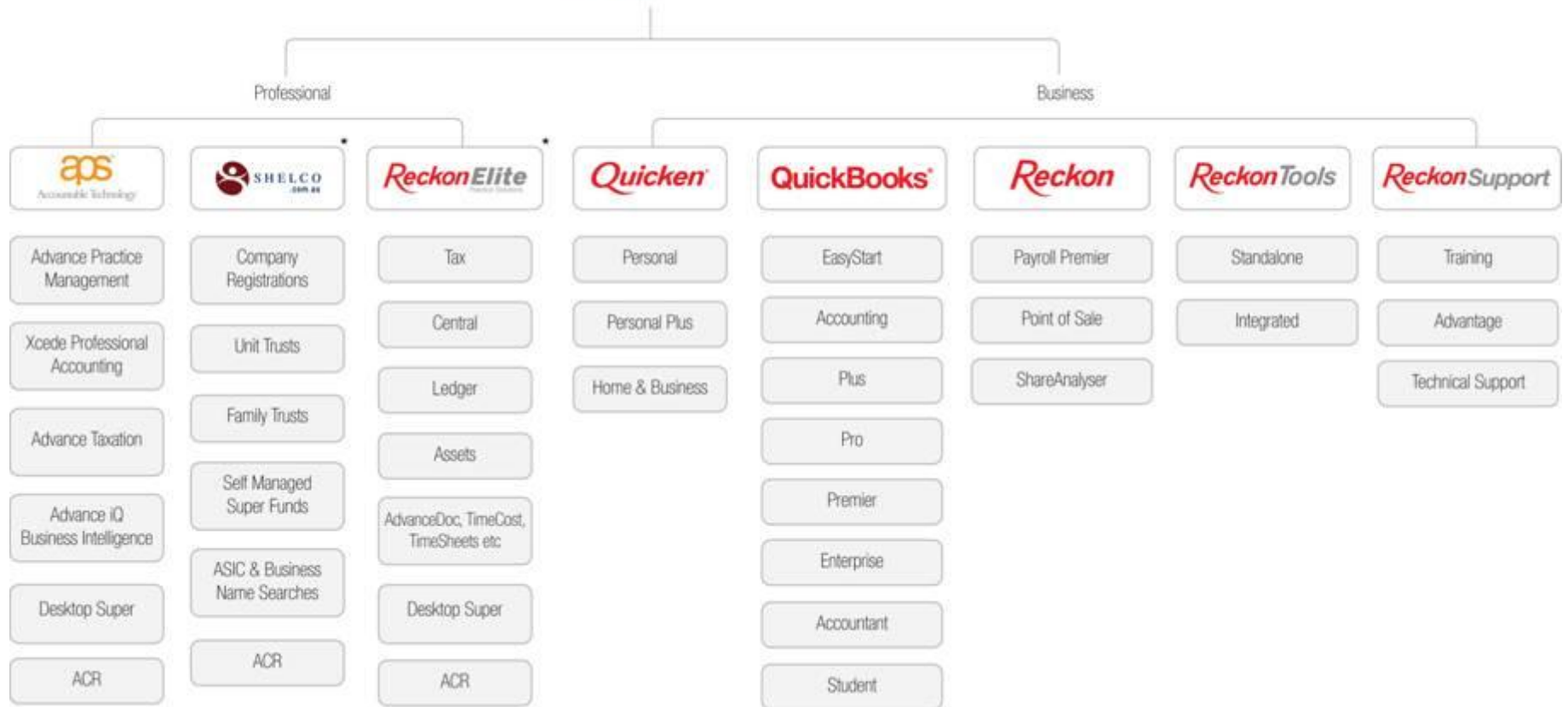
Year Ended
December 2007

Clive Rabie – Group CEO
Chris Hagglund – Group CFO
Brian Armstrong- CEO Professional Division
Gavin Dixon – CEO Business Division

Overview

- Reckon is taking strong strides towards achieving its mission: **to be the leading Australian provider of best of breed business management solutions for the SME, SOHO, Accounting, Professional and Wealth Management sectors**
- Our results provide the platform for the success of our ongoing strategy:
 - To build on our organic growth
 - To expand our product and service offering to existing clients
- To target key acquisitions providing the right mix of products and services underpinned by leading edge technology:
 - Taking advantage of available cash resources and strong cash flow
 - Australia and NZ focus

