

Results Presentation

Year Ended
December 2010

Presenters:

Clive Rabie – Group CEO

Chris Hagglund – Group CFO

Gavin Dixon – Business Division CEO

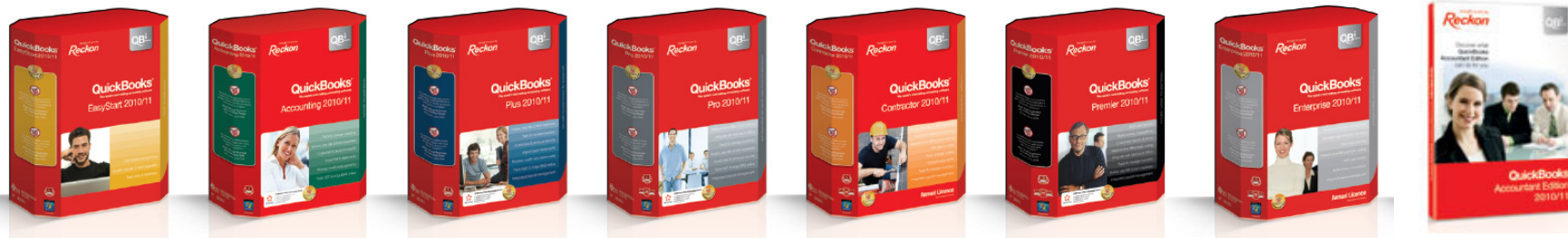
Brian Armstrong – Professional Division CEO

Group structure

The group comprises 3 main divisions:

- **Business Division** – Business software suitable for SME's through to larger enterprises, personal financial software, content provider & practice software for smaller accounting firms
 - Division CEO – Gavin Dixon
 - Australia & NZ
- **Professional Division** – Extensive suite of enterprise level practice software for accounting firms, as well as cost recovery solutions, print solutions, expense management and other related modules targeted specifically to the legal profession
 - Division CEO – Brian Armstrong
 - Australia , NZ & UK
- **nQueueBillback Division** – Cost management software, print solutions & expense management solutions for the legal profession
 - President & CEO – Rick Hellers
 - USA & UK

n**QUEUE**
BILLBACK
 Information Accountability



Performance Highlights – December 2010

Operating revenue **up 6% to \$90.1m**

EBITDA **up 20% to \$30.2m**

NPAT **up 27% to \$17.2m**

Reckon Group – December 2010

	1 st half	2 nd half	Full year
Operating revenue	\$46.5m	\$43.6m	\$90.1m
% growth (underlying)	8%	7%	7%
% split	51%	49%	
EBITDA	\$15.3m	\$14.9m	\$30.2m
% growth (underlying)	23%	11%	17%
% split	51%	49%	
EBITDA margin	33%	34%	33%

Margin trends

	2006	2007	2008	2009	2010
EBITDA	13.0m	16.5m	19.0m	25.1m	30.2m
Margin	29%	29%	31%	29%	33%

Divisional results (excl FX impacts) – December 2010

	Growth	2010	2009
Business Division operating revenue	+13%	\$56.0m	\$49.8m
Business Division EBITDA	+32%	\$20.7m	\$15.7m
EBITDA margin		37%	31%
Professional Division operating revenue	-2%	\$26.8m	\$27.3m
Professional Division EBITDA	+2%	\$10.8m	\$10.6m
EBITDA margin		40%	39%
nQueue Billback Div operating revenue	+15%	\$7.3m	\$6.3m
nQueue Billback Division EBITDA	+41%	\$3.1m	\$2.2m
EBITDA margin		43%	35%

Divisional results (reported) – December 2010

	Growth	2010	2009
Business Division operating revenue	+12%	\$56.0m	\$49.9m
Business Division EBITDA	+33%	\$20.7m	\$15.6m
Professional Division operating revenue	-5%	\$26.8m	\$28.1m
Professional Division EBITDA	-2%	\$10.8m	\$11.0m
nQueue Billback Div operating revenue	-1%	\$7.3m	\$7.3m
nQueue Billback Division EBITDA	+41%	\$3.1m	\$2.2m

