

19 February 2008

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

Via E-lodgement

Dear Sir/Madam

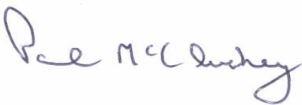
**McMillan Shakespeare Limited
Interim Results**

Please find attached the Appendix 4D Half Year Report, together with the media release, Directors' Report, the Financial Report and Auditor's Independent Review Report relating to the results for the half year ended 31 December 2007.

This information should be read in conjunction with McMillan Shakespeare Limited's 2007 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**

| | % Change up | 2007 \$ | 2006 \$ |
|--|-------------------|-------------------|-------------------|
| Revenue from ordinary activities | 20% | 31,533,197 | 26,287,019 |
| Interest income | | (350,438) | (209,291) |
| Revenue from ordinary activities excluding interest income | 20% | 31,182,759 | 26,077,728 |
| Operating expenses | | (19,369,616) | (16,715,677) |
| Earnings before interest tax, depreciation and amortisation (EBITDA) | 26% | 11,813,143 | 9,362,051 |
| Depreciation of plant and equipment and amortisation of software | | (722,025) | (640,130) |
| Earning before interest and tax (EBIT) | 27% | 11,091,118 | 8,721,921 |
| Net interest income | | 350,438 | 56,183 |
| Profit from ordinary activities before income tax expense | 30% | 11,441,556 | 8,778,104 |
| Income tax expense relating to profit from ordinary activities | | (3,493,579) | (2,693,236) |
| Profit from ordinary activities after income tax expense | | 7,947,977 | 6,084,868 |
| Net profit attributable to members | 31% | 7,947,977 | 6,084,868 |
| <hr/> | | | |
| Net tangible assets per ordinary share | | \$0.146 | \$0.040 |
| <hr/> | | | |
| | | Cents | Cents |
| Basic earnings per share | | 11.81 | 9.12 |
| Diluted earnings per share | | 11.68 | 9.07 |
| <hr/> | | | |
| Final dividend in respect of the financial year ended 30 June 2007 (2006) – Amount per share | | 8.0 | 7.0 |
| Interim dividend in respect of the period ended 31 December 2007 (2006) – Amount per share | | 7.5 | 4.5 |
| <hr/> | | | |

All dividends are fully franked at the corporate income tax rate (2007: 30%, 2006: 30%).
The record date for determining entitlement to the interim dividend is 20 March 2008.
The interim dividend is payable on 3 April 2008.



19 February 2008

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 2007 with a reported after tax profit of \$7,947,977. This compares to \$6,084,868 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:

| | 1HY FY08 | 1HY FY07 | % increase over half yr 1HY FY07 |
|--------------------------------------|-----------------|-----------------|---|
| | | \$ | |
| Revenue | 31,533,000 | 26,287,000 | 20% |
| EBITDA | 11,813,000 | 9,362,000 | 26% |
| EBIT | 11,091,000 | 8,722,000 | 27% |
| NPAT | 7,948,000 | 6,085,000 | 31% |
| Basic earnings per share (cents) | 11.81 | 9.12 | 30% |
| Dividends declared per share (cents) | 7.50 | 4.50 | |
| % franked | 100% | 100% | |

(Rounded to nearest '000)

The company has declared a fully franked interim dividend of 7.5 cents per share. The record date is 20 March 2008 and the dividend will be paid on 3 April 2008.



Anthony Podesta
Chief Executive Officer

McMillan Shakespeare Limited
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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 2007. 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 2007 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 2007 attributable to the shareholders of McMillan Shakespeare Limited after providing for income tax was \$7,947,977.

Dividend

On 19 February 2008, the Board of Directors declared a fully franked dividend of 7.5 cents per ordinary share. The record date is 20 March 2008 and the dividend will be paid on 3 April 2008.

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, 19 February 2008



Mr A. Podesta
Managing Director

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of McMillan Shakespeare Limited:

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the review.



William Buck
Chartered Accountants



Brad Taylor
Partner

Dated this 19th day of February 2008.