Reckon



*Products managed and reported under the business division

Performance Highlights - year ended December 2007

Reckon Group

Revenue **up 23.1% to \$56.2m**

EBITDA **up 26.4% to \$16.5m**

NPAT **up 21.1% to \$9.9m**

Professional Division

Operating revenue **up 24% to \$18.6m**

EBITDA **up 24% to \$3.7m**

Business Division

Operating revenue **up 23% to \$36.8m**

EBITDA **up 27% to \$12.8m**

Performance Highlights – year ended December 2007

- EPS **growth 21%** to 7.5 cents
- Final dividend **up by 20%** to 3.0 cents per share
- Dividend franked to **100%**
- Operating cash flow **up 19%** to \$14.6m

Trends over last 4 years

	2004	2005	2006	2007
Revenue	36.6m	42.3m	45.6m	56.2m
EBITDA	7.8m	10.1m	13.0m	16.5m
NPBT	7.4m	9.3m	11.0m	13.3m
EPS	4.0 cents*	5.1 cents	6.2 cents	7.5 Cents
* Normalised for tax				

Half year analysis - year ended December 2007

	2007	1 st Half	2 nd Half
Revenue	56.2m	28.4m	27.8m
Growth	23%	22%	24%
EBITDA	16.5m	8.2m	8.3m
Growth	26%	23%	30%
NPAT	9.9m	5.0m	4.9m
Growth	21%	16%	27%

Margin trends over 3 years

	2005	2006	2007
EBITDA (pre R&D and Royalties)	16.0m	19.3m	23.0m
Margin	38%	42%	41%
EBITDA	10.1m	13.0m	16.5m
Margin	24%	29%	29%

Traditional margin growth is expected to resume in subsequent years.

The current year has been impacted by:

- Higher volume of third party product sales in APS
- Substantially higher proportion of new sales in APS (new sales margin is lower)
- Higher recruitment costs to boost the APS consulting team capacity for 2008
- Higher development costs for QuickBooks 2008 QBi series
- No profit contribution from 2007 acquisitions as yet – investment in product development for Shelco and market share growth in New Zealand

Underlying business – year ended December 2007

	2007 (excl acquisitions)	2006	% change
Operating revenue	\$52.9m	\$45.0m	+17%
Operating expenses*	\$36.3m	\$32.0m	+13%
EBITDA	\$16.6m	\$13.0m	+27%

*Includes higher costs due to:

