

27 August 2013

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 2013, which is given to ASX Limited under listing rule 4.3A of the ASX Listing Rules.

Yours faithfully
McMillan Shakespeare Limited

A handwritten signature in blue ink, appearing to read 'Mark Blackburn', with a large circular flourish at the end.

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 2013 - (Previous corresponding period: Year Ended 30 June 2012)



APPENDIX 4E
Preliminary Final Report

McMillan Shakespeare Limited
ABN 74 107 233 983

1. Details of the reporting period and the previous corresponding period	
	Current period: 1 July 2012 to 30 June 2013 Previous corresponding period: 1 July 2011 to 30 June 2012

2. Results for announcement to the market																																						
	Key information	Percentage change	Year ended 30 June 2013 \$'000																																			
2.1	Revenues from continuing operations	Up 9.3% to	330,064																																			
2.2	Profit from ordinary activities after income tax attributable to members	Up 14.5% to	62,163																																			
2.3	Net profit from ordinary activities after income tax attributable to members	Up 14.5% to	62,163																																			
	Dividends	Amount per security	Franked amount per security																																			
2.4	Final dividend	nil	N/A																																			
2.5	Record date for determining entitlements to the dividend	n/a																																				
2.6	<p>Commentary on results for the financial year</p> <p>Net profit after income tax for the year ended 30 June 2013 was \$62,163,000 representing a 14.5% increase on the previous year's result of \$54,305,000.</p> <p>The financial operating performance of the segments is summarised below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2013</th> <th style="text-align: center;">FY 2012</th> <th style="text-align: center;">FY 2013</th> <th style="text-align: center;">FY 2012</th> </tr> <tr> <th></th> <th style="text-align: center;">Revenue</th> <th style="text-align: center;">Revenue</th> <th style="text-align: center;">NPAT</th> <th style="text-align: center;">NPAT</th> </tr> <tr> <th></th> <th style="text-align: center;">\$'000</th> <th style="text-align: center;">\$'000</th> <th style="text-align: center;">\$'000</th> <th style="text-align: center;">\$'000</th> </tr> </thead> <tbody> <tr> <td>Group Remuneration Services</td> <td style="text-align: right;">155,855</td> <td style="text-align: right;">137,284</td> <td style="text-align: right;">46,793</td> <td style="text-align: right;">40,265</td> </tr> <tr> <td>Asset Management</td> <td style="text-align: right;">171,962</td> <td style="text-align: right;">163,342</td> <td style="text-align: right;">14,633</td> <td style="text-align: right;">14,268</td> </tr> <tr> <td>Total segment operations</td> <td style="text-align: right;">327,817</td> <td style="text-align: right;">300,626</td> <td style="text-align: right;">61,426</td> <td style="text-align: right;">54,533</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Basic earnings per share as shown in the financial statements was 83.4 cents per share (2012: 76.6 cents per share) and on a diluted basis was 81.9 cents per share (2012: 74.1 cents per share).</p> <p>Refer to the accompanying 2013 Results Announcement for more details on the financial results.</p>				FY 2013	FY 2012	FY 2013	FY 2012		Revenue	Revenue	NPAT	NPAT		\$'000	\$'000	\$'000	\$'000	Group Remuneration Services	155,855	137,284	46,793	40,265	Asset Management	171,962	163,342	14,633	14,268	Total segment operations	327,817	300,626	61,426	54,533					
	FY 2013	FY 2012	FY 2013	FY 2012																																		
	Revenue	Revenue	NPAT	NPAT																																		
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Total segment operations	327,817	300,626	61,426	54,533																																		

3. Consolidated Income Statement	
	Refer Attachment A

4. Consolidated Statement of Financial Position	
	Refer Attachment A

APPENDIX 4E
Preliminary Final Report

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	nil	N/A
	Interim dividend	\$0.24	\$0.24
	Total dividend (interim <i>plus</i> final)	\$0.24	\$0.24

