Directors' Report

Your directors present their report for the half-year ended 30 June 2018.

Directors

The names of the company's directors in office during the half-year are as follows:

Ian Ferrier (resigned 1 July 2018)
Greg Wilkinson
Clive Rabie
Phil Hayman (appointed 1 July 2018)
Sam Allert (appointed 1 July 2018)

Review of Operations

Overview of financial performance for the half-year:

A lot has changed since we last announced our results. We had anticipated that the sale of the Accountant Practice Management Group would have been finalised by now, but after a long and unnecessarily protracted process we were unsuccessful in obtaining regulatory approval for the transaction. Whilst this was disappointing, we do remain positive regarding the future prospects for and the value of this division. The division's blue-chip customer base, the largely subscription nature of the revenue, the highly experienced team and the comprehensive and integrated software suite, means that this remains a very valuable part of the Reckon Group. As expected, post announcement of the termination of the sale, we have been approached by several parties interested in acquiring this division. In the interest of ensuring that the best interest of shareholders, customers and employees are maintained, we have appointed Investec to assist us to manage this process and evaluate any offers that may be received. If anything requires announcement the market will be informed accordingly.

Group highlights
Despite the distraction to the business over the last year, the profitability of the group has increased in the half year. Underlying EBITDA has increased by 3% and underlying NPAT by 9%.

Expenditure on product development for the continuing business has reduced by 7%, thereby improving cash generation, and this together with the elimination of the cash drag from the now de-merged Document Management Business, has assisted in enabling a debt reduction of $7m in the half year.

The board has approved the re-instatement of the dividend policy, and a fully franked interim dividend of 3 cents has been declared and will be paid to shareholders on 4 September 2018.

Business Group
- Cloud revenue has continued to grow strongly, up by 8% and now represents 42% of this division's available revenue. The number of cloud users now numbers 51K.
- We continue to be impacted by a reduction in desktop revenue as clients move to the cloud. Whilst this inhibits overall revenue growth in the short-term, it does provide a valuable opportunity to convert existing non-paying customers to the cloud subscription products over the coming years.
- ReckonOne continues to gain traction and the unique modular design and affordability continues to resonate.
- Our online point of sale product was launched in the half year, our single touch payroll compliant product has been launched, and we acquired Better Clinics, an online practice management product for the medical market, in July. All are expected to contribute to cloud growth in the future.
- We have signed our first white label distribution agreement with IPA (Institute of Public Accountants). IPA have 35,000 members, who in turn have reach into over 1 million clients in Australia. We believe that this partnership will provide a unique offering to IPA member firms and their small business clients and in turn also contribute to our future cloud growth.

Practice Management – Accountant Group
- Normal subscription revenue growth in this division was hampered by the sale process as clients held off committing to new business pending the completion of the sale. Despite this, subscription revenue still grew by 2%. Upfront and service revenue in the half year was negatively impacted for the same reason.
- The business remains entrenched as the product of choice amongst the major accounting firms. This was clearly evident from the recent feedback from the regulators.
- A major release of the Practice Management module occurred in the half year, and provided another big step in our cloudification journey, with integrated online/mobile timesheet functionality and a "client hub" cloud view of the client data added to the product in this release.
- Content revenue was again weaker in the half year as the market moves to subscription pricing.
- Costs were carefully managed during the sale process, and hence this division achieved EBITDA growth of 5%.

Practice Management – Legal Group
- This division experienced a weaker than normal half year in terms of new business generation.
- In addition, we have commenced transitioning the business away from an upfront sales model to a more sustainable subscription model.
- Focus remains on enhancing the product offering to clients, particularly for the new scan product, which has the ability to travel beyond the legal market.
- Profitability has also been impacted by $0.6m in the half year caused by a significant bad debt arising from a new customer signed in the prior year.

Rounding of amounts to the nearest thousand dollars
The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports), dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration
We have obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which is attached to these financial statements.

