



## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Reckon Limited ("the Company") will be held at the registered office of the Company at **Level 12, 65 Berry Street, North Sydney NSW 2060** on **Wednesday 20 May 2015** at **10:00am**.

### General Business

#### Item 1 - Consideration of Reports and Statements

To receive and consider the Directors' Report for the financial year ended 31 December 2014, the Annual Financial Report for that year, the Directors' Declaration and the Independent Audit Report.

*Note: There is no requirement for shareholders to approve these reports.*

#### Item 2 - Resolutions

##### Resolution 1 — Resolution for the re-election of Greg Wilkinson as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*Resolution 1: "That Greg Wilkinson be re-elected as a director of the Company."*

*Note: The Chairman of the Meeting intends to vote undirected proxies in favour of Greg Wilkinson's re-election.*

##### Resolution 2 — Non binding vote to adopt Remuneration Report

The Remuneration Report is on pages 17 to 42 of the 2014 Annual Report.

To consider, and if thought fit, pass the following as an advisory resolution:

*"That the Remuneration Report be adopted."*

This resolution is advisory only and does not bind the Company or the directors.

**Note:** This resolution shall be determined under section 250R(2) of the Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and closely related parties in contravention of section 250R or 250BD of the Corporations Act 2001 (Cth). Restrictions apply to votes unless exceptions apply.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at this AGM, shareholders will be required to vote on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company Directors (other than the Managing Director) would need to stand for re-election.

### Resolution 3 — Conditional spill resolution

*“Subject to and conditional upon at least 25% of the votes on resolution 2 being cast against resolution 2, to consider, and if thought fit, pass the following resolutions as ordinary resolutions:*

- a. That the Company will convene another meeting of the Company’s members (Spill Meeting) within 90 days.*
- b. That all the Company’s directors;*
  - i. who are directors at the date of the AGM; and*
  - ii who are not a managing director of the Company who may continue to hold office indefinitely under the listing rules of a prescribed financial market (and the Company is included on that market’s official list) without being re-elected to the office, cease to hold office, immediately before the end of the Spill Meeting.*
- c. That resolutions to appoint new directors to replace the vacated directors will be put to vote at the Spill Meeting.”*

Note: This resolution shall be determined under section 250V(2) and 250R(4)-(10) of the Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and closely related parties in contravention of section 250R or 250BD of the Corporations Act 2001 (Cth). Restrictions apply to votes unless exceptions apply.

Resolution 3 will be deemed to have been withdrawn and the result of the contingent vote or poll will not be valid if less than 25% of the votes are cast against resolution 2. Please refer to the Explanatory Notes for further information.

By Order of the Board.



**Myron Zlotnick**  
Company Secretary  
26 March 2015

## HOW TO VOTE

### Eligibility to attend & vote

In accordance with the Corporations Act 2001 (Cth) ("Corporations Act") and the regulations made thereunder, the board has determined that in relation to the Annual General Meeting of the Company convened by this Notice of Meeting, shares will be taken to be held by the persons who are the registered holders at **10.00am (Sydney time) on 18 May 2015**.

Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### Proxies

A member entitled to vote at the meeting has the right to appoint a proxy to attend and vote instead of the member. A proxy need not be a member. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and does not specify the proportion or number which each proxy is to exercise, then, in accordance with Section 249X(3) of the Corporations Act, each proxy may exercise half of the votes for which the proxies are appointed.

If you appoint a proxy, you may still attend the meeting. However, your proxy's right to speak and to vote are suspended while you are present. Accordingly you will be asked to revoke your proxy if you register at the meeting.

Please note the restrictions on proxies relating to resolution 2 and, if applicable resolution 3, the conditional spill resolution, as described below.

If the Chairman of the Meeting is to be your nominated proxy, please place a mark in the relevant box on the proxy form.

By marking this box you acknowledge and give express instructions that: the Chairman of the Meeting may exercise your proxy, either in accordance with your express directions as indicated on the proxy appointment form or where you have not directed your proxy, the proxy will be exercised as the Chairman of the Meeting decides, even though resolution 2 ( Remuneration Report) and if applicable, resolution 3 (conditional spill resolution), are connected directly or indirectly with the remuneration of a member of Key Management Personnel; and even if the Chairman has an interest in the outcome of those resolutions.

