

22 August 2006

Company Announcements Office
Australian Stock Exchange, Melbourne

By E-lodgement

Preliminary Final Report

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 2006, which is given to the Australian Stock Exchange Limited under listing rule 4.3A of the ASX Listing Rules.

Paul McCluskey
Chief Financial Officer and Company Secretary

APPENDIX 4E Preliminary Final Report

McMillan Shakespeare Limited ABN 74 107 233 983

1 Details of the reporting period and the previous corresponding period	
1	Current period: 1 July 2005 to 30 June 2006. Previous corresponding period: 1 July 2004 to 30 June 2005.

Results for announcement to the market			
2	Key Information	Percentage change	Year Ended 30 June 2006 \$
2.1	Revenues from continuing operations	Up 35.9% to	48,720,531
2.2	Profit / (loss) after income tax	Up 117.3% to	11,305,273
2.3	Net profit / (loss) after income tax attributable to members of the parent entity	Up 117.3% to	11,305,273
	Dividends	Amount per security	Franked amount per security
2.4	Final dividend	\$0.07	\$0.07
2.5	Record date for determining entitlements to the dividend	25 September 2006	
2.6	Commentary		
	<p>Net profit after income tax for the year ended 30 June 2006 was \$11,305,273 compared to the previous period of \$5,203,557. Net profit after tax includes a tax benefit from adopting tax consolidation of \$1,100,669 and the amortisation of contracts acquired of \$813,678.</p> <p>For the year ended 30 June 2006, EBITDA (earnings before interest, tax, depreciation and amortisation) was \$17,628,207 compared to the previous year of \$12,663,168. EBIT (earnings before interest and tax) was \$15,380,920 compared to the previous year \$9,031,931.</p> <p>Basic earnings per share, as shown in the financial statements, was 17.08 cents per share (2005: 7.95) and on a diluted basis was 16.71 cents per share (2005 7.75).</p> <p>McMillan Shakespeare Limited has adopted accounting polices to comply with A-IFRS effective 1 July 2005. The prior year's accounts have been adjusted to reflect the transition and provide a consistent comparison.</p> <p>Refer to the 2006 Results Announcement for more details of the financial results.</p>		

Income statement	
3	Refer to attachment A

Balance sheet	
4	Refer to attachment A

Statement of cash flows	
5	Refer to attachment A

Dividend details			
6	Dividends	Amount per security	Franked amount per security
	Final dividend	\$0.07	\$0.07
	Interim dividend	\$0.025	\$0.025
	Total dividend (interim <i>plus</i> final)	\$0.095	\$0.095
	Final dividend payable on 18 October 2006		

Dividend reinvestment plan			
7	None		

8 Retained Earnings			
		Year Ended 30 June 2006 \$	Year Ended 30 June 2005 \$
	Retained earnings at the beginning of the financial period	4,743,843	528,185
	Net profit attributable to the members of the parent entity	11,305,273	5,203,557
	Dividends paid	(3,240,484)	(987,899)
	Retained earnings at the end of the financial period	12,808,632	4,743,843

9 Net tangible assets per security			
		Year Ended 30 June 2005 \$	Year Ended 30 June 2004
	Ordinary shares	\$0.007	-\$0.112

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
	Easilease Pty Ltd was incorporated on 16 December 2005 to acquire the business of Easilease on 1 February 2006.	16 December 2005
	Net profit/(loss) attributable to members of the parent entity to 30 June 2006 since control was gained.	Not material
	Name of entities where control was lost during the financial year	Date control Gained
	Nil	N/A

11 Investment associates and joint ventures	
	Not applicable

12 Other information	
	None

13 Foreign Entities	
	Not applicable

14 Commentary on results for the financial year	
	Refer to the 2006 Results Announcement for details.

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

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

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated 2006	Consolidated 2005
	\$	\$
Revenue from continuing operations		
Remuneration services	48,110,881	35,344,956
Non-operating interest income	489,244	265,952
Other	120,406	227,016
Total income from ordinary activities	48,720,531	35,837,924
Expenses		
Employee & Director benefits expenses	21,199,679	16,152,044
Depreciation of plant and equipment	1,084,894	804,493
Amortisation of software development and other expenses	348,715	1,155,551
Amortisation of contracts	813,678	1,671,193
Technology and communication expenses	3,120,057	2,456,031
Property and corporate expenses	1,658,502	1,530,824
Borrowing costs expense	857,366	1,121,517
Other expenses from ordinary activities	4,624,842	2,769,905
	33,707,733	27,661,558
Profit before income tax expense	15,012,798	8,176,366
Income tax expense	3,707,525	2,972,809
Profit attributable to members of the parent entity	11,305,273	5,203,557
Earnings per share	Cents per share	Cents per share
- Basic earnings per share	17.08	7.95
- Diluted earnings per share	16.71	7.75