Melbourne, Australia.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of McMillan Shakespeare Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of McMillan Shakespeare Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises both the company and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the consolidated half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report 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 2007 and 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. As the auditor of McMillan Shakespeare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of McMillan Shakespeare Limited for the half-year ended 31 December 2007 included on McMillan Shakespeare Limited's website. The Directors of the consolidated entity are responsible for the integrity of McMillan Shakespeare Limited's website. We have not been engaged to report on the integrity of McMillan Shakespeare Limited's website. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

Conclusion

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 of McMillan Shakespeare Limited is not in accordance with the Corporations Act 2001 including:

- a) Giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



William Buck
Chartered Accountants



Brad Taylor
Partner

Dated this 19th day of February 2008.
Melbourne, Australia.

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 2007 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, 19 February 2008



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 2007

| | Half year ended 31 Dec 2007 | Half year ended 31 Dec 2006 |
|---|--|--|
| | \$ | \$ |
| Revenue from continuing operations | 31,533,197 | 26,287,019 |
| Employee and director benefits expenses | (14,680,602) | (11,738,018) |
| Depreciation of plant and equipments and amortisation of software | (722,025) | (640,130) |
| Technology and communication expenses | (1,336,326) | (1,554,311) |
| Property and corporate expenses | (943,056) | (891,419) |
| Finance costs | - | (153,108) |
| Other expenses | (2,409,632) | (2,531,929) |
| | (20,091,641) | (17,508,915) |
| Profit before income tax expense | 11,441,556 | 8,778,104 |
| Income tax expense | (3,493,579) | (2,693,236) |
| Profit attributable to members of McMillan Shakespeare Limited | 7,947,977 | 6,084,868 |
| Basic earnings per share (cents per share) | 11.81 | 9.12 |
| Diluted earnings per share (cents per share) | 11.68 | 9.07 |

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 2007

| | 31-Dec 2007 | 30-Jun 2007 |
|--------------------------------------|------------------------|------------------------|
| Current assets | \$ | \$ |
| Cash and cash equivalents | 13,291,631 | 9,709,365 |
| Trade and other receivables | 7,777,837 | 7,635,806 |
| Total current assets | <u>21,069,468</u> | <u>17,345,171</u> |
| Non current assets | | |
| Plant and equipment | 2,185,831 | 2,282,823 |
| Deferred tax assets | 775,376 | 786,290 |
| Goodwill | 33,328,092 | 33,328,092 |
| Other intangible assets | 614,363 | 342,006 |
| Total non current assets | <u>36,903,662</u> | <u>36,739,211</u> |
| Total assets | <u>57,973,130</u> | <u>54,084,382</u> |
| Current liabilities | | |
| Trade and other payables | 9,902,148 | 9,068,363 |
| Current tax liability | 2,047,310 | 2,565,296 |
| Provisions | 1,738,279 | 1,586,994 |
| Other liabilities | 350,985 | 431,985 |
| Total current liabilities | <u>14,038,722</u> | <u>13,652,638</u> |
| Non current liabilities | | |
| Provisions | 172,249 | 164,565 |
| Total non current liabilities | <u>172,249</u> | <u>164,565</u> |
| Total liabilities | <u>14,210,971</u> | <u>13,817,203</u> |
| Net assets | <u>43,762,159</u> | <u>40,267,179</u> |
| Equity | | |
| Issued capital | 22,571,341 | 21,733,679 |
| Reserves | 276,285 | 184,331 |
| Distributable reserve | 20,914,533 | 18,349,169 |
| Total equity | <u>43,762,159</u> | <u>40,267,179</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 2007

| | Half year ended 31 Dec 2007 | Half year ended 31 Dec 2006 |
|---|--|--|
| | | \$ |
| <u>Distributable Reserve</u> | | |
| Distributable reserve earnings at the beginning of the period | 18,349,169 | 12,808,632 |
| Profit attributable to members of McMillan Shakespeare Limited | 7,947,977 | 6,084,868 |
| Dividends paid | <u>(5,382,613)</u> | <u>(4,678,894)</u> |
| Distributable reserve at the end of the period | <u>20,914,533</u> | <u>14,214,606</u> |
| <u>Option Reserve</u> | | |
| Reserves at the beginning of the period | 184,331 | 166,634 |
| Option expense | 169,050 | 65,118 |
| Transfer to share capital | <u>(77,096)</u> | <u>(99,957)</u> |
| Reserves at the end of the period | <u>276,285</u> | <u>131,795</u> |
| <u>Share Capital</u> | | |
| Share capital at start period - 1 July 2007 - 67,065,730 fully paid shares (1 July 2006 - 66,453,266) | 21,733,679 | 20,688,848 |
| Issue of shares for business combination | 596,928 | 577,748 |
| Issue of shares under the employee share option plan | 240,734 | 381,959 |
| Share capital at the end of the period - 31 December 2007 67,471,678 - fully paid shares (31 December 2006 - 67,019,792) | <u>22,571,341</u> | <u>21,648,555</u> |

