

Results Presentation

Half Year Ended
June 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

aps
Accountable Technology

crm
Client Relationship Management

dm
Document Management

piq
Business Intelligence

pm
Practice Management

www.aps-advance.com



nQUEUE
BILLBACK
Information Accountability

iA



Performance Highlights – 6 months to June 2010

Reckon Group

Operating revenue **up 7% to \$46.5m**
EBITDA **up 30% to \$15.3m***
NPAT **up 44% to \$ 8.8m**

Business Division

Operating revenue **+12% to \$28.8m**
EBITDA **+39% to \$10.2m**

Professional Division

Operating revenue **-5% to \$13.8m**
EBITDA **+6% to \$ 5.6m**

nQueue BillBack Division

Operating revenue **+25% to \$3.9m**
EBITDA **+124% to \$1.6m**

*Includes central administration costs of \$2.1M

Reckon Group – 6 months to June 2010 (underlying growth)

	Growth	2010	2009
Operating revenue reported	+7%	\$46.5m	\$43.3m
Acquisition			\$1.1m
FX impact			(\$1.2m)
Underlying operating revenue	+8%	\$46.5m	\$43.2m
EBITDA reported	+30%	\$15.3m	\$11.8m
Acquisition			\$0.1m
FX impact			(\$0.5m)
Prior year restructure costs			1.1m
Underlying EBITDA	+23%	\$15.3m	\$12.5m

Business Division – 6 months to June 2010

	Growth	2010	2009
Operating revenue	+12%	\$28.8m	\$25.7m
EBITDA reported	+39%	\$10.2m	\$7.3m
Prior year restructure costs			\$0.2m
Underlying EBITDA	+35%	\$10.2m	\$7.5m
EBITDA margin		36%	29%

Professional Division – 6 months to June 2010

	Growth	2010	2009
Operating revenue reported	-5%	\$13.8m	\$14.4m
FX impact			(\$0.5m)
Underlying operating revenue	-1%	\$13.8m	\$13.9m
EBITDA reported	+6%	\$5.6m	\$5.4m
FX impact			(\$0.3m)
Prior year restructure costs			\$0.7m
Underlying EBITDA	-2%	\$5.6m	\$5.8m
EBITDA margin		41%	42%

nQueue BillBack Division – 6 months to June 2010

	Growth	2010	2009
Operating revenue reported	+25%	\$3.9m	\$3.2m
Acquisition			\$1.1m
FX impact			(\$0.7m)
Underlying operating revenue	+9%	\$3.9m	\$3.6m
EBITDA reported	+124%	\$1.6m	\$0.7m
Acquisition			\$0.1m
FX impact			(\$0.2m)
Prior year restructure costs			\$0.2m
Underlying EBITDA	+98%	\$1.6m	\$0.8m
EBITDA margin		41%	23%

Margin trends – 6 months to June

	2006	2007	2008	2009*	2010
EBITDA	6.7m	8.2m	9.4m	12.9m	15.3m
Margin	29%	29%	30%	30%	33%

* 2009 EBITDA excludes the impact of the acquisition restructure costs

Other Highlights – 6 months to June 2010

- Operating cash flow, after allowing for expenditure on capitalised development costs \$11.9m (+82%)
- Cash balance \$5.5m

- Interim dividend of **3.5 cents** per share (3.0 cents in 2009)
- Dividend franked to **90%**

