



Chairman's Speech

for

Annual General Meeting of

Reckon Limited

To be held at 10 am on 21 May 2014

at

**Level 12
65 Berry Street
North Sydney
NSW**

CHAIRMAN'S SPEECH
RECKON LIMITED AGM
21 MAY 2014

1. Welcome and thank you for being here today for the 2014 AGM.
2. Traditionally I have commenced this address with a review of the financial performance of the company and in keeping with that tradition I will briefly mention the headline results, which were announced back in February and which I assume you are all well familiar with by now.

[Headline results slide]

3. We also have printed copies of our investor road show presentations we did in February from which you can see more detailed analysis of the 2013 financial results. We will be happy to take questions on this later on.
4. Having said that I want to break with tradition and perhaps use this time to reflect more on where the company is and where it is going.
5. I do this because we have had some anecdotal institutional investor feedback expressing some concern about what some perceive as flat results.
6. Our results should be viewed in the context of dramatic change in the company. I have mentioned these over the last two years but they merit mention again as this was an ongoing process. We parted ways from Intuit Inc, we executed a major brand name change, we commenced development of our own cloud solution, and we implemented management changes.
7. It is also important to bear in mind that the company has moved well down the track from an upfront pricing model to a subscription pricing model and while this shows short term flatness it does have longer term revenue sustainability outcomes.
8. We also managed to release Reckon One, our pure cloud based small business accounting product. This presents an opportunity for us to not

only pursue growth from our traditional markets, but also to present meaningful competition in the micro business market.

9. Our product roadshows that started in early May and continue into June have had tremendous feedback about Reckon One.
10. The product road shows in the major capital so far as well as in regional Australia have been very well attended and the level of interest from accountants, bookkeepers, small business owners and consultants is very encouraging.
11. Reckon One embodies our new “Freedom” concept which is about giving customers the freedom to choose the product functionality they need and to pursue their business and personal aspirations.
12. The release of Reckon One was delayed. This was an unfortunate but intentional outcome of us wanting to be absolutely sure of the quality of the product.
13. Clive Rabie, our Group CEO, always reminds me that no software is ever delivered with full specifications and that development is a journey. So we wanted to make sure that when we released Reckon One, we commenced the journey properly.
14. Reckon has an excellent development pedigree, not only in historically localising Intuit products for Australia and New Zealand, but also in the development of our Reckon APS suite of products which have been market leaders for several years as well as for the nQueue Billback and Virtual Cabinet products.
15. I mentioned last year that we have brought our Australian and New Zealand development teams closer together to execute on our strategies. One of the first outcomes of this new development approach is Reckon One.
16. But that is only one aspect of our development and our combined development team is also focussing on a “from-the-ground-up” approach to

make sure that all products are platform and device neutral. This is key to meeting the demands of mobile and remote access.

17. Reckon One is a great example of this with the application being accessible anywhere on any device.
18. This development team is well positioned to deliver on our unique position in the market of being able to compete and meet demand in 3 areas: desktop, hosted and cloud.
19. The launch of Reckon Accounts Hosted Version 2 is anticipated to be quite soon. Incidentally, we use the term “Hosted” to convey that the end user enjoys all the functionality of the desktop version of product without having to actually install it on a local computer, it is effectively a cloud experience.
20. Reckon Accounts Hosted Version 2 is a dramatic improvement on Version 1 with a raft of enhanced features including a new dashboard, fast and simpler browser access, better file management, faster report runs, and improved printing.
21. In the desktop space we now have a 100 year royalty free licence to the latest version of Intuit source code.
22. Reckon APS continues to be a market leader in the professional accounting practice management market and as this business moves more and more to a subscription based sales model, the long term sustainable revenue benefits will be felt.
23. On top of this our Accountants Group has a diverse range of solutions, including:
 - the hosted version of Reckon APS practice management suite, called Reckon APS Private Cloud;
 - a wide range of practice management and allied modules for professional accounting firms;
 - the sophisticated and secure document management and delivery portal solution, Virtual Cabinet;

- the recently acquired and very well received data mapping solution called SyncDirect (I'll pause to mention here that this product allows an accountant to import client data into an effective single ledger, irrespective of what software the client uses, this means the accountant is not forced to insist on his or her clients using only one type of software);
- practice management and tax compliance solutions under the Reckon Elite brand; and
- the array of services and solutions offered by Reckon Docs in the company registration, compliance, and SMSF documentation market and the like.

24. I have deliberately dwelt on a description of the range of solutions that the Accountants Group offers to remind investors of the breadth of our offering and most importantly that it is our goal (already achieved in some cases) to have these solutions integrated to meet our mission statement of being a provider of choice to progressive accountants, bookkeepers and businesses and to make their lives easier.

25. This combined array of solutions provides a solid base for organic growth.

26. And we shouldn't forget our fledgling International Group that will look to take Reckon One overseas as well as manage Virtual Cabinet and nQueueBillback in the UK and USA.

27. By the way, Virtual Cabinet is showing encouraging signs of growth. And nQueue Billback is expanding its product market with the introduction and integration of scan solutions on top of its traditional expense management and cost recovery products.

28. We should also remember that through all this change and confronting new challenges, we have maintained profitability, paid a dividend and protected the company.

29. There is so much to be positive about and I hope I have conveyed that to you today. We do face challenges and we are not naïve about the difficulty of the challenges ahead.

30. 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.

31. 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.

32. Finally, as you know we have not traditionally given specific guidance but I am able to say that as at this early stage of the year, the business is trading within expectations and the outcome for shareholders is consistent with consensus opinion in the market.

33. However, we are about to embark on our busy period and this will determine our results for the year.