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

9. Net tangible assets per security			
		Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
	Ordinary shares	1.95	1.69

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
	Maxxia (UK) Limited Maxxia Finance Limited	24 January 2013 24 January 2013
	Name of entities where control was lost during the financial year	Date control Lost
	None.	N/A

11. Investment in associates and joint ventures	
	A 50% interest in Maxxia Limited, a company operating in the UK, was acquired on 1 February 2013. The Consolidated Group's share of its interest in the joint venture during the year was \$410,000 loss after tax. Expenses of \$128,000 (after tax) were incurred to effect the acquisition and was expensed during the year.

12. Other information	
	None.

13. Foreign entities	
	Not applicable.

APPENDIX 4E
Preliminary Final Report

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.

**APPENDIX 4E – ATTACHMENT A
McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983**

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
Revenue from continuing operations		
Remuneration services	155,855	137,284
Asset Management services	171,535	163,342
Non-operating interest income	2,674	1,404
	330,064	302,030
Expenses		
Employee and director benefits expenses	74,244	65,676
Depreciation, amortisation and impairment	79,968	71,766
Leasing and vehicle management expenses	47,396	50,850
Technology and communication expenses	7,642	7,319
Property and corporate expenses	6,470	5,346
Finance costs	11,042	10,385
Consulting costs	2,485	2,523
Marketing costs	3,089	3,004
Other expenses	8,421	7,811
Share of equity accounted joint venture loss	410	-
Total expenses	241,167	224,680
Profit before income tax	88,897	77,350
Income tax expense	(26,734)	(23,045)
Profit for the year from continuing operations	62,163	54,305
Other comprehensive income		
Items that may be re-classified subsequently to profit or loss:		
Changes in fair value of cash flow hedges	381	(1,135)
Exchange differences on translating foreign operations	(74)	(3)
Income tax on other comprehensive income	(90)	339
Total other comprehensive profit / (loss) for the year	217	(799)
Total comprehensive income for the year	62,380	53,506
Basic earnings per share (cents)	83.4	76.6
Diluted earnings per share (cents)	81.9	74.1

APPENDIX 4E – ATTACHMENT A
McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	2013	2012
	\$'000	\$'000
Current assets		
Cash and cash equivalents	57,239	54,420
Trade receivables	9,335	8,627
Other receivables	8,849	10,287
Finance lease receivables	4,195	6,043
Inventory	4,844	1,980
Prepayments	4,602	3,238
Total current assets	89,064	84,595
Non-current assets		
Assets under operating lease	287,749	244,023
Property, plant and equipment	9,002	8,943
Capitalised software development	12,668	6,197
Subordinated loan receivable	427	-
Goodwill on acquisition	33,292	33,292
Contract rights	4,272	2,960
Finance lease receivables	10,382	9,518
Deferred tax assets	367	1,683
Total non-current assets	358,159	306,616
Total assets	447,223	391,211
Current liabilities		
Trade payables	12,043	13,501
Sundry creditors and accruals	33,395	32,488
Derivative financial instruments	1,057	1,438
Receivables in advance	3,083	3,722
Maintenance instalments received in advance	7,626	6,622
Current tax liabilities	6,487	4,323
Employee benefits	5,820	4,830
Total current liabilities	69,511	66,924
Non-current liabilities		
Borrowings	181,725	155,811
Employee benefits	552	425
Total non-current liabilities	182,277	156,236
Total liabilities	251,788	223,160
Net assets	195,435	168,051
Equity		
Issued capital	56,456	56,456
Reserves	2,311	573
Retained earnings	136,668	111,022
Total equity	195,435	168,051

