McMillanShakespeareGroup

McMillan Shakespeare Limited
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25 August 2015

Manager Company Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

By E-lodgement

Appendix 4E - Preliminary final report and accompanying announcement

This release contains an announcement to the Australian Stock Exchange Limited (**ASX**) regarding the full year results for McMillan Shakespeare Limited for the year ended 30 June 2015, which is given to ASX Limited under listing rule 4.3A of the ASX Listing Rules.

Yours faithfully
McMillan Shakespeare Limited

Mark Blackburn
Chief Financial Officer and Company Secretary

Appendix 4E

Preliminary Final Report Provided Under Listing Rule 4.3A

McMillan Shakespeare Group of Companies

Year Ended 30 June 2015 – (Previous corresponding period: Year Ended 30 June 2014)

McMillanShakespeareGroup

1. Details of the reporting period and the previous corresponding period	
	Current period: 1 July 2014 to 30 June 2015 Previous corresponding period: 1 July 2013 to 30 June 2014

2. Results for announcement to the market

	Key information	**Percentage change**	**Year ended 30 June 2015 $'000**
2.1	Revenues from continuing operations	Up 12.1% to	389,590
2.2	Profit from ordinary activities after income tax attributable to members	Up 22.8% to	67,487
2.3	Net profit from ordinary activities after income tax attributable to members	Up 22.8% to	67,487
	Dividends	**Amount per security**	**Franked amount per security**
2.4	Final dividend	27.0	27.0
2.5	Ex-dividend date Record date for determining entitlements to the dividend Dividend payment date	29 September 2015 1 October 2015 16 October 2015	

2.6 **Commentary on results for the financial year**

The underlying net profit after income tax (UNPAT) for the year ended 30 June 2015 before the after tax acquisition expenses of $1.5m and the onerous provision for property rental obligations of $1.2m (after tax, FY14: $0.9m) was $70.2m representing a 25.8% increase on the previous year's UNPAT result of $55.9m. The result is a pleasing improvement from PCP, due predominantly to the Group Remuneration Services segment which had a solid result turning in gains from improved productivity and revenue growth together with the recovery from the reversal of the previous Government's proposed legislative change to FBT on motor vehicles. The current year's result also includes the Presidian Group NPAT of $3.0m on revenue of $23.1m for the period since acquisition on 27 February 2015 to 30 June 2015 and which now forms the Retail Financial Services segment. UNPAT growth excluding Presidian Group was 20.2%.

The financial operating performance of the segments is summarised below.

	FY15	FY14	**FY15**	FY14
	Revenue	Revenue	**NPAT**	NPAT
	$'000	$'000	**$'000**	$'000
Group Remuneration Services	**176,096**	157,247	**54,306**	41,988
Asset Management	**188,061**	188,069	**11,281**	13,557
Retail Financial Services	**23,106**	-	**3,027**	-
Total segment operations	**387,263**	345,316	**68,614**	55,545

Basic earnings per share as shown in the financial statements was 87.0 cents per share (2014: 73.8 cents per share) and on a diluted basis was 86.8 cents per share (2014: 72.7 cents per share).

Refer to the accompanying 2015 Results Announcement for more details on the financial results.

3. Consolidated Income Statement	
	Refer Attachment A

4. Consolidated Statement of Financial Position	
	Refer Attachment A

5. Consolidated Cash Flow Statement	
	Refer Attachment A

6. Consolidated Statement of Changes in Equity	
	Refer Attachment A

7. Dividend			
	Dividends	**Amount per security**	**Franked amount per security**
	Final dividend	$0.27	$0.27
	Interim dividend	$0.25	$0.25
	Total dividend (interim *plus* final)	$0.52	$0.52
	The record date for determining entitlement to the final dividend is 1 October 2015. The final dividend is payable on 16 October 2015.		

8. Dividend reinvestment plan	
	There is no dividend reinvestment plan in operation.

9. Net tangible assets per security			
		Year ended 30 June 2015 $	Year ended 30 June 2014 $
	Ordinary shares	**1.53**	2.11
	The decline in NTA per share was due primarily to the increase in intangible assets associated with the acquisition of Presidian and the dilutive effect from the issue of new shares.		

10. Control gained or lost over entities during the financial year		
	Name of entities where control was gained during the financial year	**Date control Gained**
	Acquired 100% interest in Presidian Holdings Pty Ltd and its subsidiaries (Presidian) for $114.4m, a provider of finance, warranty and insurance products to the automotive industry in Australia. NPAT contribution to the consolidated results in the period since acquisition was $3.0m. The revenue and NPAT of Presidian for the full year as if owned by MMSG was $69.3m and $7.5m respectively. Refer note 11 of the financial report for further details.	27 February 2015
	Name of entities where control was lost during the financial year	**Date control Lost**
	None.	N/A

APPENDIX 4E
Preliminary Final Report

11. Investment in associates and joint ventures	
	The Group's share of its 50% joint venture interest in Maxxia Limited, a company operating in the UK that was acquired on 1 February 2013, was a loss of $816,000 (year 30 June 2014: $1,120,000 loss).

