

20 February 2007

Company Announcements Office
Australian Stock Exchange Limited
530 Collins Street
MELBOURNE VIC 3000

Via E-lodgement

Dear Sir/Madam

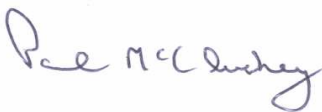
**McMillan Shakespeare Limited
Interim Results**

Please find attached the Appendix 4D Half Year Report, together with media release, the financial report, Directors' Report and Auditor's Independent Review Report relating to the results for the half year ended 31 December 2006.

This information should be read in conjunction with McMillan Shakespeare Limited's 2006 Annual Report.

The documents referred to above are provided to the ASX in accordance with ASX Listing Rule 4.2A.

Yours faithfully
McMillan Shakespeare Limited



Paul McCluskey
Company Secretary

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
 APPENDIX 4D – HALF YEAR REPORT**

	%	2006	2005
	Change	\$	\$
	up		
Revenue from ordinary activities	13%	26,287,019	23,200,614
Interest income		(209,291)	(250,683)
Revenue from ordinary activities excluding interest income	14%	26,077,728	22,949,931
Operating expenses		(16,715,677)	(14,523,684)
Earnings before interest tax, depreciation and amortisation (EBITDA)	11%	9,362,051	8,426,247
Depreciation of plant and equipment and amortisation of software		(640,130)	(837,185)
Earning before interest, tax and amortisation of contracts and other assets	15%	8,721,921	7,589,062
Net interest costs		56,183	(260,907)
Amortisation of contracts and other assets		-	(888,416)
Profit from ordinary activities before income tax expense	36%	8,778,104	6,439,739
Income tax expense relating to profit from ordinary activities		(2,693,236)	(2,204,598)
Income tax benefit arising from forming a tax consolidated group		-	1,100,669
Profit from ordinary activities after income tax expense		6,084,868	5,335,810
Net profit attributable to members	14%	6,084,868	5,335,810
Net tangible assets per ordinary share		\$0.040	-\$0.031
		Cents	Cents
Basic earnings per share		9.12	8.08
Diluted earnings per share		9.07	7.89
Final dividend in respect of the financial year ended 30 June 2006 (2005) – Amount per share		7.0	2.4
Interim dividend in respect of the period ended 31 December 2006 (2005) – Amount per share		4.5	2.5

All dividends are fully franked at the corporate income tax rate (2006: 30%, 2005: 30%).
 The record date for determining entitlement to the interim dividend is 20 March 2007.
 The interim dividend is payable on 3 April 2007.



20 February 2007

McMILLAN SHAKESPEARE LIMITED
ABN 74 107 233 983

Half-Year Results Announcement

McMillan Shakespeare Limited (ASX:MMS) today released its results for the half-year ended 31 December 2006 with a reported after tax profit of \$6,084,868. This compares to \$5,335,810 for the same period in the prior year.

The company expects continued growth for the remainder of the financial year.

Highlights of the operating results were:

	% increase over half yr 31-Dec-05	Half year 31-Dec-06 \$	Half year 31-Dec-05 \$
Revenue	13%	26,287,000	23,201,000
EBITDA	11%	9,362,000	8,426,000
EBIT before amortisation of contracts	16%	8,722,000	7,515,000
EBIT	30%	8,722,000	6,701,000
NPAT	14%	6,085,000	5,336,000
NPAT adjusted for amortisation of intangibles and tax consolidation benefit	21%	6,085,000	5,049,000
Earnings per share (cents)	13%	9.12	8.08
Dividends declared per share (cents)		4.50	2.50
% franked		100%	100%

The NPAT for the half year ended 31 December 2005 includes the expensing as amortisation of contracts of \$813,679 and a tax benefit of forming a tax consolidated group of \$1,100,669.

The company has declared a fully franked interim dividend of 4.5 cents per share. The record date is 20 March 2007 and the dividend will be paid on 3 April 2007.



Anthony Podesta
Chief Executive Officer

McMillan Shakespeare Limited
Telephone: (03) 9635 0100
E-mail: anthony.podesta@mcms.com.au

McMillan Shakespeare Limited A.B.N. 74 107 233 983
Level 4, 321 Exhibition Street, Melbourne, Victoria 3000
Tel: 61 3 9635 0000 Fax: 61 3 9635 0060 Web: www.mcms.com.au
AFSL No. 299054

About McMillan Shakespeare

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

DIRECTORS' REPORT

The Directors of McMillan Shakespeare Limited submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the Directors of the company during or since the end of the half-year are:

Name

Mr R. Pitcher
Mr A. Podesta
Mr J. Bennetts
Mr R. Chessari
Mr G. McMahon

The above named Directors held office during and since the end of the half-year.

Review of Operation

A review of the operations of the consolidated entity during the half-year ended 31 December 2006 and the results of these operations are set out in the attached results announcement.