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ABN 74 107 233 983**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	321,966	276,610
Cash payments to suppliers and employees	(134,390)	(112,015)
Proceeds from sale of assets under lease	46,051	52,343
Payments for lease assets	(174,434)	(163,620)
Interest received	2,674	1,391
Interest paid	(10,974)	(9,164)
Income taxes paid	(23,367)	(25,517)
Net cash from operating activities	27,526	20,028
Cash flows from investing activities		
Payments for contract rights	(3,446)	-
Payments for capitalised software	(8,041)	(3,370)
Acquisition of plant and equipment	(2,329)	(1,830)
Proceeds from sale of plant and equipment	743	-
Payment for joint venture investment	(337)	-
Payments for JV subordinated loans	(500)	-
Net cash used in investing activities	(13,910)	(5,200)
Cash flows from financing activities		
Equity contribution	-	30,088
Proceeds from borrowings	26,000	61,000
Payment of borrowing costs	(280)	(108)
Repayment of borrowings	-	(35,000)
Dividends paid	(36,517)	(31,422)
Net cash (used in) / provided by financing activities	(10,797)	24,558
Net increase in cash and cash equivalents	2,819	39,386
Cash and cash equivalents at beginning of year	54,420	15,034
Cash and cash equivalents at end of year	57,239	54,420

APPENDIX 4E – ATTACHMENT A
McMILLAN SHAKESPEARE LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
<u>Retained Earnings</u>		
Retained earnings at the beginning of the period	111,022	88,139
Profit for the period	62,163	54,305
Dividends paid	(36,517)	(31,422)
Retained earnings at the end of the period	136,668	111,022
<u>Reserves</u>		
<u>Option reserve</u>		
Balance at the beginning of the period	1,586	1,534
Option expense	1,521	1,367
Transfer to share capital	-	(1,315)
Balance at the end of the period	3,107	1,586
<u>Hedging reserve</u>		
Balance at the beginning of the period	(1,010)	(214)
Other comprehensive income for period, net of tax	270	(796)
Balance at the end of the period	(740)	(1,010)
<u>Foreign currency translation reserve</u>		
Balance at the beginning of the period	(3)	-
Other comprehensive income for period, net of tax	(53)	(3)
Balance at the end of the period	(56)	(3)
Total Reserves	2,311	573
<u>Issued Capital</u>		
Share capital at the beginning of the period (74,523,965 fully paid shares)	56,456	25,053
No shares were issued during the year (2012: 6,442,155 fully paid shares were issued on exercise of options)	-	29,693
Proceeds from issue of options	-	415
Transfer on exercise of options	-	1,315
	56,456	56,476
Less: transaction costs arising from option issues	-	(20)
Share capital at the end of the period (74,523,965 fully paid shares)	56,456	56,456

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McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983

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

	2013	2012
	'000	'000
Net profit	\$62,163	\$54,305
Earnings used to calculate basic and diluted earnings per share (EPS)	\$62,163	\$54,305
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	74,524	70,864
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	75,930	73,280

APPENDIX 4E – ATTACHMENT A
McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983

3. Contingent liabilities

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

	2013	2012
	\$'000	\$'000
Guarantees provided for the performance of a contractual obligation not supported by a term deposit.	10,658	10,643
Guarantees provided in respect of property leases.	4,553	4,275
	15,211	14,918

4. Segment reporting

Reportable segments

McMillan Shakespeare Limited and its controlled entities operate predominantly within one geographical location, Australia. There are two reportable segments in “Group Remuneration Services” and “Asset Management”, 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.

APPENDIX 4E – ATTACHMENT A
McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983

4. Segment reporting (cont'd)

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Group Remuneration Services	155,855	137,284	46,793	40,265
Asset Management	171,962	163,342	14,633	14,268
Total for segment operations	327,817	300,626	61,426	54,533
Corporate administration and directors' fees			(1,008)	(870)
Acquisition and investment related costs*			(158)	-
Interest expense			-	(861)
Interest income			2,247	1,404
Income tax on unallocated items			(344)	99
Profit after tax from continuing operations for the year			62,163	54,305

Included in segment results is the share of an equity accounted loss of a joint venture that was acquired during the year

Group Remuneration Services	-	-
Asset Management	(410)	-
	(410)	-

* This expense represents costs incurred directly in the acquisition of the UK joint venture.