12. Other information	
	None.

13. Foreign entities	
	Not applicable.

14. Commentary on results for the period	
	Refer Review of Operations attached.

15. Audit	
	This report is based on accounts which are currently in the process of being audited.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
Revenue	3	**389,590**	347,457
Expenses			
Employee benefits expense		**96,856**	81,038
Depreciation, amortisation and impairment		**92,825**	89,116
Leasing and vehicle management expenses		**50,717**	52,692
Brokerage commissions and incentives		**5,535**	-
Net claims incurred		**2,160**	-
Technology and communication expenses		**8,673**	8,141
Property and corporate expenses		**10,059**	6,869
Finance costs		**10,865**	10,872
Consulting costs		**2,119**	3,446
Marketing costs		**3,477**	2,739
Other expenses		**9,350**	11,038
Share of equity accounted joint venture loss		**816**	1,120
Acquisition expenses		**2,196**	1,177
Total expenses		**295,648**	268,248
Profit before income tax		**93,942**	79,209
Income tax expense		**(26,455)**	(24,239)
Profit after tax from continuing operations		**67,487**	54,970
Other comprehensive income			
Items that may be re-classified subsequently to profit or loss:			
Changes in fair value of cash flow hedges		**(107)**	418
Exchange differences on translating foreign operations		**2,338**	489
Income tax on other comprehensive income		**28**	(142)
Total other comprehensive income for the year		**2,259**	765
Total comprehensive income for the year		**69,746**	55,735
Basic earnings per share (cents)	2	**87.0**	73.8
Diluted earnings per share (cents)	2	**86.8**	72.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents		**85,729**	71,197
Trade receivables		**16,246**	14,836
Other receivables		**30,695**	14,349
Finance lease receivables		**35,253**	7,969
Deferred acquisition costs		**2,137**	-
Inventory		**7,165**	5,379
Prepayments		**6,361**	6,568
Total current assets		**183,586**	120,298
Non-current assets			
Assets under operating lease		**293,125**	303,408
Finance lease receivables		**89,911**	16,937
Property, plant and equipment		**12,003**	9,797
Goodwill	**4**	**134,841**	46,387
Other intangible assets	**4**	**59,830**	20,272
Deferred acquisition costs		**973**	-
Other financial assets		**1,871**	1,726
Deferred tax assets		**1,183**	5,832
Total non-current assets		**593,737**	404,359
Total assets		**777,323**	524,657
Current liabilities			
Trade and other payables		**63,862**	49,359
Unearned premium liability		**6,105**	-
Other liabilities	**5**	**16,187**	18,068
Provisions	**6**	**10,591**	6,137
Current tax liability		**3,789**	10,634
Borrowings	**7**	**5,658**	452
Derivative financial instruments		**699**	639
Total current liabilities		**106,891**	85,289
Non-current liabilities			
Borrowings	**7**	**346,046**	213,995
Provisions	**6**	**2,228**	767
Unearned premium liability		**2,781**	-
Deferred tax liabilities		**934**	759
Total non-current liabilities		**351,989**	215,521
Total liabilities		**458,880**	300,810
Net assets		**318,443**	223,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
Equity			
Issued capital	**8**	**121,617**	56,456
Reserves		**10,677**	4,817
Retained earnings		**186,149**	162,574
Total equity		**318,443**	223,847

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	$'000	$'000
Cash flows from operating activities		
Cash receipts from customers	**372,471**	341,286
Cash payments to suppliers and employees	**(153,766)**	(155,944)
Proceeds from sale of assets under lease	**47,688**	36,742
Payments for lease assets	**(243,441)**	(150,375)
Interest received	**2,681**	2,158
Interest paid	**(9,832)**	(10,957)
Income taxes paid	**(29,042)**	(26,055)
Net cash (used in) / from operating activities	**(13,241)**	36,855
Cash flows from investing activities		
Payments for capitalised software	**(4,777)**	(5,488)
Payments for plant and equipment	**(7,698)**	(3,184)
Proceeds from sale of plant and equipment	**1,921**	-
Payments for contract rights	**(512)**	-
Payments for subsidiary investments (net of cash acquired)	**(63,620)**	(12,418)
Payments for subsidiaries' acquisition expenses	**(2,416)**	(1,177)
Payments for JV subordinated loans	**(961)**	(2,419)
Net cash used in investing activities	**(78,063)**	(24,686)
Cash flows from financing activities		
Proceeds from borrowings	**146,298**	33,552
Proceeds from share issues	**15,112**	-
Repayment of borrowings	**(11,872)**	(1,723)
Payment of borrowing costs	**(542)**	(993)
Dividends paid	**(43,912)**	(29,064)
Net cash provided by financing activities	**105,084**	1,772
Effect of exchange changes on cash and cash equivalents	**752**	17
Net increase in cash and cash equivalents	**14,532**	13,958
Cash and cash equivalents at beginning of year	**71,197**	57,239
Cash and cash equivalents at end of year	**85,729**	71,197

