McMillanShakespeareGroup

Annual Report 2015

McMillan Shakespeare Limited

Financial calendar

August 25, 2015	Announcement of 2015 Annual Results; Annual Report released
September 29	2015 Final Dividend Ex-Date
October 1	2015 Final Dividend Record Date
October 16	2015 Final Dividend Payment Date
October 27	2015 Annual General Meeting
February 23, 2016	Announcement of H1 2016 Results

Annual General Meeting

The Annual General Meeting of the members of McMillan Shakespeare Limited A.B.N. 74 107 233 983 will be held on 27 October 2015 at 10:00 am at the State Library of Victoria, Ground Floor, 328 Swanston Street, Melbourne, Victoria in the Theatrette.

Corporate directory

Directors

Ronald Pitcher, AM (Chairman)
Mike Salisbury (Managing Director)
John Bennetts
Ross Chessari
Tim Poole
Ian Elliot

Company Secretary

Mark Blackburn

Registered Office

Level 21, 360 Elizabeth Street
Melbourne Victoria 3000
Tel: +61 3 9097 3000
Fax: +61 3 9097 3060

Auditor

Grant Thornton Audit Pty Ltd
The Rialto, Level 30,
525 Collins Street
Melbourne Victoria 3000

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford
Victoria 3067
Tel: +61 3 9415 4000

Website

www.mmsg.com.au

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Chair's report

I am delighted to present this review of MMS' progress in the 2015 financial year which produced a record result and a return to the MMS tradition of delivering strong profitable growth for shareholders.

It has been a strong year of growth for the Group following the September 2013 withdrawal of proposed changes to the FBT treatment of motor vehicles. We regained our traditional momentum which accelerated as the year progressed amid continued growth in revenue, profit and customer numbers from our core businesses, and a better-than-expected maiden profit contribution from our recently-acquired Presidian business.

This demonstrated the value being created by the execution of our strategy to diversify our core business whilst also improving our customer service. Importantly, MMS' acquisitions of Presidian and three United Financial Services companies (collectively known as 'UFS') in February and July 2015 respectively have enlarged our customer base, strengthened our business, and secured a leadership position for the Group in the used vehicle financing market, insurance and warranty market.

Our customers remain our highest priority. Throughout the 2015 financial year (FY15) our people continued to improve how we interact with our customers both online and offline, and increase the value we bring to them with our products and services. Our relentless commitment to customer service excellence and innovation was rewarded by higher customer satisfaction levels and salary packaging program participation rates.

Against this backdrop of strategic diversification and operational excellence, we are delighted to have delivered a 23% increase in net profit to a record $67.5 million for FY15, and a 27 cent fully franked final dividend. This brings the full year dividend to 52 cents per share, and slightly increases this years' payout ratio to 63%.

Board composition

The Board was pleased to appoint Mike Salisbury as Chief Executive Officer following the retirement of Michael Kay in September 2014. During his six-year term as CEO, Michael developed an outstanding working culture at MMS and executed acquisitions that together laid the foundation for sustainable growth in the years to come.

Mike came to the role with seven years' experience with the Group and priceless corporate knowledge which facilitated a seamless transition from old to new CEO. Since then, he has led the execution of our corporate strategy with fresh vigour, including the acquisitions of Presidian and UFS, a range of customer experience improvements, and the development of a new vision for the Group to better guide our business activities in the future. Mike's leadership prowess and experience with the Group will ensure progress continues apace toward building a stronger business.

The board is grateful to Mike, his leadership team and all employees for their significant contribution during the year. Our people are outstanding and I would like to thank all 1,035 of them across Australia, New Zealand and the UK for their dedication and flexibility as the MMS family grows.

Outlook

We have a clear strategy and our focus for the year ahead will be on improving our service for our broadening customer base, integrating Presidian and UFS, and continuing to grow our asset financing activities in our participating markets. Your board will consider making more acquisitions depending on market conditions and the value offered to shareholders.

In the 2016 financial year (FY16) MMS expects the strength in new and second-hand vehicle sales to be sustained amid historically low rates of finance. Earnings growth will be strengthened by the contribution of Presidian and UFS as new income streams and cross-selling opportunities are realised. We also anticipate our continued investment in IT infrastructure and systems to lift productivity across the business.

We believe the environment, MMS' strategy and the strength of our expanding customer base mean the Group is well positioned to deliver greater value to shareholders over the medium term. We thank you for your loyalty as a shareholder and look forward to your continued support during this new growth phase for MMS.

Yours sincerely

Ronald Pitcher, AM
Chairman

I am proud to be leading your company during this period of growth for the Group and our pursuit of greater value for you, our shareholders.

MMS' performance in FY15 demonstrates the benefits of broadening our focus to the used vehicle financing market while still growing our leading share of the salary packaging and novated leasing markets. The Group has now expanded from a business relying on B2B partnerships to one that will also have direct relationships with consumers (B2C). This expansion has already impacted earnings. Presidian's maiden profit contribution to the Group exceeded our expectations. Presidian is now part of the Group's Retail Financial Services segment. As this segment takes shape, its contribution to Group earnings will increase.

Segment performance

During FY15 momentum returned to historic levels for our salary packaging and novated leasing business, with a solid rise in customer numbers fuelled, in part, by more than 50 additional contract wins. Profit for our Group Remuneration Services segment increase by 29% on the FY14 level – a very strong result that was helped by heavy investment in new products and digital communication channels to give our customers high quality service characterised by unrivalled choice. The Group now has more than 2 million visits to our website each year. Of these, one in five is made using a smartphone or mobile device when our customers are on the go. One in three salary packaging and novated lease claims are lodged online – a proportion that is set to surge this year after the recent launch of our free Maxxia and RemServ Claims Apps.

For customers preferring the personal touch for which the Group is renowned, we continued to invest in face-to-face communication channels, and delivered more than 19,800 educational activities to our customers at worksites across Australia. No matter what their service preferences, customers continue to rate us highly. Our Net Promoter Score averaged 50 during FY15.

Our Asset Management segment delivered a softer result owing to a higher residual value provision, continuing fleet inertia across the market and some credit losses that can be attributed to the slowdown in the mining sector and related services. This masked new business growth in the UK asset management business which, as expected, delivered its maiden profit in FY15. In addition, by June the Joint Venture's earnings had edged close to a break-even position. We expect sales of finance leases to increase in this market, supported by the upcoming launch of our Lifestyle Lease product.

Productivity

Productivity improvements from IT investment brought greater efficiency across the business and better experiences for our customers. The Group now processes 11 million payments each year. Our Melbourne and Brisbane-based Customer Care Centres responded to 826,500 customer calls during FY15 with every call being answered by a real person. These achievements, along with more convenient online self-service for customers, and greater standardisation of processes, will lift productivity in the year ahead.

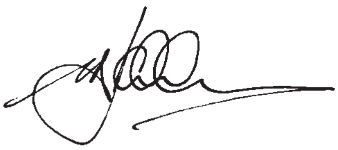
Our people

No review of the year would be complete without paying tribute to our own people whose dedication enabled this year's record earnings result. They continue to demonstrate their passion for our core values both at work and in the community and I thank them for their outstanding effort.

For over two decades, the Group has been a trusted workplace benefits services partner to many Not-for-Profit (NFP) health, aged care and charity organisations. Our people demonstrated their creativity and deep engagement with the business during two internal campaigns (dubbed 'Thought Bubble') by contributing 124 ideas on ways to better connect with our customers and grow our business. Finally, as we welcome Presidian and UFS employees into the MMS family, our people have rallied behind a new, unifying vision for the Group which broadens our purpose to capture the business activities of all subsidiaries operating across Australia, New Zealand and the UK. 'Driving what's possible' is our vision that will sit at the heart of our business and support greater diversification, enhanced customer service and earnings growth in the years to come.

I thank you, our shareholders, customers and employees, for your support and encourage you to stay with us on this exciting journey ahead.

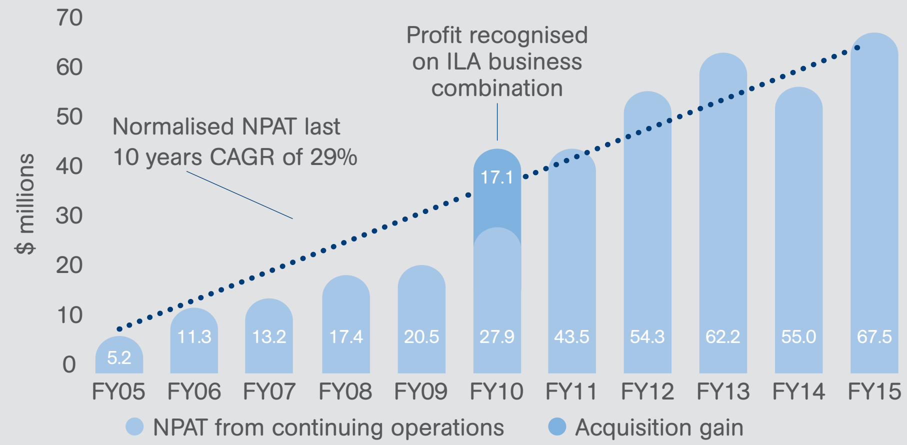
Yours sincerely



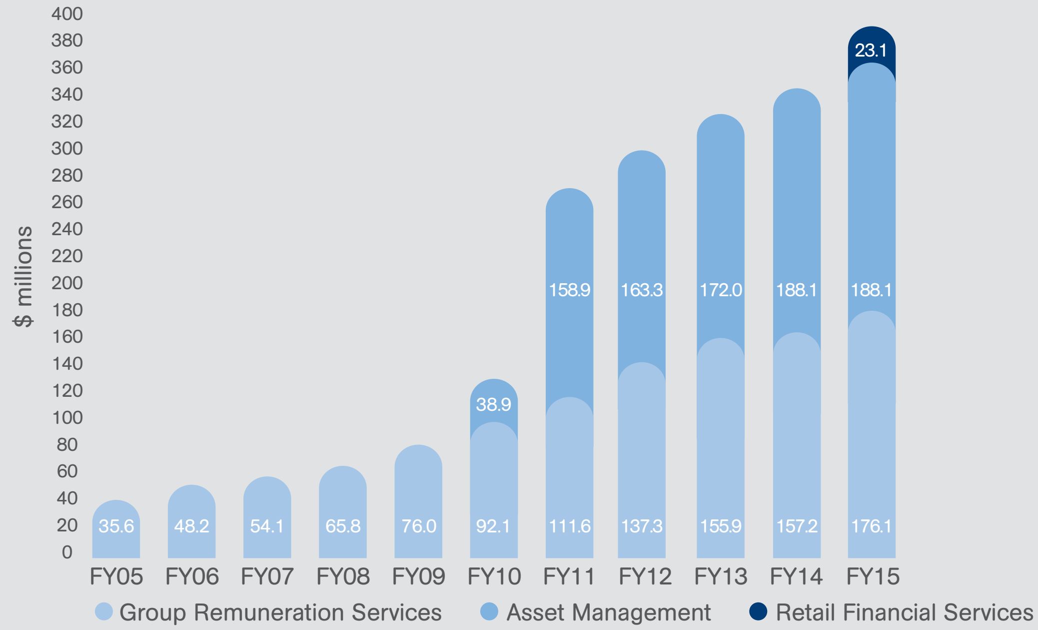
Mike Salisbury
Managing Director and Chief Executive Officer

10 year financial history

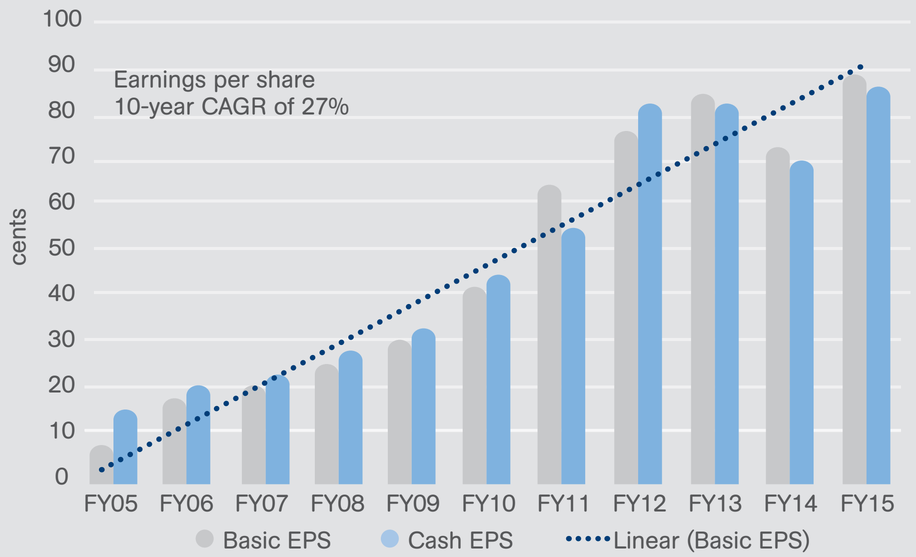
NPAT performance[1]



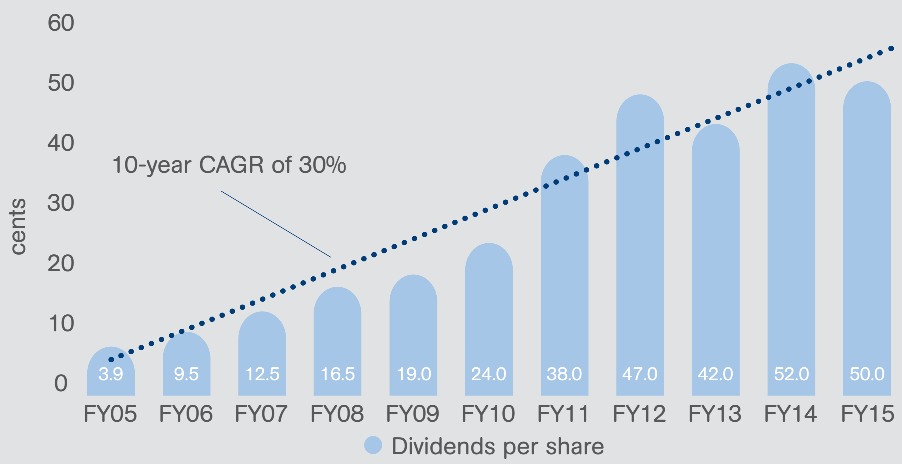
Revenue performance



Normalised earnings per share (EPS)[2]



Dividends per share



MMS Share Price: March 2004 - August 2015

1. NPAT and EPS CAGR are normalised to exclude the profit recognised on acquisition of Interleasing (Australia) Limited in FY10 ($17m profit after tax).
2. Normalised EPS excludes the profit recognised on acquisition of Interleasing (Australia) Limited. Cash EPS includes CAPEX but excludes the investment in fleet growth.

Non-financial highlights

Our customers

11 million p.a.
Payments processed

826,500 p.a.
Phone calls accepted

19,880
Onsite employee educational activities delivered to clients located across Australia

50
Net Promoter Score (NPS)[1]
(Average monthly score during FY15)

99%
Customer complaints resolved by MMS and our Customer Advocate without referral to an external arbitrator

2 million
Visits to Maxxia and RemServ websites

20%
Maxxia and RemServ website visits originating from mobile devices

35%
Claims lodged online
(as a % of total claims lodged)

Our people

1,035
Employees across MMS Group

81%
Employee Engagement
High performance work environment ranking

Our environment

12%
(YOY reduction)
Reduction in greenhouse emissions from car fleet travel

Carbon neutrality
(printed material)
Carbon neutrality
(net zero carbon footprint) achieved from the offset of 100% of CO2 emissions caused by the production of printed material

12%
(YOY reduction)
Reduction in greenhouse emissions from electricity

1 NPS of 50 or above is rated as excellent for financial services companies

The directors of McMillan Shakespeare Limited (Company or MMS) present this report on the consolidated entity, consisting of the Company and the entities that it controlled at the end of, and during, the financial year ended 30 June 2015 (Group or MMSG).

Directors

The Directors during the whole of the financial year and up to the date of this report (Directors) are as follows:

Mr Ronald Pitcher AM (Independent Chairman)
Mr John Bennetts (Non-Executive Director)
Mr Ross Chessari (Non-Executive Director)
Mr Tim Poole (Independent Non-Executive Director)
Mr Ian Elliot (Independent Non-Executive Director)

Mr Mike Salisbury was appointed to the position of Chief Executive Officer on 1 October 2014 and subsequently as Managing Director on 5 February 2015.

Mr Michael Kay retired as Managing Director and Chief Executive Officer on 30 September 2014.

Details of the qualifications, experience and special responsibilities of the Directors at the date of this Annual Report are set out on pages 14 and 15.

The Directors that are noted above as independent Directors, as determined in accordance with the Company's definition of independence, have been independent at all times throughout the period that they held office during the financial year ended 30 June 2015.

Directors' meetings

The number of meetings held by the Board of Directors (Board) (including meetings of committees of the Board) and the number of meetings attended by each of the Directors during the financial year ended 30 June 2015 were as indicated in the table below.

Mr Mike Salisbury attended five meetings in the capacity of CEO from 1 October 2014. He also attended three meetings by invitation from July 2014 until his formal appointment as CEO.

Principal activities

The principal activities of the Company and its controlled entities during the course of the financial year ended 30 June 2015 was the provision of salary packaging, vehicle leasing administration, fleet management and retail finance services.

In the opinion of the Directors, there were no significant changes in the nature of the activities of the Company and its controlled entities during the course of the financial year ended 30 June 2015 that are not otherwise disclosed in this Annual Report.

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
Director	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr R. Pitcher, AM (Chairman)	15	15	4	4	9	9
Mr M. Salisbury (Managing Director and CEO)	12	12	-	-	-	-
Mr J. Bennetts	15	14	4	4	9	8
Mr R. Chessari	15	15	-	-	9	9
Mr T. Poole	15	15	4	4	9	9
Mr I. Elliot	15	13	-	-	9	9
Mr M. Kay	3	3	-	-	-	-

Results

Details of the results for the financial year ended 30 June 2015 are as follows:

Results	2015	2014
Net profit after income tax (NPAT)	$67,486,611	$54,969,799
Basic earnings per share	87.0 cents	73.8 cents
Earnings per share on a diluted basis	86.8 cents	72.7 cents

Dividends

Details of dividends paid by the Company during the financial year ended 30 June 2015 are as follows:

Dividends	2015	2014
Final dividend for the financial year ended 30 June 2014 of 31.0 cents (2013: 18.0 cents) per ordinary share paid on 15 October 2014 fully franked at the tax rate of 30% (2013: 30%).	$23,632,463	$13,414,314
Interim dividend for the financial year ended 30 June 2015 of 25 cents (2014: 21.0 cents) per ordinary share paid on 17 April 2015 fully franked at the tax rate of 30% (2014: 30%).	$20,279,628	$15,650,033
Total	$43,912,091	$29,064,347

Subsequent to the financial year ended 30 June 2015, the Directors declared a final dividend of 27.0 cents per ordinary share (fully franked at the tax rate of 30%) to be paid on 16 October 2015, bringing the total dividend to be paid for the financial year ended 30 June 2015 to 52.0 cents per ordinary share.

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 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 our home 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's 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 profit before finance, tax and depreciation 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

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.

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 a 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 21.6% 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.

The acquisition of Presidian and UFS will assist the MMS 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, the Group 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.


RemServ

Events subsequent to balance date

In July 2015 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 2015 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. Revenue growth via finance synergies and cross-selling in FY16 will be supported by the combined Presidian 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.

Directors' experience & special responsibilities

Ronald Pitcher AM, FCA, FCPA

Appointed:
4 February 2004

Positions:
Chairman of the Board
Member of the Audit Committee
Chairman of the Remuneration Committee

Mr Pitcher is a Chartered Accountant with over 45 years experience in the accounting profession and the provision of business advisory services. Mr Pitcher has previously held a number of public company directorships and is currently a director of Reece Australia Limited (since 2003). Under the Company's definition of independence, Mr Pitcher is considered to be independent.

Mike Salisbury MBA

Appointed:
1 October 2014 (as Chief Executive Officer),
5 February 2015 (as Managing Director)

Positions:
Managing Director and
Chief Executive Officer

Mr Salisbury joined MMS as Managing Director of RemServ in April 2008 and was appointed to the position of Chief Executive Officer in October 2014. Before joining the company in April 2008, Mr Salisbury was a member of the senior management team at AAMI. Mr Salisbury held a variety of management positions within the organisation, including a number of state management roles and the position of Product Manager for Compulsory Third Party Insurance. Mr Salisbury is a member of the Australian Institute of Company Directors, and is a Director of the National Automotive Leasing & Salary Packaging Association. Mr Salisbury holds a Masters of Business Administration from Southern Cross University and is a graduate of the Advanced Management Program at Harvard Business School.