McMillan Shakespeare Limited First Half Year Results

The consolidated net profit for the half-year ended 31 December 2006 attributable to the shareholders of McMillan Shakespeare Limited after providing for income tax was \$6,084,868.

Dividend

On 20 February 2007, the Board of Directors declared a fully franked dividend of 4.5 cents per ordinary share. The record date is 20 March 2007 and the dividend will be paid on 3 April 2007.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of *the Corporations Act 2001* is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Mr R. Pitcher
Chairman
Melbourne, 20 February 2007



Mr A. Podesta
Managing Director

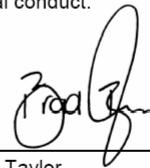
Auditor's Independence Declaration to the directors of McMillan Shakespeare Limited

I declare that, to the best of my knowledge and belief, in relation to our review of McMillan Shakespeare Limited for the year ended 31 December 2006 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.



William Buck
Chartered Accountants



Brad Taylor
Lead Audit Partner

Dated this 20th day of February 2007.
Melbourne, Australia.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MCMILLAN SHAKESPEARE LIMITED

Scope

We have reviewed the half year financial report of McMillan Shakespeare Limited for the half year ended comprising the balance sheet, income statement, cash flow statement and the statement of changes in equity, notes to and forming part of the financial statements and the Directors' Declaration.

The half year financial report includes the financial statements of the consolidated entity comprising McMillan Shakespeare Limited entity and the entities it controlled at the end of the half-year or from time to time during the half-year. McMillan Shakespeare Limited's directors are responsible for the half year financial report.

We have performed an independent review of the half year financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the half year financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report, as defined in the scope section of McMillan Shakespeare Limited is not in accordance with:

- The Corporations Act 2001, including:
 - giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- Other mandatory professional reporting requirements in Australia.



William Buck
Chartered Accountants



Brad Taylor
Partner

Dated this 20th of February 2007.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements for the six month period ended 31 December 2006 and notes thereto are in accordance with the *Corporations Act* 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act* 2001.

On behalf of the Directors



Mr R. Pitcher
Chairman
Melbourne, 20 February 2007



Mr A. Podesta
Managing Director

MCMILLAN SHAKESPEARE LIMITED
(A.B.N. 74 107 233 983)
AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Half year ended 31 Dec 2006	Half year ended 31 Dec 2005
Revenue from continuing operations	\$ 26,287,019	\$ 23,200,614
Employee and director benefits expenses	(11,738,018)	(9,981,135)
Depreciation of plant and equipments and amortisation of software	(640,130)	(837,185)
Amortisation of contracts and other assets	-	(888,416)
Technology and communication expenses	(1,554,311)	(1,568,095)
Property and corporate expenses	(891,419)	(803,325)
Finance costs	(153,108)	(511,590)
Other expenses from ordinary activities	(2,531,929)	(2,171,129)
	(17,508,915)	(16,760,875)
Profit before income tax expense	8,778,104	6,439,739
Income tax expense relating to profit from ordinary activities	(2,693,236)	(2,204,598)
Income tax benefit arising from forming a tax consolidated group	-	1,100,669
Profit attributable to members of McMillan Shakespeare Limited	6,084,868	5,335,810
Basic earnings per share (cents per share)	9.12	8.08
Diluted earnings per share (cents per share)	9.07	7.89

Notes to the financial statements are annexed.

MCMILLAN SHAKESPEARE LIMITED
(A.B.N. 74 107 233 983)
AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	31-Dec 2006	30-Jun 2006
Current assets	\$	\$
Cash and cash equivalents	4,599,164	6,584,388
Trade and other receivables	6,639,060	6,756,959
Total current assets	<u>11,238,224</u>	<u>13,341,347</u>
Non current assets		
Plant and equipment	2,127,379	2,467,360
Deferred tax assets	910,913	1,265,676
Goodwill	33,069,267	33,110,848
Other intangible assets	216,795	99,153
Total non current assets	<u>36,324,354</u>	<u>36,943,037</u>
Total assets	<u>47,562,578</u>	<u>50,284,384</u>
Current liabilities		
Trade and other payables	8,032,635	9,732,154
Borrowings	0	3,333,590
Current tax liability	1,439,788	1,442,461
Provisions	1,243,763	1,308,703
Other liabilities	512,986	631,048
Total current liabilities	<u>11,229,172</u>	<u>16,447,956</u>
Non current liabilities		
Provisions	338,450	172,314
Total non current liabilities	<u>338,450</u>	<u>172,314</u>
Total liabilities	<u>11,567,622</u>	<u>16,620,270</u>
Net assets	<u>35,994,956</u>	<u>33,664,114</u>
Equity		
Share capital	21,648,555	20,688,848
Reserves	131,795	166,634
Distributable reserve	14,214,606	12,808,632
Total equity	<u>35,994,956</u>	<u>33,664,114</u>

Notes to the financial statements are annexed.