Other Highlights – December 2010

- Operating cash flow of \$28.2m, up 49%
- Cash balance \$8.1m

- Final dividend of **4.5 cents** per share (4.0 cents in 2009)
- Dividend franked to **90%**
- Dividend payout ratio **65%**

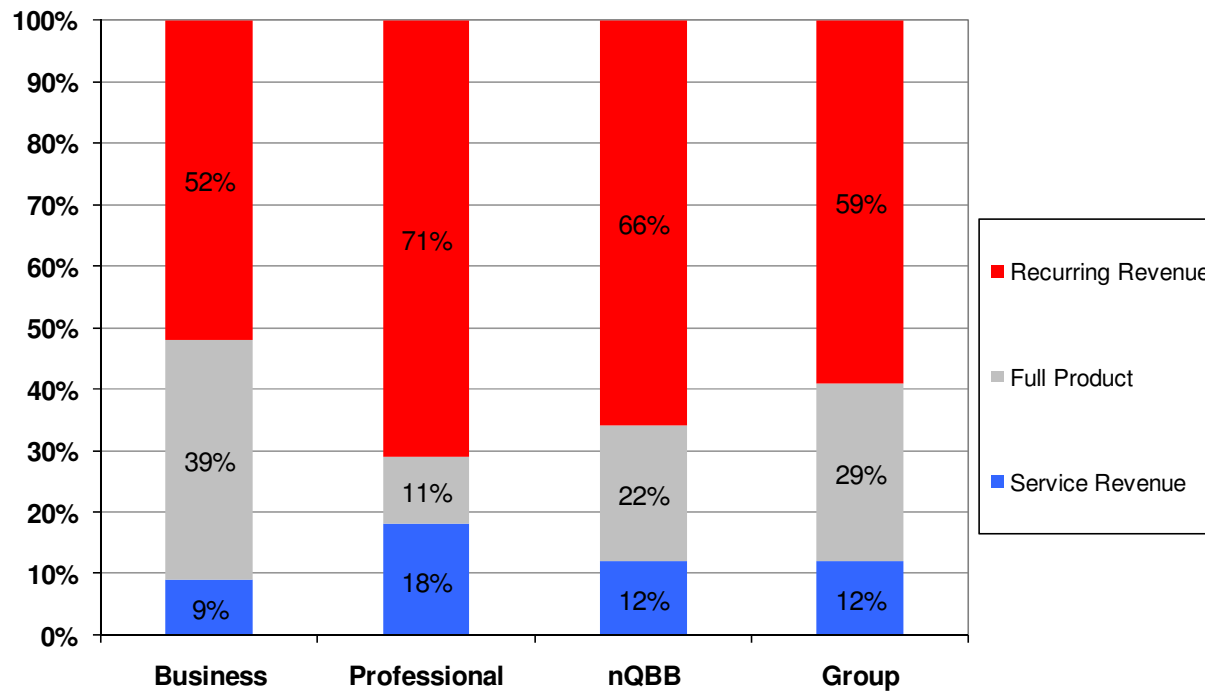
- EPS **growth 25%** to 12.4 cents per share

Cash Flow Highlights – December 2010

	2010	2009	
Net cash/debt at year end	\$8.1m	-	
Operating cash flow	\$28.2m	\$18.9m	+49%
Development Cost Expenditure¹ <i>Amortisation of development costs & IP</i>	\$7.6m \$6.4m	\$6.5m \$5.6m	
Operating cash flow after capitalised development costs	\$20.6m	\$12.4m	+66%
Fixed Asset Acquisitions	\$1.4m	\$1.8m	
Dividends Paid	\$9.9m	\$8.6m	

