

# THE AUSTRALIAN FINANCIAL REVIEW

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## Reckon on song to lift profit

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Reckon Limited has lifted its profit forecast for the year ending December 31, 2004 to between \$8 million and \$8.5 million in an upgrade yesterday that was widely anticipated by shareholders.

The company, which sells Quicken accounting software, forecast improvements in March of between 40 per cent and 50 per cent on its 2003 \$5.34 million net profit equating to profits of between \$7.4 million and \$8 million but also indicated these figures were conservative.

This led some to expect an upgrade at its annual general meeting last month but it wasn't until yesterday that Reckon raised its 2004 net profit growth expectations

to between 50 per cent and 60 per cent despite sticking with previous revenue forecasts.

For the first time yesterday Reckon said it expected 2004 earnings before interest, tax, depreciation and amortisation to grow between 60 per cent and 70 per cent on last year's \$5.6 million, bringing its expected 2004 ebitda to between \$8.9 million and \$9.5 million.

Reckon chief executive Greg Wilkinson told investors in March that most of the growth was expected to come from the inclusion of results from Advanced Professional Solutions, the fast-growing practice management software maker it acquired for \$10 million late last year.

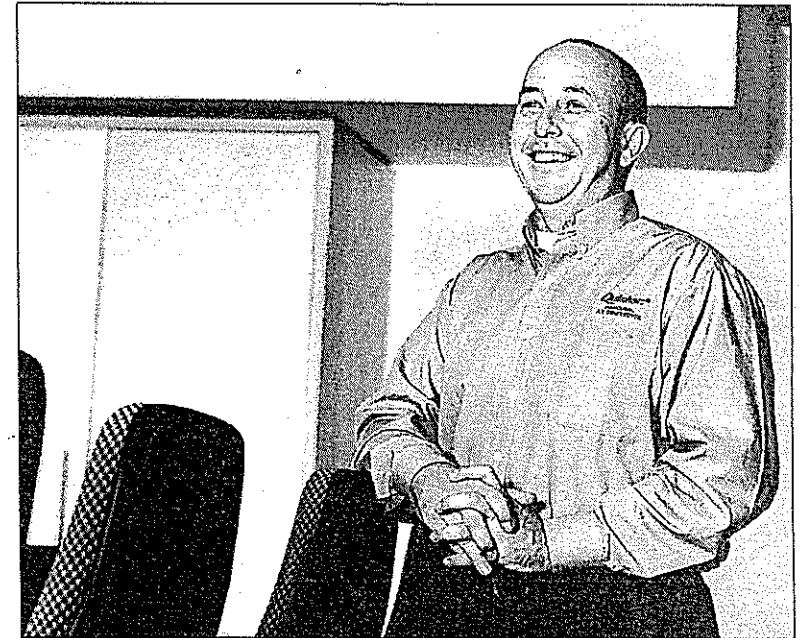
Analysts noted that Reckon's latest expectations of higher than anticipated profit off the same

revenue indicated that margins from Reckon's new APS business must be even better than originally thought.

Yesterday, Reckon maintained previous revenue growth forecasts of between 50 per cent and 60 per cent growth on last year's \$24.7 million which means it expects to book between \$37 million and \$39.5 million this year.

However, the company cautioned that the actual 2004 results still depended on several factors including degree of seasonality, new product releases and competitive behaviour.

This month, Reckon's shares broke the \$1 barrier for the first time since September 2000. Although they fell 3¢ back to \$1 yesterday, investors have more than tripled their money on the stock in the past 12 months.



Greg Wilkinson . . . most growth has come from its purchase of APS. Photo: VIRGINIA STAR