Signed in accordance with a resolution of the directors, made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

Greg Wilkinson
Chairman

Sydney, 7 August 2018

Condensed Consolidated Statement of Profit or Loss for the half-year ended 30 June 2018

	Note	Half-year 30 June 2018 $'000	30 June 2017 $'000
Continuing operations			
Revenue from sale of goods and rendering of services	2	39,904	42,307
Product and selling costs		(4,365)	(4,847)
Employee benefits expenses		(12,111)	(14,617)
Marketing expenses		(1,509)	(1,773)
Premises and establishment expenses		(1,111)	(1,023)
Telecommunications		(320)	(308)
Other expenses		(3,211)	(2,874)
Depreciation and amortisation		(8,962)	(8,962)
Finance costs		(793)	(881)
Transaction costs related to the aborted sale of the Practice Management - Accountant Group		(927)	-
Profit before income tax		6,595	7,022
Income tax expense		(1,429)	(1,551)
Profit from continuing operations		5,166	5,471
Profit from discontinued operations	3	-	8
Profit for the half-year attributable to owners of the parent		**5,166**	**5,479**

Earnings per share	cents	cents
Basic earnings per share	4.6	4.9
Diluted earnings per share	4.5	4.8

Earnings per share from continuing operations and excluding transaction costs	cents	cents
Basic earnings per share	5.2	4.9
Diluted earnings per share	5.1	4.8

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2018

	Half-year 30 June 2018 $'000	Half-year 30 June 2017 $'000
Profit for the half-year	**5,166**	**5,479**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value movement on interest rate swap	(29)	2
Exchange differences on translation of net asset values of foreign operations	(198)	44
	(227)	46
Total comprehensive income attributable to the owners of the parent	**4,939**	**5,525**

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position as at 30 June 2018

	Note	June 2018 $'000	Represented[1] December 2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		2,715	1,958
Trade and other receivables	8	8,466	10,010
Inventories		1,835	2,835
Financial assets		2,358	2,255
Other assets		1,425	1,765
Total Current Assets		16,799	18,823
Non-Current Assets			
Receivables	8	327	40
Financial assets		332	332
Property, plant and equipment		3,881	1,494
Deferred tax assets		405	410
Intangible assets		61,854	62,939
Other assets		71	1,533
Total Non-Current Assets		66,870	66,748
Total Assets		83,669	85,571
LIABILITIES			
Current Liabilities			
Trade and other payables		6,173	5,424
Borrowings	6	-	-
Provisions		3,181	3,004
Current tax payables		541	776
Deferred revenue		5,861	5,996
Total Current Liabilities		15,756	15,200
Non-Current Liabilities			
Trade and other payables		1,278	-
Borrowings	6	43,616	50,606
Deferred tax liabilities		4,986	5,396
Provisions		1,246	1,270
Total Non-Current Liabilities		51,126	57,272
Total Liabilities		66,882	72,472
NET ASSETS		16,787	13,099
EQUITY			
Issued capital	4	19,458	19,459
Reserves		(49,427)	(49,266)
Retained earnings		46,756	42,906
TOTAL EQUITY		16,787	13,099

1. Represented to include Practice Management Accountant Group assets and liabilities, previously disclosed as held for sale.

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity for the half-year ended 30 June 2018