John Bennetts B Ec, LLB

Appointed:
1 December 2003

Positions:
Non-Executive Director
Member of the Audit Committee
Member of the Remuneration Committee

Mr Bennetts is an experienced investor and has been the founder and director of many successful Australian companies with businesses in technology, finance and manufacturing. He is a founder of Cellestis Limited and private equity investment firm, Mooroolbark Investments Pty Limited (M-Group). He has also previously provided advisory services to a range of companies in Australia and Asia. Prior to the establishment of the M-Group, he was Group Legal Counsel and Company Secretary of Datacraft Limited.

Ross Chessari LLB, M Tax

Appointed:	Positions:
1 December 2003	Non-Executive Director Member of the Remuneration Committee

Mr Chessari is a founder and director of the investment manager, SciVentures Investments Pty Limited (SciVentures). Prior to founding SciVentures, Mr Chessari was the Managing Director of ANZ Asset Management and the General Manager of ANZ Trustees.

Tim Poole CA, B Comm

Appointed:	Positions:
17 December 2013	Non-Executive Director Chairman of the Audit Committee Member of the Remuneration Committee

Mr Poole is currently a non-executive Director of Aurizon Holdings Limited (and will become Chairman from 1 September). He is also the non-executive Chairman of Lifestyle Communities Limited and a Director of Japara Healthcare Limited.
Mr Poole was formerly an executive of Hastings Funds Management (1995 to 2007) including as the Managing Director (2005 to 2007). He was also formerly non-executive Chairman of Asciano Limited and a non-executive Director of Newcrest Mining Limited. Mr Poole is considered an independent director under the Company's definition of independence.

Ian Elliot

Appointed:	Positions:
27 May 2014	Non-Executive Director Member of the Remuneration Committee

Mr Elliot is currently a non-executive Director of Salmat Limited, a non-executive Director of Hills Industries Limited and a Commissioner of the Australian Rugby League. Mr Elliot was formerly Chairman and CEO at Australia's largest advertising agency George Patterson Bates. He is a Fellow of the Australian Institute of Company Directors and a graduate of the Advanced Management Program at Harvard Business School. Mr Elliot is considered an independent director under the Company's definition of independence.

Mark Blackburn Dip Bus (Acct), CPA, GAICD

Positions:

Chief Financial Officer and Company Secretary

Mr Mark Blackburn joined MMS as Chief Financial Officer in October 2011.
Mr Blackburn commenced as Company Secretary on 26 October 2011.

Mr Blackburn has over 30 years experience in finance, working across a broad range of industries for companies such as WMC, Ausdoc, Laminex Industries, AAMI/Promina and Olex Cables. In particular, he has public company experience in financial management and advice, management of financial risks, management of key strategic projects, acquisitions and establishing joint ventures. Prior to his employment with MMS, Mr Blackburn was Chief Financial Officer of AUSDOC Group Ltd, IOOF Holdings Ltd and iSelect Pty Ltd.

Remuneration Report (Audited)

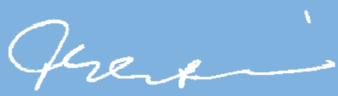
Message from the Board

Dear Shareholders

We are pleased to present the 2015 Remuneration Report.

In response to feedback received on last year's Remuneration Report, and after receiving a 'first strike' at last year's AGM, the Company has revisited the layout, structure and content of this year's Remuneration Report with a view to meeting the needs and expectations of shareholders and other stakeholders.

On behalf of the Committee, I recommend this year's Remuneration Report to you.



Ronald Pitcher, AM
Chairman

Executive remuneration guide

This short guide is intended to provide shareholders with an overview of executive remuneration outcomes for FY15 having regard to the Company's performance, as well as a brief update on the actions that the Board and Remuneration Committee have taken to improve the structure and reporting of the Company's remuneration practices. This guide is audited and is in addition to the audited information set out in the formal Remuneration Report.

Company performance

The Board undertakes an annual strategic review and sets the strategy agenda for the Company. Three year financial plans, annual budgets, forecasts and financial and operational targets are prepared by executive management. These are reviewed and approved by the Board. In the approval process the Board considers Company financial returns and targets, strategic issues such as markets and competition for its products and businesses, regulatory and operating risks, operating capability and importantly, how these plans measure against stakeholder expectations.

Current performance is reviewed by the Board through periodic reporting against approved targets. This strategic management framework enables the Board to set Long Term Incentive (LTI) plan targets and its annual expectations that, together with operational performance, determine any annual bonuses for the executive management team.

The NPAT and EPS CAGR for the last five years is 21% and 19% respectively as summarised in the key metrics table below.

Indices	FY15	FY14[2]	FY13	FY12	FY11
Net profit attributable to Company members	$67,486,611	$54,969,799	$62,163,519	$54,305,163	$43,460,470
NPAT growth [1]	22.8%	(11.6%)	14.5%	25.0%	55.7%
Earnings per share	87.0 cents	73.8 cents	83.4 cents	76.6 cents	64.0 cents

The Company has historically used Net Profit After Tax (NPAT) and Earnings Per Share (EPS) as key metrics for assessing LTI awarded to executive key management personnel (KMP) and executives to align more closely with Company performance. The Company has chosen to solely apply an EPS hurdle to the FY15 LTI options granted. The EPS growth hurdle requires that the Company's EPS growth over the performance period is greater than the target set by the Board (see page 25).

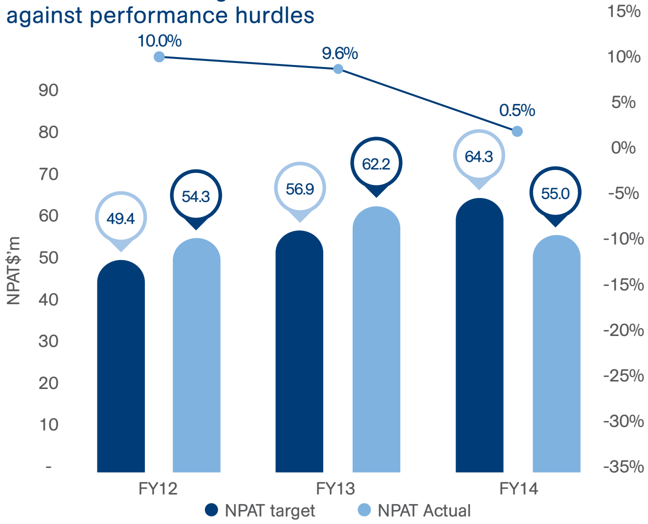
1 NPAT growth in 2011 has excluded the gain on business combination of $17,055,000 following the acquisition of Interleasing (Australia) Limited in April 2010.
2 Impacted by the former Government's announcement on 16 July 2013 of proposed changes to the treatment of FBT on vehicles.

FY15 Remuneration outcomes

Company performance was reflected in executive remuneration outcomes for FY15.

During the year 2,727,783 or 96% of awarded performance options vested following the out-performance against pre-determined cumulative compound NPAT targets over the vesting period of three years. These were granted in respect of the May 2010, August and October 2011 and March 2012 performance options. The May 2010 options were granted to a KMP that included a vesting condition to complete an 18 month fixed term contract and upon its successful completion to be followed by a 36 month employment contract, where the vesting conditions were dovetailed with other options on-foot that were vesting on 31 August 2014. The August 2011 issue was the primary grant of options to existing executives under the three year programme with the October 2011 issue to facilitate the newly appointed CFO and the March 2012 issue followed from the extension of the programme to an executive. The graph below sets out the LTI achievement against performance hurdles.

FY12 - FY14 LTI Programme achievement against performance hurdles

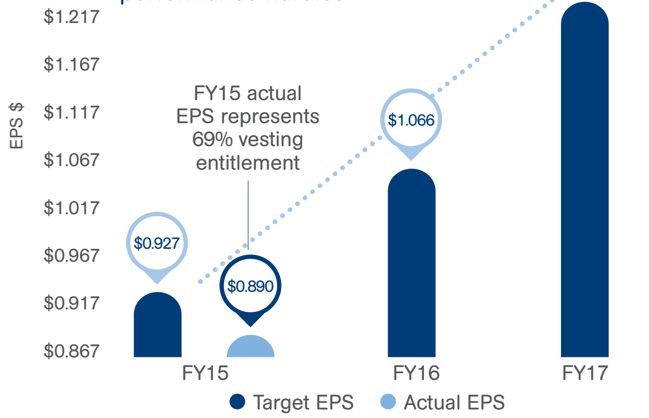


The annual NPAT targets for FY12 and FY13 were out-performed but FY14 under-performed mainly due to the impact on the Group Remuneration Services (GRS) business from the FBT proposals on novated leasing by the previous Government and other one-time business start-up costs. However, the cumulative NPAT performance over the performance period exceeded the cumulative target by 0.5%.

FY15 bonuses were determined taking into consideration a number of company and individual performance metrics that included sales growth, cost to income ratio, customer satisfaction, productivity index, staff engagement, capital management, mergers / acquisitions and group strategy. Annual bonuses are capped at 25% of fixed remuneration.

The vesting of current performance options are measured against target EPS. The target for FY15 was based on the MMS budget with annual increases in EPS over the FY15 year of 15% for FY16 and a further 15% for FY17. The performance hurdles are discussed in detail on page 25. The actual EPS performance achieved for FY15 and target EPS for the remaining two years is shown in the chart below.

FY15 - FY17 LTI Programme achievement against performance hurdles



Directors have assessed FY15 EPS for the purpose of the LTI using NPAT of $69.0m which is based on reported NPAT of $67.5m and adding back $1.5m after-tax of one-off Presidian acquisition costs.

On this basis and using the formula as disclosed on page 25, the vesting entitlement for FY15 is 69% of the entitlement for the year.

Details of KMP remuneration for FY15, prepared in accordance with statutory obligations and accounting standards, are contained in Section 3 of the Remuneration Report: Details.

In addition to this Guide the report now includes:

- more detailed disclosure of the Company's approach to annual bonuses in line with improvement suggestions from shareholders and other stakeholders;
- clearer disclosure in relation to LTI opportunities and cycles and the terms and conditions that apply to the FY15 grant;
- additional discussion of the Company's remuneration governance structures and the link between the company's performance and remuneration outcomes; and
- more information about Non-Executive Directors' fees.

Other relevant remuneration initiatives implemented during FY15 are set out below:

- earnings per share (EPS) performance hurdle was introduced for the FY15 long term incentive option grant;
- scaled reward system for LTI rather than the previous cliff vesting structure; and
- a twelve month holding lock applies to options issued to the four KMPs.

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1. Who does this Report cover?

This Report sets out the remuneration arrangements for the Group's key management personnel (KMP) (who are listed in the table below) during FY15. Throughout this Remuneration Report, the KMP are referred to as either Executive KMP or Non-Executive Directors.

All individuals held their positions for all of FY15 unless otherwise indicated.

Non-Executive Directors	
Name	Position
Mr R. Pitcher, AM	Non-Executive Chairman
Mr J. Bennetts	Non-Executive Director
Mr R. Chessari	Non-Executive Director
Mr T. Poole	Non-Executive Director
Mr I. Elliot	Non-Executive Director

Executive KMP	
Name	Position
Mr M. Salisbury	CEO and Managing Director (1)
Mr G. Kruyt	Chief Operating Officer
Mr M. Blackburn	Group CFO and Company Secretary
Mr A. Tomas	Managing Director, Fleet and Financial Products
Mr M. Kay	CEO and Managing Director (3)
Mr P. Lang	Group Executive, Customers and Corporate Affairs (2)

(1) Mr Salisbury held the role of Managing Director, Remuneration Services until 30 September 2014 and assumed the role of CEO on 1 October 2014 and Managing Director on 5 February 2015. He was considered to be a member of the KMP for all of FY15.

(2) Mr Lang resigned as Group Executive, Customers and Corporate Affairs effective 5 December 2014.

(3) Mr Kay retired as CEO and Managing Director on 30 September 2014.

(4) There were no changes to KMP after the reporting date and before the Annual Report was authorised for issue.

2. Remuneration policy and guiding principles

Overview

The Group's remuneration policies and practices are designed to align the interests of staff and shareholders while attracting and retaining staff members who are critical to its growth and success.

The Group's remuneration structure consists of cash and non-cash components. The table below shows which KMP are eligible for the various components.

	Fixed Remuneration	LTI's – Performance Options
Non-Executive Directors	✓	x
Executive KMP	✓	✓

	LTI's-Voluntary Options	Annual Bonus
Non-Executive Directors	x	x
Executive KMP	✓	✓

Non-Executive Director remuneration

The Board's policy is to remunerate the Chairman and the Non-Executive Directors at market rates for comparable companies for the time and commitment involved in meeting their obligations.

The Non-Executive Directors are remunerated for their services from the maximum annual aggregate amount approved by the shareholders of the Company on 29 October 2014 (currently $900,000 per annum). The Board sets the fees for the Chairman and the other Non-Executive Directors.

Neither the Chairman nor the other Non-Executive Directors are entitled to any performance related remuneration. There is no direct link between the remuneration of the Chairman or any other Non-Executive Director and the short term results of the Group because the primary focus of the Board is on the long term strategic direction and performance of the Group. There are no termination payments payable to the Chairman or the other Non-Executive Directors on their retirement from office other than payments relating to the accrued superannuation entitlements included in their remuneration.

See key Section 4. Non-Executive Director remuneration in detail section for further information.

Executive KMP remuneration

The components of remuneration for Executive KMP consist of fixed remuneration (including superannuation and benefits) and long-term incentives (in the form of options). In addition Executive KMP may also receive an annual bonus based on key performance indicators (KPIs).

The Board believes that this is an appropriate mix as it ensures that executives are primarily focused on generating value for shareholders over the long term (based on targeted financial metrics), while also being modestly rewarded in the short term for exceeding KPIs that contribute to company performance. Executive KMP are not incentivised to focus on short term goals at the expense of long term goals and business priorities.

See key Section 3. Executive remuneration in detail section for further information.

Remuneration governance

Role of the Remuneration Committee

The Board has an established Remuneration Committee whose objectives are to oversee the formulation and implementation of remuneration policy and make recommendations to the Board on remuneration policies and packages applicable to the Directors and Executives. For further details of the composition and responsibilities of the Remuneration Committee, please refer to the Corporate Governance Statement www.mmsg.com.au/about/governance

Remuneration consultants and other advisors

The Remuneration Committee obtains external independent advice when required, and will use it to guide and inform their considered decision-making. During FY15, no remuneration recommendations (as defined in the Corporations Act) were received.

FY14 Annual General Meeting (AGM) first strike

Post the Company's FY14 AGM, and the receipt of a 'first strike' against the FY14 Remuneration Report, the Board undertook to expand the details disclosed in future Remuneration Reports.

The Board has taken a number of steps to improve the Company's reporting practices and enhance understanding. In particular:

- The 'Annual bonus program' section of this Report has been expanded to provide additional detail how bonuses are determined, value range and other relevant considerations (so that it is clear that there is a structured process for the determination and award of bonuses); and
- The 'Long term incentive' section of this Report provides further clarity on the timing of LTI offers and the terms and conditions that apply to the FY15 grant.

3. Executive remuneration in detail

As outlined above, the key components of Executive KMP remuneration are fixed remuneration and long term incentive grants. However, the Remuneration Committee also has the authority to make, annual bonus awards.

Fixed Remuneration

Components	• Fixed remuneration comprises base salary, superannuation and, in some cases, non-cash benefits, such as motor vehicle lease payments and car parking benefits • It is determined on an individual basis, reflecting the duties, responsibilities and performance levels of the relevant executive, general market conditions and comparable remuneration offered in related industry sectors • It does not vary over the course of a year based on performance • Neither the Chief Executive Officer nor the Chief Financial Officer are remunerated separately for acting as an officer of the Company or any entities in the Group
Review	• Fixed remuneration is reviewed by the Remuneration Committee annually (or on promotion) to ensure fixed remuneration remains competitive in the market place and reflects the individual's skills, knowledge, accountability and general performance • The Company conducts market based reviews • The Company generally positions itself at the median • There is no guarantee that fixed remuneration will be increased as a result of the annual review

The Remuneration Committee has reviewed remuneration based on analysis from multiple data sources and taken into consideration factors such as annual revenue, employee numbers and market capitalisation. The Company generally positions itself at the market median. In certain circumstances, for exceptional candidates or positions of high responsibility, the Company positions itself at the seventy-fifth percentile of the market. The Company has sourced additional data through external remuneration consultants to inform Remuneration Committee decision making.

Annual Bonus Program

During the year, a total of $205,000 was awarded to Executive KMP under the annual bonus program.

No Key Management Personnel have a contractual right to a bonus.

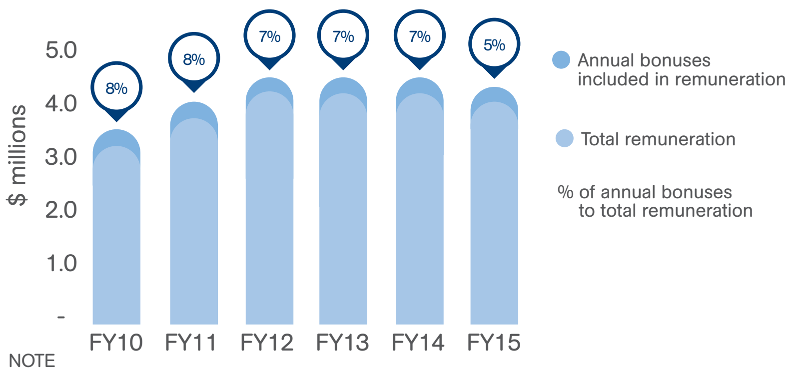
However, the Remuneration Committee has the authority to award bonuses based on contribution to operational, individual and financial performance. The Remuneration Committee has opted for implementing bonuses rather than adopting the standard STI concept to ensure that the Company/KMP can remain nimble and switch priorities to quickly adapt to dynamic or evolving circumstances. One such instance occurred in FY14, to adapt to the disruption to the business caused by the former Government's announcement on 16 July 2013 of proposed changes to the treatment of FBT on motor vehicles.

The assessment criteria that applied to the annual bonus program in FY15 is set out in the table below

	Sales Growth	Cost to Income Ratio	Customer Satisfaction	Productivity Index	Staff Engagement	Capital Management	Mergers / Acquisitions	Group Strategy
CEO and Managing Director	✓	✓	✓	✓	✓	✓	✓	✓
CFO and Company Secretary	x	✓	✓	✓	✓	✓	✓	✓
Chief Operating Officer	✓	✓	✓	✓	✓	x	✓	x
Managing Director, Fleet and Financial Products	✓	✓	✓	✓	✓	x	✓	x

What is the annual bonus program?	A bonus may be awarded by the Remuneration Committee if in their opinion the employee's contribution to the company's financial performance, operating capability and growth initiatives together with the other metrics mentioned in the FY15 outcomes above, has exceeded expectations.
Who is eligible?	Executives
What is the performance period	1 July - 30 June
How and when are bonuses determined?	Shortly after the end of the financial year, the CEO considers the issue of performance related annual bonuses. Any award of performance related bonuses is based on an assessment of a number of company and individual performance metrics including sales growth, cost to income ratio, customer satisfaction, productivity index, staff engagement, capital management, corporate acquisitions and group strategy. The CEO makes a recommendation about bonuses (excluding his own) to the Chairman of the Remuneration Committee. The CEO's bonus is determined by the Remuneration Committee. Performance related annual bonuses are capped at 25% of fixed remuneration per employee and have historically not exceeded 11% of total remuneration. In FY15 the highest bonus paid was 10% of that Executive KMP's total remuneration. The Remuneration Committee makes the final determination about payment of all executive bonuses.
How is it delivered?	In cash. The Executive must be employed at the time the bonus is paid.
Why does the Board consider the bonus program appropriate?	Recognition of Executive contributions over and above role responsibility and the value created for the business.
Is there a performance threshold that must be met before bonuses can be paid?	Company results must meet Board expectations. Individuals must exceed performance KPIs and meet organisational behavioural standards. Measures for Executives for FY14 included contribution to: • Maintaining staff engagement levels during the disruption caused by the former Government's announcement on 16 July 2013 of proposed changes to the treatment of FBT on motor vehicles; • Volume of novated lease sales; • Maintaining sales staff retention levels; and • Achievement of margin improvement from reduced costs. Measures for Executives for FY15 included contribution to: • Acquisition and integration of acquired companies while minimising disruption to business as usual; • Record levels of novated lease sales; • Successful contract tenders resulting in maintaining clients/new business/increased market share; and • Record low cost to income ratio.
Were bonuses paid in FY15?	Executive KMP bonuses paid in FY15 totalled $205,000 and the highest bonus paid to an Executive represented 10% of their total remuneration. All FY14 bonuses were paid on 11 July 2014 except for the CEO who was paid on 8 August 2014. Total bonuses paid to Executive KMP in relation to FY14 totalled $305,000. Annual bonuses paid to Executive KMPs relative to total remuneration for the last six years have not exceeded 8% per annum and is presented in the chart below.

