



**Chairman's Speech**

**for**

**Annual General Meeting of**

**Reckon Limited**

**To be held at 10am on 25 May 2010**

**at**

**35 Saunders Street**

**Pymont NSW 2009**

It is again my pleasure to present the Reckon Limited results for the year ending 31 December 2009.

### **Performance**

As you can see in the first slide [slide 2], the Group again achieved excellent results with:

- Operating Revenue up 42 % to \$85.3 million;
- EBITDA was up 38% to \$26.1 million (*note EBITDA excludes acquisition related restructuring costs*);
- NPAT was up 27% to \$14.4 million; and
- Earnings per share were up 24% to 10.5 cents per share.

The results for the year ending 31 December 2009 testify to the success of the Company's ongoing strategy to build on its organic growth, strategic acquisitions and to expand its product and service offering to existing clients.

The final dividend for 2009 of 4 cents per share fully franked, was an increase of 1 cent per share on the interim dividend of 3 cents per share, for a combined dividend total for 2009 of 7 cents per share. The final dividend for 2008 was 3.5 cents per share.

### **Acquisitions**

As announced in January 2009, we completed the acquisition of the Corporate Services and BillBack businesses from Espreon Limited. During 2009, the Group has focussed on integrating these businesses into existing Group infrastructures.

Billback operations were progressively integrated into our Professional Division in Australia and the UK. In 1 July 2009, the Company created nQueue Billback as the vehicle for its USA operations.

Corporate Services was merged into our existing Reckon Shelco business. The Company has derived some benefit from the efficiency of this integration. Corporate Services is being gradually re-branded to be brought to the market under the banner of ReckonDocs.

The three main divisions of the Reckon Group, the Professional, Business and nQueue Billback divisions all contributed to the strong growth experienced by Reckon.

The efficient integration of the Corporate Services and Billback businesses, together with organic growth across the Group had a positive impact on the overall results.

The Professional division, which incorporates the products from the BillBack acquisition, continues to enjoy the benefits of being a market leader in the provision of practice management systems to accounting practices with operating revenue up 32% to \$28.1million and EBITDA up 26% to \$11.6m. The acquisition of the Corporate Services business and Billback solutions, will present opportunities for this division to engage the wider accountancy and legal markets with a broader product range.

The Business division results reflect the many successes of this division in 2009 and the addition of the corporate services business, with operating revenue up 29% to \$49.9m and EBITDA up 29% to \$15.9m. These achievements included the successful launch of the QuickBooks 2009-2010 QB<sup>i</sup> series, Quicken 2009-2010 and the rest of the wide product range. The launch of ReckonDocs Online and Reckon Docs Desktop. has further expanded the company's opportunities for growth. With these products, accountants and business owners are able to expedite the processing of numerous company secretarial compliance services, saving them time, effort and expense. The highly scalable Enterprise version of QuickBooks is proving to be a solution that easily meets the demands of growing businesses.

Particular attention was also paid to the Company's growing partner network, with a growth in the number of new accountants joining our network. Finally the soft launch of QuickBooks Online in the last quarter of 2009 was very successful with over 1000 users having signed up. Significantly, QuickBooks Online is also attracting attention from accountants who see the value in a "Software as a Service" (SaaS) product.

The acquisition of nQueue Billback has added a new dimension to the product offering of the Group. It is not only a profitable business with operating revenue of \$7.3m and EBITDA of \$2.4m but also provides an opportunity to widen the territories and market into which the Group sells.

The Group as a whole will look to implementing strategies that take advantage of the many ways in which the Divisions complement each other and provide opportunities to expand beyond each of their traditional markets.

By way of overview, the next slide [slide 3], illustrates the positive 5 year trend in the operating revenue and EBITDA for the Group, for the half year (as shown in red) and full year, (as shown in grey).

For more details of our results and presentations please refer to our website for copies of presentations to market analysts.

**Future**

The success of 2009 was based on the execution of the Company's overall strategy based on organic growth, targeted acquisitions and expanded product offerings. It is intended to stay with these strategies while keeping a close eye on the market dynamics to be able to adapt as needed.

The untapped potential in both the Group's products and customer base continues to be the focus for its organic growth in 2010.

The Company has traditionally been conservative in its approach to acquisitions and continues to take that approach.