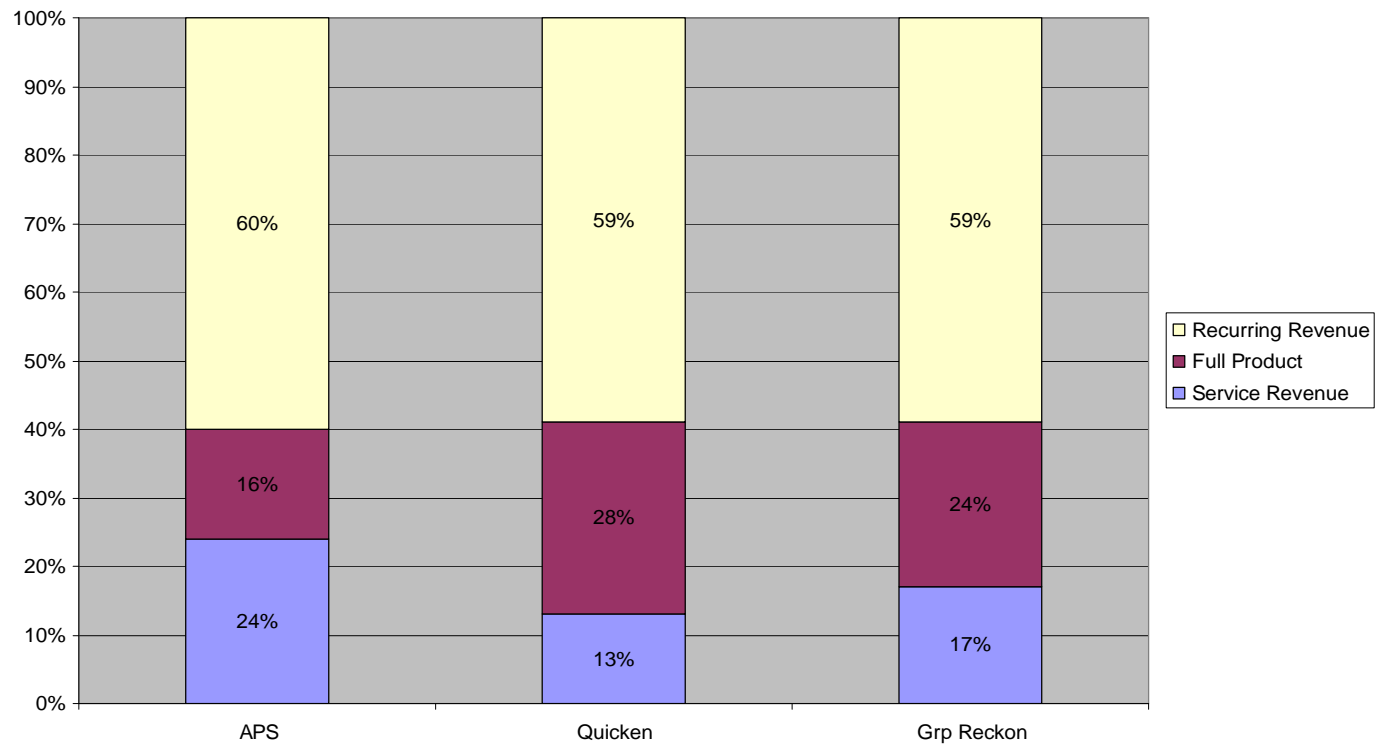
- Higher APS implementation volumes (staff)
- Higher proportion of third party product sales (COGs)
- Recruitment costs to boost the APS consulting team capacity for 2008
- Development costs for Quickbooks 2008 QBi series

Cash Flow Highlights - year ended December 2007

	2007	2006	
Cash Balance at December 2007	\$14.1m		
Operating cash flow*	\$14.6m	\$12.2m	+19%
Acquisitions	\$2.3m	\$2.1m	
Development Cost Expenditure	\$3.7m	\$3.2m	
Fixed Asset Acquisitions	\$0.5m	\$1.4m	
Dividends Paid	\$6.6m	\$5.3m	

* Income tax payments higher by \$2.0m in 2007

Revenue Breakdown – year ended December 2007



Prior year recurring revenue	62%	58%	59%
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Professional Division



Professional Division - year ended December 2007

	2007	1 st Half	2 nd Half
Operating Revenue	\$18.6m	\$9.4m	\$9.2m
Operating revenue growth	24%	28%	22%
New sales & service revenue growth	31%	38%	23%
Recurring revenue growth	20%	21%	19%
EBITDA	\$3.7m	\$2.0m	\$1.7m
EBITDA growth	24%	32%	16%*

* Impacted by investment in expanding consulting capacity – benefits begin in 2nd quarter of 2008

Professional Division - 2007 Highlights

- **Strong organic growth**
- **New business growth up 24%**
- **Consolidated our position as supplier of choice to leading firms**
- **Big 4 firms move to APS**



Accountable Technology

Professional Division - 2007 Highlights

- Significant growth in large clients – high demand for additional services
- Services growth up **37%**
- Client management strategy
- Further penetration in key target channels
- Maintenance growth up **20%**