Executive KMP Remuneration



NOTE

(1) Total remuneration is based on the amount as disclosed in the "total remuneration" column of the statutory table on page 32.

(2) The annual bonuses paid in FY12 do not include $300,000 that was paid to Mr A Tomas under a contractual arrangement as disclosed in the Remuneration Report for that financial year.

(3) The annual bonuses in respect of FY13 were declared and paid in FY14 and consequently, included in the FY14 results but for the purpose of this graph, have been attributed to FY13 to show the relative proportion to total remuneration.

Long-term Incentives

The Board believes that the use of options is the most appropriate form of long-term equity-based performance incentive to reinforce alignment with shareholder interests.

The Company issues options to certain Executives and employees under the McMillan Shakespeare Limited Employee Option Plan (Plan) every three years.

Two types of options may be granted under this Plan:

1. **Performance options**
   Options that will only vest subject to performance hurdles and continuity of employment.
2. **Voluntary option**
   Options that are not subject to performance hurdles, but which:
   - Executives must purchase;
   - will only vest if the Executive continue in employment (and thereby contribute to the performance of the Company); and
   - Executives will only realise value from if the Company's share price increases above a set 'strike price'.

Voluntary options were granted in FY11 and again in FY14 to provide Executives with an additional opportunity to purchase up to a maximum of $50,000 worth of options per executive. The terms and conditions relevant to these Options were disclosed in prior year's Remuneration Reports.

No Executive can enter into a transaction that is designed or intended to hedge the Executive's exposure to any unvested option. Executive are required to provide declarations to the Board on their compliance with this policy from time to time.

Further details are set out below.

Performance Options – FY15 LTI grant

During FY15, Performance Options were granted to Executive KMP as their LTI.

The number of Performance Options awarded is determined by multiplying the relevant Executive's fixed remuneration by a pre-determined percentage (which varies depending on the position, duties and responsibilities of the relevant executive between 10% and 40% (i.e. 40% for the CEO and CFO).

This figure is then multiplied by three, recognising that grants are made on a three yearly basis rather than annually. The EPS performance hurdle is subject to the measurement of the Company's average annual growth in EPS for a three year period. The performance hurdle was derived from the EPS targets put in place in respect of the FY15 – FY17 Three Year Financial Plan. The Remuneration Committee considers this to be a key indicator of the financial success of the business. The EPS performance hurdle was designed so that Executives are incentivised to ensure that the Three Year Financial Plan is met or exceeded. The EPS performance hurdle provides the KMP with a sole and unambiguous target which they collectively need to achieve, thereby encouraging a collaborative approach across the business. The Remuneration Committee considers that achieving the EPS target will have a positive impact on total shareholder return.

All options issued have an exercise price (or strike price) and only become valuable to the extent that the share price rises above the exercise price. Given that options are issued at or above the prevailing market price at the date that the Board approved the grant, it is implied that increased shareholder wealth is required before the senior executive will receive any value from the options.

Details of the key terms and conditions of the FY15 Performance Options are as follows.

The vesting conditions for options that were granted prior to FY15 (but that are still on-foot) are outlined in detail in prior years Remuneration Reports.

What are Performance Options?

An option to acquire a fully paid ordinary share in the Company (subject to payment of an exercise price), that will only vest and become exercisable if performance hurdles and service conditions are satisfied.

Do Executives pay for Performance Options?

Performance Options are granted as part of remuneration and therefore there is no payment required for a grant. However, Executives are required to pay an exercise price to exercise them and receive shares.

What is the performance period?

Three years

What is the performance hurdle and why was it chosen?

An EPS hurdle applies to the FY15 grant.

An EPS hurdle has been chosen as it provides evidence of the Company's growth in earnings. The EPS growth hurdle requires that the Company's EPS growth over the performance period is greater than the target set by the Board.

Performance conditions (EPS targets)	Weighting
Achievement of FY15 EPS* target of not less than $0.927	33.3%
Achievement of FY16 EPS* target of not less than $1.066 (15% growth from FY15 target	33.3%
Achievement of FY17 EPS* target of not less than $1.226 (15% growth from FY16 target)	33.3%
Maximum Entitlement	100%

How does the EPS performance hurdle work?

The EPS performance hurdle is subject to the measurement of the Company's average annual growth in EPS for a three year period. Basic EPS is determined by dividing the Company's NPAT before significant items by the weighted average number of ordinary shares on issue during the financial year. Growth in EPS will be measured by comparing the EPS at the start of the year of issue and the measurement year. The EPS hurdle is a 'line of sight' hurdle, as the achievement of the hurdle directly correlates to improved shareholder value. The Remuneration Committee considers it a key indicator of the financial success of the business. Achieving the EPS target will have a positive impact on total shareholder return.

The EPS target in FY15 is based on the Budgeted EPS for FY15: the Base Year. In the event that the EPS target in any one year is not achieved, at the end of the three year period ending 30 June 2017 the total EPS for the three year period will be calculated, and if the total EPS for the three year period exceeds the sum of EPS targets for each of the three years, the participant will be entitled to exercise all un-forfeited options.

The vesting scale is as follows:

Financial years	0% vesting	50-100% vesting	100% vesting
FY15	EPS less than $0.867	EPS between $0.867 and $0.927	EPS at least $0.927
FY16	EPS less than $0.997	EPS between $0.997 and $1.066	EPS at least $1.066
FY17	EPS less than $1.146	EPS between $1.146 and 1.266	EPS at least $1.226

Process for assessing performance conditions

To determine the extent to which the EPS performance hurdle is satisfied, the Remuneration Committee relies on audited financial results and vesting is determined in accordance with the Plan Rules.

The Remuneration Committee believes this method of assessment provides an appropriate and objective assessment of performance.

The Remuneration Committee will take account of capital raisings and acquisitions where necessary or appropriate to do so.

What are the rights attaching to the Performance Options?	No voting rights or entitlements to dividends are attached to Performance Options.
What is the exercise price and how was it determined?	There are multiple prices depending on when the executive joined. The exercise price is normally equal to or higher than the spot price at the date of grant and is based on 5 Day Volume Weighted Average Price of Shares traded in the period immediately prior to grant date of the options.
When do the Performance Options expire?	On 30 September 2018 for options without a "holding lock". In relation to the Performance Options granted to the four Executive KMPs a mandatory 12 month 'holding lock' will apply to those Options such that any shares acquired by exercising vested Options cannot be sold until 12 months after the Options vest (the Options vest on 31 August 2017, so the 'holding lock' will apply until 31 August 2018 with the options expiring 30 September 2019).
What happens on cessation of employment?	If the employee leaves employment with the Group before 31 August 2017 regardless of the circumstances, the options lapse without any payment to the employee.
What happens on a change of control?	On a change of control, the Board has discretion to bring forward the exercise date of all performance options and to waive or vary the exercise conditions or performance conditions attached to the performance options.
What Performance Options were granted in FY15?	These are summarised on page 35.

Voluntary Options – FY15 LTI grant

In FY15, Voluntary Options were offered to Executives.

Details of the key terms and conditions of the FY15 Voluntary Options are as follows.

The vesting conditions for options that were granted prior to FY15 (but that are still on-foot) are outlined in detail in the Company's previous Remuneration Reports.

What are Voluntary Options?	An option to acquire a fully paid ordinary share in the Company (subject to payment of an exercise price) that may be purchased by Executives. Voluntary Options provide Executives with an additional opportunity to invest in the Company as a LTI. A Voluntary Option may be purchased by the Executive when offered by the Company. The Voluntary Option will only vest if the Senior Executive remains employed at vesting date.
Do Executives pay for Voluntary Options?	Yes. The maximum amount that can be applied towards the purchase of Voluntary Options is $50,000, and the number of options to be granted is determined by dividing the amount invested by the fair value of the option at grant date. The consideration payable per option is based on the fair value of the option at grant date less a 25% discount. In addition, an exercise price is payable when the options are exercised for shares.
What is the vesting period?	Three years.
What is the performance hurdle and why was it chosen?	No performance hurdles. The Executive buys the option at grant date.
What are the rights attaching to the Voluntary Options?	No voting rights or entitlements to dividends are attached to Voluntary Options.
What is the exercise price and how was it determined?	The exercise price is normally equal to or higher than the spot price at the date of grant and is based on 5 Day Volume Weighted Average Price of shares traded in the period immediately prior to grant date.
When do the Voluntary Options expire?	30 September 2018.
What happens on cessation of employment?	If the Executive leaves employment with the Group before 31 August 2017, the Executive will forfeit 25% (representing the discount) of their entitlement for consideration, paid by the Company, in the amount of $1.
What happens on a change of control?	On a change of control, the Board has discretion to bring forward the exercise date of all performance options and to waive or vary the exercise conditions or performance conditions attached to the performance options.
What Voluntary Options were granted in FY15?	These are summarised on page 35.


FXZ

Fixed vs performance based remuneration

The relevant proportions of fixed versus performance based remuneration received in FY15 are set out in the table below.

The proportion of performance based remuneration received increased from FY14 to FY15, and the Remuneration Committee will keep the remuneration 'mix' under review to ensure that it remains appropriate in the Company's circumstances.

	Fixed remuneration		At risk – Annual Bonus		At risk – LTI	
	FY15	FY14	FY15	FY14	FY15	FY14
Mr M. Salisbury[1]	74%	73%	5%	22%	21%	5%
Mr G. Kruyt[1]	70%	61%	10%	22%	20%	17%
Mr M. Blackburn[1]	72%	63%	5%	9%	23%	28%
Mr A. Tomas[1]	76%	70%	4%	10%	20%	20%
Mr M. Kay[1]	77%	56%	-	10%	23%	34%
Mr P. Lang[1]	91%	67%	-	11%	9%	22%

1 The FY14 bonus includes the bonus in respect of FY13 which was declared after the release of the FY13 annual report.

Consequences of performance on shareholders' wealth

The table below sets out the Company's performance over the past five years in respect of key financial and non-financial indicators. In addition to the links between remuneration and shareholder value discussed above, when reviewing the Group's performance and benefits for shareholder wealth, and the link to the remuneration policy, these indicators are generally considered:

Indices	FY15	FY14[4]	FY13	FY12	FY11[3]
Net profit attributable to Company members	$67,486,611	$54,969,799	$62,163,519	$54,305,163	$43,460,470
NPAT growth[1]	22.8%	(11.6%)	14.5%	25.0%	55.7%
Dividends paid	$43,912,091	$29,064,347	$36,516,743	$31,422,422	$20,388,246
Dividend payout ratio[2]	64.3%	52.9%	58.8%	57.4%	46.9%
Share price as at 30 June	$12.09	$9.17	$16.18	$11.82	$9.58
Basic earnings per share	87.0 cents	73.8 cents	83.4 cents	76.6 cents	64.0 cents

1 NPAT growth in FY11 excluded the gain on business combination following the acquisition of Interleasing (Australia) Limited in April 2010 of $17,055,000.
2 Dividend payout ratio is calculated based on dividends paid per share and EPS for the year.
3 Share price at the start of FY11 was $4.69.
4 Impacted by the former Government's announcement on 16 July 2013 of proposed changes to the treatment of FBT on vehicles.

The overall level of executive compensation takes into account the performance of the Group over a number of years. The Group's profit from ordinary activities after tax and earnings per share has grown at a CAGR of 19.3% per annum over the period from 1 July 2010 until 30 June 2015 (excluding the gain on business combination). Over the same period the average return on equity (RoE) exceeded 33%.

Key terms of Executive KMP service agreements

All Executive KMP are party to a written executive service agreement. The key terms are set out below.

Key terms of Executive Service Agreement for CEO

Duration	Ongoing
Periods of notice required to terminate	9 months The agreement may, however, be terminated by the Company for cause without notice or any payment.
Termination payments	The Company has discretion to make a payment in lieu of notice. No contracted retirement benefits are in place with any of the Company's executives.
Restraint of trade	The Company can elect to invoke a restraint period not exceeding 6 months.

Key terms of Executive Service Agreements for other Executive KMP

Duration	Ongoing
Periods of notice required to terminate	Generally, 6 months written notice, by the Company or the Executive KMP. The agreement may, however, be terminated by the Company for cause without notice or any payment.
Termination payments	The Company has discretion to make a payment in lieu of notice. No contracted retirement benefits are in place with any of the Company's Executive KMP.
Restraint of trade	The Company can elect to invoke a restraint period not exceeding 6 months.

4. Non-Executive Director remuneration in detail

The remuneration of Non-Executive Directors comprises Directors' fees and superannuation contributions, and takes into account the size and complexity of the Company's operations, their responsibility for the stewardship of the Company and their workloads.

As stated in the Executive Remuneration Guide section, total fees are not to exceed the annual limit of $900,000 approved by shareholders in October 2014.

Details of the fees paid to the Non-Executive Directors are set out in the table below.

<table>
<tr><td>Directors Fees</td><td>The annual Directors' fees (including superannuation contributions) payable to Non-Executive Directors for FY15 were as follows:
<table>
<tr><th>Position</th><th>Fee ($)</th></tr>
<tr><td>Chairman</td><td>203,014 (from 1 January 2015)</td></tr>
<tr><td>Audit Committee Chairman</td><td>127,364 (from 1 January 2015)</td></tr>
<tr><td>Director (base fee)</td><td>107,364 (from 1 January 2015)</td></tr>
</table>
No fees are payable in respect of membership of Board Committees.</td></tr>
<tr><td>Superannuation contributions</td><td>Contributions required under legislation are made by the Company on behalf of Non-Executive Directors.</td></tr>
<tr><td>Retirement benefits</td><td>There is no scheme for the payment of retirement benefits.</td></tr>
</table>

5. Statutory remuneration disclosures

Non-Executive Director remuneration – statutory disclosures

The tables below set out the out the statutory disclosures required under the Corporations Act 2001 (Cth) and in accordance with the Accounting Standards.

		Short term benefits		Post employment benefits	Long term benefits	
		Cash Salary/Fees[1]	Other Benefits	Superannuation	Long Service Leave	Total Remuneration
		$	$	$	$	$
Non-Executive Directors						
Mr R. Pitcher, AM (Chairman)	2015	182,907	-	17,376	-	200,283
	2014	179,200	-	16,576	-	195,776
Mr J. Bennetts (Non-Executive Director)	2015	85,322	-	8,106	-	93,428
	2014	72,107	-	6,670	-	78,777
Mr R. Chessari (Non-Executive Director)	2015	85,322	-	8,106	-	93,428
	2014	72,107	-	6,670	-	78,777
Mr T. Poole (Non-Executive Director)	2015	107,182	-	10,182	-	117,364
	2014	57,196	-	5,291	-	62,487
Mr I. Elliot (Non-Executive Director)	2015	98,050	-	9,315	-	107,365
	2014	16,342	-	1,512	-	17,854

1. The amounts shown for the Non-Executive Directors reflect directors' fees only.

2. Executive KMP remuneration – statutory disclosures

The following table sets out the statutory disclosures required under the Corporations Act 2001 (Cth) and in accordance with the Accounting Standards.

		Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments		
		Cash Salary/ Fees	Current Year Annual Bonus	Fy13 Annual Bonus[4]	Other Benefits[1]	Superannuation	Long Service Leave	Options[2]	Total Remuneration	Percentage Of Remuneration As Options
Executive KMP		$	$	$	$	$	$	$	$	%
Mr M. Salisbury (CEO and Managing Director) [3]	2015	554,237	50,000	-	98,023	29,987	47,369	208,035	987,651	21%
	2014	278,268	50,000	50,000	30,774	20,886	10,590	22,645	463,163	5%
Mr G. Kruyt (Chief Operating Officer)	2015	438,973	75,000	-	76,950	18,783	15,400	159,026	784,132	20%
	2014	354,728	75,000	75,000	17,162	17,775	12,504	110,005	662,174	17%
Mr M. Blackburn (Group CFO and Company Secretary)	2015	543,165	50,000	-	37,888	35,000	35,087	208,280	909,420	23%
	2014	541,406	40,000	40,000	(2,797)	25,000	232	255,108	898,949	28%
Mr A. Tomas (Managing Director, Fleet and Financial Products)	2015	379,709	30,000	-	138,124	35,000	37,648	155,547	776,028	20%
	2014	386,682	40,000	40,000	113,117	25,000	3,748	149,484	758,031	20%
Former CEO										
Mr M. Kay (CEO and Managing Director, resigned on 30 September 2014)[5]	2015	321,536	-	-	(60,107)	35,000	-	89,623	386,052	23%
	2014	1,039,756	75,000	100,000	8,131	25,000	(82,978)	595,440	1,760,349	34%
Former Executive KMP										
Mr P. Lang (Group Executive, Customers and Corporate Affairs resigned on 5 December 2014)[5]	2015	220,563	-	-	380	9,392	(81,298)	15,530	164,567	9%
	2014	289,282	25,000	25,000	(1,257)	17,775	9,383	104,813	469,996	22%

In the case of redundancy, the company Redundancy Policy will apply to the extent that the payment is greater than the payment made to an Executive KMP on termination.

1. Other benefits reflect annual leave entitlements, motor vehicle packaging payments, travel benefits and car parking benefits.
2. The equity value comprises the value of options issued. No shares were issued to any Non-Executive Director (and no options were granted to any Non-Executive Director) during the financial years ended 30 June 2015 and 30 June 2014. The value of options issued to Executive KMP (as disclosed above) are the assessed fair values (less any payments for the options) at the date that the options were granted to the executives, allocated equally over the period from when the services are provided to vesting date. Fair values at grant date are determined using a binomial option pricing model that takes into account the exercise price, the expected term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

   No options were granted during the year ended 30 June 2014.
3. Mr Salisbury was appointed CEO from 1 October 2014 and Managing Director on 5 February 2015 and was formerly Managing Director, Remuneration Services.
4. The bonus in respect of FY13 was deferred because of the former Government's 16 July 2013 announcement of proposed changes to the treatment of FBT on motor vehicles and paid in the FY14 financial year.
5. No payments were made to any Executive KMP in respect of termination of services in FY15.

Option Details

No options were granted to, exercised by or lapsed with respect to Non-executive Directors during the financial year ended 30 June 2015 or 30 June 2014.

The terms and conditions of each grant of options to executives affecting their remuneration in the financial year ended 30 June 2015 and 2014 and each relevant future financial year are as follows:

Grant Date	Expiry Date	Share price at valuation date	Exercise Price	Value per option at grant date[1]	Date Exercisable
28 May 2010	1 October 2015	$3.42	$3.42	$0.93	100% after 1 October 2014
16 August 2011	30 September 2015	$7.31	$7.31	$1.76	100% after 31 August 2014
16 August 2011[2]	30 September 2015	$8.54	$7.31	$2.31	100% after 31 August 2014
25 October 2011	30 September 2015	$8.54	$8.54	$1.87	100% after 31 August 2014
14 March 2012	30 September 2015	$9.29	$9.29	$2.40	100% after 31 August 2014
24 July 2012	30 September 2015	$11.42	$11.42	$2.56	100% after 31 August 2014
19 August 2014	30 September 2018	$10.18	$10.18	$2.78	100% after 31 August 2017
19 August 2014[3]	30 September 2019	$10.18	$10.18	$3.01	100% after 31 August 2017
23 September 2014	30 September 2018	$10.83	$10.83	$2.91	100% after 31 August 2017
28 October 2014	30 September 2018	$10.17	$10.17	$2.68	100% after 31 August 2017
24 March 2015	30 September 2018	$11.87	$11.87	$2.94	100% after 31 August 2017
26 May 2015	30 September 2018	$12.88	$12.88	$3.18	100% after 31 August 2017

1. Reflects the fair value at grant date for options granted as part of remuneration calculated in accordance with AASB 2: Share-based Payment.
2. These options were issued to the Managing Director on 16 August 2011 and valued on the day of approval by shareholders at the Annual General Meeting on 25 October 2011.
3. This tranche of options is subject to a holding lock where any shares acquired by exercising these options cannot be sold until twelve months after the options vest.