	Issued capital $'000	Share buy back reserve $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Acquisition of non-controlling interest reserve $'000	Swap hedging reserve $'000	Retained earnings $'000	Total $'000
Total equity at 1 January 2018 (as previously reported)	**19,459**	**(42,018)**	**(1,628)**	**396**	**(6,152)**	**136**	**42,906**	**13,099**
Adjustments (refer note 1)							(1,316)	(1,316)
Total equity at 1 January 2018	**19,459**	**(42,018)**	**(1,628)**	**396**	**(6,152)**	**136**	**41,590**	**11,783**
Profit for the half-year							5,166	5,166
Fair value movement on interest rate swap						(29)		(29)
Exchange differences on translation of net asset values of foreign operations			(198)					(198)
Total Comprehensive Income	-	-	(198)	-	-	(29)	5,166	4,939
Dividends paid								-
Treasury shares acquired	(1)							(1)
Share based payments expense				66				66
Total equity at 30 June 2018	**19,458**	**(42,018)**	**(1,826)**	**462**	**(6,152)**	**107**	**46,756**	**16,787**
Total equity at 1 January 2017	**18,707**	**(42,018)**	**221**	**668**	**(6,152)**	**133**	**65,159**	**36,718**
Profit for the half-year							5,479	5,479
Fair value movement on interest rate swap						2		2
Exchange differences on translation of net asset values of foreign operations			44					44
Total Comprehensive Income	-	-	44	-	-	2	5,479	5,525
Dividends paid							(3,379)	(3,379)
Share based payments expense				93				93
Total equity at 30 June 2017	**18,707**	**(42,018)**	**265**	**761**	**(6,152)**	**135**	**67,259**	**38,957**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows for the half-year ended 30 June 2018

	Note	Half-year 30 June 2018 $'000	30 June 2017 $'000
Cash Flows From Operating Activities			
Receipts from customers		45,151	54,556
Payments to suppliers and employees		(27,456)	(35,742)
Payment for capitalised development costs		(7,501)	(10,264)
Proceeds from government grant (development costs)		273	463
Interest received/(paid)		(793)	(881)
Income tax paid		(1,518)	(1,571)
Net cash inflow from operating activities		8,156	6,561
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(294)	(499)
Payment for investment in business		(29)	(196)
Net increase in loan book		(103)	(924)
Net cash inflow/(outflow) from investing activities		(426)	(1,619)
Cash Flows From Financing Activities			
Dividends paid		-	(3,379)
Payment for de-merger costs		-	(748)
Payment for treasury shares		(1)	-
Proceeds from/(repayment of) borrowings		(6,990)	(124)
Net cash inflow/(outflow) from financing activities		(6,991)	(4,251)
Net Increase In Cash and Cash Equivalents		739	691
Cash and cash equivalents at the beginning of the half-year		1,958	1,715
Effects of exchange rate changes on cash and cash equivalents		18	(36)
Cash and Cash Equivalents at the end of the half-year		2,715	2,370

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2018

Note 1. Basis of preparation of half-year report

This general purpose financial report for the interim half year ended 30 June 2018 has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This interim financial report does not include all of the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by Reckon Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The condensed consolidated financial statements have been prepared on the basis of historical cost. All amounts are presented in Australian dollars.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports), dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, apart from the recognition of revenue as referred to below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to Accounting Standards and new Interpretations that are mandatory effective from the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. During 2018, the Group has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. AASB 9 Financial Instruments is not considered to have a material impact on the financial statements.

The Group has amended the accounting policy related to revenue recognition of the implementation component of subscription revenue in the Practice Management Accountant Group in order to comply with AASB 15. Implementation revenue was previously recognised once the installation was completed, whereas this revenue is now spread over the term of the contract. The directors have adopted the modified retrospective method of transition to AASB 15 Revenue from Contracts with Customers. For the results and balance sheet, the would have been impact is as follows:

		2017	
	Impact	AASB 15	Previously reported
	$'000	$'000	$'000
Revenue	(39)	42,268	42,307
Profit attributable to the owners of the parent	(27)	5,452	5,479
Other assets - current	(467)	1,298	1,765
Other assets - non current	(1,400)	133	1,533
Deferred tax liabilities	551	(4,845)	(5,396)
Retained earnings	(1,316)	41,590	42,906

For the results and balance sheet, the impact is as follows:

		2018	
		As reported	Balances
	Adjustments	AASB 15	without AASB
	$'000	$'000	$'000
Revenue	249	39,904	39,655
Profit attributable to the owners of the parent	174	5,166	4,992

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019. The Group will apply AASB 16 Leases in the financial year ended 31 December 2019. As the end of the reporting period, the Group has non-cancellable undiscounted operating lease commitments of $12,553 thousand. These commitments relate to its office premises which will require recognition of right of use assets and associated lease liabilities under AASB 16 Leases.

