



Reckon™

CHAIRMAN'S SPEECH

RECKON LIMITED AGM

10:00am - 20 May 2015

Level 12, 65 Berry Street, North Sydney

1. Welcome and thank you for being here today for the 2014 AGM.
2. You will have seen the announcement in early May regarding my intentions to retire from the board of Reckon and I can confirm today that as of 30 June 2015 I will step down as Chairman and retire from the board.
3. Ian Ferrier will be appointed Chairman and Chris Woodforde will join the board as an independent non-executive director on 1 July. I will say a bit more about Chris later on.
4. Given that this is my last AGM I hope you will indulge me to reflect on the performance and direction of the company generally over the last few years.
5. This is pertinent not only because I am leaving but it also shows what a solid company this really is.
6. So let's dwell for a few minutes on what we have achieved and where we are going.
7. There is no question that the world in which we compete has changed dramatically in recent times.

8. The way in which our traditional markets of small businesses and accountants do business has changed.
9. Technology is a major driver for this especially the extent to which automation and computing power have become cheaper and more mobile, to put it very generally.
10. The way we work has changed, flexibility and mobility are commonplace. Workforces demand remote access.
11. Accountants are trusted advisers and clients expect value for money. Compliance work is not seen as adding value.
12. The regulatory environment changes all the time. The way government expects its citizens to engage with it is changing. The expectation being that sometime in the future all contact will be digital.
13. All of this is taking place in a world in which the cloud is the buzz word.
14. Within that context and since I joined the board I have witnessed Reckon quietly working to meet these demands for change.
15. We have moved from being a publisher of software to becoming a developer of world class proprietary solutions.
16. We are now conducting software development under our own Reckon brand.
17. We have diversified strategically beyond just small business accounting software to include practice management for professional accounting firms, together with allied solutions such as company formation and company secretarial software; and later adding cost recovery/expense management and document management to our range.

18. We were early recognisers of the need to integrate the accounting and small business offerings.
19. We have re-tooled our internal IT and product development teams to support an integrated model.
20. We are exploring opening markets beyond Australia and New Zealand, especially for cloud based small business accounting products. To this end we have begun executing plans for Reckon One in the United Kingdom and the USA will follow. This is all at a fledgling stage and international markets have their challenges but our intention is clear to pursue these markets.
21. We are well placed to meet a range of demands whether on the desktop, in a hosted environment or within the cloud.
22. On the financial side, we have re-modelled our revenue model to move towards a subscription based business for the entire company, as far as possible. We were leaders in this area.
23. In terms of our overall strategy, be it corporate activity or product development, we have to some extent stuck to our guns notwithstanding noisy distractions about disruptions in the market.
24. At the same time have embraced change and risen to meet the demands of a changing world.
25. This is evident not only in what products we are developing and the way we do the development but also in the balance we have struck in the recruitment and structure of our senior management team. This team combines contemporary domain expertise with more experienced management which together work really well.

26. Collectively all of this meets our stated aims of being a preferred supplier of technology to our market, to making their lives easier and equipping them with the freedom to pursue their financial goals.
27. In my time returns to shareholders have fluctuated from spectacular to modest but on balance I think we have justified faith in your investment and have positioned the company well for the future.
28. Looking to the future, you might be aware that this time of the year is our very busy roadshow period where we present to our customers where we are headed for the year to come. The big focus this year has been on Reckon One. This product was released last year but has now been re-designed from the ground up and while it is early days, the feedback has been very positive.
29. I won't spend any time walking through the results for the year ending 31 December 2014 as it has been some time since they were announced and you all should be familiar with them. Traditionally we don't give guidance and unfortunately for you, we will stick with that policy, but I can say that as at year to date the company is travelling well in accordance with expectations.
30. I should emphasise that while we are not "share watchers" I do see that our share price is on the march. Since 1 January 2015 we have seen about 17% growth in the share price.
31. While I can't speculate whether that is a response to the return of an old competitor to the ASX or a vote of confidence in our fundamentals, I'd like to think it is a vote of confidence.
32. This is after all a very neat and smart business. And I thank you all for your support and confidence over the term of my tenure on the board and as Chairman.

33.As I mentioned, Chris Woodforde is joining the board as an independent non-executive director.

34.We are fortunate enough to have Chris here today. Although he has not formally joined the board I thought it opportune to briefly introduce him to you all.

35.If you had seen the announcement earlier this month you would have read that Chris has advised and worked with organisations in the Information, Technology and Communications Industries for over 25 years. He is a lawyer by training with very strong commercial skills, especially after a lengthy stint as a senior executive at Microsoft. He has been a mentor to and investor in several technology start-up interests. We look forward to him bringing his unique blend of skills to the board.

36.I now return to the items in the Notice of Meeting.