Details of the options over ordinary shares in the Company provided as remuneration to each Executive KMP are set out below. When exercised each option is convertible into one ordinary share of McMillan Shakespeare Limited.

Name	Date of grant	Type of option	Number of options granted	Value of options granted during the year	Number of options vested during year	Vested %	Number of options forfeited/ lapsed during the year[1]	Forfeited or lapsed %	Year in which options may vest [2]	Maximum value of options yet to vest [2]
Mr M. Salisbury	19 August 2014	Performance	302,158	909,496	-	-	-	-	FY 2018	709,860
	24 July 2012	Performance	31,311	-	-	-	(31,311)	100%	-	-
	16 August 2011	Performance	85,276	-	85,276	100%	-	-	-	-
Mr G. Kruyt	19 August 2014	Performance	215,827	649,639	-	-	-	-	FY 2018	506,914
	16 August 2011	Performance	159,637	-	159,637	100%	-	-	-	-
	16 August 2011	Voluntary	37,901	-	37,901	100%	-	-	-	-
Mr M. Blackburn	19 August 2014	Performance	256,248	771,306	-	-	-	-	FY 2018	601,850
	25 October 2011	Performance	352,942	-	352,942	100%	-	-	-	-
Mr A. Tomas	19 August 2014	Performance	204,184	614,594	-	-	-	-	FY 2018	479,568
	28 May 2010	Performance	537,634	-	537,634	100%	-	-	-	-
	16 August 2011	Voluntary	37,901	-	37,901	100%	-	-	-	-
Mr M. Kay	16 August 2011	Performance	682,206	-	682,206	100%	-	-	-	-
	16 August 2011	Voluntary	37,900	-	37,900	100%	-	-	-	-
Mr P. Lang	19 August 2014	Performance	105,438	293,118	-	-	(105,438)	100%	-	-
	16 August 2011	Performance	151,655	-	151,655	100%	-	-	-	-
	16 August 2011	Voluntary	37,901	-	37,901	100%	-	-	-	-

1. Reflects the number at lapse date for options that were granted as part of remuneration and lapsed during the financial year ended 30 June 2015.
2. There is no minimum or maximum value attached to the options at the vesting date.

Movement of options granted to Executive KMP

The table below reconciles the options held by each Executive KMP from the beginning to the end of FY15.

Executive KMP	Options	Balance at the start of the year[1]	Granted as compensation	Vested during the year	Exercised during the year	Forfeited	Other changes during the year	Vested and exercisable at the end of the year	Unvested at the end of the year
Mr M. Salisbury	Performance	116,587	302,158	85,276	(85,276)	(31,311)	-	-	302,158
Mr G. Kruyt	Performance	159,637	215,827	159,637	(159,637)	-	-	-	215,827
Mr G. Kruyt	Voluntary	37,901	-	37,901	(37,901)	-	-	-	-
Mr. M. Blackburn	Performance	352,942	256,248	352,942	(352,942)	-	-	-	256,248
Mr A. Tomas	Performance	537,634	204,184	537,634	(537,634)	-	-	-	204,184
Mr A. Tomas	Voluntary	37,901	-	37,901	(37,901)	-	-	-	-
Mr M. Kay	Performance	682,206	-	682,206	-	-	-	682,206	-
Mr M. Kay	Voluntary	37,901	-	37,901	-	-	-	37,901	-
Mr P. Lang	Performance	151,655	105,438	151,655	(151,655)	(105,438)	-	-	-
Mr P. Lang	Voluntary	37,901	-	37,901	(37,901)	-	-	-	-

1 There were no unvested options at the start of the year.

Shares issued on exercise of performance options

Details of fully paid ordinary shares in the Company that were issued following the exercise of performance options by KMPs during the year are set out below.

Name	Number of ordinary shares issued	Value of Option at exercise date $[1]
Mr M. Salisbury	85,276	310,501
Mr G Kruyt	159,637	580,956
Mr M. Blackburn	352,942	868,452
Mr A. Tomas	537,634	4,639,781
Mr M Kay	-	-
Mr P. Lang	151,655	544,441

1 Value at exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of options at that date

Equity instrument details relating to Key Management Personnel

The tables below show the number of shares in the Company held during the financial year by each Director and each of the Executive Key Management Personnel, including their personally related parties.

There were no shares granted during the year as compensation.

Share holdings

	Balance at the start of the year	Shares acquired through option exercise	Other changes during the year	Balance at the end of the year
Non-Executive Directors				
Mr R. Pitcher	25,100	-	-	25,100
Mr J. Bennetts	3,993,025	-	(450,000)	3,543,025
Mr R. Chessari	6,050,941	-	-	6,050,941
Mr T. Poole	8,000	-	-	8,000
Mr I. Elliot	-	-	-	-
Key Management Personnel				
Mr M. Salisbury	-	85,276	(75,000)	10,276
Mr M. Kay[1]	811,904	-	-	-
Mr G. Kruyt	73,044	197,538	(262,629)	7,953
Mr M. Blackburn	1,250	352,942	(352,942)	1,250
Mr A. Tomas	17,050	575,535	(128,136)	464,449
Mr P. Lang[1]	-	189,556	(189,556)	-

1 Mr Kay and Mr Lang were no longer KMP at reporting date.

Unissued shares

At the date of this Annual Report, unissued ordinary shares of the Company under option are:

Option class	No. of unissued ordinary shares	Exercise price	Expiry date
Performance Options	682,206	$7.31	30 September 2015
Voluntary Options	50,801	$7.31	30 September 2015
Performance Options	978,417	$10.18	30 September 2019
Performance Options	543,695	$10.18	30 September 2018
Performance Options	107,877	$10.83	30 September 2018
Performance Options	109,142	$10.17	30 September 2018
Performance Options	294,336	$11.87	30 September 2018
Performance Options	85,692	$12.88	30 September 2018
Voluntary Options	23,981	$10.18	30 September 2018

No options were granted to the Directors or any of the five highest remunerated officers of the Company since the end of the financial year.

Directors' interests

At the date of this Annual Report, the relevant interest of each Director in the securities issued by the Company and its controlled entities, as notified by the Directors to the Australian Stock Exchange Limited (ASX) in accordance with section 205G(1) of the Corporations Act 2001 (Cth), is as follows:

Director	Options	Ordinary shares
Mr R. Pitcher, AM (Chairman)	-	25,100
Mr M. Salisbury (Managing Director)	302,158	10,276
Mr J. Bennetts	-	3,543,025
Mr R. Chessari	-	6,050,941
Mr. T Poole	-	8,000
Mr I. Elliot	-	-

No Director has, during the financial year ended 30 June 2015, became entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors shown in the Remuneration Report or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a controlled entity with the Director or an entity in which the Director has a substantial financial interest or a firm in which the Director is a member.

End of Remuneration Report.

Environmental regulations

The Directors believe that the Company and its controlled entities have adequate systems in place for the management of relevant environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Company and its controlled entities.

Indemnification and insurance

Under the Company's Constitution, the Company indemnifies the Directors and officers of the Company and its wholly-owned subsidiaries to the full extent permitted by law against any liability and all legal costs in connection with proceedings incurred by them in their respective capacities.

The Company has also entered into a Deed of Access, Indemnity and Insurance with each Director, each Company Secretary, and each responsible manager under the licenses which the Company holds (Deed), which protects individuals acting as officeholders during their term of office and after their resignation. Under the Deed, the Company also indemnifies each officeholder to the full extent permitted by law.

The Company has a Directors & Officers Liability Insurance policy in place for all current and former officers of the Company and its controlled entities. The policy affords cover for loss in respect of liabilities incurred by Directors and officers where the Company is unable to indemnify them and covers the Company for indemnities provided to its Directors and officers. This does not include liabilities that arise from conduct involving dishonesty. The Directors have not included the details of the premium paid with respect to this policy as this information is confidential under the terms of the policy.

Non-audit services

Details of the amounts paid or payable to the auditor of the Company, Grant Thornton Audit Pty Ltd and its related practices, for non-audit services provided, during the financial year ended 30 June 2015, are disclosed in Note 4 to the Financial Statements.

The Company's policy is that the external auditor is not to provide non-audit services unless the Audit Committee has approved that work in advance, as appropriate.

The Audit Committee has reviewed a summary of non-audit services provided during the financial year ended 30 June 2015 by Grant Thornton Audit Pty Ltd. Given that the only non-audit services related to client contract audits, review of banking covenant and trust account compliance, the Audit Committee has confirmed that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). This has been formally advised to the Board. Consequently, the Directors are satisfied that the provision of non-audit services during the year by the auditor and its related practices did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth).

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 (Cth), is set out on page 88 of this Annual Report.

Directors' declaration

The Directors have received and considered written representations from the Chief Executive Officer and the Chief Financial Officer in accordance with the ASX Principles. The written representations confirmed that:

- the financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operating results of the Company and its controlled entities and are in accordance with all relevant accounting standards; and
- the above statement is founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Board and that compliance and control is operating efficiently and effectively in all material respects.

Corporate governance practices

Our full corporate governance statement is available on our website at www.mmsg.com.au/about/governance

Signed in accordance with a resolution of the Directors.

Ronald Pitcher, AM
Chairman

Mike Salisbury
Managing Director
25 August 2015
Melbourne,
Australia

Five year summary

Five-year summary FY11 – FY15	2015	2014	2013	2012	2011
Financial performance					
Group					
Revenue ($m)	389.6	347.5	330.1	302.0	271.3
NPAT ($m)	67.5	55.0	62.2	54.3	43.5
UNPAT ($m)[1]	70.2	55.9	62.2	54.3	43.5
Group Remuneration Services segment					
Segment revenue ($m)	176.1	157.2	155.9	137.3	111.6
Segment NPAT ($m)	54.3	42.0	46.8	40.3	31.7
Asset Management segment					
Segment revenue ($m)	188.1	188.1	172.0	163.3	158.9
Segment NPAT ($m)	11.3	13.6	14.6	14.3	13.5
Retail Financial Services segment					
Segment revenue ($m)	23.1	-	-	-	-
Segment NPAT ($m)	3.0	-	-	-	-
Shareholder value					
Total return on equity (%)[2]	24.9	26.2	34.2	38.4	46.5
Dividends per share (cps)	52.0	52.0	42.0	47.0	38.0
Dividend payout ratio (%)	62.5	52.9	58.7	57.9	46.9
Basic earnings per share (cps)	87.0	73.8	83.4	76.6	64.0
Return on equity (%)	25	26	34	38	43
Other					
Employees	1,035	873	700	730	608
Employee engagement score (%)	81	No survey	84	No survey	80

1 Underlying NPAT (UNPAT) is reported NPAT normalised for items considered to be capital in nature or not directly relating to operational performance. UNPAT is likely to better reflect maintainable earnings and presents a better comparable measure of performance year on year. UNPAT items included in FY15 are the after-tax adjustments for acquisition expenses relating Presidian of $1.5m after tax and the onerous provision for contracted rental for vacant property $1.25m after tax. The UNPAT adjustment in FY14 was acquisition expenses relating to CLM of $0.9m after tax.

2 Total return to equity is calculated as NPAT over the average of the current and proceeding year's equity.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
Revenue and other income	3	389,590	347,457	68,363	29,124
Employee benefits expense		(96,856)	(81,038)	(677)	(646)
Depreciation and amortisation expenses and impairment	4(a)	(92,825)	(89,116)	-	-
Leasing and vehicle management expenses		(50,717)	(52,692)	-	-
Brokerage commissions and incentives		(5,535)	-	-	-
Net claims incurred		(2,160)	-	-	-
Consulting expenses		(2,119)	(3,446)	(213)	(358)
Marketing expenses		(3,477)	(2,739)	-	-
Property and corporate expenses		(10,059)	(6,869)	(358)	(438)
Technology and communication expenses		(8,673)	(8,141)	-	-
Other expenses		(9,350)	(11,038)	-	(11)
Finance costs		(10,865)	(10,872)	(507)	-
Share of equity accounted joint venture loss	12	(816)	(1,120)	-	-
Acquisition expenses		(2,196)	(1,177)	-	-
Profit before income tax	4(a)	93,942	79,209	66,608	27,671
Income tax (expense) / benefit	5(a)	(26,455)	(24,239)	517	418
Profit attributable to members of the parent entity		67,487	54,970	67,125	28,089
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	67,125	28,089
Basic earnings per share (cents)	6	87.0	73.8		
Diluted earnings per share (cents)	6	86.8	72.7		

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statements of Financial Position
As at 30 June 2015

		Consolidated Group		Parent Entity	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets					
Cash and cash equivalents	8	85,729	71,197	2,598	1,005
Trade and other receivables	9	46,941	29,185	2,413	473
Finance lease receivables	10	35,253	7,969	-	-
Inventory		7,165	5,379	-	-
Prepayments		6,361	6,568	18	20
Deferred acquisition costs		2,137	-	-	-
Total current assets		183,586	120,298	5,029	1,498
Non-current assets					
Property, plant and equipment	13	305,128	313,205	-	-
Finance lease receivables	10	89,911	16,937	-	-
Intangible assets	15	194,671	66,659	-	-
Other financial assets	11	1,871	1,726	261,646	123,206
Deferred tax assets	14	1,183	5,832	105	13
Deferred acquisition costs		973	-	-	-
Total non-current assets		593,737	404,359	261,751	123,219
TOTAL ASSETS		777,323	524,657	266,780	124,717
Current liabilities					
Trade and other payables	16	63,862	49,359	47,908	46,737
Unearned premium liability		6,105	-	-	-
Other liabilities	17	16,187	18,068	-	-
Provisions	18	10,591	6,137	-	-
Current tax liability		3,789	10,634	2,182	10,283
Borrowings	19	5,658	452	4,016	-
Derivative financial instruments		699	639	-	-
Total current liabilities		106,891	85,289	54,106	57,020
Non-current liabilities					
Borrowings	19	346,046	213,995	53,002	-
Unearned premium liability		2,781	-	-	-
Provisions	18	2,228	767	-	-
Deferred tax liabilities	14	934	759	-	-
Total non-current liabilities		351,989	215,521	53,002	-
TOTAL LIABILITIES		458,880	300,810	107,108	57,020
NET ASSETS		318,443	223,847	159,672	67,697
EQUITY					
Issued capital	20(a)	121,617	56,456	121,617	56,456
Reserves		10,677	4,817	8,449	4,848
Retained earnings		186,149	162,574	29,606	6,393
TOTAL EQUITY		318,443	223,847	159,672	67,697

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity
For the Year Ended 30 June 2015

Consolidated Group

2015	Note	Issued capital $'000	Retained Earnings $'000	Option Reserve $'000	Cash flow Hedge Reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Equity as at beginning of year	20	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	20(b)	65,161	-	-	-	-	65,161
Employee share schemes - value of employee services	27	-	-	1,326	-	-	1,326
Income tax associated with share based payments recognised in equity		-	-	2,275	-	-	2,275
Dividends paid	7	-	(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	27	-	-	1,741	-	-	1,741
Dividends paid	7	-	(29,064)	-	-	-	(29,064)
Equity as at 30 June 2014		56,456	162,574	4,848	(447)	416	223,847

Parent Entity

2015	Note	Issued capital $'000	Retained Earnings $'000	Option Reserve $'000	Total $'000
Equity as at beginning of year		56,456	6,393	4,848	67,697
Profit attributable to members of the parent entity		-	67,125	-	67,125
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the year		-	67,125	-	67,125
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	20(b)	65,161	-	-	65,161
Employee share schemes - value of employee services	27	-	-	1,326	1,326
Income tax associated with share based payments recognised in equity		-	-	2275	2275
Dividends paid	7	-	(43,912)	-	(43,912)
Equity as at 30 June 2015		121,617	29,606	8,449	159,672
2014					
Equity as at beginning of year		56,456	7,368	3,107	66,931
Profit attributable to members of the parent entity		-	28,089	-	28,089
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		-	28,089	-	28,089
Transactions with owners in their capacity as owners:					
Employee share schemes - value of employee services	27	-	-	1,741	1,741
Dividends paid	7	-	(29,064)	-	(29,064)
Equity as at 30 June 2014		56,456	6,393	4,848	67,697

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows
For the Year Ended 30 June 2015

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
Cash flows from operating activities					
Receipts from customers		372,471	341,286	-	-
Payments to suppliers and employees		(153,766)	(155,944)	(1,485)	(1,453)
Proceeds from sale of assets under lease		47,688	36,742	-	-
Payments for assets under lease		(243,441)	(150,375)	-	-
Interest received		2,681	2,158	39	60
Interest paid		(9,832)	(10,957)	-	-
Dividends received		-	-	68,324	29,064
Income taxes paid		(29,042)	(26,055)	-	-
Net cash (used in) / from operating activities	22	(13,241)	36,855	66,878	27,671
Cash flows from investing activities					
Payments for capitalised software	15(b)	(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)	28	(63,620)	(12,418)	(64,450)	(14,478)
Subsidiaries' acquisition expenses		(2,416)	(1,177)	(2,416)	-
Payments for joint venture subordinated loans		(961)	(2,419)	-	-
Net cash used in investing activities		(78,063)	(24,686)	(66,866)	(14,478)
Cash flows from financing activities					
Proceeds from borrowings		146,298	33,552	57,500	-
Proceeds from share issues		15,112	-	15,112	-
Repayment of borrowings		(11,872)	(1,723)	(359)	-
Payment of borrowing costs		(542)	(993)	(130)	-
Dividends paid by parent entity	7	(43,912)	(29,064)	(43,912)	(29,064)
(Repayments to) / proceeds from controlled entities		-	-	(26,630)	16,348
Net cash provided by / (used in) financing activities		105,084	1,772	1,581	(12,716)
Effect of exchange changes on cash and cash equivalents		752	17	-	-
Net increase in cash and cash equivalents		14,532	13,958	1,593	477
Cash and cash equivalents at beginning of year		71,197	57,239	1,005	528
Cash and cash equivalents at end of year	8	85,729	71,197	2,598	1,005

The above statements of financial position should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

The financial report of McMillan Shakespeare Limited and its subsidiaries for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 25 August 2015 and covers McMillan Shakespeare Limited ('the Company" or the "parent entity") as an individual entity as well as "the Group", consisting of McMillan Shakespeare Limited and its subsidiaries ('the Group" or "Consolidated Group") as required by the *Corporations Act* 2001.

The financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

McMillan Shakespeare Limited is a company limited by shares and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange.

(b) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB), and *Corporations Act* 2001. McMillan Shakespeare Limited is a for-profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of these financial statements are presented below and have been applied consistently unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Compliance with IFRS

Australian Accounting Standards incorporate International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with IFRSs.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries which are all entities (including structured entities) controlled by the Company as at 30 June each year. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power to direct the activities of the entity. In assessing control, the Group considers all relevant facts and circumstances to determine if the Group's voting rights in an investee are sufficient to give it power, including the following:

- the size of the Group's voting rights holding relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group and other holders;
- rights arising from other contractual arrangements; and
- facts and circumstances that indicate whether the Group has the ability to direct relevant activities at the time decision need to be made.

The Group reassesses whether it has control over an entity when facts and circumstances indicate changes that may affect any of these elements.

Subsidiaries are consolidated from the date control is transferred to the Group and deconsolidated from the Group from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions are eliminated. Unrealised losses are also eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent entity, including the value of options issued by the Company on behalf of its subsidiaries in relation to employee remuneration.

(ii) Joint ventures

The Group has an interest in a joint venture, where by contractual agreement, the joint venture partners jointly control the economic activities and key decisions of the joint venture entity. The arrangement requires unanimous consent of the parties for key strategic, financial and operating policies that govern the joint venture. The Group's interest in the joint venture entity is accounted for using the equity method after initially recognising the investment at cost.