1 Additional expenditure designed to further improve the groups competitive position in its markets

Growing Recurring Revenue – December 2010



Prior year recurring revenue

49%	66%	58%	56%
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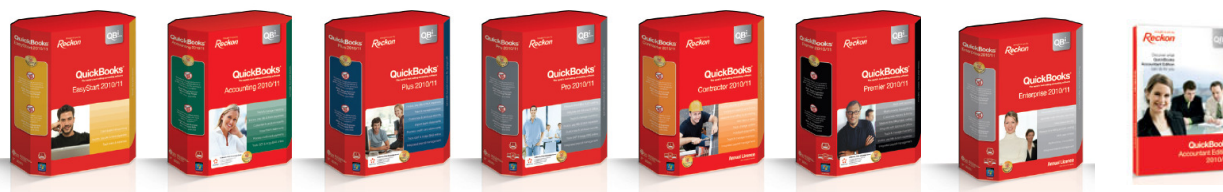
Business Division

- Product range
 - SME business products – mainly traditional QuickBooks range
 - Medium to large business products – QuickBooks Enterprise
 - Online business products
 - Wealth management products – Quicken
 - Elite practice management software for smaller accounting practices
 - Company secretarial services – software, company registrations, super and trust deeds, searches
- Market – Australia & NZ
- 150 employees



Business Division – December 2010

	Reckon
Total revenue increase	12%
Direct QuickBooks growth	14%
Enterprise revenue growth (incl online)	28%
Retail revenue growth	32%
Corporate services revenue growth	7%



Business Division - 2010 Highlights

- Release of QuickBooks 2010 QBⁱ Series
 - Numerous enhancements well received by the market
 - Smooth tax update in June
 - Retail market share according to retailers now 40%
- QuickBooks Enterprise continues to shine
- Online products gaining traction
 - Up take is increasing (Mac, iPad, iPhone, Android, Blackberry now supported devices)
 - Smooth upgrade to 2010/11 version (including tax update)
 - 8,000 users
- Partner membership growth of 10% represents increasing support from the accounting industry
- Continued success with Elite products
 - Smooth tax release, high customer satisfaction rating, good revenue growth
- Corporate Services continues to grow market share
 - Market in company formations grew 9% in units (Reckon 11%)
 - New online products

Business Division Key Strategies

- Expand Online service
 - Improvements to connected services
 - New service offerings – new Cashbook product launches in 2011
- Further leverage scalability of QuickBooks Enterprise Edition
- Expand Elite customer acquisition through broader addressable market
 - Move into the mid market space
- Continue to grow Reckon Docs market share
 - Through new service offerings
 - Expand to the APS client base in 2011 through integrated offering
- Take advantage of expanded direct sales team
- Leverage the APS relationship – sales of Online business products, Enterprise and Company secretarial products

Professional Division

- Product range
 - Fully integrated practice management and compliance suite for accounting practices
 - Expense management/cost recovery and other practice software modules for the legal profession in Australia
- Market – Australia & NZ & UK
- 135 employees

Professional Division Revenue Movements (excl FX) – December 2010

	Total revenue	Maintenance
Professional Division	-2%	+5%
Australia	-1%	+5%
New Zealand	+1%	-%
United Kingdom	-7%	+8%