MCMILLAN SHAKESPEARE LIMITED
(A.B.N. 74 107 233 983)
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Half year ended 31 Dec 2006	Half year ended 31 Dec 2005
	\$	\$
<u>Distributable Reserve</u>		
Distributable reserve earnings at the beginning of the period	12,808,632	4,743,843
Profit attributable to members of McMillan Shakespeare Limited	6,084,868	5,335,810
Dividends paid	<u>(4,678,894)</u>	<u>(1,580,637)</u>
Distributable reserve at the end of the period	<u>14,214,606</u>	<u>8,499,017</u>
<u>Option Reserve</u>		
Reserves at the beginning of the period	166,634	66,713
Option expense	65,118	86,640
Transfer to share capital	<u>(99,957)</u>	<u>-</u>
Reserves at the end of the period	<u>131,795</u>	<u>153,353</u>
<u>Share Capital</u>		
Share capital at start period - 1 July 2006 - 66,453,266	20,688,848	19,833,603
fully paid shares (1 July 2005 - 65,859,900)		
Issue of shares for business combination	577,748	661,002
Issue of shares under the employee share option plan	381,959	27,757
Share capital at the end of the period - 31 December 2006	<u>21,648,555</u>	<u>20,522,362</u>
67,019,792 - fully paid shares (31 December 2005 - 66,267,011)		

Notes to the financial statements are annexed.

MCMILLAN SHAKESPEARE LIMITED
(A.B.N. 74 107 233 983)
AND CONTROLLED ENTITIES

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Half year ended 31-Dec-06	Half year ended 31-Dec-05
Cash flows from operating activities		
	\$	\$
Cash receipts from customers	29,950,408	28,934,447
Cash payments to suppliers and employees	(20,834,503)	(20,741,126)
Interest paid	(226,952)	(530,148)
Interest received	209,291	250,682
Income taxes paid	(2,341,147)	(1,657,569)
Net cash from operating activities	<u>6,757,096</u>	<u>6,256,287</u>
Cash flows from investing activities		
Acquisition of plant, equipment and software	(434,100)	(751,591)
Acquisition of subsidiary, net of cash acquired	(577,736)	(691,741)
Net cash used by investing activities	<u>(1,011,836)</u>	<u>(1,443,332)</u>
Cash flows from financing activities		
Equity contribution	282,002	-
Proceeds from borrowings	2,400,000	-
Repayment of borrowings	(5,715,466)	(1,000,000)
Dividends paid by parent entity	(4,678,894)	(1,580,637)
Net cash provided by/(used in) financing activities	<u>(7,712,359)</u>	<u>(2,580,637)</u>
Net increase/(decrease) in cash and cash equivalents	(1,967,099)	2,232,318
Cash and cash equivalents at the beginning of the half year	6,566,264	8,850,127
Cash and cash equivalents at the end of the half year	<u>4,599,165</u>	<u>11,082,445</u>

Notes to the financial statements are annexed.

MCMILLAN SHAKESPEARE LIMITED
(A.B.N. 74 107 233 983)
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS

McMillan Shakespeare Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2006 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

Statement of Compliance

The consolidated half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting.

The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The consolidated half-year financial report was approved by the Board of Directors on 20 February 2007.

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparing the financial statements for the half-year 31 December 2006 are consistent with those applied in preparing the comparative information presented in these financial statements and are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2006.

2. DIVIDENDS

On 20 February 2007, the Board of Directors declared a fully franked dividend of 4.5 cents per ordinary share. The record date is 20 March 2007 and the dividend will be paid on 3 April 2007.

	Half-year ended 31 December 2006		Half-year ended 31 December 2005	
	Cents per share	Total	Cents per share	Total
<u>Recognised amounts</u>				
Fully paid ordinary shares - Final dividend	7.0	\$4,678,894	2.4	\$1,580,637
<u>Unrecognised amounts</u>				
Fully paid ordinary shares - Interim dividend	4.5	\$2,982,015	2.5	\$1,659,846

**MCMILLAN SHAKESPEARE LIMITED
(A.B.N. 74 107 233 983)
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

3. CONTINGENT LIABILITIES

The contingent liabilities of the Consolidated Entity at 30 June 2006 are \$1,654,637 which is unchanged from 30 June 2006.

4. ISSUANCES, REPURCHASES AND REPAYMENTS OF SECURITIES

During the half-year reporting period, McMillan Shakespeare Limited issued 415,283 ordinary shares for \$510,589 under its employee share option plan.

During the half-year reporting period, McMillan Shakespeare Limited also issued 151,243 ordinary shares for \$577,748 to the vendors of Remuneration Services (Qld) Pty Ltd for partial satisfaction of the vendors' contractual entitlement based on the financial performance of Remuneration Services (Qld) Pty Ltd for the year ended 30 June 2006, details of which are set in note 11 to the financial statements in consolidated entity's 2006 Annual Report.

5. SEGMENT REPORTING

The economic entity operates in Australia within the salary packaging industry. All revenue, operating profit and assets relate to operations in Australia.