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued capital	Retained Earnings	Option Reserve	Cash flow Hedge Reserve	Foreign Currency Translation Reserve	Total
2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Equity as at beginning of year	**56,456**	**162,574**	**4,848**	**(447)**	**416**	**223,847**
Profit attributable to members of the parent entity	**-**	**67,487**	**-**	**-**	**-**	**67,487**
Other comprehensive income after tax	**-**	**-**	**-**	**(79)**	**2,338**	**2,259**
Total comprehensive income for the period	**-**	**67,487**	**-**	**(79)**	**2,338**	**69,746**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	**65,161**	**-**	**-**	**-**	**-**	**65,161**
Employee share schemes - value of employee services	**-**	**-**	**1,326**	**-**	**-**	**1,326**
Income tax associated with share based payments recognised in equity	**-**	**-**	**2,275**	**-**	**-**	**2,275**
Dividends paid	**-**	**(43,912)**	**-**	**-**	**-**	**(43,912)**
Equity as at 30 June 2015	**121,617**	**186,149**	**8,449**	**(526)**	**2,754**	**318,443**
2014						
Equity as at beginning of year	56,456	136,668	3,107	(740)	(56)	195,435
Profit attributable to members of the parent entity	-	54,970	-	-	-	54,970
Other comprehensive income after tax	-	-	-	293	472	765
Total comprehensive income for the period	-	54,970	-	293	472	55,735
Transactions with owners in their capacity as owners:						
Employee share schemes - value of employee services	-	-	1,741	-	-	1,741
Dividends paid	-	(29,064)	-	-	-	(29,064)
Equity as at 30 June 2014	56,456	162,574	4,848	(447)	416	223,847

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The preliminary final report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary final report covers the consolidated group of McMillan Shakespeare Limited and its controlled entities (Consolidated Group). McMillan Shakespeare Limited is a listed public company, incorporated and domiciled in Australia.

The preliminary final report of McMillan Shakespeare Limited and its controlled entities complies with all International Financial Reporting Standards (IFRS) in their entirety.

Reporting Basis and Conventions

The preliminary final report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2. Earnings per share

	2015 '000	2014 '000
Net profit after tax	**$67,487**	$54,970
Earnings used to calculate basic and diluted earnings per share (EPS)	**$67,487**	$54,970
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**77,537**	74,524
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	**77,748**	75,660

3. Revenue

	2015 $'000	2014 $'000
Remuneration Services	**176,096**	157,247
Asset Management Services	**187,706**	188,052
Retail Financial Services	**23,106**	-
Non-operating interest income	**2,682**	2,158
	389,590	347,457

4. Goodwill and other intangible assets

Goodwill	2015 $'000	2014 $'000
Balance at the beginning of the year	**46,387**	33,292
Additions from business combinations (refer note 11)	**86,672**	12,254
FX	**1,782**	841
Balance at the end of the year	**134,841**	46,387

Other intangibles

	Brands	Dealer relationships	Customer contracts and relationships	Software	Contract rights	Total
2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	**-**	**-**	**2,567**	**14,655**	**3,050**	**20,272**
Additions from business combinations (note 11)	**22,443**	**12,033**	**1,100**	**4,173**	**-**	**39,749**
Additions	**-**	**-**	**-**	**4,312**	**465**	**4,777**
Transfer from property, plant & equipment	**-**	**-**	**-**	**1,246**	**-**	**1,246**
Amortisation	**-**	**(309)**	**(416)**	**(4,743)**	**(1,061)**	**(6,529)**
FX	**-**	**-**	**315**	**-**	**-**	**315**
Balance at the end of the year	**22,443**	**11,724**	**3,566**	**19,643**	**2,454**	**59,830**

Other intangibles

	Customer contracts and relationships	Software	Contract rights	Total
2014	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	-	12,668	4,272	16,940
Additions from business combinations	2,637	-	-	2,637
Additions	-	5,488	-	5,488
Amortisation	(251)	(3,501)	(1,222)	(4,974)
FX	181	-	-	181
Balance at the end of the year	2,567	14,655	3,050	20,272

