



Chairman's Speech

for

Annual General Meeting of

Reckon Limited

To be held at 10 am on 23 May 2013

at

Level 12

65 Berry Street

North Sydney

NSW

CHAIRMAN'S SPEECH
RECKON LIMITED AGM
23 MAY 2013

Welcome and thank you for being here today for the 2013 AGM.

Reckon has had a successful 12 months and today I'd like to share with you highlights from the last year as well as plans for the group in the years ahead.

The last 12 months have marked an important year in the company's evolution.

Reckon has implemented significant changes to elevate the company brand and deliver products and services that are modern, fast and mobile.

In particular, we've achieved a lot in terms of integrating our operations and products across our business - I'll talk further about this.

Reckon has continued to perform well financially over the last year.

We released full financial year results in February. These results have also been covered in the 2012 annual report we recently published.

Notably, EBITDA grew 9% for the year and overall revenue rose 7% which is a good result.

I'd now like to talk a little about the different areas of the business - how each contributed to Reckon's overall success in 2012 and our plans for 2013.

I'll then cover the broader company goals and how we're re-shaping the business to become the number one supplier of choice to progressive accounting and legal professionals, and progressive SMEs.

In 2012 our Professional Division, which predominantly delivers APS products, strengthened its position as supplier of choice to top professional accountancy firms. Overall revenue for the division grew 8%.

We attribute this success to continued acquisition of new clients, roll out of products and market share growth.

APS is now well-entrenched as a supplier of choice to many top 100 accounting firms.

We will offer more for these clients in the year ahead.

In particular we will offer Advance Workpaper Management, Advance Corporate Register and Virtual Cabinet document management and client portal. We will also provide an opportunity for clients to move to a subscription-based model.

We will also continue to deliver to the APS market through the APS private cloud service, which gives firms access to all their software products in an online environment – this provides significant opportunities for our clients to improve efficiencies and reduce costs.

In the Business Division two of our key products - Quicken and QuickBooks - have now been renamed.

Quicken products are now known as the Reckon Accounts personal range.

QuickBooks products are now known as the Reckon Accounts business range.

The best sales results for the newly named Reckon Accounts products came from non-retail channels in 2012 – where direct revenue grew 8%.

I also note that revenue from hosted products grew 67% and revenue from enterprise products grew 16%.

Growth in sales of hosted products is important. Firstly, our Reckon Accounts Hosted service is provided on a subscription basis – this is cost-effective for our business clients and the recurring revenue adds to the long term sustainability of our business.

Secondly, growth of hosted products demonstrates that more customers are seeking online accounting software solutions and we'll be offering more for these customers in the months and years ahead.

One of the most exciting initiatives for our business this year is the release of a new customisable cloud accounting solution called Reckon One.

Reckon One embodies a new “designed by you” concept which is about giving customers the flexibility to choose the product functionality they need.

Reckon One is being unveiled as part of roadshow series this month and will be made widely available in the second half of 2013.

At first Reckon One will be suitable for micro to small sized businesses but will gain added functionality over time for larger, and more complex, businesses.

Our process automation services include Virtual Cabinet, nQueue Billback and Reckon Docs.

Notably our corporate services revenue from Reckon Docs grew 17% in 2012.

Virtual Cabinet, which was brought into the business mid-2012, has been performing according to our expectations.

We are now looking at growing Virtual Cabinet in its traditional UK market, as well as in Australia, New Zealand and the USA.

nQueue Billback also experienced continued growth in new clients in a tough market.

At the AGM last year I noted Reckon's parting of ways with Intuit as part of the gradual process of Reckon diversifying over the years. The company has been capitalising on our new market position by:

- Firstly, increasing activity to elevate the Reckon brand name in the Australian and New Zealand markets; we feel this change will help our partners and customers more clearly understand Reckon's offering;
- Secondly, restructuring our business to effectively deliver products and services across desktop, hosted and cloud platforms;
- Thirdly, evolving our development processes to be modern, fast and mobile;
- And finally, developing a new cloud accounting solution called Reckon One.

Reckon is in a unique position in our markets as a supplier of solutions on desktop, hosted, and cloud platforms.

This point of difference means customers can choose a solution that best suits their needs.

We have made organisational changes to ensure the team has the skills across these three key platforms.

Together with new appointments, we have brought together product development efforts across the group to coordinate development.

The depth of experience, combined domain expertise and proven development methodology, places the company in a strong position.

This morning I've given you a brief overview of how Reckon has been performing and evolving over the last 12 months – there's certainly more exciting things happening within the organisation – much of which is covered in the annual report.

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.