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 2007

| | Half year ended 31-Dec-07 | Half year ended 31-Dec-06 |
|---|--|--|
| Cash flows from operating activities | | \$ |
| Cash receipts from customers | 34,730,839 | 29,950,408 |
| Cash payments to suppliers and employees | (20,785,069) | (20,834,503) |
| Interest paid | - | (226,952) |
| Interest received | 350,438 | 209,291 |
| Income taxes paid | (4,000,651) | (2,341,147) |
| Net cash from operating activities | <u>10,295,557</u> | <u>6,757,096</u> |
| Cash flows from investing activities | | |
| Acquisition of plant, equipment and software | (897,388) | (434,100) |
| Acquisition of subsidiary, net of cash acquired | (596,928) | (577,736) |
| Net cash used by investing activities | <u>(1,494,316)</u> | <u>(1,011,836)</u> |
| Cash flows from financing activities | | |
| Equity contribution | 163,638 | 282,002 |
| Proceeds from borrowings | - | 2,400,000 |
| Repayment of borrowings | - | (5,715,466) |
| Dividends paid by parent entity | (5,382,613) | (4,678,894) |
| Net cash provided by/(used in) financing activities | <u>(5,218,975)</u> | <u>(7,712,359)</u> |
| Net increase/(decrease) in cash and cash equivalents | 3,582,266 | (1,967,099) |
| Cash and cash equivalents at the beginning of the half year | <u>9,709,365</u> | <u>6,566,264</u> |
| Cash and cash equivalents at the end of the half year | <u>13,291,631</u> | <u>4,599,165</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 2007

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 2007 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 19 February 2008.

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparing the financial statements for the half-year ended 31 December 2007 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 2007.

2. DIVIDENDS

On 19 February 2008, the Board of Directors declared a fully franked dividend of 7.5 cents per ordinary share. The record date is 20 March 2008 and the dividend will be paid on 3 April 2008.

| | Half-year ended 31 December 2007 | | Half-year ended 31 December 2006 | |
|---|-------------------------------------|-------------|-------------------------------------|-------------|
| | Cents per share | Total | Cents per share | Total |
| <u>Recognised amounts</u> | | | | |
| Fully paid ordinary shares - Final dividend | 8.0 | \$5,382,613 | 7.0 | \$4,678,894 |
| <u>Unrecognised amounts</u> | | | | |
| Fully paid ordinary shares - Interim dividend | 7.5 | \$5,060,376 | 4.5 | \$3,017,958 |

3. CONTINGENT LIABILITIES

The contingent liabilities of the Consolidated Entity have increased since 30 June 2007 by \$196,921. The increase is due to a guarantee provided by the Consolidated Entity to a supplier of goods to the Consolidated Entity's employee clients for the difference, as at 31 December 2007, between the amounts due to the supplier and the amounts reimbursed to the supplier via the employee clients' salary packaging deductions (or other payment). This difference is expected to be received over the reimbursement period (generally, 1-6 months) from the date of purchase of the goods from the supplier.

Total contingent liabilities are \$2,124,558 at 31 December 2007. The remaining contingent liabilities comprise guarantees issued to support the performance of contractual obligations - \$1,423,000 and guarantees issued in respect of property leases - \$504,637.

4. CAPITAL COMMITMENTS

Equipment capital expenditure commitments contracted for at 31 December 2007 are \$538,626.

5. ISSUANCES, REPURCHASES AND REPAYMENTS OF SECURITIES

During the half-year reporting period, McMillan Shakespeare Limited issued 276,181 ordinary shares for \$240,734 under its employee share option plan.

During the half-year reporting period, McMillan Shakespeare Limited also issued 129,767 ordinary shares for \$596,928 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 2007, details of which are set in note 11 to the financial statements in consolidated entity's 2007 Annual Report.

6. SEGMENT REPORTING

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