5. Other liabilities

	2015 $'000	2014 $'000
Maintenance instalments received in advance	**6,622**	7,529
Receivables in advance	**4,377**	3,598
Unearned property incentives	**5,188**	6,816
Unearned other income	**-**	125
	16,187	18,068

6. Provisions

	2015 $'000	2014 $'000
Current		
Employee benefit entitlements	**7,586**	6,137
Provision for rebate and cancellations	**2,174**	-
Provision for onerous contracts	**650**	-
Other	**181**	-
	10,591	6,137
Non-current		
Provision for onerous contracts	**1,089**	**-**
Employee benefit entitlements	**1,139**	767
	2,228	767

7. Borrowings

	2015 $'000	2014 $'000
Current		
Bank borrowings	**5,658**	452
Non-current		
Bank borrowings	**346,046**	213,995
	351,704	214,447

During the year the Group's borrowing facilities increased by GBP32.0m to fund the financing of Asset Management's growth of its lease book in the UK and AUD57.5m to supplement existing cash to finance the purchase of Presidian. Details of faciltiies and amounts drawn to are as follows.

Borrowing	**Facility**	**Drawn**	**Undrawn**
	'000	**'000**	'000
Revolving	**AUD 252,141**	**186,000**	**66,141**
Amortising[(1)]	**AUD 57,100**	**57,141**	**-**
Revolving	**GBP 57,000**	**43,500**	**13,500**
Amortising[(2)]	**GBP 5,750**	**5,750**	**-**
Revolving	**NZD 20,000**	**9,700**	**10,300**

[(1)] This facility has been used for the acquisition of the Presidian Group.

[(2)] This facility has been used to finance the acquisition of CLM.

8. Share capital

Issued capital	**2015**	2014
	$'000	$'000
Issued and fully paid up ordinary shares of 81,118,511 (2014: 74,523,965)	**121,617**	56,456

(i) Movements in issued shares

	Year ended 30 June 2015		
	Number of shares	**Average issue price**	**$000**
Balance at 1 July 2014	**74,523,965**		**56,456**
Shares issued for the acquisition of Presidian	4,285,192	$11.66	49,982
Shares purchased by the McMillan Shakespeare Limited Share Plan Trust ("EST")	692,482	-	-
Shares purchased by the EST and distributed to employees	2,035,301	$6.53	13,283
Fully paid shares issued pursuant to the exercise of employee options	274,053	$7.31	2,003
Proceeds from issue of new options	-		50
Share issue expenses (less tax effect)			(157)
Shares issued during the year	**7,287,028**		**65,161**
Total issued capital at 30 June 2015	**81,810,993**		**121,617**
Treasury shares	(692,482)		
Shares held by public at 30 June 2015	**81,118,511**		

(ii) Treasury shares

Treasury shares are shares in McMillan Shakespeare Limited that are held by the McMillan Shakespeare Limited Share Plan Trust (EST) for the purpose of issuing shares under the McMillan Shakespeare Limited Executive Option Plan. Details of the treasury shares during the period are as follows.

	Number of shares
Acquisition of new shares by the EST from the Company at market value	2,727,783
Shares distributed from the exercise of options	(2,035,301)
Balance of treasury shares at 30 June 2015	**692,482**

(iii) Options

On 31 August 2014, performance options from the May 2010, August 2011, October 2011 and March 2012 issues vested as follows.

Number	Exercise price	Expiry date	Exercised during period	Balance outstanding
537,634	$3.42	1 October 2015	537,634	-
2,120,535	$7.31	30 September 2015	1,387,528	733,007
352,942	$8.54	30 September 2015	352,942	-
31,250	$9.29	30 September 2015	31,250	-
3,042,361			**2,309,354**	**733,007**

The following options were issued during the year and are subject to vesting conditions assessable during the vesting period to 31 August 2017.

Option class	Number	Exercise price	Expiry date
Performance	978,417	$10.18	30 September 2019
Performance	543,695	$10.18	30 September 2018
Performance	107,877	$10.83	30 September 2018
Performance	109,142	$10.17	30 September 2018
Performance	294,336	$11.87	30 September 2018
Performance	85,692	$12.88	30 September 2018
Voluntary	23,981	$10.18	30 September 2018
	2,143,140		

9. Segment reporting

Reportable segments

McMillan Shakespeare Limited and its controlled entities operate predominantly within one geographical location, Australia. There are three reportable segments in “Group Remuneration Services” and “Asset Management” and “Retail Financial Services”, in accordance with AASB 8 “Operating Segments” based on aggregating the operating segments taking into account the nature of the business services and products sold and the associated business and financial risks and how they affect the pricing and rates of return.

Group Remuneration Services - This segment provides administrative services in respect of salary packaging and facilitates the settlement of motor vehicle novated leases for customers, but does not provide financing. The segment also provides ancillary services associated with motor vehicle novated lease products.