Professional Division Performance – December 2010

Software/hardware revenue

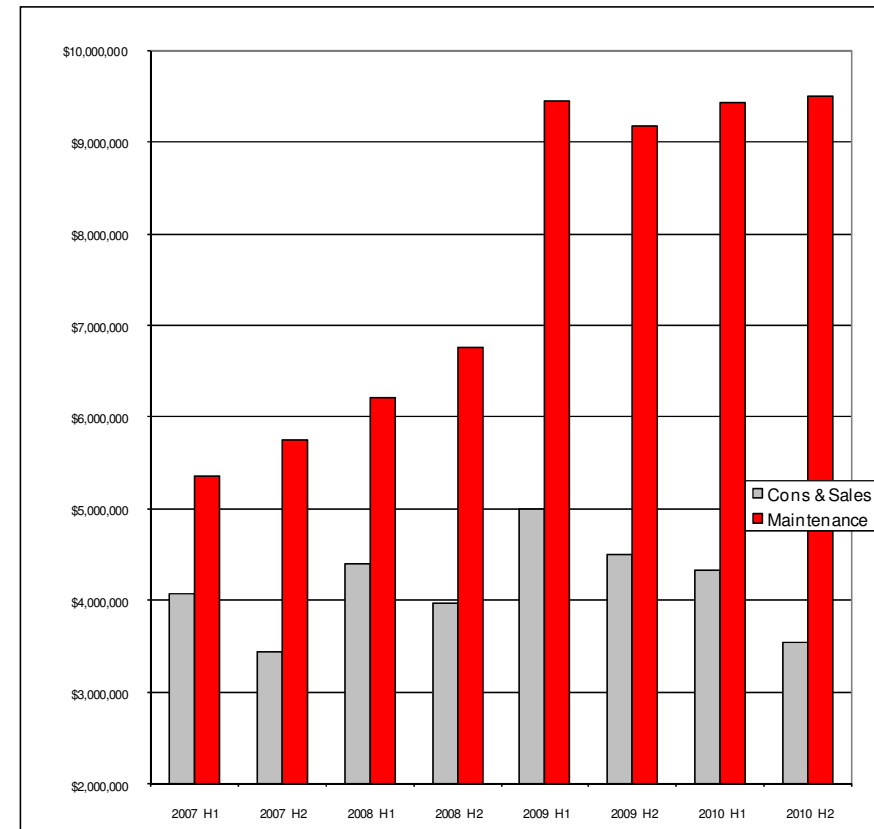
- 66 new firms added in 2010, despite difficult market
- Adversely affected by difficult UK trading conditions
- Change of strategy to a software focus in legal, impacted hardware revenue

Consulting revenue

- Exclusivity of consulting services remains our strength
- Adversely affected by difficult UK trading conditions
- Reflects reduced consulting capacity in 2010
- Adversely affected by difficult UK trading conditions

Maintenance revenue

- Adverse economic conditions slowed increase in seat count
- Also adversely affected by bankruptcy of Bearing Point, M&A activity by Big 4 firms and FX



Professional Division - 2010 Highlights

- New products released to market, to complete the integrated suite
- Strengthened position of supplier of choice to leading firms
- Continued growth of client base
- Successful completion of major consulting projects
- Demand for new products from existing clients heightened in Q4
- QuickBooks capability resonates with large firms
 - Locked in alliance with major firms to distribute QuickBooks

Professional Division - Opportunities

- New business growth picked up in Q4 in Australia (revenue impact in 2011) +51% over 2009 Q4 sign-ups.
- Closing pipeline in 2010 stronger than 2009
- Service demand for online and mobility solutions
- New Products available in 2011 (minimal revenue impact to-date)
 - Mobility – time & expense capture
 - Workpaper management
 - Value/contract billing
 - Credit management
 - CRM including event management
 - Resource & capacity planning
 - Company secretarial and corporate services
 - Continued upgrades to core products

nQueue Billback Division

- 67% shareholding at 31 Dec 2010
- Market – USA legal profession
 - Strategically placed in the top 200 law firms
- Product range
 - Cost Recovery Software & Hardware
 - Print Management
 - Expense Management
 - Embedded Solutions
 - Workflow for Managed Print Services
 - Desktop Solutions
 - Hardware Solutions
- 30 employees



nQueue BillBack Division – December 2010

	2010	2009
Revenue (excl FX impact)		
Maintenance Revenue	\$4.8m	\$3.7m
New Revenue	\$2.5m	\$2.6m
Gross profit margin	93%	86%
Focus on software solution rather than hardware		

nQueue Billback Division - 2010 Highlights

- Successfully integrated the operations of nQueue & Billback USA
 - Right sized the business
 - Focus on business cost structure in 2010
 - Positive client feedback on combined business
 - Sales focus in 2nd half of 2010 culminating in strong Q4 sign-ups
 - Good progress on the “best of breed” product suite
- Added 34 new clients (including 3 Top 100 firms)
 - Now serve 35% of the largest 250 law firms in the USA and 5 of the top 10 globally



nQueue Billback Division – UK operation

- Accounting and Legal businesses in the UK de-merged in Jan 2011
- Exchanged 25% of the UK operation for an additional 7% of the USA operation
- Ownership post exchange:
 - USA 74%
 - UK 75%
- Rationale:
 - Harnesses the US Legal domain expertise for the UK business
 - Cross sell opportunities in international legal practices which are expanding through global mergers
 - Allows the Accounting team to focus purely on their market