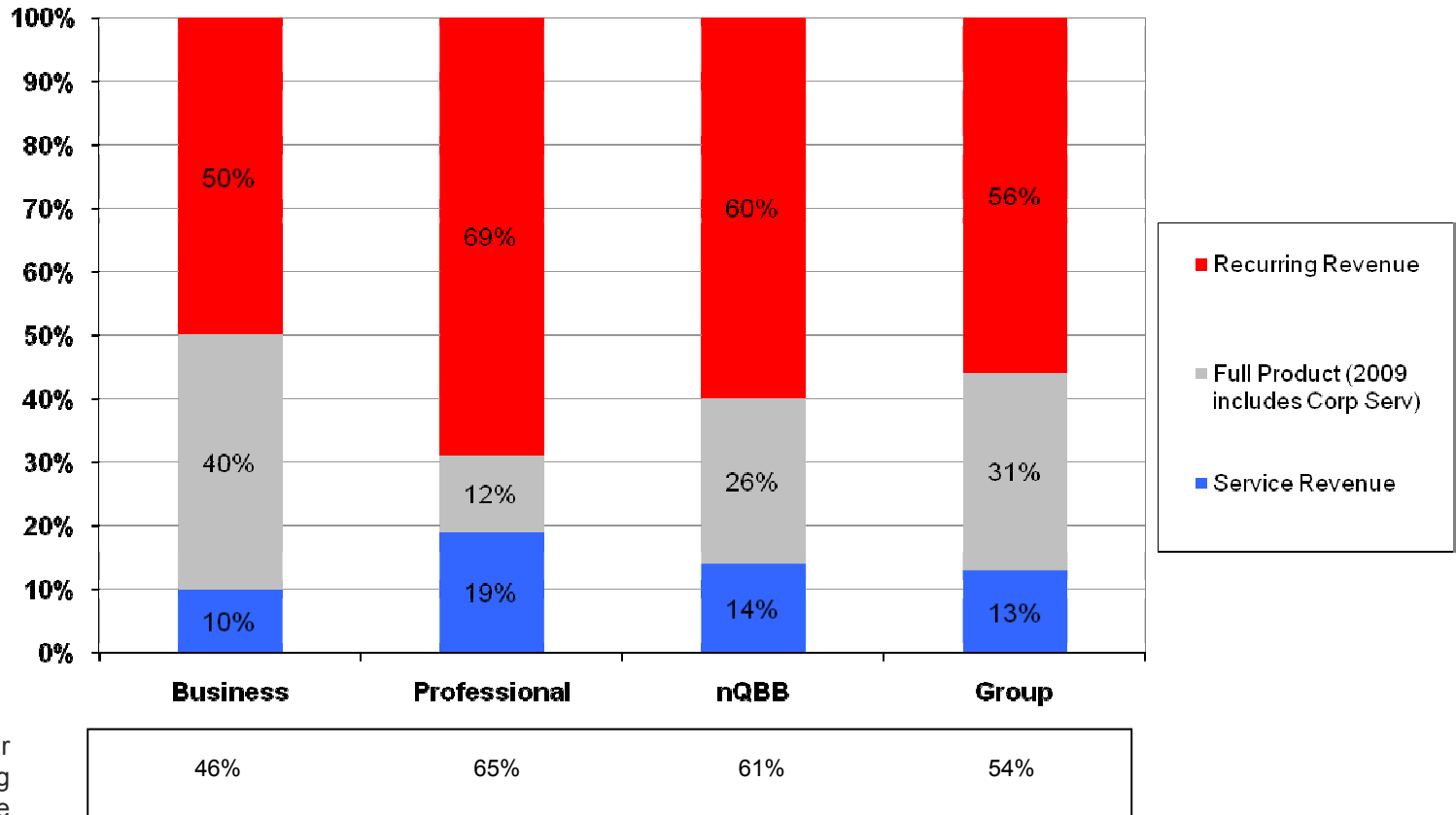
- EPS **growth up 37%** to 6.3 cents

Cash Flow Highlights – 6 months to June 2010

	2010	2009	
Cash at June 2010 / Dec 2009	\$5.5m	-	
Operating cash flow	\$15.8m	\$9.8m	
Development Cost Expenditure ¹	\$3.9m	\$3.2m	
<i>Amortisation of development costs & IP</i>	\$3.1m	\$2.7m	
Operating cash flow after capitalised development costs	\$11.9m	\$6.6m	+82%
Fixed Asset Acquisitions	\$0.3m	\$0.5m	
Dividends Paid	\$5.6m	\$4.6m	

1 Additional expenditure designed to cement the groups competitive position in it's markets

Revenue Breakdown – 6 months to June 2010



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 – 6 months to June 2010

	Reckon
Total revenue increase	12%
QuickBooks Enterprise (incl online)	+28%
Direct revenue growth (excl Enterprise)	+10%
Corporate services	+8%
Retail revenue	+34%