Asset Management - This segment provides financing and ancillary management services associated with motor vehicles, commercial vehicles and equipment.

Retail Financial Services - This segment provides retail brokerage services, aggregation of finance originations and extended warranty cover, but does not provide financing.

The following is an analysis of the Consolidated Group's revenue and results from operations by reportable segment for the year.

	Segment revenue		Segment profit after tax	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Group Remuneration Services	**176,096**	157,247	**54,306**	41,988
Asset Management [(2)]	**188,061**	188,069	**11,281**	13,557
Retail Finance Services [(1)]	**23,106**	-	**3,027**	-
Total for segment operations	**387,263**	345,316	**68,614**	55,545
Corporate administration and directors' fees			**(1,250)**	(1,436)
Acquisition and investment related costs			**(2,196)**	(1,177)
Net interest income			**1,836**	1,978
Income tax on unallocated items			**483**	60
Profit after tax from continuing operations for the year			**67,487**	54,970

[(1)] Included from 27 February 2015 to 30 June 2015.

[(2)] Included in segment results is the share of an equity accounted loss of a joint venture as follows

	2015 $'000	2014 $'000
Group Remuneration Services	**-**	-
Asset Management	**(816)**	(1,120)
Retail Financial Services	**-**	-
	(816)	(1,120)

9. Segment reporting (cont'd)

Segment assets and liabilities

	30 June 2015	30 June 2014
	$'000	$'000
Segment assets		
Group Remuneration Services	**77,080**	66,417
Asset Management	**483,898**	393,737
Retail Financial Services	**141,280**	-
Segment assets	**702,258**	460,154
Unallocated assets[(1)]	**75,065**	64,503
Consolidated assets per statement of financial position	**777,323**	524,657
Segment liabilities		
Group Remuneration Services	**44,149**	32,332
Asset Management	**335,617**	268,478
Retail Financial Services	**27,878**	-
Segment liabilities	**407,644**	300,810
Unallocated liabilities[(1)]	**51,236**	-
Consolidated liabilities per statement of financial position	**458,880**	300,810

(1) Unallocated assets comprise cash and bank balances of segments other than Asset Management, maintained as part of the centralised treasury and funding function of the Group. Unallocated liabilities comprise borrowings for the acquisition of the Retail Financial Services segment, utilising the Group's borrowing capacity and equity to fund the initial acquisition and ongoing loan maintenance utilises centralised treasury controlled funds.

10. Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

	2015	2014
	$'000	$'000
Guarantees provided for the performance of contractual obligations not supported by a term deposit.	**10,050**	10,351
Guarantees provided in respect of property leases.	**5,970**	4,840
	16,020	15,191

11. Business combination

(a) Subsidiaries acquired

The Group acquired 100% of Presidian Holdings Pty Ltd and its subsidiaries on 27 February 2015 (“Presidian”), a group of companies incorporated in Australia that is a provider of finance, warranty and insurance products to the automotive industry. The acquisition was a complementary extension of the Group’s existing Australian network and auto value chain competencies in the new car market, and brings with it numerous cross selling opportunities across both organisations.

There were no other acquisitions during the year. The Company acquired United Financial Services Pty Ltd together with two other associated companies subsequent to reporting date, on 31 July 2015. Refer note 12 for further details.

(b) Consideration transferred

Consideration for the Presidian acquisition was $114.4m, less cash assumed of $0.8m, funded wholly by $64.0m of cash and borrowings and 4,285,192 of fully paid ordinary shares that were fair valued at $50.0m on completion. Fair value was determined as the volume weighted average closing price of the Company’s shares for the five days to completion date. The shares issued are free from encumbrances but will be held in escrow for various periods up to 48 months.

The assets and liabilities acquired have been fair valued in accordance with AASB 3 "Business Combinations", and has resulted in goodwill of $86.7m. Acquisition-related expenses of $2.2m were incurred and expensed on consolidation and included in the Statement of Consolidated Profit or Loss and Other Comprehensive Income for the year.

Purchase consideration – cash outflow	**$’000**
Cash paid for shares	64,450
Cash acquired	(830)
Net cash outflow for consideration transferred	63,620

(c) Assets acquired and liabilities assumed at the date of acquisition

	Fair Value at acquisition date (provisional)
	$'000
Cash	830
Brands	22,443
Dealer relationships	12,033
Customer contracts	1,100
Property, plant & equipment and software	5,248
Trade, other receivables and prepayments	5,547
Deferred acquisition costs	3,387
Assets acquired	50,585
Trade payables and accrued expenses	10,710
Unearned revenue	9,675
Income tax provision	1,313
Deferred tax liabilities	1,130
Liabilities assumed	22,828
Identifiable net assets acquired	27,760
Goodwill	86,672
Consideration	114,432

11. Business combination (cont'd)

(d) Assets acquired and liabilities assumed at the date of acquisition (cont'd)

Trade receivables of $1,915,000 acquired with Presidian have resulted from trade sales with customers and are considered fair value and their collection and conversion to cash are expected in full pursuant to customer terms.