APS Performance – Year ended December 2007

Software revenue

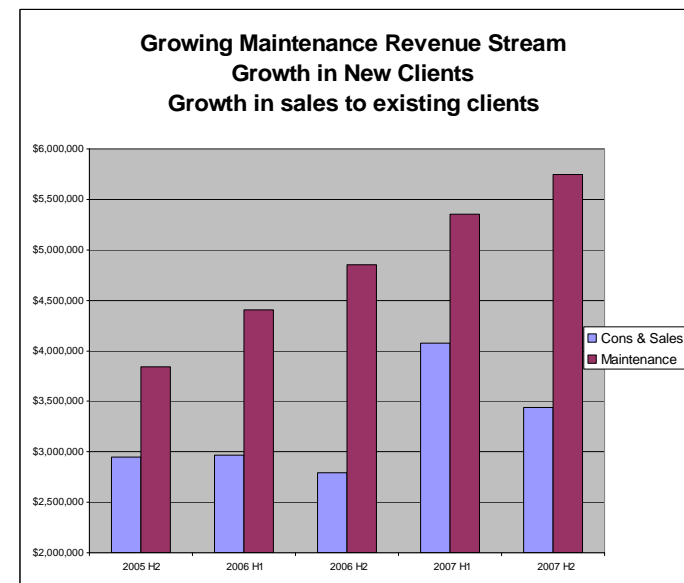
- Reflects impact of strong new business growth
- Reflects impact of Document management take up by Top 100 firms
- Reflects impact of take up of full product range by clients

Consulting revenue

- Reflects strong demand by clients for additional consulting services
- Reflects high take up of compliance and productivity software and services
- Reflects high utilisation and increased capacity of consulting team

Maintenance revenue

- Reflects impact of the take up of full product range by clients
- Reflects continued strong new business sales



Strong revenue growth in all categories and all countries

Australia

- Strong new business growth
- 68 new firms switched to APS
- Major wins include:
 - 2 Big 4 firms
 - WHK Group new national agreement (over 2,000 users)
 - 8 new Top 100 firms
- Strong take up of Desktop Super – 46 firms
- 86% of clients using 3 or more products

New Zealand

- BearingPoint upgrade (3,000 users)
- 14 new firms switched to APS in NZ including 2 new Top 100 firms
- Continued strong growth and further penetration in key target channels
- 85% of clients using 3 or more products




United Kingdom

- 6 new firms in the UK including 4 new Top 100 firms
- Encouraging performance from UK operation continues






Professional Growth Strategies

Expanded fully integrated compliance offering

-  .Net Desktop Super
-  .Net Tax forms, Tax manager & PAYG modules
- Accounts Preparation with Excel based report engine
-  Integrated Fixed Assets
- AdvanceDocs (Collated PDF's, Document filing & scanning)
- Company registrations, Trusts and Superannuation deeds
- Corporate Affairs (in development)
- QuickBooks integrated to APS

New products & Services

-  Workflow and Resource planning
-  CRM
- Client management
-  Document Management, intranet, email and content management solutions
- Other collaborative software applications
- Increased capacity to meet demand for consulting and technical services
- Broader range of services

Focus on Positioning

- Accountable Technology
- Relationship – value based organisation
- Client advisory board & briefings



aps

Accountable Technology

Practice software with human beings bundled in.



A Reckon company

www.aps-advance.com

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Accountable Technology

The ultimate practice software has arms, legs and a brain.



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Practice software without people?

That'll be our competition.



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Business Division



ReckonElite
Practice solutions

Quicken

QuickBooks

Reckon

ReckonTools

ReckonSupport

Business Division - year ended December 2007

	2007	1 st Half	2 nd Half
Operating Revenue	\$36.8m	\$18.7m	\$18.1m
Operating revenue growth	23%	20%	26%
Underlying business revenue growth	14%	13%	15%
EBITDA	\$12.8m	\$6.2m	\$6.6m
EBITDA growth	27%	20%	35%
Underlying business EBITDA growth	28%	20%	38%

Business Division - 2007 Highlights

- Strong growth from QuickBooks customer base
- Successful development of QuickBooks 2008 QBⁱ Series
- Continued success with Elite products
 - Over 150 practices switched to Elite Accountants' Suite
 - 92% net promoter score
- Refinement of business model for NZ and Shelco for 2008

Key 2008 Strategies

- Leverage QuickBooks 2008 QBⁱ Series release
- Leverage scalability of QuickBooks Enterprise
- Further SaaS products through Reckon Data Centre solutions
- Strengthen Reckon brand values
- Launch Shelco products into Elite customer base



Foundation for continued growth

- Organic growth continues
- Stronger Second Half
- Business division - QBi launch in 2008
- Professional - growth in consultants to cope with increased demand
- Improve results from NZ business
- Complete Shelco development in first half to go to market in second half
- Dividend franking to increase to 100% for final dividend
- Strong balance sheet
- More acquisitions are being considered

Questions

Thank you