Under the equity method, the post-acquisition share of profits and losses of the joint venture entity is recognised in profit and loss, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses exceeds its interest in the joint venture entity, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture entity. The Group's share of intra-group balances, transactions and unrealised gains or losses on such transactions between the Group and the joint venture are eliminated.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Where equity instruments are issued, the value of the equity instruments is their published market price on the date of completion and when control is achieved unless, in rare circumstances, it can be demonstrated that the published price on that day is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are initially measured at their fair values at acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(j)(i)). If the cost of acquisition is less than the Group's share of the fair value of the net assets acquired, the gain is recognised in profit or loss. If the initial accounting for a business combination is incomplete by the time of reporting the period in which the business combination occurred, provisional estimates are used for items for which accounting is incomplete. These provisional estimates are adjusted in a measurement period that is not to exceed one year from the date of acquisition to reflect the information it was seeking about facts and circumstances that existed at the date of acquisition that had they been known would have affected the amounts recognised at that date.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to the present value at the date of the exchange using the entity's incremental borrowing rate as the discount rate.

(e) Employee Share Trust

During the year, the Company established the McMillan Shakespeare Limited Employee Share Plan Trust (EST) to facilitate the distribution of McMillan Shakespeare Limited shares under the Group's executive option plan. The EST is controlled by McMillan Shakespeare Limited and forms part of the Group. Shares held by the EST are disclosed as treasury shares and are deducted from issued shares.

(f) Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after reporting date, or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after reporting date, or
- There is an unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

The Group classifies all other liabilities as non-current.

(g) Income tax

(i) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the entities in the Group operate and generate taxable income.

(ii) Deferred tax

Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those rates which are enacted or substantially enacted. Deferred tax is not recognised if they arise from the initial recognition of goodwill. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amounts and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Financial Statements
For the Year Ended 30 June 2015

Current and deferred tax on items that are accounted for in other comprehensive income or equity are recognised in other comprehensive income and equity respectively. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxing authority.

(iii) Tax consolidation

The Company and its wholly-owned Australian resident entities are members of a tax consolidated group under Australian taxation law. The Company is the head entity in the tax consolidated group. Entities within the tax consolidated group have entered into a tax funding agreement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, the Company and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the head entity.

(iv) Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances) or a tax credit under the Incentive regime in Australia in relation to eligible Research & Development expenditure. The Group accounts for such allowances as a reduction in income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits.

(h) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for classification as held for sale is satisfied when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, is expected to successfully complete the sale within one year from the date of classification.

A discontinued operation represents a major line of business or geographical area of operations that has been disposed of or is classified as held for sale, or is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20% – 40%
Motor vehicles under operating lease	20% – 33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of the reporting period.

Motor vehicles no longer held under an operating lease are classified as inventory.

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets acquired in a business combination are recognised at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at their initial vale less any accumulated amortisation and accumulated impairment losses. Specific criteria for various classes of intangible assets are stated below.

(i) Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (refer Note 15(c)). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Any impairment is recognised immediately in profit or loss and cannot be subsequently reversed.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(ii) Capitalised software development costs

Software development costs are capitalised when it is probable that future economic benefits attributable to the software will flow to the entity through revenue generation and / or cost reduction. Development costs include external direct costs for services, materials and licences and internal labour related costs directly involved in the development of the software. Capitalised software development costs are amortised from the date of commissioning on a straight line basis over three to five years, during which the benefits are expected to be realised.

(iii) Contract rights

Contract rights acquired and amounts paid for contract rights are recognised at the value of consideration paid plus any expenditure directly attributable to the transactions. Contracts are amortised over the life of the contract, and reviewed annually for indicators of impairment in line with the Group's impairment policy (refer Note 1(k)).

(iv) Identifiable intangible assets acquired on business combination

Amortisation of identifiable intangible assets is calculated on a straight-line basis over the estimated useful lives as follows:

Intangible Asset	Useful Life
Dealer relationships and networks	10 to 13 years
Customer contracts	13 years

Brand names have indefinite useful lives and consequently, are not amortised but are subject to annual impairment assessments.

(k) Impairment of assets

At each reporting date, the Group reviews the carrying amount of its tangible (including operating lease assets) and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the affected assets are evaluated. An impairment loss is recognised in profit or loss for the amount that the asset's carrying value exceeds the recoverable amount. The recoverable amount of an asset is determined as the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing fair value, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets (cash-generating units). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For assets other than goodwill where impairment losses previously recognised no longer exist or have decreased, the amount is reversed to the extent that the asset's carrying amount does not exceed the recoverable amount, nor the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Goodwill is tested for impairment annually and whenever there is indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Operating lease assets are reviewed for impairment on an ongoing basis and at reporting date using both internal and external sources of information.

(l) Financial instruments

Recognition and de-recognition

Regular purchases and sales of financial assets and liabilities are recognised on trade date, the date on which the Group commits to the financial assets or liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The Group classifies financial assets into the following categories depending on the purpose for which the asset was acquired.

(i) Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(ii) Loans and receivables

Trade and other receivables

All receivables are classified as 'loans and receivables' under the requirements of AASB 139 Financial Instruments: Recognition and Measurement and are recognised initially at fair value, and subsequently at amortised cost, less provision for impairment. All trade and other receivables are classified as current as they are due for settlement within the agreed credit terms of settlement which are usually no more than 30 days from the date of recognition. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Notes to the Financial Statements
For the Year Ended 30 June 2015

Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, where their maturities are less than 12 months from reporting date and in non-current assets if longer.

Loan receivables that have the ability to convert to a specified amount of equity shares of the borrower in restitution for defaulting loan repayments are designated as available-for-sale financial assets. These assets are measured at fair value at inception and subsequently, marked to market at reporting date with the movement taken to reserves. In measuring fair value at reporting date, the net present value of the loan is calculated using market interest rates at reporting date, or if it is probable that the loan receivable will be converted to shares of the borrower, the market value of the underlying shares attributable to the loan receivable is used.

(iii) Separate Financial Statements

Investments in subsidiaries are carried at cost and adjusted for any share based payments in the separate financial statements of the Company, under AASB 127: Separate Financial Statements.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that are designated as available-for-sale or are not classified in any other category of financial assets. They include investments and debt instruments such as subordinated loans that may be convertible to equity. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments and subordinated loan reserve, with the exception of impairment losses which is recognised in profit or loss. Available-for-sale financial assets are included in non-current assets unless the investment matures or is intended to be disposed of within twelve months of the end of the reporting period.

(v) Other financial liabilities

Trade and other payables

Trade and other payables, including accruals, and borrowings are recorded initially at fair value, and subsequently at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and that allocates interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Trade and other payables are non-interest bearing.

Financial liabilities are derecognised when the Group’s obligations are discharged, cancelled or expire pursuant to its commitments. The difference between its carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(vi) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Impairment conditions are objective evidence of one or more events occurring after the initial recognition of the financial asset that affects estimated future cash flows of the investment.

(vii) Impairment of trade and other receivables

The collectability of receivables is reviewed on an ongoing basis and debts that are determined as not collectible are written off and expensed. An allowance for impairment is provided for when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The provision consists of allowances for specific doubtful amounts.

The allowance account for receivables is used to record impairment losses unless the Group is satisfied that there is no possible recovery of the amount, at which point it is written off directly against the amount owing. The impairment loss and any subsequent reversal thereof, is recognised in the profit or loss within other expenses. There have been no amounts recorded for impairment for the parent entity.

(viii) Impairment of available for sale equity securities

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in investment revaluation reserve within equity. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(m) Employee benefits

(i) Salaries and wages, annual leave and long service leave

Short term liabilities for employee benefits arising from services rendered by employees to reporting date which are expected to be settled within twelve months after the end of the reporting date have been recognised and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave liabilities and other employee benefits that are not expected to be settled wholly within one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching to high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Employee leave liabilities and other obligations are presented as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Annual leave and long service leave liabilities are included in provisions and other employee liabilities are included in other payables.

(ii) Superannuation

The amount charged to the profit or loss in respect of superannuation represents the contributions made by the Group to superannuation funds.

(iii) Bonuses

A liability for employee benefits in the form of bonuses is recognised in employee benefits. This liability is based upon pre-determined plans tailored for each participating employee and is measured on an ongoing basis during the financial period. The amount of bonuses is dependent on the outcomes for each participating employee. As has been past practice, an additional amount is included where the Board has decided to pay discretionary bonuses for exceptional performance and a provision recognised for this constructive obligation.

(n) Revenue

Revenue is recognised at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Amounts disclosed as revenue are shown net of returns, trade allowances and duties, amortisation of pre-paid fee discounts included in deferred contract establishment costs and taxes paid. The Group has concluded that it acts as agent in some of its revenue arrangements and principal in other arrangements. The following are specific criteria that are applied for the recognition of revenue:

(i) Rendering of services

Revenue from services provided is recognised by reference to the stage of completion of the services provided to the customer. This includes revenue derived from services that the Group has performed mainly as agent and consequently, does not possess any significant credit, carry or residual risks of ownership of the underlying financial arrangement with the customer. Revenue is recognised when the customer accepts delivery or on completion of the contract for the underlying financial arrangement with the financier or insurer,

(ii) Interest

Revenue from interest is recognised as interest accrues using the effective interest rate method. The effective interest rate method uses the rate that exactly discounts the estimated future cash flows over the expected life of the financial asset.

(iii) Dividends

Revenue from dividends is recognised when the Group's right to receive payment is established.

(iv) Lease revenue (property, plant and equipment)

Operating lease rental revenue is made up of operating lease interest and the principal that forms the net investment in the leased asset. Interest included in operating lease instalments is calculated on a straight-line basis for each customer contract based on the effective rate method using the interest rate in the lease contract, the net investment value of the leased asset and the residual value. The principal portion upon receipt reduces the net investment in the leased asset.

(v) Sale of leased assets

Revenue includes the proceeds from the routine sale of motor vehicles previously leased and included within property, plant and equipment following the cessation of the rental of these assets by a customer.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(vi) Vehicle maintenance services

Revenues from maintenance service contracts are recognised for services rendered when it is probable that economic benefits from the transaction will flow to the Group. When the amounts are uncollectible or recovery is not considered probable, an expense is recognised immediately. Revenue is recognised for each reporting period by reference to the stage of completion when the outcome of the service contracts can be estimated reliably. The stage of completion of service contracts is based on the proportion that costs incurred to date bear to total estimated costs. When the outcome cannot be measured reliably, revenue is deferred and recognised 60 days after the contract terminates.

(vii) Warranty revenue

Warranty revenue comprises product income from direct business, charged to product holders, but excluding stamp duties, GST and other amounts collected on behalf of third parties.

Warranty revenue, including that on unclosed business, is recognised when it has been earned, calculated from attachment date over the period of the contract for direct business. Where time does not approximate the pattern of risk, previous claims experience is used to derive the incidence of risk.

The proportion of revenue received or receivable not earned in the profit and loss at reporting date is recognised in the consolidated statement of financial position as an unearned liability.

Income on unclosed business is brought to account using estimates based on the previous year's actual unclosed business with due allowance made for any changes in the pattern of new business and renewals.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

(p) Leasing

Leases are classified as finance leases whenever the terms of the contract transfers substantially all the risk and rewards of ownership to the lessee. All other contracts are classified as operating leases.

(i) Finance lease receivable portfolio

Lease contracts with customers are recognised as finance lease receivables at the Group's net investment in the lease which equals the net present value of the future minimum lease payments. Finance lease income is recognised as income in the period to reflect a constant periodic rate of return on the Group's remaining net investment in respect of the lease.

(ii) Operating lease portfolio – the Group as lessor

Lease contracts with customers other than finance leases are recognised as operating leases. The Group's initial investment in the lease is added as a cost to the carrying value of the leased assets and recognised as lease income on a straight line basis over the term of the lease. Operating lease assets are amortised as an expense on a straight line over the term of the lease based on the cost less residual value of the lease.

(iii) Operating leases – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Where incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of lease expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(q) Share-based payments

The fair values of options granted are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using a binomial option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Company ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of options that will ultimately vest because of internal conditions attached to the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(r) Issued capital

Ordinary shares and premium received on issue of options are classified as issued capital within equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the business combination.

(s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at reporting date.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

(ii) Diluted earnings per share

Earnings and the weighted average number of shares used in calculating basic earnings per share is adjusted for the following to calculate diluted earnings per share:

- the after-tax effect of interest and any other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and where it is probable that the Group is required to settle the obligation, and the obligation can be reliably estimated.

Provisions are measured at the present value of expenditure expected at settlement. The discount rate used to determine the present value reflects the current pre-tax market rate of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision for rebate and cancellation

Specific provisions are provided for cancellation of contracts and the consequential clawback of commissions received at the time revenue is recognised. The provision reflects an obligation to refund commissions received from the financier or insurer for early termination of a loan or policy.

Rebate provisions relate to the clawback of commission from financiers, based on the various financier clawback policies.

Restructurings

A restructuring provision is recognised when the Group has developed a plan for the restructuring and has communicated with those affected that it will carry out the plan. The provision is measured based on the direct cost arising from and necessary to undertake the restructuring plan and not with the ongoing activities of the Group.

Onerous provision

Contractual and unavoidable costs of meeting obligations that exceed the economic benefits expected to be received under it are recognised as an onerous provision. The provision is measured on the net cash outflow and present valued using the pre-tax rate that reflects current market rates and the time value of money and any specific risks to the liability.

(w) Deferred acquisition costs (DAC)

Acquisition costs incurred in deriving warranty income are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to warranty revenue in subsequent reporting periods.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence risk under the warranty contracts to which they relate. The pattern of amortisation corresponds to the earning pattern of warranty revenue.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(x) Unearned premium liability

The Group assesses the risk attached to unexpired warranty contracts based on risk and earning pattern analysis, to ascertain whether the unearned warranty liability is sufficient to cover all expected future claims against current warranty contracts. This assessment is performed quarterly, to ensure that there have been no significant changes to the risk and earning pattern and to ensure the liability recorded is adequate.

(y) Outstanding claims liability

The liability represents claims authorised, prior to reporting date, and paid in the subsequent reporting period.

(z) Inventories

The inventory of motor vehicles is stated at the lower of cost and net realisable value. Following termination of the lease or rental contract the relevant assets are transferred from Assets under Operating Lease to Inventories at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale.

(aa) Operating cash flow

All cash flows other than investing or financing cash flows are classified as operating cash flows. As the Asset Management segment provides operating and finance leases for motor vehicles and equipment, the cash outflows to acquire the lease assets are classified as operating cash outflows. Similarly, interest received and interest paid in respect of the asset management segment are classified as operating cash flows.

(ab) Borrowings

Borrowings are initially recorded at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. The effective interest rate method exactly discounts the estimated cash flows through the expected life of the borrowing. Transaction costs comprise fees paid for the establishment of loan facilities and are amortised over the term of the borrowing facilities.

(ac) Derivative financial instruments

The Group uses derivative financial instruments to manage its interest rate exposure to interest rate volatility and its impact on leasing product margins. The process to mitigate against the exposure seeks to have more control in balancing the spread between interest rates charged to lease contracts and interest rates and the level of borrowings assumed in its financing as required.

In accordance with the Group's treasury policy, derivative interest rate products that can be entered into include interest rate swaps, forward rate agreements and options as cash flow hedges to mitigate both current and future interest rate volatility that may arise from changes in the fair value of its borrowings.

Derivative financial instruments are recognised at fair value at the date of inception and subsequently re-measured at fair value at reporting date. The resulting gain or loss is recognised in profit or loss unless the derivative or amount thereof is designated and effective as a hedging instrument, in which case the gain or loss is taken to other comprehensive income in the cash flow hedging reserve that forms part of equity. Amounts recognised in other comprehensive income are transferred to profit or loss and subsequently recognised in profit or loss to match the timing and relationship with the amount that the derivative instrument was intended to hedge.

(i) Hedge accounting

At the inception of the hedging instrument, the Group documents the relationship between the instrument and the item it is designated to hedge. The Group also documents its assessment at the inception of the hedging instrument and on an ongoing basis, whether the hedging instruments that are used have been and will continue to be highly effective in offsetting changes in the cash flows of the hedged items.

(ii) Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

(iii) Non-trading derivatives

Non-trading derivative financial instruments include the Group's irrevocable option to purchase all of the shares owned by the partner in the joint venture entity. The financial instruments are measured at fair value initially and in future reporting dates. Fair value changes are recognised in profit or loss.

(ad) Foreign currency translation

The consolidated financial statements of the Group are presented in Australian dollars which is the functional and presentation currency. The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

Notes to the Financial Statements
For the Year Ended 30 June 2015

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Differences resulting at settlement of such transactions and from the translation of monetary assets and liabilities at reporting date are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences are recognised as part of the fair value change of the non-monetary item.

(ii) Group companies

On consolidation of the financial results and affairs of foreign operations, assets and liabilities are translated at prevailing exchange rates at reporting date and income and expenses for the year at average exchange rates. The resulting exchange differences from consolidation are recognised in other comprehensive income and accumulated in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(ae) Critical judgements and significant accounting estimates

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

All significant judgements, estimates and assumptions made during the year have been considered for significance. Key assumptions used for value-in-use calculations to determine the recoverable amount of assets in impairment tests are discussed in Note 15(d).

Estimates of significance are used in determining the residual values of operating lease and rental assets at the end of the contract date and income from maintenance services, which is recognised on a percentage stage of completion. In determining residual values, critical judgements include the future value of the asset lease portfolio at the time of sale, economic and vehicle market conditions and dynamics. For income from maintenance contracts, judgement is made in relation to expected realisable margins. The estimates and underlying assumptions are reviewed on an ongoing basis.

In recognising premium revenue for the direct business is the consequential recognition of unearned premium liability at reporting date. The measurement is based upon the expected future pattern of incidence of risk in relation to warranty contracts. In determining the estimated pattern of incidence of risk, the Group uses a variety of estimation techniques generally based on statistical analysis of the Group and industry experience that assumes that the development pattern of current claims will be consistent with past experience as appropriate.

No other judgements, estimates or assumptions are considered significant.

(af) New accounting standards and interpretations

The Group has applied the following standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2014. None of these standards and amendments materially affected any of the amounts recognised in the current period or any prior period.

(i) *AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'* – removes the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by AASB 13 'Fair Value Measurements'. The application of these arrangements does not have any material impact on the disclosures in the Group's consolidated financial statements.

(ii) *AASB 2014-1 'Part A: Annual Improvements 2010-2012 and 2011-2013 Cycle AASB 13 'Fair Value Measurement' and AASB 2011-8'* – includes a number of amendments to various AASBs as follows;

- Amendment to AASB 2 changes the definitions of 'vesting condition' and 'service condition' that apply to share-based transactions granted after 1 July 2014.
- Amendment to AASB 8 requires disclosure of the judgements made by management in applying aggregation criteria to operating segments and clarifies that a reconciliation of the total of the reportable segments' assets to the Group's total assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
- Amendment to AASB 124 clarifies that the definition of a 'related party' includes a management entity that provides key management personnel services to the Group.

(iii) Interpretation 21 *'Levies'* – which has been applied by the Group for the first time in this period, addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation.

Notes to the Financial Statements
For the Year Ended 30 June 2015

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

The following new accounting standards, amendments to standards and interpretations (Standards) have been issued and are effective for annual reporting periods beginning after 30 June 2015, but have not been applied in preparing this financial report. None of these are expected to have a significant effect on the financial report of the Consolidated Group unless otherwise noted in the Standards below. The Group has not or does not plan to adopt these Standards early and the extent of their impact has not been fully determined unless otherwise noted below.

(i) *AASB 9 Financial Instruments (effective for annual reporting periods on or after 1 January 2018)*

AASB 9 introduces new requirements for the classification and measurement and de-recognition of financial assets and financial liabilities. It aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The new standard also sets out new rules for hedge accounting and introduces expanded disclosure requirements and changes in presentation.

The Group has not yet assessed how its own hedging arrangements would be affected by the new rules. The other changes in AASB 9 are not expected to materially affect the Group's accounting for financial assets and financial liabilities, as none have been designated at fair value through profit or loss where the changes might have had an impact.

The Group will adopt the new standard at the operative date and accordingly, its first application will be in the financial statements for the annual reporting period ending 30 June 2019.

(ii) *IFRS 15 Revenue from Contracts with Customers (effective for annual reporting periods on or after 1 January 2017)*

The revenue-related interpretations in IFRS 15 will include the establishing of a new control-based revenue recognition model, changing the basis for deciding whether revenue is to be recognised over time or at a point in time, the provision of new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return, warranties, licensing). The new standard will also expand and improve disclosures about revenue. The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard *(AASB 15 Revenue from Contracts with Customers)*

The Group has not yet assessed the full impact of this standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ag) Changes in accounting policies

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issues by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

There have been no significant effects on current, prior or future periods arising from the first time application of the standards in respect of presentation, recognition and measurement in the current year financial statements.

(ah) Parent entity accounts

In accordance with Class order CO10/654 the Group will continue to include parent entity financial statements in the financial report.