Goodwill arising on acquisition is attributable to the profitability, financial synergies from complementarities in business generation for some products, operating software and competent skill base of the Presidian businesses and the growth potential. None of the goodwill is expected to be tax deductible.

Further review is being undertaken on the fair valuation and refinement of warranty unearned premium income and deferred acquisition costs and other items and this work is contemplated for completion for the next interim financial report.

(e) Impact of acquisition on the results of the Group

The Consolidated Statement of Comprehensive Income for the year includes sales revenue of $23.1m and net profit after tax of $3.0m, as a result of the acquisition of Presidian. Had the acquisition occurred effective 1 July 2014, the respective "pro-forma" revenue and profit for the year of $69.3m and $7.5m would have been included in the Statement of Comprehensive Income. In determining the proforma revenue and profit of Presidian, adjustments have been made to differences in the accounting policies between the Group and Presidian and the recognition of the amortisation of Dealer networks and customer contracts on the assumption that these assets were acquired at 1 July 2014 at their fair value.

12. Event subsequent to reporting date

On 31 July 2015, the Company completed the acquisition of United Financial Services Pty Ltd, United Financial Services Network Pty Ltd and United Financial Services (Queensland) Pty Ltd (collectively known as "UFS") for a consideration of $42 million. UFS is a financial services provider specialising in the delivery of consumer and commercial finance and insurance products. It will complement the Presidan business acquired in February 2015, presenting numerous cross selling opportunities across both organisations and the realisation of revenue synergies.

Given that the acquisition was completed on 31 July 2015 and final settlement still being processed, acquisition accounting for UFS is incomplete for meaningful reporting at the date of this report

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25 August 2015

McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983
Preliminary Final Report
Announcement of results for the year ended 30 June 2015

McMillan Shakespeare Limited (ASX:MMS) today released its preliminary results for the year ended 30 June 2015, with a reported preliminary net profit after tax (NPAT) of $67.5m (unaudited). This compares to the previous year's result of $55.0m. Underling NPAT (UNPAT) was $70.2m (before the after-tax acquisition expenses of $1.5m and the onerous provision for property rental obligations of $1.2m), compared to FY14 UNPAT of $55.9m, representing an increase of 26%

Highlights of the operating results were:

Consolidated financial performance

$000	**FY15**	**FY14**	***Change %***	**FY13**	***Change % with FY15***
Profit and Loss					
Revenue from operating activities	387,263	345,316	*12%*	327,817	*18%*
Expenses	282,136	257,702	*9%*	239,589	*18%*
EBITDA	**105,127**	**87,614**	***20%***	**88,228**	***19%***
D&A of PPE and software	8,036	6,414	*25%*	4,311	*86%*
Amortisation of intangibles (acquisitions)	725	253	*187%*	-	*0%*
NPBT	**96,366**	**80,947**	***19%***	**83,917**	***15%***
Operating margin	*24.9%*	*23.4%*		*25.6%*	
Tax	26,937	24,282	*11%*	26,392	*2%*
Segment net profit after tax pre-UK	**69,429**	**56,665**	***23%***	**57,525**	***21%***
Unallocated items	411	602	*(32%)*	865	*(52%)*
Segment net profit after tax pre-UK and acquisition expenses	**69,840**	**57,267**	***22%***	**58,390**	***20%***
Share of JV	(816)	(1,120)	*27%*	(410)	*(99%)*
Acquisition expense for business combination	(1,537)	(1,177)	*31%*	(128)	*>100%*
NPAT	**67,487**	**54,970**	***23%***	**57,852**	***17%***
Underlying NPAT [1]	**70,241**	**55,865**	***26%***	**57,852**	***21%***
Key Metrics					
Return on equity	25%	26%		34%	
Return on capital employed	24%	26%		29%	
Basic earnings per share (cents)	87.04	73.76	*18%*	83.42	*4%*
Diluted earnings per share (cents)	86.80	72.65	*19%*	81.87	*6%*
Underlying earnings per share (cents)	90.59	74.96	*21%*	83.42	*9%*
Interim dividend paid per share (cents)	25	21		24	
Final dividend declared per share (cents)	27	31		18	
Total dividend per share (cents)	**52**	**52**		**42**	
Payout ratio	63%	70%		50%	

1. Underlying NPAT excludes one-off payments in relation to: transaction costs incurred for the acquisitions of Presidian; and a property lease early termination fee

REVIEW OF OPERATIONS

This year marked a record result for MMS as we returned to our historically-strong profit growth following last year's withdrawal of proposed changes to the FBT treatment of motor vehicles. The Group also started harnessing the benefits of our integration with Presidian Holdings Pty Ltd (Presidian).