Chairman of the Meeting intends to vote undirected proxies in favour of resolution 2 (Remuneration Report) and, if applicable, against resolution 3 (conditional spill resolution) subject to the Chairman being given the express authorisation referred to above.

## HOW TO VOTE (cont.)

### Restriction on Proxies relating to resolution 2 and conditional resolution 3

<b>Resolution 2 – Remuneration report</b>	<p>Key Management Personnel (other than the Chairman) and their Closely Related Parties can only cast a proxy vote on the advisory resolution for adoption of the Remuneration Report (resolution 2) or where applicable the conditional spill resolution (resolution 3), if:</p> <ul style="list-style-type: none"> <li>the person for whom they are casting the proxy vote is not a member of the Key Management Personnel or of their Closely Related Parties; and</li> <li>the written proxy appointment directs how the vote is to be cast on the resolution.</li> </ul>
<b>Resolution 3 – Conditional spill resolution</b>	

The Remuneration Report identifies Reckon's Key Management Personnel for 2014. Their Closely Related Parties are defined in the Corporations Act 2001, and include certain of their family members, dependents and companies they control.

If you appoint the Chairman of the Meeting as your proxy (or if the Chairman is appointed your proxy by default) you can:

- direct the Chairman to vote by marking the relevant boxes in Step 2 of the proxy form to indicate your direction to vote, ie "for", "against" or "abstain";
- or
- if you do not direct the Chairman of the Meeting how to vote on resolution 2 (Remuneration Report) or if applicable, resolution 3 (conditional spill resolution), you will be taken to have expressly authorised the Chairman to exercise your Proxy as decided by the Chairman.

The Chairman of the Meeting intends to vote all available proxies in favour of resolution 2 (Remuneration Report) and if applicable, against resolution 3 (conditional spill resolution).

## HOW TO VOTE (cont.)

### Appointment of Proxy & Lodgment

A form for appointment of proxy is enclosed.

To be effective:

- the document appointing the proxy (and the original, or a certified copy, of the power of attorney or other instrument under which the document appointing the proxy is signed or executed); and
- must be received by the Company at least 48 hours before the meeting, ie. by 10.00am (Sydney time), Monday 18 May 2015.

The documents should be delivered to the Company at:

Computershare  
GPO Box 242  
Melbourne NSW 3001  
Fax: 61 3 9473 2555.

No facility exists for receiving proxies by email.

Please refer to other notes appearing on the enclosed Proxy Form.

### Voting Exclusions

There are no voting exclusions, other than the voting exclusion relating to the Key Management Personnel and their Closely Related Parties in relation to resolution 2 (Remuneration Report) and if applicable, resolution 3 (conditional spill resolution).

### Corporate Representative

A representative of a company attending the meeting must present at the meeting satisfactory evidence of his or her appointment to attend on the company's behalf, unless previously lodged with the Company.

## EXPLANATORY NOTES

### General Business

#### Item 1 Annual Financial Report

The Corporations Act 2001 (Cth) (Corporations Act) requires the Reports of the Directors and of the Auditors and the Annual Financial Report, including the Financial Statements, to be laid before the Annual General Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such Reports or Statements. However, shareholders will be given ample opportunity to raise questions on the reports and statements at the meeting. The Company's auditors will also be present to answer any questions.

#### Item 2 Resolutions

##### **Resolution 1: Re-election of Greg Wilkinson as a director**

Pursuant to Clause 6.1 of the Company's Constitution, Greg Wilkinson retires by rotation as director of the Company. Being eligible, Greg Wilkinson offers himself for re-election.