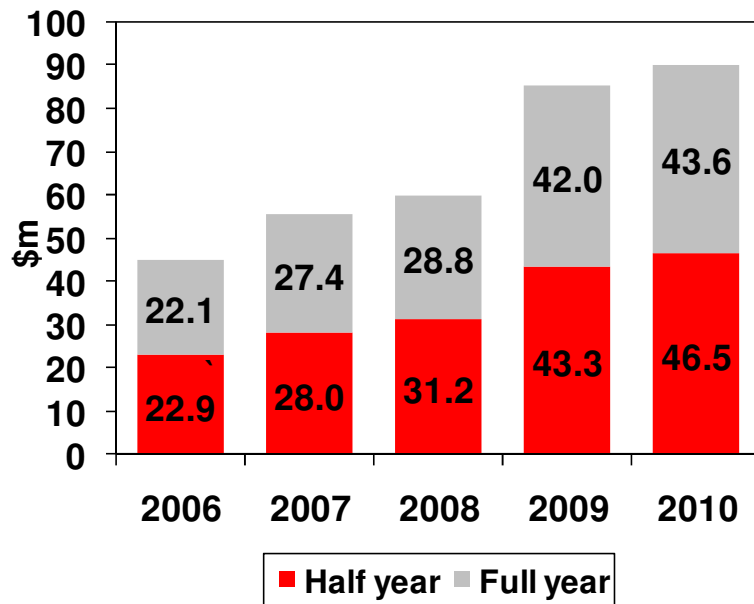


nQueue Billback Division – Opportunities

- Accelerated sales efforts:
 - Expand geographies, now including Europe & Asia
 - Target mid sized legal market through reseller relationships such as Canon
 - Extend channel/reseller relationships
 - Q4 sales were the strongest in the company's history (revenue impact in 2011)
 - Expand outside of the legal profession - experienced sales resource appointed