Finally, I would like to acknowledge and thank the executive team and all the employees of Reckon for their contribution to the success of the Company. And of course, I would also like to thank the shareholders for their support as well as the support of our network of professional partners amongst accountants, bookkeepers, business and IT consultants and our customers.

I now return to the resolutions before shareholders today.

# Annual General Meeting

25 May 2010

## Performance Highlights – year ended December 2009

### Reckon Group

Operating revenue **up 42% to \$85.3m**  
EBITDA\* **up 38% to \$26.1m\*\***  
NPAT\* **up 27% to \$14.4m**

### Business Division

Operating revenue **up 29% to \$49.9m**  
EBITDA\* **up 29% to \$15.9m**

### Professional Division

Operating revenue **up 32% to \$28.1m**  
EBITDA\* **up 26% to \$11.6m**

### nQueueBillback

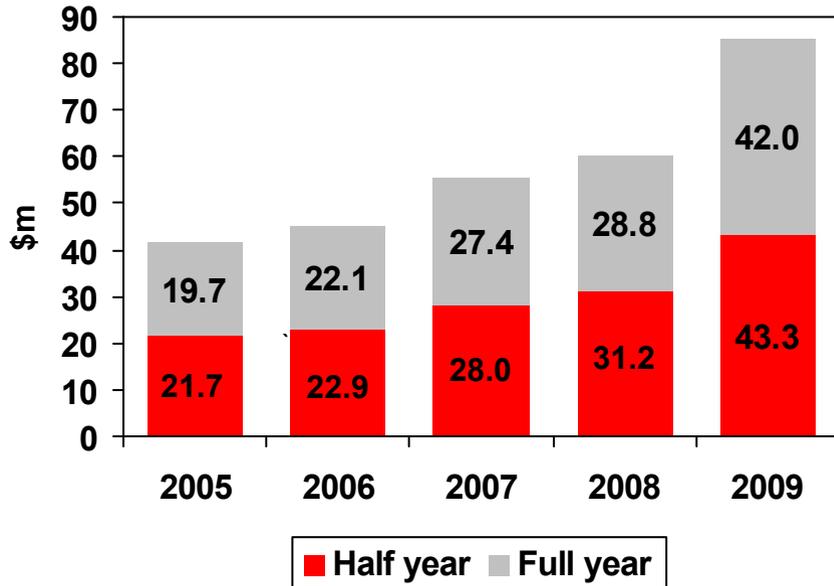
Operating revenue **\$7.3m**  
EBITDA\* **\$2.4m**

\* Excludes business acquisition restructure costs (all pages)

\*\* Includes central administration costs of \$3.8M

## Trends over last 5 years

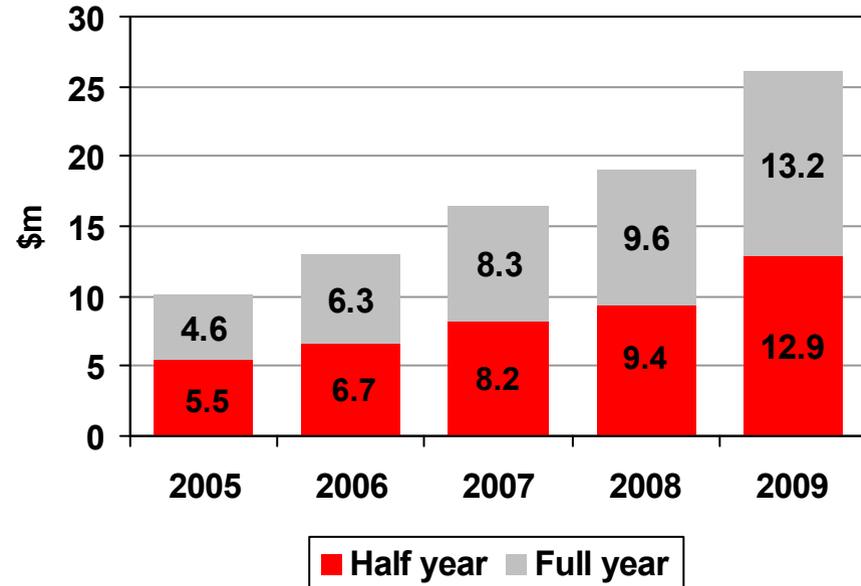
### Operating revenue



Cumm Growth

108%

### EBITDA



Cumm Growth

159%