Segment assets and liabilities

	30 June 2013 \$'000	30 June 2012 \$'000
<i>Segment assets</i>		
Group Remuneration Services	70,132	54,467
Asset Management	322,879	282,324
Segment assets	393,011	336,791
Unallocated assets ⁽¹⁾	54,212	54,420
Consolidated assets per statement of financial position	447,223	391,211
<i>Segment liabilities</i>		
Group Remuneration Services	31,627	38,605
Asset Management	220,161	184,555
Consolidated liabilities per statement of financial position	251,788	223,160

(1) Unallocated assets comprise cash and cash equivalents of Group Remuneration Services, maintained as part of the centralised treasury and funding function.

APPENDIX 4E – ATTACHMENT A
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5. Event subsequent to reporting date

Subsequent to reporting date, the Federal Government announced proposed legislative changes to the treatment of fringe benefits tax (FBT) on motor vehicles. The proposed changes is expected to lead to an unknown and unquantifiable decrease in demand for novated leases and an adverse impact to the company's business overall. The proposed changes require the passing of legislation to become effective and if enacted will have a material adverse impact on the future earnings of the Company. The Company is working through various scenarios, including the potential structural changes to internal departments should the proposed legislation changes be enacted as law.

Due to the uncertainty in relation to the treatment of FBT on novated leasing, a final dividend has not been declared in respect of the financial year ended 30 June 2013.

The Company completed a financing arrangement for new borrowing facilities of GBP15 million subsequent to reporting date. The facilities will be used to fund business expansion in the UK.

**APPENDIX 4E – ATTACHMENT A
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ABN 74 107 233 983**

McMillanShakespeareGroup

McMillan Shakespeare Limited
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27 August 2013

**McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983
Preliminary Final Report
Announcement of results for the year ended 30 June 2013**

McMillan Shakespeare Limited (ASX:MMS) today released its preliminary results for the year ended 30 June 2013, with a reported preliminary after tax profit of \$62.2m (unaudited). This compares to the previous year's result of \$54.3m.

Highlights of the operating results were:

Consolidated financial performance

	2013	2012	%	2013	2012	%	2013	2012
	\$000	\$000	Increase	\$000	\$000	Increase	\$000	\$000
	Group	Group		Asset	Asset		Total	Total
	Remuneration	Remuneration		Management	Management			
	Services	Services						
Revenue from operating activities	155,855	137,284	14%	171,962	163,342	5%	327,817	300,626
Expenses	89,230	80,048	11%	150,358	142,902	5%	239,588	222,950
Pre tax profit from operating activities	66,625	57,236	16%	21,604	20,440	6%	88,229	77,676
Operating margin	42.7%	41.7%		12.6%	12.5%		26.9%	25.8%
Tax	19,832	16,971	17%	6,561	6,172	6%	26,393	23,143
Segment net profit after tax pre-UK	46,793	40,265	16%	15,043	14,268	5%	61,836	54,533
Unallocated items								
Interest income							2,247	1,404
Interest and borrowing costs on parent company debt							-	(861)
Public company costs							(1,008)	(870)
Tax on unallocated items							(374)	99
Profit after tax from operating activities pre-UK							62,701	54,305
							15.5%	21.4%
Share of JV				(410)			(410)	-
Acquisition expenses				-			(128)	-
Net profit after tax	46,793	40,265		14,633	14,268		62,163	54,305
NPAT growth							14.5%	21.4%
Return on equity							34%	38%
Basic earnings per share (cents)							83.42	76.63
Diluted earnings per share (cents)							81.87	74.11
Diluted EPS Growth							10.5%	21.0%
Final dividend declared per share (cents)							-	25.00

REVIEW OF OPERATIONS

Operations overview

This review is written in a climate of great uncertainty. Investors will be well aware of the Rudd Labor Government's 16 July 2013 announcement of proposed changes to the treatment of FBT on motor vehicles, see McMillan Shakespeare ASX notice dated 24 July 2013. Until the election is held on September 7 and the winner declared, (and perhaps even after that should Labor win), there is no reasonable basis to make any comment on the effect of the 16 July announcement on the novated leasing component of the Group Remuneration Services business and our business more generally. Accordingly, this review will confine itself to the 2013 Financial Year.