Note 2: Segment information

Primary segments	Business Group $'000	Practice Management Accountant Group $'000	Practice Management Legal Group $'000	Continuing operations: Consolidated Group $'000	Discontinued operations: Document Managemen t Group $'000	Total $'000
Half-year 2018						
Segment operating revenue:						
Subscription revenue	14,947	11,920	4,230	31,097	-	31,097
Other recurring revenue	1,923	-	-	1,923	-	1,923
Loan income	518	-	-	518	-	518
Other revenue	1,877	3,350	1,139	6,366	-	6,366
Total revenue	**19,265**	**15,270**	**5,369**	**39,904**	-	**39,904**
Segment EBITDA	**10,027**	**8,281**	**762**	**19,070**	-	**19,070**
Depreciation and amortisation	(4,701)	(2,686)	(1,575)	(8,962)	-	(8,962)
Total segment profit before tax	**5,326**	**5,595**	**(813)**	**10,108**	-	**10,108**
Central administration costs				(1,793)	-	(1,793)
Transaction costs				(927)	-	(927)
Finance costs				(793)	-	(793)
Profit before tax				**6,595**	-	**6,595**
Income tax expense				(1,429)	-	(1,429)
Profit for the half-year				**5,166**	-	**5,166**
Half-year 2017						
Segment operating revenue:						
Subscription revenue	14,700	11,649	4,554	30,903	6,354	37,257
Other recurring revenue	2,327	-	-	2,327	-	2,327
Loan income	275	-	-	275	-	275
Other revenue	2,195	4,386	2,221	8,802	1,482	10,284
Total revenue	**19,497**	**16,035**	**6,775**	**42,307**	**7,836**	**50,143**
Segment EBITDA	**9,899**	**7,917**	**1,708**	**19,524**	**1,510**	**21,034**
Depreciation and amortisation	(4,685)	(2,847)	(1,430)	(8,962)	(1,725)	(10,687)
Total segment profit before tax	**5,214**	**5,070**	**278**	**10,562**	**(215)**	**10,347**
Central administration costs				(2,659)	-	(2,659)
Finance costs				(881)	-	(881)
Profit before tax				**7,022**	**(215)**	**6,807**
Income tax expense				(1,551)	223	(1,328)
Profit for the half-year				**5,471**	**8**	**5,479**

The revenue reported above represents revenue generated from external customers.

Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs and income tax expense, all of which are allocated to Corporate head office. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessing performance.

The principal activities of these divisions are as follows:

Business Group - development, distribution and support of business accounting and personal financial software, as well as related products and services. Products sold in this division include Reckon Accounts and Reckon One. This revenue stream includes the distribution of software licenses recognised at a point in time as well as support services recognised over the life of the contract. The other recurring revenue outlined above relates to revenue earned from individually sold software upgrades and support packages. Other income includes revenue from the partner memberships revenue stream.

Practice Management Accountant Group - development, distribution and support of practice management, tax, client accounting and related software and services under the APS brand as well as the ReckonDocs and Elite brands. This revenue stream includes the distribution of software licenses and support services recognised over the life of the contract. Other income disclosed above includes revenue from the ReckonDocs product earned during the period.

Practice Management Legal Group - development, distribution and support of cost recovery, cost management, scan solutions and related software under the nQueue brand predominantly to the legal market. This revenue stream includes the distribution of software licenses and implementation revenue recognised at a point in time as well as support services recognised over the life of the contract. Other income disclosed above includes revenue from the the distribution of software licenses and consulting services provided during the period.