(ai) Rounding of amounts

The Company is of a kind referred to in Class order CO98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management approach is to identify the risk exposures and implement safeguards which seek to manage these exposures and minimise potential adverse effects on the financial performance of the Group. The Board is responsible for monitoring and managing the financial risks of the Group. The Board monitors these risks through monthly board meetings, via regular reports from the Risk and Compliance Committee and ad hoc discussions with senior management, should the need arise. A top 20 risk report is presented to the Board monthly and the full risk register at least quarterly. The Credit and Treasury reports are provided to the Credit Committee and Interest Committee respectively, by the Group Treasurer and Head of Credit, including sensitivity analysis in the case of interest rate risk and aging / exposure reports for credit risk. These committee reports are discussed at Board meetings monthly, along with management accounts. All exposures to risk and management strategies are consistent with prior year, other than as noted below.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Liquidity management strategy

The Asset Management business and the resultant borrowings exposes the Group to potential mismatches between the refinancing of its assets and liabilities. The Group's objective is to maintain continuity and flexibility of funding through the use of committed revolving bank club facilities based on common terms, asset subordination and surplus cash as appropriate to match asset and liability requirements.

The Group's policy is to ensure that there is sufficient liquidity through access to committed available funds to meet at least twelve months of average net asset funding requirements. This level is expected to cover any short term financial market constraint for funds.

The Group monitors daily positive operating cash flows and forecasts cash flows for twelve month period. Significant cash deposits have been maintained which enable the Group to settle obligations as they fall due without the need for short term financing facilities. The Chief Financial Officer and the Group Treasurer monitor the cash position of the Group daily.

Financing arrangements

During the year the Group increased its committed borrowing facilities for the Asset Management segment to finance its fleet management portfolio as follows.

			2015			2014	
Secured bank borrowings	**Maturity dates**	**Facility**	**Used**	**Unused**	**Facility**	**Used**	**Unused**
AUD'000	31/03/2018	250,000	186,000	64,000	285,000	193,420	91,580
AUD'000	03/04/2018(1)	20,000	8,662	11,338	15,000	-	15,000
GBP'000	03/04/2018	57,000	43,500	13,500	25,000	12,250	12,750
Total borrowings (AUD)		386,995	283,947	103,048	345,167	215,100	130,067

(1) Includes facility to be drawn in NZD20m

The facilities have been provided by a financing club of three major Australian banks operating common terms and conditions. The Group believes that this initiative has improved liquidity, provides funding diversification and has achieved a lower cost. The bank loans are sourced in local currency of the principal geographical markets to minimise foreign currency exposure. The maturity date for these facilities have been extended with a new maturity date to 31 March 2018

In addition to the borrowing facilities to finance Asset Management's lease portfolio, the Group has a GBP5.75 million facility that was fully drawn down for the acquisition of CLM Fleet Management plc. This borrowing is an amortising facility that matures on 31 August 2018. The Group also secured a new facility of AUD57.5 million which was fully drawn down to fund the acquisition of the Presidian Group. This is an amortising facility that matures on 31 March 2020.

The level and type of funding will be reviewed on an on-going basis to ensure they meet the Group's on-going requirements in the principal geographical market operated in.

Maturities of financial liabilities

The table below analyses the Group's and the parent entity's financial liabilities into relevant maturity groupings based on their contractual maturities and based on the remaining period to the expected settlement date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

Consolidated Group – at 30 June 2015: Contractual maturities of financial liabilities

	Less than 6 mths $'000	**6-12 mths $'000**	**1-2 years $'000**	**2-5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying Amount /liabilities $'000**
Trade payables	19,399	-	-	-	-	19,399	19,399
Other creditors and liabilities	57,282	-	-	-	-	57,282	57,282
Borrowings	8,502	11,603	27,415	346,136	-	393,656	351,704
	85,183	11,603	27,415	346,136	-	470,337	428,385

Notes to the Financial Statements
For the Year Ended 30 June 2015

Consolidated Group – at 30 June 2014: Contractual maturities of financial liabilities

	Less than 6 mths $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/liabilities $'000
Trade payables	16,222	-	-	-	-	16,222	16,222
Other creditors and liabilities	39,712	-	-	-	-	39,712	39,712
Borrowings	4,477	4,848	10,121	220,820	-	240,266	214,447
	60,411	4,848	10,121	220,820	-	296,200	270,381

Parent – at 30 June 2015: Contractual maturities of financial liabilities

	Less than 6 mths $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/liabilities $'000
Amounts payable to wholly owned entities and other payables	47,908	-	-	-	-	47,908	47,908
Borrowings	2,836	3,817	13,770	44,718	-	65,141	57,018
Financial guarantee contracts	5,666	7,786	13,645	301,418	-	328,515	-
	56,410	11,603	27,415	346,136	-	441,564	104,926

Parent – at 30 June 2014: Contractual maturities of financial liabilities

	Less than 6 mths $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/liabilities $'000
Amounts payable to wholly owned entities	46,540	-	-	-	-	46,540	46,540
Financial guarantee contracts	4,477	4,848	10,121	220,820	-	240,266	-
	51,017	4,848	10,121	220,820	-	286,806	46,540

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations. The Company and Group have exposure to credit risk through the receivables' balances, customer leasing commitments and deposits with banks. The following carrying amount of financial assets represents the maximum credit exposure at reporting date.

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade and other receivables	46,941	29,185	-	-
Deposits with banks	85,729	71,197	2,598	1,005
Finance lease & CHP receivables	125,164	24,906		-
Operating lease assets	293,125	303,408	-	-
	550,959	428,696	2,598	1,005

Lease assets of the Asset Management business represents future lease rentals that have yet to be invoiced. Such assets are secured against underlying assets.

Notes to the Financial Statements
For the Year Ended 30 June 2015

Credit risk management strategy

Credit risk arises from cash and cash equivalents and deposits with banks as well as exposure from outstanding receivables and unbilled future rentals for leased vehicles and counterparty risks associated with interest and currency swaps . For deposits with banks, only independently rated institutions with upper investment-grade ratings are used, in accordance with the Board approved Investment Policy.

Credit risk relating to the leasing of assets is managed pursuant to the Board approved Credit Policy by the Group CFO and the Group Treasurer and Head of Credit. The policy is reviewed annually and prescribes minimum criteria in the credit assessment process that includes credit risk rating of the customer, concentration risk parameters, type and intended use of the asset under lease and the value of the exposure. A two tiered Credit Committee structure is in place to stratify credit applications for assessment; a Local Credit Committee and an Executive Credit Committee reviewing applications based on volume, nature and value of the application. All minutes of the Credit Committee meetings are reported to the Board. The Board receives a monthly report from the Credit Committee and periodically reviews concentration limits that effectively spread the risks as widely as possible across asset classes, client base, industries, regions and asset manufacturer. There is a broad spread of credit risk concentration through the Group's exposure to individual customers, industry sectors, asset types, asset manufacturers or regions.

Where customers are independently rated, these ratings are taken into account. If there is no independent official rating, management assesses the credit quality of the customer using the Group's internal risk rating tool, taking into account information from an independent national credit bureau, its financial position, business segment, past experience and other factors using an application scorecard or other risk-assessment tools. Collateral is also obtained where appropriate, as a means of mitigating risk of financial loss from defaults. The overall debtor aging position is reviewed monthly by the Board, as is the provision for any impairment in the trade receivables balance.

(c) Market risk

(i) Interest rate risk

The Group's strong cash flow from operations and borrowings exposes the Group to movements in interest rates where movements could directly affect the margins from existing contracts and the pricing of new contracts for assets leased and income earned from surplus cash.

Exposure to interest rate volatility is managed via the Group's Treasury and pricing policies. The policies aim to minimise mismatches between the amortised value of lease contracts and the sources of financing to mitigate repricing and basis risk. Mismatch and funding graphs including sensitivity analysis, are reported monthly to the Board along with the minutes of the monthly Interest Committee meetings.

Interest rate risk arises where movements in interest rates affect the net margins on existing contracts for assets leased. As the Group carries significant cash and borrowings, movements in interest rates can affect net income to the Group, particularly for the Group Remuneration Services segment.

Borrowings issued at variable rates expose the Group to repricing interest rate risk. As at the end of the reporting period, the Group had the following variable rate borrowings under long-term revolving and amortising facilities.

	2015		2014	
	Borrowings '000	Weighted average interest rate %	Borrowings '000	Weighted average interest rate %
AUD'000	251,803	3.00	193,420	3.51
GBP'000	49,250	1.36	12,250	1.95
Total (AUD)	351,704	2.73	215,100	3.35

The weighted average interest rate of each borrowing is used as an input to asset repricing decisions for the geographical markets operated in. An analysis of maturities is provided in note 2(a).

To mitigate the cash flow volatility arising from interest rate movements, the Group has entered into interest rate swaps with counterparties rated as AA- by Standard & Poors, to exchange, at specified periods, the difference between fixed and variable rate interest amounts calculated on contracted notional principal amounts. The contracts require settlement of net interest receivable or payable on a quarterly basis. These swaps are designated to hedge underlying borrowing obligations and match the interest-repricing profile of the lease portfolio in order to preserve the contracted net interest margin. At 30 June 2015, the Group's borrowings for the Asset Management business of $295,750,000 (2014: $215,100,000) were covered by interest rate swaps at a fixed rate of interest of 3.58% (2014: 4.29%).

The Group's interest rate risk also arises from cash at bank and deposits, which are at floating interest rates.

Notes to the Financial Statements
For the Year Ended 30 June 2015

At reporting date, the Group had the following variable rate financial assets and liabilities outstanding:

	2015 Balance $'000	2014 Balance $'000
Cash and deposits	85,729	71,197
Bank loans (Asset Management segment)(1)	(295,750)	(215,100)
Interest rate swaps (notional amounts)	275,554	211,679
Bank loans (Presidian Group acquisition)(1)	(57,141)	-
Net exposure to cash flow interest rate risk	8,392	67,776

(1) Excluding capitalised borrowing costs of $1,064,000 for Asset Management and $123,000 for the bank loan for Presidian.

Sensitivity analysis – floating interest rates:

At 30 June 2015, the Group's and parent entity's cash and cash equivalents give rise to credit and interest rate risk. If the Australian interest rate weakened or strengthened by 100 basis points, being the Group's view of possible fluctuation, and all other variables were held constant, the Group's post-tax profit for the year would have been $31,000 (2014: $451,000) higher or lower and the parent entity $544,000 (2014: $471,000) higher or lower, depending on which way the interest rates moved based on the cash and cash equivalents and borrowings balances at reporting date.

(ii) Foreign currency risk

The Group's exposure to foreign currency risk arises when financial instruments that are denominated in a currency other than the functional currency in which they are measured. This includes the Group's inter-company receivables and payables which do not form part of the net investment in the UK and New Zealand entities. The Group's exposure to translation related risks from financial and non-financial items of the UK and New Zealand entities do not form part of the Group's risk exposure given that these entities are part of longer term investments and consequently, their sensitivity to foreign currency movements are not measured.

The Group's transactions are pre-dominantly denominated Australian dollars which is the functional and presentation currency.

(iii) Other market price risk

The Group does not engage in any transactions that give rise to any other market risks.

(d) Asset risk

The Group's exposure to asset risk is mainly from the residual value of assets under lease and the maintenance and tyre obligations to meet claims for these services sold to customers. Residual value is an estimate of the value of an asset at the end of the lease. This estimate, which is formed at the inception of the lease and any subsequent impairment, exposes the Group to potential loss from resale if the market price is lower than the value as recorded in the books. The risk relating to maintenance and tyre services arises where the costs to meet customer claims over the contracted period exceed estimates made at inception.

The Group continuously reviews the portfolio's residual values via a Residual Value Committee comprising experienced senior staff with a balance of disciplines and responsibilities, who measure and report all matters of risk that could potentially affect residual values and maintenance costs and matters that can mitigate the Group from these exposures. The asset risk policy sets out a framework to measure and factor into their assessment such critical variables as used car market dynamics, economic conditions, government policies, the credit market and the condition of assets under lease.

At reporting date, the portfolio of motor vehicles under operating lease of $293,125,000 (2014: $303,408,000) included a residual value provision of $5,237,000 (2014: $2,018,000).

(e) Fair value measurements

The fair value of financial assets and financial liabilities is estimated for recognition and measurement for disclosure purposes.

The following table is an analysis of financial instruments that are measured at fair value on a recurring basis subsequent to initial recognition, grouped into three levels based on the degree to which the fair value is observable.

- Level 1: derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: derived from inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements
For the Year Ended 30 June 2015

Financial asset / (financial liability)	Fair value at 2015 $000	Fair value at 2014 $000	Fair value hierarchy	Valuation technique and key input
Interest rate swaps – cash flow hedge	(699)	(639)	2	Discounted cash flow using estimated future cash flows based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted to reflect the credit risk of various counterparties.

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. The fair value of borrowings is not materially different to their carrying amounts since the interest payable is close to market rates. The carrying amount of cash, trade and other receivables, trade and other payables are assumed to be the same as their fair values, due to their short term nature.

	Consolidated Group			
	2015		2014	
	Carrying amount $000	Fair value $000	Carrying amount $000	Fair value $000
Finance lease receivables – non-current	89,911	89,589	16,937	18,110

Current finance lease receivables are short term and their carrying amount is considered to equal their fair value. The fair value of non-current finance lease receivables were calculated based on cash flows discounted using an average of current lending rates appropriate for the geographical markets the leases operate of 3.96% (2014: 5.50%). They are classified as level 3 fair values in the fair values hierarchy due to the inclusion of unobservable inputs.

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
3 REVENUE				
Revenue from continuing operations				
Remuneration services[1]	176,096	157,247	-	-
Lease rental services	144,436	154,732	-	-
Retail financial services	23,106	-	-	-
Proceeds from sale of leased assets	43,270	33,320	-	-
Dividends received	-	-	68,324	29,064
Interest – other persons	2,682	2,158	39	60
Total revenue	389,590	347,457	68,363	29,124
[1] *Included in remuneration services revenue is interest income derived from the holding of trust funds*	10,108	9,844	-	-
Underwriting premium from direct business included in Retail financial services revenue				
Gross written premium	13,483	-	-	-
Movement in deferred income	(971)	-	-	-
Premium revenue	12,512	-	-	-

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
4 EXPENSES				
(a) Profit before income tax includes the following specific expenses				
Depreciation and amortisation expenses and impairment				
Amortisation of software development	4,743	3,501	-	-
Amortisation of contract rights acquired	1,061	976	-	-
Depreciation of assets under operating lease	79,785	81,475	-	-
Depreciation of plant and equipment	3,292	2,913	-	-
Residual value impairment loss	3,219	-	-	-
Amortisation of intangibles	725	251	-	-
	92,825	89,116	-	-
Rental expense on operating leases				
Minimum lease payments	6,886	5,784	-	-
Superannuation				
Defined contribution superannuation expense	6,677	5,260	-	-
(b) Other individually significant items				
Contracted property rental payments for vacant space included in property and corporate expense in the profit or loss	1,725	-	-	-
Credit losses included in other expenses in the profit or loss	448	-	-	-

	Consolidated Group		Parent Entity	
	2015 $	2014 $	2015 $	2014 $
(c) Auditor's remuneration				
Remuneration of the auditor (Grant Thornton Audit Pty Ltd) of the parent entity for:				
Audit or review of the financial statements	277,000	179,000	-	-
Other compliance	46,400	53,400	-	-
Agreed upon procedures:				
- review of borrowing covenant	1,900	2,000	-	-
Remuneration of a network firm of the parent entity auditor:				
Audit or review of the financial statements (UK)	100,265	86,420	-	-
Other compliance	-	17,646	-	-

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
5 INCOME TAX EXPENSE / (BENEFIT)				
(a) Components of tax expense / (benefit)				
Current tax expense / (benefit)	22,054	30,342	(425)	(418)
Adjustments for current tax of prior years	(311)	(323)	-	-
Deferred tax	4,712	(5,780)	(92)	-
Income tax expense / (benefit)	26,455	24,239	(517)	(418)
(b) The prima facie tax payable on profit before income tax is reconciled to the income tax expense / (benefit) as follows:				
Profit before income tax	93,942	79,209	66,608	27,671
Prima facie tax payable on profit before income tax at 30% (2014: 30%)	28,182	23,763	19,982	8,301
Add tax effect of:				
- share based payments	121	522	-	-
- non-deductible costs	409	540	-	-
- research & development	(354)	(346)	-	-
- overseas tax rate differential of subsidiaries	(154)	12	-	-
- current year losses not brought to account	-	71	-	-
- over-provision for tax from prior year	(311)	(323)	-	-
- deductible expenses not previously recognisable	(1,438)	-	-	-
	26,455	24,239	19,982	8,301
Less tax effect of:				
- dividends received	-	-	(20,499)	(8,719)
Income tax expense / (benefit)	26,455	24,239	(517)	(418)

Amounts recognised directly in equity				
Expense relating to the setting up of Employee Share Trust for the distribution of employee share-based payments	67	-	67	-
Deductible share-based payments that were not previously recognizable as there was no basis for a tax deduction	2,275	-	2,275	-
	2,342	-	2,342	-
Unrecognised temporary differences				
Foreign currency translation of investments in subsidiaries for which no deferred tax liabilities have been recognised	2,754	416	-	-

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group 2015 ’000	Consolidated Group 2014 ’000
6 EARNINGS PER SHARE		
Basic earnings per share		
Basic EPS – cents per share	87.0	73.8
Net profit after tax	$67,487	$54,970
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	77,537	74,524
Diluted earnings per share		
Diluted EPS – cents per share	86.8	72.7
Earnings used to calculate basic earnings per share (EPS)	$67,487	$54,970
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	77,537	74,524
Weighted average number of options on issue outstanding	211	1,136
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	77,748	75,660

	Consolidated Group 2015 $’000	Consolidated Group 2014 $’000	Parent Entity 2015 $’000	Parent Entity 2014 $’000
7 DIVIDENDS				
Final fully franked ordinary dividend for the year ended 30 June 2014 of $0.31 (2013: $0.18) per share franked at the tax rate of 30% (2013: 30%)	23,632	13,414	23,632	13,414
Interim fully franked ordinary dividend for the year ended 30 June 2015 of $0.25 (2014: $0.21) per share franked at the tax rate of 30% (2014: 30%)	20,280	15,650	20,280	15,650
	43,912	29,064	43,912	29,064
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 – 30%)	78,806	61,992	78,806	61,992

The above amounts represent the balance of the franking account at the end of the financial year end adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
8 CASH AND CASH EQUIVALENTS				
Cash on hand	4	1	-	-
Bank balances	47,437	18,361	173	964
Short term deposits	38,288	52,835	2,425	41
	85,729	71,197	2,598	1,005

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. Cash at bank is invested at floating rates. In 2015, the floating interest rates for the Group and parent entity were between 1.53% and 3.46% (2014: 0.6% and 3.53%). The short term deposits are also subject to floating rates, which in 2015 were between 2.42% and 3.39% (2013: 2.50% and 3.64%). These deposits have an average maturity of 90 days (2014: 90 days) and are highly liquid.

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
9 TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	16,246	14,836	-	-
Other receivables	30,695	14,349	130	-
Amounts receivable from wholly owned entities	-	-	2,283	473
	46,941	29,185	2,413	473

The carrying amount of all current receivables are equal to their fair value as they are short term and fully recoverable.

(a) Ageing and impairment losses

The ageing of trade receivables for the Group at reporting date was:

Consolidated Group	2015 Total $'000	2015 Amount impaired $'000	2015 Amount not impaired $'000	2014 Total $'000	2014 Amount impaired $'000	2014 Amount not impaired $'000
Not past due	13,766	-	13,766	10,981	-	10,981
Past due 30 days	1,747	(59)	1,688	2,368	(11)	2,357
Past due 31-60 days	496	(128)	369	799	(41)	758
Past due 61-90 days	213	(105)	108	626	(12)	614
Past due >90 days	944	(629)	315	553	(427)	126
Total	17,167	(921)	16,246	15,327	(491)	14,836

(b) Concentration of risk

The Group's maximum exposure to credit risk at reporting date by geographic region is predominantly in Australia based on the location of originating transactions and economic activity.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. None of the other current receivables are impaired or past due.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(d) Doubtful debts policy

Refer Note 1(l).

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
10 FINANCE LEASE RECEIVABLES				
Current finance lease receivables	35,253	7,969	-	-
Non-current finance lease receivables	89,911	16,937	-	-
	125,164	24,906	-	-

Amounts receivable under finance lease receivables.

