

Results Summary for Announcement to the Market

	2011 Result	2010 Result	% Change	Amount Change
Revenue	\$91.3 million	\$90.3 million	1% increase	\$1.0 million
Group EBITDA before relocation costs	\$33.1 million	\$30.2 million	10% increase	\$2.9 million
Relocation costs*	<u>(\$1.8) million</u>	-		
Group EBITDA after relocation costs	\$31.3 million	\$30.2 million	4% increase	\$1.1 million
Group NPAT before relocation costs	\$18.3 million	\$17.2 million	6% increase	\$1.1 million
Relocation costs*	<u>(\$1.6) million</u>	-		
Group NPAT after relocation costs	\$16.7 million	\$17.2 million	3% decrease	\$0.5 million
EPS before relocation costs	13.4 cents per share	12.4 cents per share	8% increase	1.0 cents per share
Impact of relocation costs*	<u>(1.3) cents per share</u>	-		
EPS after relocation costs	12.1 cents per share	12.4 cents per share	2% decrease	0.3 cents per share

*The relocation costs referred to above reflect net costs associated with relocation of group premises from Pymont to North Sydney of \$2.4 million, allowing the consolidation of the Business and Professional Divisions into one site. The net saving from the premises move will more than offset this expense over the remaining periods of the respective leases. In addition the group is already reaping the benefits of having the Business and Professional Divisions in the same building, as these divisions start to work closer and closer together. The total relocation cost of \$2.4 million is comprised of \$1.8 million for an estimated sub-lease rental shortfall for the Pymont premises and \$0.6 million for leasehold amortisation. Refer to note 2 of the accounts attached to the Appendix 4E. The after tax effect of the relocation costs is \$1.6 million. This is "Non-IFRS financial information".

Dividends

The Board has declared a final dividend of 4.5 cents per share (2010: 4.5 cents per share). The dividend will be 90% franked. The final dividend will be paid to shareholders recorded on the Company's Register as at record date of 17 February 2012 (see following announcement). This represents an increase of 1 cent per share on the interim dividend of 3.5 cents per share declared on 9 August 2011.

Share Buy Back

On 6 February 2012 the board of directors recommended to continue the on-market share buy-back of not more than 10% of the shares in the company, which was originally announced on 9 August 2011.

CEO Comments

The Reckon Group has delivered a very solid profit result despite significant headwinds during the 2011 year:

- Direct revenue in the Business Division has continued to trend upwards, growing by 6%, with particularly strong performances again in both the enterprise and online offerings. The division was, however, impacted by a substantially weaker retail channel in 2011, and minimal tax changes in New Zealand has dampened upgrade revenue (down by 33%). Market share growth in the retail channel has continued and the business continues to add substantial numbers of new customers through both the retail channel and online offerings sold direct.
- The Professional Division has been the star performer in 2011, driven by a particularly good result in Australia for the year, with EBITDA growing by 24%, aided by substantially improved performances in the second half in both New Zealand and United Kingdom. The division continues its historically strong new product sales growth from both new clients and existing clients, which in turn adds to the maintenance revenue base each year.
- A substantially improved second half performance in the United Kingdom has meant that the nQueueBillback Division has been able to mitigate some of the adverse impact of exchange rates impacting this division. A high proportion of revenue in this division is also made up of sales to new customers, as it continues to increase market share.
- A focus on constraining costs has allowed the group to mitigate the adverse impacts on some revenue channels, resulting in EBITDA growth of 10% (before relocation costs) and corresponding improvement in EBITDA margins from 33% to 37%.

Group CEO, Mr Clive Rabie said:

“The group has consistently demonstrated solid growth in its core businesses and this provides a secure and stable foundation for the future. Our customers and partners can be assured that this financial strength will ensure that the group can and will remain the leader in its’ respective markets delivering innovative and high quality products and solutions.

In particular cloud computing solutions in all of our businesses are becoming increasingly demanded by our clients and the market generally. The Reckon Group is in an enviable position to provide these solutions and hence we are excited about the potential that this could provide.”

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