Our consolidated Group net profit after tax (NPAT) for the year was $67.5 million, 23% higher than in the 2014 financial year (FY14). This pushed our NPAT Compound Annual Growth Rate (CAGR) to 29% for the 11 years since our listing on the ASX in 2004. Several one-off items prevented an even stronger result, including $1.5 million (after tax) in acquisition costs associated with the acquisition of Presidian in February 2015, and a $1.2 million (after tax) onerous contract provision related to vacant office space.

Adjusting for these one-off items, underlying NPAT (UNPAT) was 26% higher at $70.2 million (FY14 UNPAT was $55.9m).

Return on Equity for the year was 25%.

Presidian's earnings before interest, tax, depreciation and amortisation (EBITDA) for the four months to 30 June 2015 was ahead of expectations at $5.5 million on revenue of $23.1 million. The integration of Presidian's businesses into MMS gained momentum and is tracking ahead of target.

A significant number of Presidian employees relocated to MMS' head office in Melbourne's CBD, and some MMS managerial staff joined Presidian to share expertise across the combined organisations, and identify cross-sell opportunities. These developments were the initial steps in streamlining functional areas and back-office operations that will help create the capacity for greater scale, additional revenue streams and the standardisation of processes for greater efficiency across the business. In time this will deliver a faster, easier and consistent customer experience.

The addition of Presidian to the MMS Group strengthens our position in the Australian market, and leaves us uniquely positioned to meet the needs of customers wanting vehicle finance and associated products as well as the full range of salary packaging benefits. We will leverage the scale in our business to grow the Presidian retail platform and drive higher returns.

As a fully-integrated business our UK operation was profitable for the first time in FY15.

Enhanced customer experience

Productivity improvements from IT investment resulted in greater efficiency across the business and more convenient online self-service for our customers. The total number of payments processed reached 11 million in the year. This represents a 2.4% increase on the FY14 level.

The Company launched two mobile-optimised websites with self-service platforms for our Maxxia and RemServ brands early in FY15, giving our customers instant access to their packaging account data wherever they are. Visits to the Maxxia and RemServ websites topped 2 million, with approximately 20% originating from smartphones and mobile devices.

A live 'click to chat' function was embedded into our Maxxia and RemServ websites, providing seamless assistance to customers at their convenience while increasing both customer engagement and our sales conversion rates. Other initiatives included the embedding of an online claims function into our private self-service sites, resulting in 35% of claims being lodged online by year end. This initiative was further enhanced with the development and launch of our online Claims App for our Maxxia and RemServ brands in August 2015.

In addition, two internal campaigns were implemented to source ideas from our people on innovative ways to better connect with our customers and grow our business. Our employees' creativity flourished, and more than 780 contributions were made via a web-based platform, with 124 ideas generated.

Key highlights and activities included:

- Consolidated Group FY15 NPAT was 22.8% higher than the previous corresponding period (25.6% ex interest on the float[1]).
- Group Remuneration Services (GRS) FY15 NPAT was 29.3% higher than the previous corresponding period.
- Core operating contribution growth in GRS increased 25% on the previous corresponding period (core operating contribution is defined as EBITDA derived directly from salary packages managed and novated leasing).
- Asset Management (AM) FY15 NPAT was $11.3 million, representing the Australian, New Zealand and UK businesses. The result was weaker than the FY14 result ($13.6 million) owing to an increase in the residual value provision of $2.3 million (after tax) made for lease assets, and credit losses totalling $0.3 million (after tax), both due to exposure to the mining services sector. Fleet 'inertia' remained constant, with customers choosing to extend leases rather than replace vehicles.
- As previously flagged to the market, the UK business delivered its maiden profit in FY15. The business originated £60 million of asset finance business. This drove a significantly improved result for the Joint Venture as it approached a break-even position toward the end of the financial year. The expanded fleet book also provides a larger income stream for the UK Finance business.
- A stronger second hand vehicle market with stable prices drove vehicle disposal proceeds higher, resulting in improved FY15 remarketing profits from the FY14 level.
- Free cash flow (pre increase in operating lease assets) of $65.8 million provided solid support for investing and financing activities. Cash at 30 June 2015 was $85.7 million.
- Assets under management grew by $92.0 million during the year, or 27.5% on the FY14 total, amid greater market consolidation.
- Across the Group, our pipeline of new business opportunities strengthened during the year.
- Group funding facilities have been extended by a further twelve months to March 2018 and on improved terms. The UK facility was increased by £32 million. Term loan facilities totalling $57.5 million were secured with two club members and implemented to fund the Presidian acquisition. This facility will be fully amortised over five years to March 2020.
- By 30 June 2015 headcount across the Group increased from 859 in the prior year to 1,035 following the acquisition of Presidian.
- Total shares on issue increased by 4.3 million following the acquisition of Presidian, 40% of which was funded from the issue of MMS scrip to Presidian shareholders.