Greg Wilkinson has over 30 years' experience in the computer software industry. Greg entered the industry in the early 1980s in London where he managed Caxton Software, which became one of the UK's leading software publishers. Greg co-founded Reckon in 1987 and was the Chief Executive Officer until February 2006. He was appointed to the position of Deputy Chairman in

February 2006 and became a member of the board of the listed entity on 19 July 1999. He was appointed to the Audit & Risk Committee in February 2010 and Remuneration Committee in December 2011. He is also an investor and mentor to a number of cloud based start-up companies.

Greg is a valuable member of the board and has contributed to the success of the Company.

The directors unanimously recommend that shareholders vote in favour of resolution 1.

In addition to the resolution to re-elect Greg Wilkinson, shareholders are advised that as part of a recent review of the composition of the board, it has commenced the process of seeking and appointing a new independent director to refresh the membership of board. At the time of writing this Notice of Meeting and the Explanatory Notes this process is underway but not yet finalised.

##### **Resolution 2: Non-binding advisory vote on the Remuneration Report**

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out on pages 17 to 42 of the 2014 Annual Report which is also available on Reckon's website.

The Remuneration Report sets out the policies for the remuneration of directors and Key Management Personnel. It also sets out required disclosures relating to the types and amounts of remuneration paid to directors and senior

## EXPLANATORY NOTES (cont.)

executives. An opportunity for discussion of the Remuneration Report will be provided at the Annual General Meeting.

The Corporations Act 2001 requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, the vote on resolution 2 is advisory only, and does not bind the directors. However, the board will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

Under the Corporations Act 2001, for any AGM held on or after 1 July 2011, the Two Strikes Rule applies:

- if at least 25% of the votes cast, are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the board's proposed action in response or explain why no action has been taken; and
- if, at the AGM in the following year (2nd AGM), at least 25% of the votes cast are voted against the adoption of the Remuneration Report resolution.

The Two Strikes Rule requires that at the 2nd AGM, a resolution (a spill resolution) must be put to the shareholders that another meeting be held within 90 days at which all the directors, excluding the Managing Director, would need to stand for re-election.

At the AGM held on 21 May 2014 the Company received a first strike against the non-binding resolution calling for approval of the Remuneration Report for 2013, in accordance with section 250R(2) and 250R(3) of the Corporations Act 2001.

This vote against represented approximately 18% of the total shares on issue at the time but 33% of the votes actually cast on the resolution.

The concerns underlying the vote against only came to the Company's attention for the first time in about May 2014 when certain proxy adviser reports raised issues about the 2013 Remuneration Report. Some of these concerns were repeated in shareholder comments at the 2014 AGM.

In general terms the concerns related to the level of detail of disclosure; the extent to which pay and performance were properly articulated; the amount of remuneration; and the exercise of a discretion to allow a long term incentive to vest in circumstances where performance targets were not achieved.

The board notes that while there was common ground in the concerns raised by proxy advisers and shareholders, there were also degrees of difference in the issues raised and the approach to and emphasis on the issues.

In response to these concerns, the board engaged with proxy advisers to better understand their varying approaches to remuneration matters and also to present the overall company position on remuneration matters, especially in relation to

## EXPLANATORY NOTES (cont.)

the exercise of its discretion. At the time of the writing of this Notice of Meeting and Explanatory Notes, the Company is proposing to engage with certain shareholders to discuss the issues.

The board also undertook an internal review of remuneration matters and the contents of the Remuneration Report and engaged the services of a remuneration consultant to assist in this process. The consultant did not make any remuneration recommendations, ie: there was no input as to how much the remuneration should be or what elements remuneration should have for one or more members of the key management personnel. The input was rather directed at certain aspects of policy and governance and the degree of detail of disclosure in the Remuneration Report.

The nuanced differences of proxy advisers to remuneration matters to some extent reveals the difficulty the board itself confronts in the remuneration process to make sure that remuneration meets market expectations but at the same time is tempered by the unique circumstances of the Company and its stages of development and transition.

In that context the board now believes that the Remuneration Report substantially meets the concerns raised. Specifically the board believes it has improved the way it has articulated its approach to the long term incentives for the three year performance periods ending in 2013 and 2014 respectively.

As the resolution relates to matters including the remuneration of the directors, the board, as a

matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding this resolution.