	Consolidated Group			
	Minimum lease payments 2015 $'000	Present value of lease payments 2015 $'000	Minimum lease payments 2014 $'000	Present value of lease payments 2014 $'000
Amounts receivable under finance lease receivables				
Within one year	39,842	35,253	9,187	7,969
Later than one but not more than five years	95,551	89,727	19,741	16,937
Later than five years	186	184	-	-
	135,579	125,164	28,928	24,906
Less: unearned finance income	(10,415)	-	(4,022)	-
Present value of minimum lease payments	125,164	125,164	24,906	24,906

There were no unguaranteed residual values of assets leased under finance leases at reporting date (2014: nil)

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
11 OTHER FINANCIAL ASSETS				
(a) Investment in subsidiaries				
Shares in subsidiaries at cost	-	-	261,646	123,206

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c).

Interest in material subsidiaries:

Name	Country of Incorporation	Percentage Owned 2015	Percentage Owned 2014	Principal activities
Parent entity				
McMillan Shakespeare Limited	Australia			
Subsidiaries in Group				
Maxxia Pty Limited [1]	Australia	100%	100%	Remuneration services provider
Remuneration Services (Qld) Pty Limited [1]	Australia	100%	100%	Remuneration services provider
Interleasing (Australia) Ltd [1]	Australia	100%	100%	Asset management and services
TVPR Pty Ltd [1]	Australia	100%	100%	Asset management and services
Maxxia Limited (NZ)	New Zealand	100%	100%	Dormant
Maxxia Fleet Limited	New Zealand	100%	100%	Asset management and services
Maxxia (UK) Limited	United Kingdom	100%	100%	Investment holding
Maxxia Finance Limited	United Kingdom	100%	100%	Asset management and services
CLM Fleet Management plc	United Kingdom	100%	100%	Fleet management services
Presidian Holdings Pty Ltd [1]	Australia	100%	-	Retail financial services
Davantage Group Pty Ltd [1]	Australia	100%	-	Retail financial services
Money Now Pty Ltd [1]	Australia	100%	-	Retail financial services
National Finance Choice Pty Ltd [1]	Australia	100%	-	Retail financial services
Franklin Finance Group Pty Ltd [1]	Australia	100%	-	Retail financial services
Australian Dealer Insurance Pty Ltd [1]	Australia	100%	-	Retail financial services
National Finance Solutions Pty Ltd [1]	Australia	100%	-	Retail financial services
National Insurance Choice Pty Ltd [1]	Australia	100%	-	Retail financial services

1 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to Note 29.

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
(b) Loan receivable				
Loan receivable	3,211	2,126	-	
Other expense receivable	996	861	-	-
Share of losses of equity accounted joint venture	(2,009)	(1,193)	-	-
FX	(327)	(68)	-	-
Carrying value at end of the financial year	1,871	1,726	-	-

Notes to the Financial Statements
For the Year Ended 30 June 2015

The loan and other expense receivable is made up of advances to the joint venture entity as part of the working capital facility provided pursuant to the Group's investment arrangement and forms part of the net investment in the joint venture. Its carrying value includes the share of the joint venture's loss of $816,000 (2014: $1,120,000) recognised under the equity method that is in excess of the Company's fully written down carrying value of its investment (2014: $nil - refer note 12).

Risk exposure

The maximum facility under the arrangement is GBP1.8 million together with other expenses agreed between the JV parties to accelerate growth are fully repayable no later than 31 January 2017. Under certain conditions of default on the repayments, the Group has an option to convert a portion of the amount outstanding to increase the Group's interest in the joint venture from 50% to 60%. The loan accrues interest at commercial rates and the balance at reporting date approximates to fair value. At reporting date, the fair value of the option was not material.

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
12 INVESTMENT IN JOINT VENTURE				
Acquired	337	337	-	-
Share of losses after income tax	(337)	(337)	-	-
Carrying value at end of the financial year	-	-	-	-

A subsidiary has a 50% interest in Maxxia Limited (UK), a company resident in the UK and the principal activity of which is provider of financing solutions and associated management services on motor vehicles. By contractual agreement, the Group together with the joint venture partner jointly control the economic activities and key decisions of the joint venture entity. The arrangement requires unanimous consent of the parties for key strategic, financial and operating policies that govern the joint venture. By agreement, the Group assumes responsibility for key decisions of the joint venture entity when its interest is greater than 75%. The Group has an option to acquire the residual interest in the joint venture entity from the joint venture partner after five years from acquisition and the joint venture partner has an option to sell its interest to the Group during the same period. At reporting date, the fair value of the option is not materially different to the carrying value.

The interest in Maxxia Limited is equity accounted in the financial statements. Information relating to the joint venture investment is set out below.

	Consolidated Group	
	2015 $'000	2014 $'000
Current assets	1,649	2,205
Non-current assets	6,951	727
Total assets	8,600	2,932
Current liabilities	2,397	2,003
Non-current liabilities	11,168	3,715
Total liabilities	13,565	5,718
Net liabilities	(4,965)	(2,786)

The net liabilities of Maxxia Limited (UK) is reconciled to the carrying amount of the Group's interest is as follows.

Net liabilities of JV	(4,965)	(2,786)
Group ownership interest (50%)	(2,483)	(1,393)
Carrying amount	-	-
Cumulative losses of JV equity accounted	(2,346)	(1,530)

The Group's share of the JV losses is limited to its carrying value.

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000
Joint venture financial results		
Revenues	2,644	1,001
Expenses	(4,684)	(3,801)
Loss before income tax	(2,040)	(2,800)
Income tax	408	560
Loss after income tax	(1,632)	(2,240)
Share of joint venture capital commitments	-	-

13 PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
(a) Plant and equipment				
At cost	31,393	25,990	-	-
Less accumulated depreciation	(19,390)	(16,193)	-	-
	12,003	9,797	-	-
Assets under operating lease				
At cost	457,684	458,969	-	-
Less accumulated depreciation	(164,559)	(155,561)	-	-
	293,125	303,408	-	-
Total plant and equipment	305,128	313,205	-	-

(b) Movements in cost and accumulated depreciation

	Consolidated Group Plant and equipment $'000	Consolidated Group Assets under operating lease(1) $'000	Consolidated Group Total $'000
Year ended 30 June 2015			
Balance at the beginning of year	9,797	303,408	313,205
Additions	7,248	122,124	129,372
Acquisitions through business combination	1,075	-	1,075
Transfer to software	(1,246)	-	(1,246)
Disposals / transfers to assets held for sale	(1,863)	(49,136)	(50,999)
Depreciation expense	(3,292)	(79,785)	(83,077)
Impairment loss	-	(3,219)	(3,219)
FX	284	(267)	17
Balance at 30 June	12,003	293,125	305,128
Year ended 30 June 2014			
Balance at the beginning of year	9,002	287,749	296,751
Additions	2,548	131,967	134,515
Acquisitions through business combination	746	1,897	2,643
Disposals / transfers to assets held for sale	348	(36,985)	(36,637)
Depreciation expense	(2,913)	(81,475)	(84,388)
FX	66	255	321
Balance at 30 June	9,797	303,408	313,205

(1) Accumulated provision for impairment loss at reporting date is $5,237,000 (2014: $2,018,000).

Notes to the Financial Statements
For the Year Ended 30 June 2015

(c) Security

The above assets form part of the security supporting the fixed and floating charge pledged to the Group's financiers.

(d) Property, plant and equipment held for sale

Property, plant and equipment no longer held under operating leases are classified as inventory.

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
14 DEFERRED TAX ASSETS / (LIABILITIES)				
(a) Asset / (Liability)				
The balance comprises temporary differences and tax losses attributed for:				
Amounts recognised in profit or loss				
Doubtful debts	185	147	-	-
Provisions	4,070	4,208	-	-
Property, plant and equipment	(10,021)	(1,584)	-	-
Accrued expenses	6,954	2,311	88	6
Other receivables/prepayments	-	(764)	-	-
Other	389	922	17	7
Losses	467	405	-	-
Deferred acquisition expenses	1,356	-	-	-
Intangible assets	(3,799)	(764)	-	-
Unearned income	150			
Employee share rights	278	-	-	-
	29	4,881	105	13
Amounts recognised in equity				
Derivatives recognised directly in equity	220	192	-	-
Closing balance at 30 June	249	5,073	105	13
Recognised as:				
Deferred tax asset	1,183	5,832	105	13
Deferred tax liability	(934)	(759)	-	-
	249	5,073	105	13
(b) Movement				
Opening balance at 1 July	5,073	367	13	176
Charged to profit or loss	(3,673)	5,780	92	(163)
Charged to other comprehensive income	28	(142)	-	-
Acquired at acquisition	(1,130)	(932)	-	-
FX	(49)	-	-	-
Closing balance at 30 June	249	5,073	105	13

Notes to the Financial Statements
For the Year Ended 30 June 2015

15 INTANGIBLE ASSETS

(a) Carrying values

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
Goodwill				
Cost	134,877	46,423	-	-
Impairment loss	(36)	(36)	-	-
Net carrying value	134,841	46,387	-	-
Brands				
Cost	22,443	-	-	-
Net carrying value	22,443	-	-	-
Dealer relationships				
Cost	12,033			
Accumulated amortisation	(309)	-	-	-
Net carrying value	11,724	-	-	-
Software development costs				
Cost[(i)]	35,631	25,900	-	-
Accumulated amortisation	(15,988)	(11,245)	-	-
Net carrying value	19,643	14,655	-	-
Contract rights				
Cost	13,070	12,605	-	-
Accumulated amortisation	(10,616)	(9,555)	-	-
Net carrying value	2,454	3,050	-	-
Customer list and relationships				
Cost	4,302	2,818	-	-
Accumulated amortisation	(736)	(251)	-	-
Net carrying value	3,566	2,567	-	-
Total Intangibles	194,671	66,659	-	-

(i) Software includes capitalised internal costs

(b) Reconciliation of net book amount

Consolidated Group

2015	Goodwill $'000	Brands $'000	Dealer relationships $'000	Software development costs $'000	Contract rights $'000	Customer list and relationships $'000	Total $'000
Net book amount							
Balance beginning of year	46,387	-	-	14,655	3,050	2,567	66,659
Additions	-	-	-	4,312	465	-	4,777
Acquisition through business combination	86,672	22,443	12,033	4,173	-	1,100	126,421
Transfer from property, plant & equipment	-	-	-	1,246	-	-	1,246
Amortisation	-	-	(309)	(4,743)	(1,061)	(416)	(6,529)
FX	1,782	-	-	-	-	315	2,097
Closing balance	134,841	22,443	11,724	19,643	2,454	3,566	194,671

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group						
2014	Goodwill $'000	Brands $'000	Dealer relationships $'000	Software development costs $'000	Contract rights $'000	Customer list and relationships $'000	Total $'000
Net book amount							
Balance beginning of year	33,292	-	-	12,668	4,272	-	50,232
Additions	-	-	-	5,488	-	-	5,488
Acquisition through business combination	12,254	-	-	-	-	2,637	14,891
Amortisation	-	-	-	(3,501)	(1,222)	(251)	(4,974)
FX	841	-	-	-	-	181	1,022
Closing balance	46,387	-	-	14,655	3,050	2,567	66,659

(c) Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified arising from the acquisitions of subsidiaries.

The carrying amount of goodwill allocated to each CGU:

	Consolidated Group	
	2015 $'000	2014 $'000
Maxxia Pty Limited	24,190	24,190
Remuneration Services (Qld) Pty Limited	9,102	9,102
CLM Fleet Management plc	14,877	13,095
Presidian Holdings Pty Ltd and controlled entities	86,672	-
	134,841	46,387

The recoverable amount of each CGU above is determined based on value-in-use calculations. These calculations use the present value of cash flow projections based on financial budgets approved by management covering a five-year period.

(d) Key assumptions used for value-in-use calculations

	Discount rate	
	2015 %	2014 %
Maxxia Pty Limited	15.06	15.88
Remuneration Services (Qld) Pty Limited	15.06	15.88
CLM Fleet Management plc	12.08	-

The budgets use historical average growth rates to project revenue. Costs are determined taking into account historical margins and estimated cost increases. The average growth rates used in the five year projection is between 5%. Cash flows beyond the five-year period are extrapolated using a zero growth rate for conservatism. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows. The pre-tax discount rates are disclosed above. The discount rates used reflect specific risks relating to the relevant business each subsidiary is operating in.

These assumptions have been used for the analysis of each CGU within each subsidiary.

The recoverable amounts of the CGUs exceed the carrying amounts by substantial margins. Consequently, a sensitivity analysis of possible changes in key assumptions is not considered necessary.

Goodwill acquired with Presidian Holdings Pty Ltd during the year was determined from fair value variables. There were no impairment indicators since acquisition to reporting date.

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
16 TRADE AND OTHER PAYABLES				
Unsecured liabilities				
Trade payables	19,399	16,222	-	-
GST payable	2,046	1,594	-	-
Sundry creditors and accruals	42,417	31,543	599	197
Amounts payable to wholly owned entities	-	-	47,309	46,540
	63,862	49,359	47,908	46,737

Trade and other payables are non-interest bearing. These are short-term liabilities and the carrying value is representative of the fair value.

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
17 OTHER LIABILITIES				
Maintenance instalments received in advance	6,622	7,529	-	-
Receivables in advance	4,379	3,598	-	-
Unearned property incentives	5,186	6,816	-	-
Unearned other income	-	125	-	-
	16,187	18,068	-	-
18 PROVISIONS				
Current				
Employee benefits	7,586	6,137	-	-
Provision for rebate and cancellations	2,174	-	-	-
Provision for onerous contracts	650	-	-	-
Other	181	-	-	-
	10,591	6,137	-	-
Non current				
Employee benefits	1,139	767	-	-
Provision for onerous contracts	1,089	-	-	-
	2,228	767	-	-
19 BORROWINGS				
Current				
Bank loans – at amortised cost	5,658	452	4,016	-
Non-current				
Bank loans – at amortised cost	346,046	213,995	53,002	-

Notes to the Financial Statements
For the Year Ended 30 June 2015

(a) Security

The parent entity guarantees all bank loans of subsidiaries in the Group, totalling $351,704,000 (2014: $215,100,000).

Fixed and floating charges are provided by the Group in respect to financing facilities provided to it by its club of financiers.

The Group's loans are also secured by the following financial undertakings from all the entities in the Group.

(i) Group bank loans excluding cash assets, is not to exceed 80% of the sum of the Group's aggregate of the written down value of net operating lease assets, finance lease receivables and commercial hire purchase receivables.

(ii) Group shareholder's funds of is not less than $200,000,000 at all times.

(iii) Group ratio of consolidated earnings before interest and tax to consolidated interest expense is not less than 3:1.

(iv) Group debt to EBITDA ratio excluding the Asset Management segment does not exceed 2.5:1.0.

The following are other undertakings that have been provided by entities in the Group receiving the loans.

(i) Negative pledge that imposes certain covenants including a restriction to provide other security over its assets, a cap on its maximum finance debt, do not acquire assets which are non-core business to the Group, disposal of a substantial part of its business and reduction of its capital.

(ii) Maintenance of certain financial thresholds for shareholders' equity, gearing ratio, interest cover and fleet asset portfolio performance.

(iii) The business exposures of the Interleasing Group and CLM Fleet Management plc satisfy various business parameters.

At all times throughout the year, the Group operated with significant headroom against all of its borrowing covenants.

(b) Fair value disclosures

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

(c) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 2.

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
20 ISSUED CAPITAL				
(a) Share capital				
81,810,993 (2014: 74,523,965) fully paid ordinary shares	121,617	56,456	121,617	56,456

Notes to the Financial Statements
For the Year Ended 30 June 2015

(b) Movements in issued capital

	Number of shares	Issue price	Ordinary shares $'000
Balance at 1 July 2014	74,523,965		56,456
Shares issued for the acquisition of Presidian Holdings Pty Ltd	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			(224)
Less: tax effect of expenses			67
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		
Balance at 1 July 2013	74,523,965		56,456
No shares were issued nor options exercised during the year			
Balance at 30 June 2014	74,523,965		56,456

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of members' shares held. At members' meetings, each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the year, the Company established the McMillan Shakespeare Limited Employee Share Plan Trust (EST) to facilitate the distribution of MMS shares under the Group's executive option plan.

(c) Treasury shares

Treasury shares are shares in McMillan Shakespeare Limited that are held by the EST for the purpose of issuing shares under the EST. 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

(d) Options

At 30 June 2015, there were 2,876,147 (2014: 3,163,692) unissued ordinary shares for which options were outstanding. Details relating to options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in Note 27 on page 80.

(e) Capital management strategy

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as long and short term borrowings (excluding derivatives and financial guarantees) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

The Groups' gearing ratio was 46% (2014: 39%) calculated as net debt of $267,162,000 (2014: $143,250,000) divided by total debt and equity of $585,605,000 (2014: $367,097,000).

The Group's Risk and Compliance Committee reviews the capital structure of the Group on an on-going basis. As part of this review the committee considers the cost of capital and the risks associated with each class of capital.

Notes to the Financial Statements
For the Year Ended 30 June 2015

21 RESERVES

(a) Option reserve

Movements in the reserve are detailed in the Statements of Changes in Equity. The reserve records amounts for the fair value of options granted and recognised as an employee benefits expense but not exercised.

(b) Cash flow hedge reserve

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Revaluation - gross	(746)	(639)	-	-
Deferred tax	220	192	-	-
Balance at the end of the financial year	(526)	(447)	-	-

The hedging reserve is used to record gains and losses on interest rate swaps that are designed and qualify as cash flow hedges and that are recognised in other comprehensive income.

(c) Foreign currency translation reserve

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at the end of the financial year	2,754	416	-	-

The foreign translation reserve account accumulates exchange differences arising on translation of foreign controlled entities which are recognised in other comprehensive income. The carrying amount is reclassified to profit or loss when the net investment is disposed of.

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
22 CASH FLOW INFORMATION				
Reconciliation of cash flow from operations with profit from operating activities after income tax				
Profit for the year	67,487	54,970	67,125	28,089
Non cash flows in profit from operating activities				
Amortisation	6,529	4,728	-	-
Impairment loss	3,219	-	-	-
Depreciation	83,077	84,388	-	-
Option expense	1,326	1,741	-	-
Share of equity accounted joint venture loss	816	1,120	-	-
Purchase of assets under lease	(243,441)	(150,375)	-	-
Written down value of assets sold	34,816	26,002	-	-
Acquisition expenses	2,196	1,177	-	-
Changes in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase) / decrease in trade receivables and other assets	(11,722)	(12,549)	(130)	(90)
Increase / (decrease) in trade payables and accruals	48,021	25,635	8,076	(4,287)
Increase / (decrease) in income taxes payable	(5,816)	3,872	(8,101)	3,796
(Decrease) / increase in deferred taxes	1,282	(4,386)	(92)	163
Increase in other liabilities	(113)	532	-	-
(Decrease) in unearned revenue	(918)	-	-	-
Net cash from operating activities	(13,241)	36,855	66,878	27,671

Notes to the Financial Statements
For the Year Ended 30 June 2015

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
23 COMMITMENTS				
(a) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements:				
Payable minimum lease payments				
- Not later than 12 months	8,568	5,584	-	-
- Between 12 months and 5 years	30,738	21,339	-	-
- Greater than 5 years	19,444	8,852	-	-
	58,750	35,775	-	-

The property leases are non-cancellable leases with varying terms, with rent payable monthly in advance. Individual rental agreements specify each rental adjustment. The equipment leases are non-cancellable leases with varying terms, with rent payable quarterly in arrears.

24 SEGMENT REPORTING

Reportable segments

(a) Description of Segments

The Group has identified its operating segments based on the internal reports reviewed and used by the Group's Chief Decision Maker (the CEO) to determine business performance and resource allocation. Operating segments have been identified after considering the nature of the products and services, nature of the production processes, type of customer and distribution methods.

Three reportable segments have been identified, in accordance with AASB 8 "Operating Segments" based on aggregating 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.

(b) Segment information provided to the Chief Decision Maker

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

	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	188,061	188,069	11,281	13,557
Retail Financial Services(1)	23,106	-	3,027	-
Segment operations	387,263	345,316	68,614	55,545
Corporate administration and directors' fees			(1,250)	(1,436)
Acquisition expenses			(2,196)	(1,177)
Net interest income			1,836	1,978
Tax on unallocated items			483	60
Profit after tax from continuing operations for the year			67,487	54,970

(1) Retail Financial Services has reported from 27 February 2015 to 30 June 2015.