OUTLOOK

MMS enjoyed a solid start to the 2016 financial year (FY16), with trading activities meeting or exceeding targets. Earnings will be strengthened further with the recent acquisition of United Financial Services Pty Ltd, United Financial Services Network Pty Ltd and United Financial Services (Queensland) Pty Ltd in July 2015 (collectively known as 'UFS').

STRATEGY AND PROSPECTS

The Group's medium term strategic direction is to continue to look selectively to diversify, enhance and refine our core business for the benefit of our shareholders, clients, customers and the community. We will also enhance our client and customer experiences through continued investment in leading edge administration platforms and customer facing technology. In addition, the Board will consider making more value-adding acquisitions depending on market conditions and the value proposition to MMS.

MMS' acquisitions of Presidian and UFS in FY15 and FY16 respectively have strengthened the business by securing a market leading position in the used vehicle financing market. It has further diversified our business and reduced our reliance on an intermediated relationship with clients to reach, and make sales to, their employees (B2B) and fleet managers, to a business that also has direct relationships with consumers (B2C). The composition of our enlarged consumer loan originations has also shifted significantly, with 59% of the $1.5 billion (per year) combined loan originations now being originated and brokered by Presidian and UFS.

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[1] *Ex interest on the float growth shows the business's underlying growth after removing the impact of interest earned on non corporate funds which is impacted by changes in interest rates.*

The acquisition of Presidian and UFS assist the Group deliver earnings growth in FY16. Additional revenue streams from both acquisitions are expected from the sale of new products including warranties, insurances, vehicle finance, and commercial finance loans. In addition, MMS will tap the wide range of cross-selling opportunities presented by having access to a broader customer base and launching new products and services tailored to them.

STATE OF AFFAIRS

In FY15 the Group established a strong foothold in the consumer finance sector and with the UFS acquisition in July 2015 has become a leading arranger of used vehicle finance. There were no other significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year ended 30 June 2015 that are not otherwise disclosed in this Annual Report.

EVENTS SUBSEQUENT TO BALANCE DATE

In July MMS unveiled a new vision for the Group to our employees which broadens our purpose to capture the business activities of our recently-acquired subsidiaries. Our online presence was enhanced with the launch in August of two Apps to support Maxxia and RemServ customers wishing to lodge claims online.

On 23 July 2015 MMS announced the acquisition of privately-owned companies United Financial Services Pty Ltd, United Financial Services Network Pty Ltd and United Financial Services (Queensland) Pty Ltd (collectively known as ‘UFS’) for $42 million. Funding for the transaction was debt-free and comprised cash (60%) from existing cash reserves and MMS scrip (40%). The transaction was completed on 31 July 2015, and is expected to be earnings accretive from FY16.

UFS is an independent financial agency and automotive brokerage services business providing consumer and commercial finance and insurance products primarily to the used motor vehicle sector. It has a national footprint with 28 office locations, 1,900 active dealers and 150 individual finance brokers. In FY15 UFS originated approximately $370 million in auto and personal loans, and $14 million worth of insurance premiums.

This acquisition strengthens the platform of our recently-acquired Presidian business. The combined MMS and UFS platform (including Presidian) will result in MMS’ consumer loan originations increasing to $1.5 billion per annum and our position in the used vehicle financing market being elevated to a leading position. GRS revenue growth in FY16 will be supported by the combined MMS and UFS network of 4,400 active dealers and 600 finance brokers, as well as continued growth in sales of commercial finance loans. Following the integration of UFS, Group headcount across Australia, New Zealand and the UK will surpass 1,150 people.

LIKELY DEVELOPMENTS

Following the acquisitions of Presidian and UFS, the diversification of our core business and broadening of our customer base will continue. Over the next 12 months we foresee completing a review of our brand architecture that contemplates a refreshed visual identity for the Group to present a consistent face to our enlarged customer base comprising MMS, Presidian and UFS customers.

Dividend

The Company has declared a fully franked final dividend of 27 cents per share bringing the total dividend for the year ended 30 June 2015 to 52 cents per share. The record date for the dividend is 1 October 2015 and it is payable on 16 October 2015.

In accordance with Listing Rule 3.13.1 of the ASX Listing Rules, the Company also wishes to advise that its Annual General Meeting will be held on Tuesday, 27 October 2015 at 10:00am.

For more information, please contact:

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