### **Resolution 3: Conditional Spill Resolution**

The Corporations Act requires that a spill resolution be included in the notice of meeting where:

- the Remuneration Report at the Company's previous general meeting (which was held in 2014) received at least 25% of the "no" votes; and
- at the following AGM (this AGM in 2015), the Remuneration Report receives at least 25% of the "no" votes.

The spill resolution will be carried by ordinary majority (more than 50%). If the spill resolution is valid and carried, a spill meeting must be held within 90 days of the passing of the spill resolution.

The directors recommend you vote against this resolution.

### **Spill meeting**

The spill meeting, if required, will be called by a separate notice of meeting in accordance with the Constitution of the Company and the Corporations Act. Nominations for director appointments at the spill meeting may be made in accordance with the Constitution of the Company and may include the directors listed above.



## EXPLANATORY NOTES (cont.)

If a spill meeting is held, pursuant to s250V(1)(b)(i) of the Corporations Act, the directors who will cease to hold office immediately before the end of the spill meeting (unless they resign before the spill meeting) will be:

- Gregory Wilkinson
- Ian Ferrier
- John Thame

This assumes they are re-elected at this 2015 AGM.

Each of these directors is eligible to stand for re-election at the spill meeting and intends to seek re-election.

### **Voting Exclusions for resolution 2 (Remuneration Report) & resolution 3 (conditional spill resolution)**

The Chairman of the Meeting will disregard any votes cast on resolution 2 and, if applicable, resolution 3, by a member of the Key Management Personnel or their Closely Related Parties in accordance with the requirements of the Corporations Act.

However, the Chairman of the Meeting will not disregard a vote if:

- It is cast in accordance with the written direction on the proxy form authorising the Chairman to vote as the Chairman decides notwithstanding that resolution 2 and if applicable, resolution 3, are connected directly or indirectly with the remuneration of a member of Key Management Personnel and even if the

Chairman has an interest in the outcome of the resolution; or

- It is cast by a member of the Key Management Personnel or their Closely Related Parties as a proxy with the written direction as to how that proxy is to be exercised, and
- provided that the vote is not cast on behalf of a member of the Key Member Personnel or their Closely Related Parties.

### **Key Management Personnel**

The Remuneration Report identifies Reckon's Key Management Personnel for 2014. Their Closely Related Parties are defined in the Corporations Act 2001, and include certain of their family members, dependents and companies they control.



**Clive Rabie**

Group CEO

26 March 2015

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**Reckon™**

ABN 14 003 348 730

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## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number:** \_\_\_\_\_

**SRN/HIN:** \_\_\_\_\_

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10.00am (Sydney time) Monday 18 May 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.


## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Reckon Limited hereby appoint

☐ the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Reckon Limited to be held at the registered office of the Company at Level 12, 65 Berry Street, North Sydney NSW 2060 on Wednesday 20 May 2015 at 10:00am and at any adjournment or postponement of that Meeting.

☐ **Important for Items 2 and 3 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default.**


By marking this box, you are expressly authorising the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2 and 3 as set out in the Notice of Meeting. If you do not mark this box, and you have not otherwise directed your proxy how to vote on Items 2 and 3 the Chairman of the Meeting will not cast your votes on Items 2 and 3 and your votes will not be counted in computing the required majority if a poll is called on these items.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 and 3 by marking the appropriate box in step 2 below.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 3 where the Chairman of the Meeting intends to vote against.**

I/We expressly authorise the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2 and 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Items 2 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel (which includes the Chairman).

### STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

The Chair of the Meeting intends to vote all available undirected proxies **FOR** the following:

For Against Abstain

1 Re-election of Greg Wilkinson as a Director.

☐ ☐ ☐

2 Non binding vote to adopt remuneration report.

☐ ☐ ☐

The Chair of the Meeting intends to vote all available undirected proxies **AGAINST** the following:

3 Conditional spill resolution.

☐ ☐ ☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 3 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

**Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date

\_\_\_\_/\_\_\_\_/\_\_\_\_