Notes to the Financial Statements
For the Year Ended 30 June 2015

(c) Other segment information

(i) Segment revenue

Segment revenue is reconciled to the profit of loss as follows:

	2015 $'000	2014 $'000
Total segment revenue	387,263	345,316
Interest revenue	2,327	2,141
Total revenue per profit or loss	389,590	347,457

Segment revenue above represents sales to external customers and excludes inter-segment sales, consistent with the basis by which the financial information is presented to the Chief Decision Maker.

The accounting policies of the reportable segments are the same as the Group's policies. Segment profit includes the segment's share of centralised general management and operational support services which are shared across segments based on the lowest unit of measurement available to allocate shared costs that reasonably measure each segment's service level requirements and consumption. Segment profit does not include corporate costs of the parent entity, including listing and company fees, director's fees and finance costs relating to borrowings not specifically sourced for segment operations, costs directly incurred in relation to the acquisition of specific acquisition and strategic investment targets or interest revenue not directly attributable to a segment.

Included in the revenue for the Group Remuneration Services segment are revenues of $61,898,000 (2014: $58,583,000) from the Group's largest customer.

(ii) Segment result

	2015 $'000	2014 $'000
Segment depreciation and amortisation		
Group Remuneration Services	5,587	4,655
Asset Management	86,323	84,461
Retail Financial Services	915	-
	92,825	89,116
Share of loss from joint venture		
Group Remuneration Services	-	-
Asset Management	816	1,120
Retail Financial Services	-	-
	816	1,120

Notes to the Financial Statements
For the Year Ended 30 June 2015

(iii) Segment assets and liabilities

The segment information with respect to total assets is measured in a consistent manner with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The parent entity's borrowings are not considered to be segment liabilities.

The reportable segments' assets and liabilities are reconciled to total assets as follows:

	2015 $'000	2014 $'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
Non-segment assets		
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	-
Consolidated liabilities per statement of financial position	407,644	300,810
Non-segment liabilities		
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.

	2015 $'000	2014 $'000
Additions to non-current assets		
Group Remuneration Services	5,634	2,172
Asset Management	128,189	155,365
Retail Financial Services	127,822	-
	261,645	157,537

(d) Geographical segment information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from external customers		Non-current assets(1)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Australia	374,520	336,420	477,521	376,296
United Kingdom	12,628	9,962	101,257	14,251
New Zealand	2,442	1,075	11,905	6,257
	389,590	347,457	590,683	396,804

(1) Non-current assets do not include deferred tax asset and subordinated loans.

Notes to the Financial Statements

For the Year Ended 30 June 2015

25 CONTINGENT LIABILITIES

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

	Consolidated Group		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Guarantee provided for the performance of a contractual obligation not supported by term deposit.	10,050	10,351	50	50
Guarantees provided in respect of property leases.	5,970	4,840	-	-
	16,020	15,191	50	50

26 RELATED PARTY TRANSACTIONS

(a) Wholly owned group

Transactions between the Company and other entities within the wholly owned group during the years ended 30 June 2015 and 2014 consisted of:

(a) loans advanced to the Company; and

(b) the payment of dividends to the Company.

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with entities in the wholly owned group:

	Consolidated Group		Parent Entity	
	2015 $	2014 $	2015 $	2014 $
Dividend revenue	-	-	68,324,463	29,064,347
Aggregate amounts payable to entities within the wholly owned group at balance date:				
Current payables	-	-	47,309,114	46,540,031

(b) Key management personnel compensation

	Consolidated Group 2015 $	Consolidated Group 2014 $	Parent Entity 2015 $	Parent Entity 2014 $
Compensation				
Short-term employment benefits	3,513,224	4,139,212	2,153,525	2,290,456
Post-employment benefits	216,247	212,400	153,072	130,964
Long-term employment benefits	54,206	(46,521)	82,456	(82,746)
Share-based payments	836,041	1,237,496	505,938	850,548
	4,619,718	5,542,587	2,894,991	3,189,222

27 SHARE-BASED PAYMENTS

The Company issued options to certain executives and employees under the McMillan Shakespeare Limited Employee Option Plan. Two types of options have been granted under this plan, performance options and voluntary options.

No executive can enter into a transaction that is designed or intended to hedge the executive's exposure to any unvested option. Executives will be required to provide declarations to the Board on their compliance with this policy from time to time.

Performance Options

Performance options over unissued ordinary shares in the Company are granted for no consideration and are, other than as disclosed in this Annual Report, granted at or above market prices prevailing when the Board approved the issue. Performance options carry no dividend or voting rights. Once exercised, each option is converted into one fully paid ordinary share in the Company.

The Remuneration Committee recommends to the Board the number of performance options to be granted on the basis of the position, duties and responsibilities of the relevant executive.

Notes to the Financial Statements
For the Year Ended 30 June 2015

Voluntary Options

Voluntary options were first granted during the 2012 financial year when 314,578 options were issued at $1.32 each and expire on 30 September 2015 (the consideration was set at a 25% discount to the fair value of the options on grant date) up to an investment limit of $50,000 per executive. The maximum discount to any one executive is therefore, limited to $16,666.

The entitlement to exercise the voluntary options is not contingent upon continued employment with the Company nor are there performance hurdles. However, if the executive leaves employment before 31 August 2014, the executive will forfeit 25% of their entitlement for $1 (the amount forfeited being equal to the 25% discount to the fair market value that applied to the acquisition price of the option at the date of the conditional offer and acceptance). The vesting date of these options is 31 August 2014. No performance hurdles are attached to these options given that these are purchased options; the executive has paid $50,000 for the purchase of these options (representing 75% of the fair value of the options on grant date).

Set out below are summaries of options granted under the plans:

Consolidated Group and parent entity - 2015

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised or sold during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
28 May 2010	1 October 2015	$3.42	537,634	-	(537,634)	-	-	-
16 August 2011[1]	30 September 2015	$7.31	1,805,957	-	(1,123,751)	-	682,206	682,206
16 August 2011[2]	30 September 2015	$7.31	314,578	-	(263,777)	-	50,801	50,801
25 October 2011	30 September 2015	$8.54	352,942	-	(352,942)	-	-	-
14 March 2012	30 September 2015	$9.29	31,250	-	(31,250)	-	-	-
24 July 2012	30 September 2015	$11.42	121,331	-	-	(121,331)	-	-
19 August 2014	30 September 2019	$10.18	-	978,417	-	-	978,417	-
19 August 2014	30 September 2018	$10.18	-	832,719	-	(265,043)	567,676	-
23 September 2014	30 September 2018	$10.83	-	107,877	-	-	107,877	-
28 October 2014	30 September 2018	$10.17	-	109,142	-	-	109,142	-
24 March 2015	30 September 2018	$11.87	-	294,336	-	-	294,336	-
26 May 2015	30 September 2018	$12.88	-	85,692	-	-	85,692	-
			3,163,692	2,408,183	(2,309,354)	(386,374)	2,876,147	733,007
Weighted average exercise price			$6.96	$10.51	-	$10.57	$9.73	$7.31

Consolidated Group and parent entity - 2014

28 May 2010	1 October 2015	$3.42	537,634	-	-	-	537,634	-
16 August 2011	30 September 2015	$7.31	1,831,540	-	-	(25,583)	1,805,957	-
16 August 2011	30 September 2015	$7.31	314,578	-	-	-	314,578	-
25 October 2011	30 September 2015	$8.54	352,942	-	-	-	352,942	-
14 March 2012	30 September 2015	$9.29	31,250	-	-	-	31,250	-
24 July 2013	30 September 2015	$11.42	121,331	-	-	-	121,331	-
			3,189,275	-	-	(25,583)	3,163,692	-
Weighted average exercise price			$6.97	-	-	$7.31	$6.96	-

(1) None of the forfeited options represented expired options (2014: Nil).
(2) The weighted average remaining contractual life of options outstanding at the end of the year was 2.17 years (2014: 0.25 years).

Notes to the Financial Statements
For the Year Ended 30 June 2015

Fair value of options granted

The assessed fair value at grant date of options granted during the year is disclosed in the table below. The fair value at grant date is determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Model input	August 2014	September 2014	October 2014	March 2015	May 2015
Consideration payable upon grant	Nil	Nil	Nil	Nil	Nil
Exercise price	$10.18	$10.83	$10.17	$11.87	$12.88
Grant date	19 August 2014	23 September 2014	28 October 2014	24 March 2015	26 May 2015
Expected life	3.5 years	3.0 years	2.9 years	2.4 years	2.3 years
Share price at grant date	$10.18	$10.83	$10.17	$11.87	$12.88
Expected price volatility	49%	48%	48%	47%	47%
Expected dividend yield	4.5%	4.5%	4.5%	3.5%	3.5%
Risk-free interest rate	2.2%	2.9%	2.6%	1.8%	2.0%

The expected price volatility is based on historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee and Director benefits expense were as follows:

	Consolidated Group		Parent Entity	
	2015 $	2014 $	2015 $	2014 $
Options expense recognised under the Employee Option Plan	1,326,493	1,741,480	-	-

28 BUSINESS COMBINATION

(a) Subsidiaries acquired

The Group acquired 100% of Presidian Holdings Pty Ltd and its subsidiaries on 27 February 2015, 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 30 for further details.

(b) Consideration transferred

Consideration for the acquisition was $114,432,000, less cash assumed of $830,000, funded wholly by $64,450,000 of cash and borrowings and 4,285,192 of fully paid ordinary shares that were fair valued at $49,982,000 on completion. Fair value has been determined as the volume weighted average of the closing price of MMS' shares for the 5 days prior 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 $86,672,000. Acquisition-related expenses of $2,196,000 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

Notes to the Financial Statements

For the Year Ended 30 June 2015

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

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	50,588
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

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, quality client base, operating software and competent skill base of the acquired Presidian business and the growth potential when combined with MMSG's other business for a unique offering of a fully integrated asset management business and employee benefits service. 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.

(d) 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 for 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.

Notes to the Financial Statements
For the Year Ended 30 June 2015

29 DEED OF CROSS GUARANTEE

McMillan Shakespeare Limited, Maxxia Pty Ltd and Remuneration Services (Qld) Pty Ltd are parties to a deed of cross guarantee entered into during the year ended 30 June 2009 followed by the joining of Interleasing (Australia) Ltd, CARILA Pty Ltd and TVPR Pty Ltd (Interleasing Group) entering into deeds of cross guarantee in the year ended 30 June 2010. Presidian Holdings Pty Ltd and its subsidiaries joined the closed group with deeds of cross guarantees entered into during the year. Under the deeds, each company guarantees the debts of the others and is relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by McMillan Shakespeare Limited, they also represent the 'Extended Closed Group'.

Set out below is a statement of comprehensive income, statement of financial position and a summary of movements in consolidated retained profits for the year ended 30 June 2015 of the Closed group consisting of McMillan Shakespeare Limited, Maxxia Pty Ltd and Remuneration Services (Qld) Pty Ltd, Interleasing (Australia) Ltd, CARILA Pty Ltd and TVPR Pty Ltd and Presidian Holdings Pty Ltd and its subsidiaries.

(a) Consolidated Statement of Comprehensive Income and summary of movements in consolidated retained profits

	2015 $'000	2014 $'000
Statement of Comprehensive Income		
Revenue and other income	374,442	336,422
Employee and director benefits expenses	(91,718)	(79,826)
Depreciation and amortisation expenses and impairment	(90,611)	(88,042)
Leasing and vehicle management expenses	(49,438)	(47,160)
Brokerage commissions and incentives	(5,535)	-
Net claims incurred	(2,160)	-
Consulting cost expenses	(1,580)	(3,420)
Marketing expenses	(2,738)	(2,584)
Property and corporate expenses	(9,375)	(6,724)
Technology and communication expenses	(7,964)	(7,692)
Finance costs	(9,429)	(10,370)
Other expenses	(8,206)	(9,602)
Acquisition expenses	(2,196)	-
Profit before income tax	93,492	81,002
Income tax expense	(26,242)	(24,242)
Profit attributable to members of the parent entity	67,250	56,760
Other comprehensive income		
Other comprehensive income/(loss) for the year after tax	3,559	(2,076)
Total comprehensive income for the year	70,809	54,684
Movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	165,756	138,060
Profits for the year	67,250	56,760
Dividends paid	(43,912)	(29,064)
Retained earnings at the end of the financial year	189,094	165,756

Notes to the Financial Statements
For the Year Ended 30 June 2015

(b) Consolidated Statement of Financial Position

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	80,606	65,034
Trade and other receivables	47,869	32,830
Finance lease receivables	3,752	4,630
Deferred acquisition costs	973	-
Inventory	7,021	5,294
Total current assets	141,385	107,788
Non-current assets		
Property, plant and equipment	291,177	303,427
Intangible assets	177,306	50,997
Deferred tax asset	1,120	5,766
Finance lease receivables	7,882	8,458
Other financial assets	38,404	17,715
Deferred acquisition costs	2,137	-
Total non-current assets	516,862	386,363
TOTAL ASSETS	658,247	494,151
Current liabilities		
Trade and other payables	71,984	59,560
Current tax liability	3,552	10,527
Unearned premium liability	6,105	-
Provisions	10,588	6,135
Borrowings	2,451	-
Total current liabilities	94,680	76,222
Non-current liabilities		
Provisions	2,227	767
Unearned premium liability	2,781	-
Borrowings	239,888	190,549
Total non-current liabilities	244,896	191,316
TOTAL LIABILITIES	339,576	267,538
NET ASSETS	318,671	226,613
EQUITY		
Issued capital	121,617	56,456
Reserves	7,960	4,401
Retained earnings	189,094	165,756
TOTAL EQUITY	318,671	226,613

30 SUBSEQUENT EVENTS

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, funded 60% cash from existing Company cash reserves and 40% MMS shares, to which 1,342,926 fully paid ordinary shares were issued. UFS is a financial services provider specialising in the delivery of consumer and commercial finance and insurance products. It will complement the Presidian 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 adjustment on settlement is still being processed, acquisition accounting for UFS is incomplete for meaningful reporting at the date of this report.

Directors' Declaration

The Directors are of the opinion that:

1. the financial statements and notes on pages 41 to 84 are in accordance with the *Corporations Act* 2001(Cth), including:
   (a) compliance with Accounting Standards, the Corporations Regulations 2001 (Cth) and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and financial performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 29.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as disclosed as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act* 2001 (Cth).

This declaration is made in accordance with a resolution of the Directors.

Ronald Pitcher, AM
Chairman

Michael Salisbury
Managing Director

25 August 2015

Melbourne, Australia

Independent Audit Report
As at 30 June 2015

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Independent Auditor's Report
To the Members of McMillan Shakespeare Limited

Report on the financial report

We have audited the accompanying financial report of McMillan Shakespeare Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to

Independent Audit Report
As at 30 June 2015

Grant Thornton

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of McMillan Shakespeare Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 16 to 38 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of McMillan Shakespeare Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 25 August 2015

Auditor's Independence Declaration

As at 30 June 2015

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Auditor's Independence Declaration
To the Directors of McMillan Shakespeare Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of McMillan Shakespeare Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 25 August 2015

Shareholder Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is set out below:

SUBSTANTIAL SHAREHOLDINGS

As at 6 August 2015, the number of shares held by substantial shareholders and their associates is as follows:

Shareholder	Number of Ordinary Shares	Percentage of Ordinary Shares[1]
Chessari Holdings Pty Limited[(2)]	6,050,941	7.28

(1) As at 6 August 2015, 83,153,919 fully paid ordinary shares have been issued by the Company.

(2) Chessari Holdings Pty Limited is a company associated with Mr Ross Chessari, a Non-Executive Director.

NUMBER OF SHARE & OPTION HOLDERS

As at 6 August 2015, the number of holders of ordinary shares and options in the Company was as follows:

Class of Security	Number of Holders
Fully paid ordinary shares	6,940
Options exercisable at $7.31 and expiring on 30 September 2015	2
Options exercisable at $10.18 and expiring on 30 September 2019	4
Options exercisable at $10.18 and expiring on 30 September 2018	15
Options exercisable at $10.83 and expiring on 30 September 2018	1
Options exercisable at $10.17 and expiring on 30 September 2018	1
Options exercisable at $11.87 and expiring on 30 September 2018	3
Options exercisable at $12.88 and expiring on 30 September 2018	2

VOTING RIGHTS

In accordance with the Constitution of the Company and the *Corporations Act* 2001 (Cth), every member present in person or by proxy at a general meeting of the members of the Company has:

- on a vote taken by a show of hands, one vote; and
- on a vote taken by a poll, one vote for every fully paid ordinary share held in the Company.

A poll may be demanded at a general meeting of the members of the Company in the manner permitted by the *Corporations Act* 2001 (Cth).

DISTRIBUTION OF SHARE & OPTION HOLDERS

As at 6 August 2015, the distribution of share and option holders in the Company was as follows:

Distribution of Shares & Options	Number of Holders of Ordinary Shares
1 – 1,000	3,585
1,001 – 5,000	2,422
5,001 – 10,000	384
10,001 – 100,000	249
100,000+	26

As at 6 August 2015 there were 154 shareholders who held less than a marketable parcel of 36 fully paid ordinary shares in the Company.

Shareholder Information

TOP 20 SHAREHOLDERS

As at 6 August 2015, the details of the top 20 shareholders in the Company are as follows:

No.	Name	Number of Ordinary Shares	Percentage of Ordinary Shares[1]
1	HSBC Custody Nominees (Aust) Ltd	16,660,158	20.04
2	J P Morgan Nominees Australia Limited	12,794,828	15,.39
3	National Nominees Limited	9,925,416	11.94
4	Chessari Holdings Pty Limited[(2)]	6,050,941	7.28
5	Citicorp Nominees Pty Limited	3,878,565	4.66
6	Asia Pac Technology Pty Limited[(3)]	3,543,025	4.26
7	NWC Group Pty Ltd	2,356,855	2.83
8	BNP Paribas Noms Pty Ltd <DRP>	1,204,000	1.45
9	RBC Investor Services Australia Nominees Pty Ltd <MBA A/C>	1,131,000	1.36
10	Ann Leslie Ryan	1,008,418	1.21
11	RBC Investor Services Australia Nominees Pty Ltd <WAM A/C>	907,363	1.09
12	Magic Bay Nominees Pty Ltd (Findus Property A/C)	897,105	1.08
13	CPU Share Plans Pty Ltd (MMS Options Unallocated A/C)	692,482	0.83
14	AFICO Pty Ltd	683,701	0.82
15	I-Capital Australia Pty Ltd (Hewtom Family Disc A/C)	462,399	0.56
16	UBS Nominees Pty Ltd	323,683	0.39
17	MOHL Invest Pty Ltd (MOHL Family A/C)	310,000	0.37
18	Citicorp Nominees Pty Ltd (Colonial First State Inv A/C)	283,768	0.34
19	MAP Capital Pty Ltd (Richmond TCE CAP ARF A/C)	275,000	0.33
20	MOD Enterprises Pty Ltd	259,237	0.31
Totals: Top 20 holders of issued Capital		63,647,944	76.54
Total Remaining Holders Balance		19,505,975	23.46

1 As at 6 August 2015, 83,153,919 fully paid ordinary shares have been issued by the Company.

2 Chessari Holdings Pty Limited is a company associated with Mr Ross Chessari, a Non-Executive Director.

3 Asia Pac Technology Pty Limited is a company associated with Mr John Bennetts, a Non-Executive Director.

RESTRICTED SECURITIES

As at the date of this Annual Report, there are no securities in the Company subject to voluntary escrow or any other restrictions.

UNQUOTED SECURITIES

As at the date of this Annual Report, the details of unquoted securities in the Company are as follows:

Class	Number of Securities	Number of Holders
Options exercisable at $7.31 and expiring on 30 September 2015	733,007	2
Options exercisable at $10.18 and expiring on 30 September 2019	978,417	4
Options exercisable at $10.18 and expiring on 30 September 2018	567,676	15
Options exercisable at $10.83 and expiring on 30 September 2018	107,877	1
Options exercisable at $10.17 and expiring on 30 September 2018	109,142	1
Options exercisable at $11.87 and expiring on 30 September 2018	294,336	3
Options exercisable at $12.88 and expiring on 30 September 2018	85,692	2
	2,876,147	
Options do not carry a right to vote		

ON-MARKET BUY BACK

The Company does not have a current on-market buy-back.

McMillan Shakespeare Limited
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