

4 October 2004

## **ASX ANNOUNCEMENT**

### **ACQUISITION OF PKF REMUNERATION SERVICES**

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Salary packaging and fleet management services company, McMillan Shakespeare Limited (ASX:MMS), is pleased to announce that it has entered into an agreement to acquire PKF Remuneration Services (Qld) Pty Limited (**PKF Remuneration Services**).

Mr Anthony Podesta, the Chief Executive Officer of McMillan Shakespeare said that, upon completion, the acquisition will further enhance McMillan Shakespeare's position as the leading provider of salary packaging services throughout Australia and increase the number of salary packaging employee clients under administration to approximately 123,000 and the number of vehicles under administration to approximately 16,000.

PKF Remuneration Services will remain a stand-alone Queensland based entity which will be led and managed by its existing management team and staff. PKF Remuneration Services' Managing Director, Mr Patrick Staunton, will continue in his role under an employment contract which has a term of at least three years.

Mr Staunton said: "We are excited by this new relationship with McMillan Shakespeare and believe that it will assist PKF Remuneration Services to maximise its growth opportunities in Queensland and other states. Our customers will have access to McMillan Shakespeare's fleet management and other products as well as new technologies to enhance customer service. McMillan Shakespeare's strategy of ensuring that PKF Remuneration Services operates as an independent entity under the management of its existing team has been very well received by staff and will encourage continued performance and growth."

Upon completion, the consolidated entity is expected to generate operating revenues of approximately \$36M for the 12 months to 30 June 2005 and McMillan Shakespeare's fully diluted EPS is expected to increase by approximately 1.8 cents (excluding amortisation of goodwill) for the 8 months to 30 June 2005.

The consideration payable for PKF Remuneration Services is \$10.5M, comprising an initial payment of \$7M (being \$6M in cash and 1,176,470 fully paid ordinary shares in McMillan Shakespeare at a value of 85 cents, being the price of McMillan Shakespeare shares as at the date of commencement of negotiations) and, subject to a price adjustment mechanism for performance, the balance in three annual payments, over each of the financial years ending 30 June 2005, 30 June 2006 and 30 June 2007. The minimum consideration payable by McMillan Shakespeare for PKF Remuneration Services will be \$7M and the maximum consideration payable will be \$11.725M.

Any payment in excess of the initial \$7M, will be made via a combination of cash and the issue of fully paid ordinary shares in McMillan Shakespeare, with the share component comprising not more than 50% of the relevant amount payable. The number of any ordinary shares

issued will be calculated by reference to the weighted average share price of ordinary shares in McMillan Shakespeare over the 20 business day period commencing before the date of adoption of the audited financial statements for McMillan Shakespeare for the relevant year.

The transaction is subject to a number of contractual conditions and is expected to complete on 29 October 2004.

For more information, please contact:

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**About McMillan Shakespeare:** McMillan Shakespeare is the market leader in the provision of salary packaging administration in Australia. 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 administration of fuel card and service maintenance programs. With significant growth over the past few years, McMillan Shakespeare currently services approximately 700 employer clients who represent approximately 70,000 employee clients.