Notification to the ASX
10 June 2008

Proposed acquisition of Corporate Services and Cost Recovery businesses from Espreon Limited

Reckon Limited (RKN)

Introduction

Further to Espreon Limited's ("Espreon") announcement today, the board of Reckon Limited ("Reckon") announces that on 8 June 2008 it signed a Cooperation Agreement, with Vectis Group Pty Limited ("Vectis") in respect of the potential acquisition by Reckon of the Corporate Services and Cost Recovery businesses of Espreon.

Under the terms of the Cooperation Agreement it is proposed that Vectis (which currently has a relevant interest in 19.72% of the shares in Espreon) will engage with Espreon in regard to a proposed scheme of arrangement under which Vectis would, subject to satisfactory due diligence, acquire all the shares in Espreon in which it does not currently have a relevant interest, for $0.65 cash per share ("Scheme Proposal"). This would equate to an approximate enterprise value of Espreon of $87 million.

If the Scheme Proposal is successfully implemented, it is proposed that Vectis will procure the sale of the Corporate Services and Cost Recovery businesses to Reckon for an approximate acquisition cost of $26 million, based upon currently available information.

As a result of the Cooperation Agreement, Reckon has become an associate of Vectis, and is thus a substantial shareholder in Espreon.

Potential acquisitions

Espreon comprises three main businesses: Corporate Services, Cost Recovery and a Property Services business.

The Corporate Services business of Espreon is a provider of documentation for company formations, secretarial services, trusts, and self managed super fund trust deeds. This is a range of products and services that is similar to Reckon's Shelco business.

The Cost Recovery business of Espreon is a provider of technologies for the capture, reporting, and billing of client expenses (including: scanning, network printing and faxing, telephone and mobile phone calls, on-line searches, courier and taxi usage) for professional services suppliers, such as accountants and lawyers.

Vectis intends to retain the remaining Property Services business of Espreon

Mr Clive Rabie, Group CEO of Reckon said:

> "While at present there is no assurance that the Scheme Proposal will proceed, the proposed acquisitions present exciting opportunities for Reckon.
>
> The Corporate Services business would add scale to Reckon's Shelco business making Shelco a leading supplier of company registrations, trusts, super deeds and related content to the accounting and legal professions.
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> Reckon's soon to be released Company Secretarial product suite would also be added to the Shelco business and delivered through the channel created by the acquisition of the Corporate Services business.
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> In addition, integration of the Shelco and Corporate Services products with APS, Elite and Reckon's professional partner network would enhance a customer's ability to deal with Reckon electronically and creates 'a stickiness' for these products.
>
> The products made available through acquiring the Cost Recovery business will be added to the product range supplied by APS and provides additional access to relationships in the accounting and legal professions.
>
> The Cost Recovery business in the UK and Australia are complementary to APS' current businesses and opens potential opportunities in the USA."

It is proposed that Reckon would fund any purchase of the businesses through available cash reserves and leveraging its balance sheet. It is anticipated that any acquisition of the businesses would be EPS accretive for Reckon.

If the Scheme Proposal proceeds as anticipated, any acquisition by Reckon of the Corporate Services and Cost Recovery businesses is expected to occur in October or November of this year.

Substantial shareholder status

Vectis currently holds 19.72% of the ordinary shares in Espreon.

As a result of the Co-operation Agreement, Reckon has become an associate of Vectis effective on 8 June 2008.

Accordingly, by such associate status only, Reckon has become a substantial shareholder in Espreon.

Reckon does not have any direct or indirect interest (whether legal, equitable or otherwise) in the Espreon shares held by Vectis.

In addition, Reckon does not have any voting power attached to the Espreon shares.

ASIC Form 603 and a substantial shareholding notice will be lodged in due course.

For further information, please contact Mr Clive Rabie, Group CEO
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