Document Management Group - development, distribution and support of document management and document portal products under the Virtual Cabinet and Smart Vault brands (Discontinued). As this revenue stream was discontinued in the 2017 financial year, it has not been impacted by the adoption of AASB 15 *Revenue from Contracts with Customers*

Timing of revenue recognition

At a point in time

Revenue recognised at a point in time relates largely to the software license, implementation and ReckonDocs components of revenue. However in the Busines the proportion of the software license component for annual renewals comprises roughly 80% of the total contract value and is recognised at the initiation of the contract following the fulfillment of the performance obligation in relation to this component of revenue.

Over a period of time

Revenue recognised over a period of time largely relates to software licences sold under a subscription model, support, hosting and maintenance services relati accounting packages provided. These revenue streams are deemed to be provided consistently over the life of the contract. However for the Business Group, tl comprise roughly 20% of the total contract value.

Note 3. Discontinued operations

Effective 4 August 2017 the Group de-merged its Document Management Group into an independent company with shares admitted to trading on the AIM market of the London Stock Exchange.

The results of the discontinued operations are set out below.

Profit from discontinued operations

	Half-year 30 June 2018 $'000	Half-year 30 June 2017 $'000
Revenue	-	7,836
Expenses	-	(8,051)
Profit before tax	-	(215)
Attributable income tax expense	-	223
Profit from discontinued operations attributable to owners of the parent	-	8

Cash flows from discontinued operations

	Half-year 30 June 2018 $'000	Half-year 30 June 2017 $'000
Net cash inflows from operating activities	-	705
Net cash inflows from investing activities	-	(2,023)
	-	(1,318)

Note 4. Issued capital

113,294,832 shares were in issue at 30 June 2018 and at 31 December 2017.

711 treasury shares (2017: nil) were purchased in the current period.

Note 5. Dividends

Ordinary shares

	Half-year 30 June 2018 $'000	Half-year 30 June 2017 $'000
Dividends paid during the half-year	-	3,379

Dividends not recognised at the end of the half-year

	Half-year 30 June 2018 $'000	Half-year 30 June 2017 $'000
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 3 cents per fully paid ordinary share (2017: nil). The dividend will be fully franked. The aggregate amount of the proposed dividend expected expected to be paid on 4 September 2018 out of the retained profits at 30 June 2018, but not recognised as a liability at the end of the half-year, is	3,386	-

Note 6. Borrowings

The Group has bank facilities of $73 million. The facility comprises variable rate bank overdraft facilities, loan facilities and bank guarantee and transactional facilities. The loan facility expires on August 2019. The facility is secured over the Australian, New Zealand and UK assets. Reckon has partially hedged the bank borrowings.

Note 7. Fair value of financial instruments

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets, is determined with reference to quoted market prices. The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions. The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models. The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair value.

Note 8. Trade and other receivables

	Half-year 30 June 2018 $'000	Half-year 30 June 2017 $'000
Current		
Trade receivables	8,328	9,089
Allowance for doubtful debts	(409)	(339)
Other receivables	546	1,260
	8,465	10,010
Non-Current		
Trade receivables	297	-
Other receivables	30	40
	327	40

Trade receivables are debts arising from the normal course of trading with customers.

Other receivables predominantly comprise of sundry receivables which are Research and Development grant receivables in New Zealand.

Management has reviewed the impact of AASB 9 Financial Instruments on these balances and considered it to be have no significant impact on the financial statements. The assessment of trade receivables has been assessed under an expected loss model (previously incurred loss model)

Directors' Declaration

The directors declare that:

in the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 30 June 2018 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with accounting standards

(b) there are reasonable grounds to believe that Reckon Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Greg Wilkinson
Chairman

Sydney, 7 August 2018

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Reckon Limited
Level 2, 100 Pacific Highway
North Sydney NSW 2060

7 August 2018

Dear Board Members

Reckon Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Reckon Limited.

As lead audit partner for the review of the financial statements of Reckon Limited for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J Bresolin

John Bresolin
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Members of Reckon Limited

We have reviewed the accompanying half-year financial report of Reckon Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reckon Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Reckon Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Reckon Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

John Bresolin
Partner
Chartered Accountants
Sydney, 7 August 2018