Business Division - 2010 Highlights

- Release of QuickBooks 2010 QBⁱ Series
 - Numerous enhancements well received by the market
 - Smooth tax update in June
- QuickBooks Enterprise continues to shine
 - Revenue growth is strong
- Online products gaining traction
 - Up take is increasing
 - Smooth upgrade to 2010/11 version (including tax update)
- Continued success with Elite products
 - Smooth tax release, high customer satisfaction rating, good revenue growth
- Corporate Services continues to grow market share
 - New online products



Business Division Key Strategies

- Expand Online service
 - Improvements to connected services
 - New service offerings
- Further leverage scalability of QuickBooks Enterprise Edition
- Expand Elite customer acquisition through broader addressable market
- Continue to grow Reckon Docs market share
 - Through new service offerings
- Take advantage of expanded direct sales team
- Leverage the APS relationship



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
- Market – Australia & NZ & UK
- 165 employees



Professional Division Performance – 6 months to June 2010

Software/hardware revenue

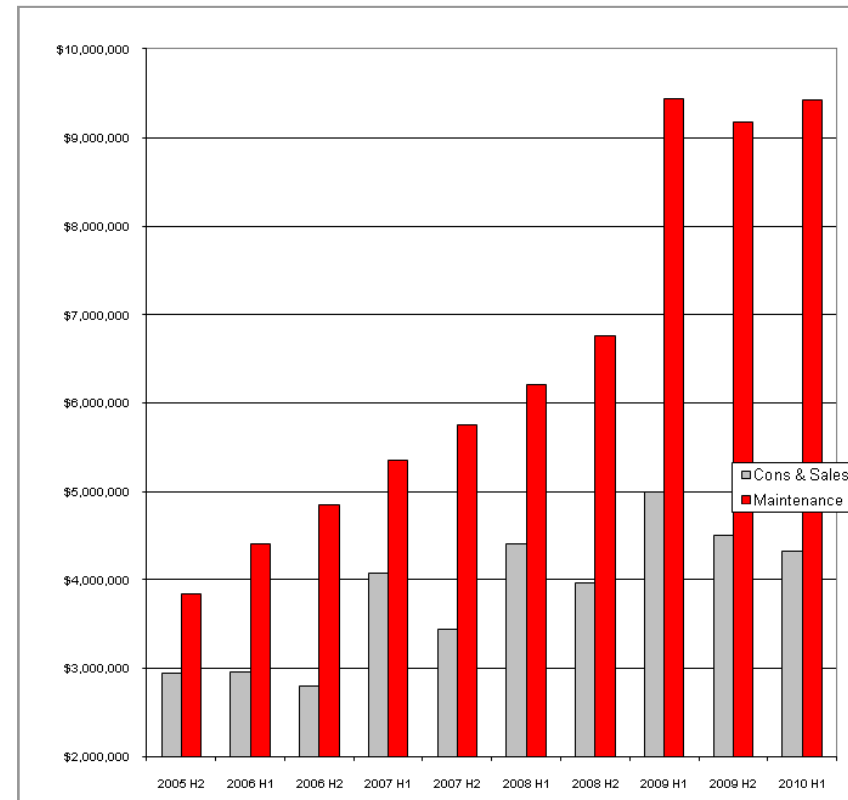
- Reflects impact of continued new business growth
- Reflects success of product extension strategy
- Adversely affected by difficult UK trading conditions and focus on 2 large consulting only projects in Australia
- Change of strategy to a software focus in legal, impacted hardware revenue
- Maintained a strong pipeline

Consulting revenue

- Reflects exclusivity of consulting services
- Reflects reduced consulting capacity
- Reflects new business growth and high take up of additional modules

Maintenance revenue

- Reflects continued new business sales and take up of additional modules
- Adversely affected by bankruptcy of Bearing Point, M&A activity by Big 4 firms, lower new sales and FX



Professional Division - 2010 Highlights

- High demand for new products from existing clients
- Supplier of choice to leading accounting and legal firms
- Continued growth of client base
- Client retention strategy in legal starting to take effect
- Successful completion of major consulting projects
- QuickBooks capability resonates with large firms