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BALANCE SHEET
AS AT 30 JUNE 2006

	Consolidated 2006	Consolidated 2005
Current assets	\$	\$
Cash on hand	2,592	1,842
Cash at bank	6,581,796	8,852,424
Trade debtors net of provision for doubtful debts	1,212,732	642,218
Other debtors	2,954,661	1,795,769
Prepayments	2,589,566	1,120,244
Capitalised borrowing costs	-	128,019
Total current assets	13,341,347	12,540,516
Non-current assets		
Plant and equipment	2,467,360	2,123,716
Capitalised software development	99,153	447,868
Capitalised borrowing costs	-	119,955
Goodwill on acquisition	33,110,848	30,758,237
Contracts acquired	-	813,678
Future income tax benefits	1,265,676	3,223,990
Total current assets	36,943,037	37,487,444
Total assets	50,284,384	50,027,960
Current liabilities		
Trade creditors	2,157,052	2,216,404
Amounts due to vendor	2,132,096	1,322,043
Sundry creditors and accruals	5,443,006	2,453,286
Bank overdraft	18,124	4,138
Bank loans	3,250,000	2,000,000
Finance lease liability	65,466	62,797
Tax payable	1,442,461	2,696,350
Accrued employee benefits	1,308,703	940,198
Income in advance	631,048	800,778
Total current liabilities	16,447,956	12,495,994
Non-current liabilities		
Bank loans	-	12,750,000
Finance lease liability	-	67,795
Accrued employee benefits	172,314	70,012
Total non-current liabilities	172,314	12,887,807
Total liabilities	16,620,270	25,383,801
Net assets	33,664,114	24,644,159
Equity		
Contributed equity	20,688,848	19,833,603
Option reserve	166,634	66,713
Retained profits	12,808,632	4,743,843
Total equity	33,664,114	24,644,159

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated 2006 \$	Consolidated 2005 \$
Cashflows from operating activities:		
Cash receipts from customers	57,356,006	40,866,428
Cash payments to suppliers & employees	-38,112,112	-27,128,373
Interest received	489,244	265,952
Interest paid	-1,000,867	-1,112,940
Income taxes paid	-4,270,997	-2,411,379
Net cash from operating activities	14,461,274	10,479,688
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	-	12,377
Acquisition of subsidiary, net of cash acquired	-696,553	-5,847,881
Acquisition of plant and equipment	-1,428,987	-1,132,441
Net cash used by investing activities	-2,125,540	-6,967,945
Cash flows from financing activities:		
Equity contribution	120,886	-
Capitalised borrowing costs	-	-44,303
Proceeds from borrowings	-	3,000,000
Repayment of borrowings	-11,500,000	-2,000,000
Dividends paid by parent entity	-3,240,484	-987,899
Net cash provided by/(used in) financing activities	-14,619,598	-32,202
Net cash increase (decreases) in cash and cash equivalents	-2,283,864	3,479,541
Cash and cash equivalents at beginning of year	8,850,128	5,370,587
Cash and cash equivalents at end of year	6,566,264	8,850,128

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Basis of Preparation

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

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

McMillan Shakespeare Limited and controlled entities, and McMillan Shakespeare Limited as an individual parent entity, have prepared financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of McMillan Shakespeare Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies have been consistently applied to all years presented. The parent and consolidated entities have, however, elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement.

Reporting Basis and Conventions

The financial 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.

