



ASX Announcement

*Results For Announcement to Market
Financial Year Ending 31 December 2015*

16 February 2015

Results Highlights

	2015 Result	2014 Result	% Change	Amount Change
Revenue	\$105.1 million	\$100.8 million	Up 4.3%	\$4.3 million
EBITDA	\$36.6 million	\$37.1 million	Down 1.3%	\$0.5 million
Adjusted EBITDA*	\$39.2 million		Up 5.7%	\$2.1 million
NPAT	\$15.1 million	\$17.6 million	Down 14.1%	\$2.5 million
Adjusted NPAT*	\$19.8 million	\$18.9million	Up 4.6%	\$0.9 million
EPS	13.1 cents per share	14.2 cents per share	Down 7.6%	1.1 cents per share

*Adjusted for expenditure incurred in establishing and developing Reckon One both for the domestic and international markets as well as establishing the Document Management market in the USA. Limited revenue has been recognised in these markets to-date.

Summary commentary

The results for 2015 are evidence of:

- Continued growth in revenue driven by even stronger volume growth
- Leading products servicing the world's largest accounting and law firms
- A diversified range of market leading products into multiple industries in multiple territories
- Vastly improved proportion of revenue that is subscription based
- Significant enhancement in cloud delivery
- Several development projects have been completed which are now contributing to revenue growth
- Significant investment in new markets with high growth potential.

Some important drivers of the results include:

- Major organic contract wins and product rollout across Practice Management resulting in Reckon APS seat growth of 11%
- SyncDirect and Document Management delivering a full suite of practice management solutions with collaborative functionality to provide efficiency to accounting firms

- Scan solutions helping grow nQueue revenue by 20%
- Continued strong growth of 34% in our Document Management business now with global reach
- The planned move to a subscription revenue model across the Group has resulted in a reduction in revenue of \$2.6m in 2015, however provides a much more sustainable business. The transition to subscription is largely complete
- Business Division cloud user growth of 23%
- Strong month on month growth for Reckon One of 9% for the second half of 2015, with very positive feedback from customers including:
 - ease of use of the product; and
 - value for money driven by the modular approach.

Since year end Reckon acquired SmartVault which is expected to deliver further document management growth and will be a beachhead to into the lucrative US market

Group CEO, Clive Rabie said:

“2015 was a busy year at Reckon and I am starting to feel that what we have been working towards is now being validated.

Many of the projects that we have been talking about over many years are now delivering significant revenue to all our divisions.

Selling products to the largest accounting and law firms in the world confirms our belief that we deliver top quality and relevant technology.

I am especially happy with customer feedback on Reckon One that was built from the ground up over the last few years. Reckon One already has runs on the board and is growing.

The delivery of a Payroll Module for Reckon One next month will greatly assist Reckon One growth opportunities.

Reckon One will shortly be launched into the UK, leveraging our close relationships with accountants in this market.

We have also substantially concluded our journey to a subscription model and we can now focus on growing the size and quality of all of our businesses. I have confidence that this can be achieved based on the unit growth that we have already achieved. We also have a very good pipeline of new work and opportunities in several of our businesses.

The market is aware of the strategic review we undertook late last year. From that process we believe we have validated the potential of the Group and we are poised to deliver a fundamentally enhanced business over the next few years. This includes changing the reporting segments for 2016 from Accountants Group, International Group, and Business Group; to Practice Management, Document

Management and Business. This structure better reflects the business and the opportunities available to the Group.

The strategic review appeared to trigger rumours in the market about the sale of Reckon or parts of its business. As with any listed company, we are continuously confronted with potential opportunities, but based on the outcome of the review and our strategic plans we are committed to growing the businesses to deliver appropriate longer term returns to shareholders.

Our commitment to growth will be marked by increased investment in development of our product range and in new markets in 2016, with this investment returning to normal levels by the end of 2018. We are also investigating two potential bolt-on acquisitions to further advance our strategic goals.

The Board intends to declare a final dividend of 3 cents per share. This is lower than the 2014 final dividend because of investment in new markets in 2015; the company recently completing two transactions; coupled with the company currently assessing the two bolt-on acquisitions.

The board is also proposing to implement a dividend reinvestment plan, which may be underwritten.

All in all we see Reckon entering an exciting new phase of growth."

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