Professional Division - Opportunities

- Continued rollout of integrated compliance and practice management suite
- Leverage expanded Legal product suite
- Leverage quality client base – new products and services
- Service demand for online and mobility solutions
- New Products available in 2nd half of 2010
 - WIP Finder & Expense Management
 - Workpaper management
 - Value/contract billing
 - Credit management
 - CRM including event management
 - Resource & capacity planning
 - Continued upgrades to core products

nQueueBillback Division

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



nQueue BillBack Division – 6 months to June 2010

	2010	2009
Underlying revenue		
Maintenance Revenue	\$2.4m	\$2.1m
New Revenue	\$1.5m	\$1.5m

nQueue Billback Division - 2010 Highlights

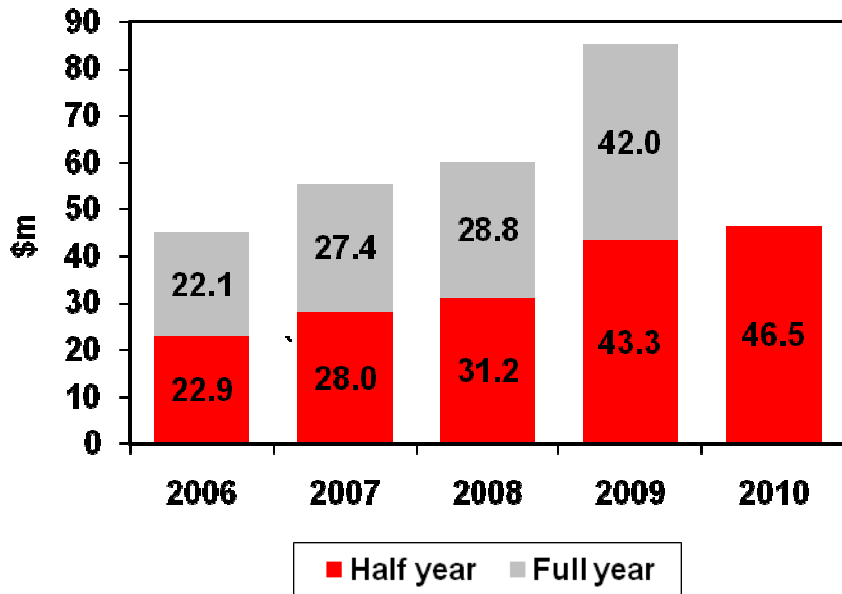
- Successfully integrated the operations of nQueue & Billback USA
- Right sized the business
- Positive client feedback on combined business
- Added 30 new clients
- Good progress on the “best of breed” product suite

nQueue Billback Division – Opportunities

- Accelerated sales efforts
 - Expand geographies
 - Target mid sized legal market
 - Extend channel/reseller relationships
- Further consolidation of the “best of breed” product range
- Continued product suite enhancements
- Seek out opportunities outside of the legal profession