NOTE 1: EARNINGS PER SHARE

	2006	2005
Net Profit after tax	<u>\$11,305,272</u>	<u>\$5,203,557</u>
Earnings used in the calculation of basic Earnings per Share (EPS)	<u>\$11,305,272</u>	<u>\$5,203,557</u>
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	<u>66,200,332</u>	<u>65,469,892</u>
Weighted average number of options on issue outstanding	<u>1,344,026</u>	<u>1,437,507</u>
Weighted average number of shares to be issued to vendor	<u>128,153</u>	<u>276,172</u>
Weighted average number of ordinary shares outstanding during the period used in calculation of diluted EPS	<u>67,672,511</u>	<u>67,183,571</u>

NOTE 2: CONTINGENT LIABILITIES AND ASSETS

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

Guarantees issued for the performance of contractual obligations. \$800,000 of these guarantees are supported by a term deposit.

\$1,150,000 \$1,550,000

Guarantee issued in respect of a property lease supported by a term deposit

\$504,637 \$48,537

The vendors of Remuneration Services (Qld) Pty Limited are entitled to two further payments based on the profit performance of Remuneration Services (Qld) Pty Limited for the years ended 30 June 2006 and 30 June 2007. The amount payable in respect of the year ended 30 June 2006 has been booked and is estimated to be \$1,185,421 based on the profit performance of Remuneration Services (Qld) Pty Limited for the year ended 30 June 2006. An additional estimate of the amount payable in respect of the year ended 30 June 2007 of \$946,675 has also been booked. The amount has been estimated having regard to the budgeted performance for Remuneration Services (Qld) Pty Limited for the year ended 30 June 2007. This amount could vary based on the actual financial performance of Remuneration Services (Qld) Pty Limited for the year ended 30 June 2007. The amount payable could range from \$nil to \$1,633,334 for the year ended 30 June 2007. The amounts due for the years ended 30 June 2006 and 2007 are payable within 30 days of adoption of the Financial Report for each respective year.

Under the acquisition agreement, the price adjustments will be made by a combination of cash and the issue of ordinary shares. The share component will comprise between 25% and 50% of the amount payable and this determination is at the discretion of the Board of McMillan Shakespeare Limited.

22 August 2006

McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983

Preliminary Final Report
ASX Announcement

McMillan Shakespeare Limited (ASX:MMS) today released its preliminary results for the year ended 30 June 2006, with a reported after tax profit of \$11,305,273. The results reflect an organisation that is focussed on driving sales, customer service excellence, innovation and improving customer product density.

Highlights of the operating results were:

	% increase over prior year	FYE 30-Jun-06 \$	FYE 30-Jun-05 \$
Revenue	35.9%	48,720,531	35,837,924
EBITDA	39.2%	17,628,207	12,663,168
EBITA	39.5%	16,543,313	11,858,675
EBIT	70.3%	15,380,920	9,031,931
PBT	83.6%	15,012,798	8,176,366
NPAT	117.3%	11,305,273	5,203,557

All results have been restated for A-IFRS

During the year Remuneration Services (Qld) Pty Ltd (RemServ) was successful in obtaining the renewal of the Queensland's government outsourced salary packaging contract. The contract is for a period of three years with an option for the Queensland Government to renew the arrangement for a further period of up to two years. RemServ's contribution to earnings in the prior year was from 1 November 2004 to 30 June 2005.

CEO, Mr Podesta said that: "RemServ is well placed to further develop Queensland and other marketplaces in both the private and public sectors. Our new products and services, together with improved sales and marketing, provide a platform to fuel further growth throughout Queensland."

Mr Podesta also said that: “Our three subsidiaries, RemServ, Easilease and McMillan Shakespeare Australia, have highly motivated staff and access to significant resources, intellectual property, technology and continually seek out process improvements which create a clear and distinct difference from our competitors.”

The Company will allocate more energy and resources towards financial services over the coming 12 months. Mr Podesta said, “There will be a number of financial products and services that the Company will offer its customer base over the next 12 months. Increasing product density to our customers and leveraging from our technology, buying power and customer base are all key objectives moving forward.”

“Our continued investment in customer service and quality assurance programs, together with our emphasis on human resource management, will continue to strengthen our business performance” Mr Podesta said.

The Company has declared a final dividend of 7.0 cents per share. The record date for the dividend is 25 September 2006 and it is payable on 18 October 2006.

Independent Chairman, Mr Ron Pitcher, expressed great satisfaction with the results for the financial year and said, “The Company has created a very solid platform from which to leverage future growth opportunities.”

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 Thursday, 26 October 2006 at 10.00am.

For more information please contact:

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McMillan Shakespeare Limited
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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.

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