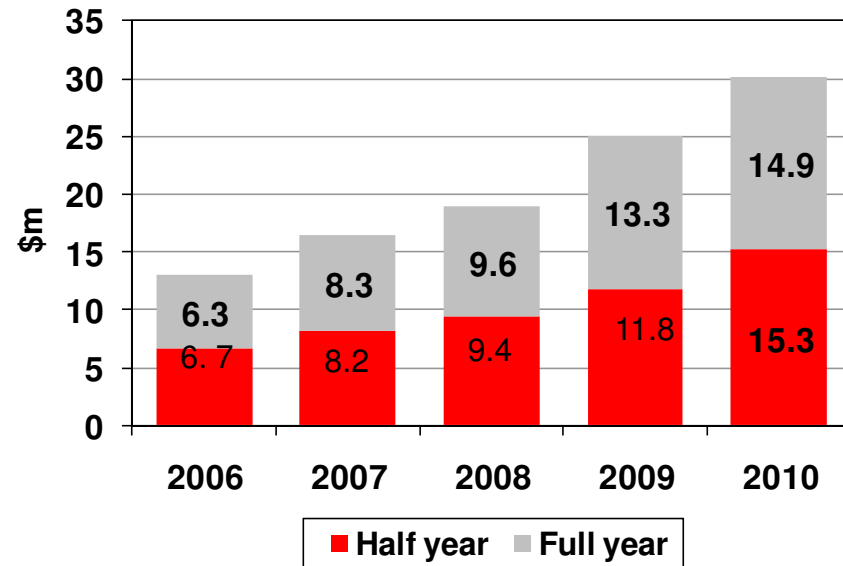
Group trends over last 5 years

Operating revenue



Cumm Growth 100%

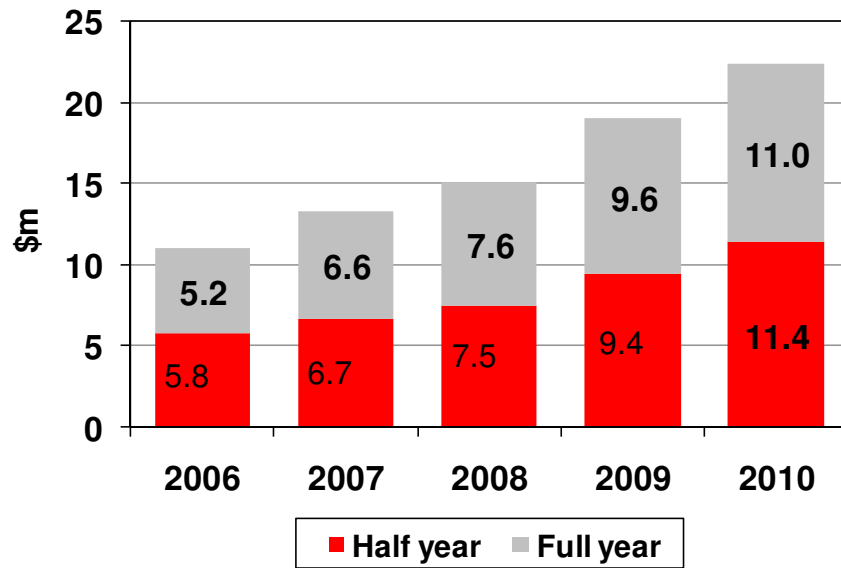
EBITDA



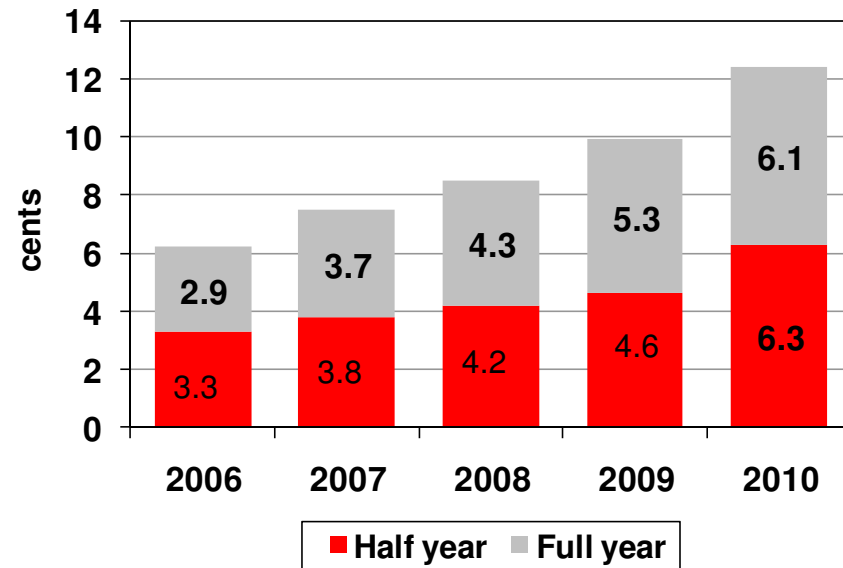
Cumm Growth 132%

Group trends over last 5 years

NPBT



EPS



The strategic direction for the Reckon Group remains unchanged

- Continued organic growth
 - Grow business product suite to ensure Micro markets to Enterprise markets are catered for
 - Expand product suite into the Accounting Profession Mid market
 - Develop product for the SaaS market in Business and Professional Divisions
 - Continue to deepen the product range to Accounting and Legal Markets
 - Merged premises for the Business & Professional Divisions in 2011, further enhancing cross sell opportunities and delivery efficiency

- Well placed for 2011
 - Business division
 - Strong direct revenue growth is expected to continue
 - Retail is now back at normal levels; Reckon's focus on market share growth continues
 - Professional division
 - Signs are evident of clients re-engaging and this is showing up in strong Q4 sign-ups
 - Seat count number growth expected to resume
 - nQueueBillback division
 - Concerted sales effort in late 2010, is already showing signs of success with strong Q4 sign-ups in this business as well
 - Gains expected from a re-focused UK business

- **Take advantage of ungeared balance sheet, including suitable acquisitions**

Questions

Thank you