Trends over last 5 years

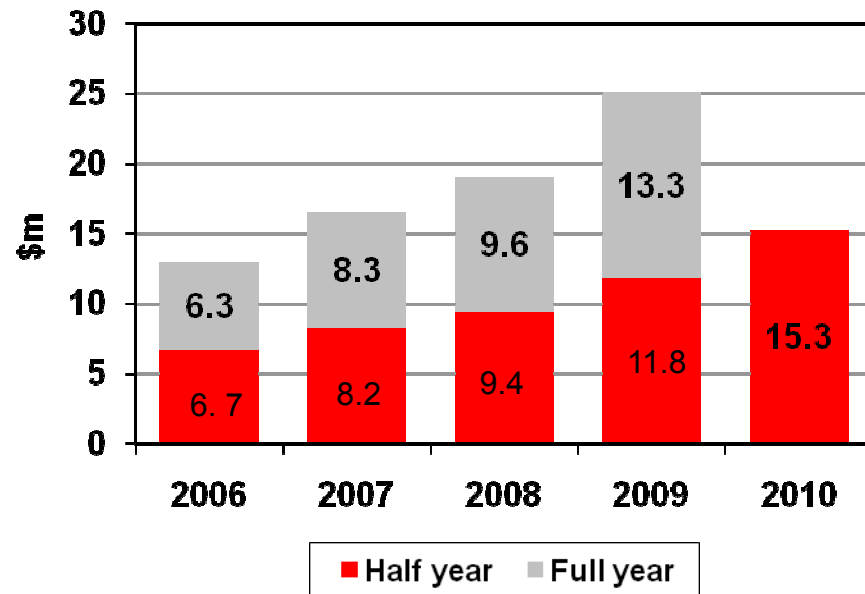
Operating revenue



Cumm Growth

103%

EBITDA

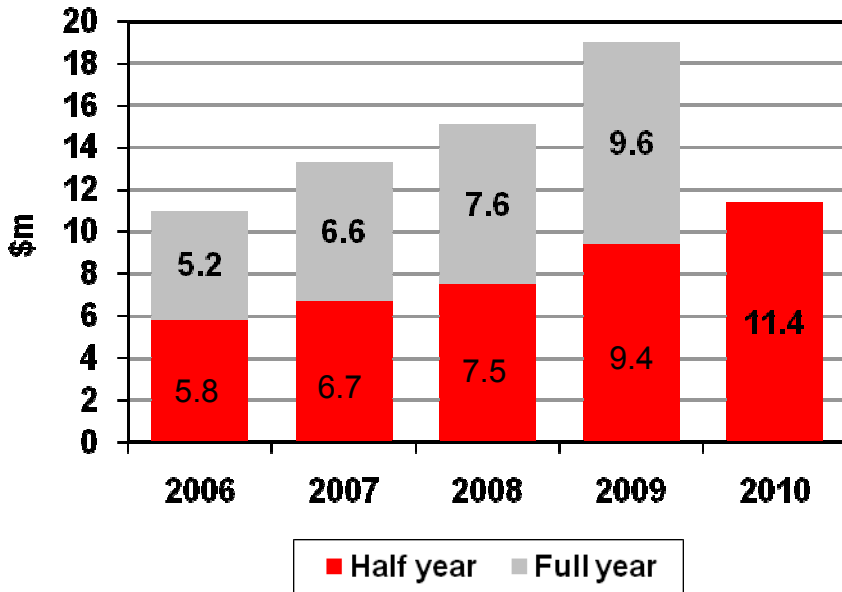


Cumm Growth

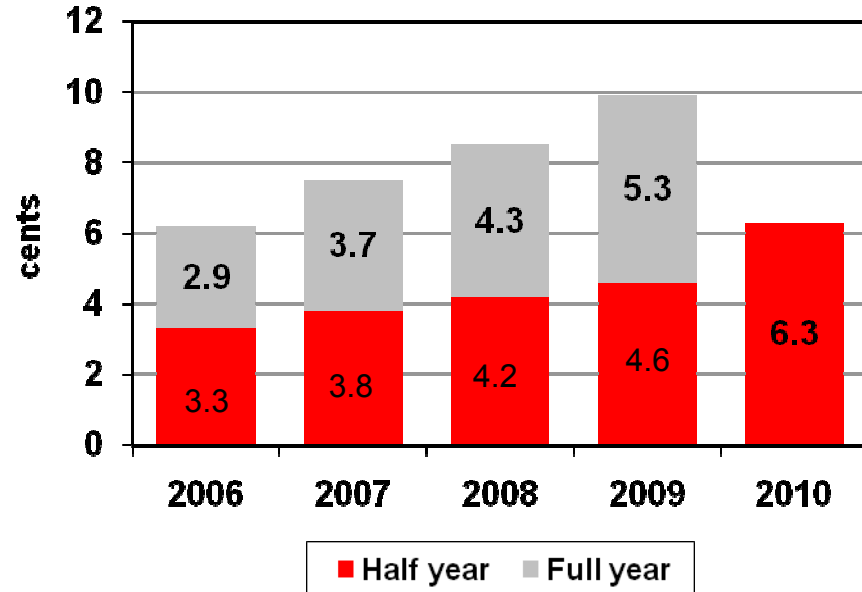
128%

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
 - Continue to deepen the product range to Accounting and Legal Markets
- Business division
 - Continue to leverage enterprise and online offerings
- Professional division
 - Leverage full product suite across both accounting and legal professions
- nQueueBillback division
 - Continued organic growth in the US legal market from new client acquisition together with expanded product range to existing clients
- Seek out other suitable acquisitions
- Take advantage of ungeared balance sheet

Questions

Thank you