FY13 was another successful year for the McMillan Shakespeare Group:

- NPAT increased by 15% to \$62.2m. Included in that number is a \$410,000 loss posted in the UK joint venture which commenced business on 1 February 2013.
- In the Group Remuneration Services segment, NPAT increased by 16% to \$46.8m. Revenue increased by 14% to \$156m. The EBITDA margin expanded to 45% and EBIT to 42.7%.
- The Asset Management segment (ex UK) delivered a 5% increase in profit to \$15m. A pleasing result given the decrease in remarketing profits foreshadowed in our August 2012 outlook. Assets under finance increased by 17% to \$307m. The growth in the second half was fairly flat. This was driven by a combination of increased competition in panel arrangements and an increase in customers putting vehicles into inertia (i.e. keeping them after the lease has expired) due to ongoing economic uncertainty.
- Our UK Joint Venture (announced to the market in February 2013) is making pleasing progress. 2014 will be an important year for the consolidation of this business, the launch of new products and services and the setting of a platform for long term profitable growth.
- McMillan Shakespeare has set up a UK finance facility, provided in GBP by one of our Australian bankers. The finance company is owned 100% by McMillan Shakespeare and will be one of a panel of providers to the UK joint venture. As credit markets remain tight in the UK, we anticipate being able to fund good quality credit risks at margins significantly better than currently available in Australia.
- The new asset management system was successfully delivered. This new platform is expected to support the business for at least 10 years.
- Phase one of the renewal of our salary packaging systems was also successfully delivered. Phase two will be completed in the second half of FY14. These systems developments are expected simultaneously to improve our service delivery and reduce our expense base.
- Headcount increased from 758 to 834.
- Our latest staff survey has seen engagement increase from 80% to 84%. This places our business in the 'high performance' category.

In summary, 2013 was a productive and successful year for the McMillan Shakespeare Group. Our core business performed well, notwithstanding generally adverse economic conditions and falling interest rates materially reducing our interest income. The UK Joint Venture has got off to a pleasing start and is expected to be a productive investment in the long term profitable growth of our Group.

The Labor Government's surprise announcement on FBT on motor vehicles is having an adverse affect on our business, at least in the short term. If the Coalition wins the election, it would appear from their policy statements, we should be able to move back to business as usual. In the meantime, we will work hard to convince Labor to change its mind. As soon as possible after the declaration of the election winner, we will further update the market on the prospects of the novated leasing component of our Remuneration Services segment and the business more generally.

Dividend

Due to the uncertainty in relation to the treatment of FBT on novated leasing, a final dividend has not been declared in respect of the financial year ended 30 June 2013.

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 Monday, 22 October 2013 at 10:00am.

Investor communications

As stated in the Company's ASX announcement of 24 July 2013, given the present uncertainty MMS has suspended all communications with investment analysts, shareholders, the press etc until after the election unless the position becomes clearer prior to then.

McMillan Shakespeare Limited A.B.N. 74 107 233 983 AFSL No. 299054
Level 21, 360 Elizabeth Street, Melbourne, Victoria 3000
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About McMillan Shakespeare

McMillan Shakespeare is considered a market leader in the provision of remuneration programs. Its services include remuneration policy design, salary packaging benefit administration, motor vehicle lease management and taxation recording. McMillan Shakespeare also provides a complementary fleet management service, including the procurement of motor vehicles and finance and the management of fuel card and service maintenance programs.