

Manager, Company Announcements  
ASX Limited

19 February 2013

**Via E-lodgement**

Dear Sir/Madam

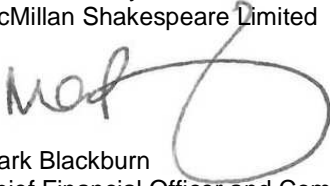
**McMillan Shakespeare Limited  
Interim Results**

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 2012.

This information should be read in conjunction with McMillan Shakespeare Limited's 2012 Annual Report.

This announcement comprises the information required by ASX Listing Rule 4.2A and the statement required by Rule 4.2C.2.

Yours faithfully  
McMillan Shakespeare Limited



Mark Blackburn  
Chief Financial Officer and Company Secretary

**Half-year ended 31 December 2012**  
(Previous corresponding period: Half-Year ended 31 December 2011)

**McMillan Shakespeare Group of Companies**

ABN 74 107 233 983



## Results for announcement to the market

## APPENDIX 4D – Half-year Report

McMillan Shakespeare Limited  
ABN 74 107 233 983

1. Details of the reporting period and the previous corresponding period																																	
	Current period: 1 July 2012 to 31 December 2012																																
	Previous corresponding period: 1 July 2011 to 31 December 2011																																
2. Results for announcement to the market																																	
	<i>Key information</i>	Percentage change	Half-Year ended 31 December 2012 \$'000																														
2.1	Revenues from ordinary activities	Up 12.6% to	161,485																														
2.2a	Profit after income tax	Up 19.4% to	29,747																														
2.3	Net profit after income tax attributable to members of the parent entity	Up 19.4% to	29,747																														
	<i>Dividends</i>	Amount per share	Franked amount per share																														
2.4	Interim dividend	\$0.24	\$0.24																														
2.5	Record date for determining entitlements to the dividend	8 March 2013																															
2.6	<p><b>Commentary on results for the period</b></p> <p>Net profit after income tax for the half-year ended 31 December 2012 was \$29,747,000 representing a 19.4% increase on the previous year's result of \$24,918,000.</p> <p>The financial operating performance of the segments is summarised below.</p> <table border="1"> <thead> <tr> <th></th> <th>Half-year 31 Dec 2012</th> <th>Half-year 31 Dec 2011</th> <th>Half-year 31 Dec 2012</th> <th>Half-year 31 Dec 2011</th> </tr> <tr> <th></th> <th>Revenue</th> <th>Revenue</th> <th>NPAT</th> <th>NPAT</th> </tr> <tr> <th></th> <th>\$'000</th> <th>\$'000</th> <th>\$'000</th> <th>\$'000</th> </tr> </thead> <tbody> <tr> <td>Group Remuneration Services</td> <td>75,757</td> <td>64,413</td> <td>21,990</td> <td>18,479</td> </tr> <tr> <td>Asset Management</td> <td>84,396</td> <td>78,593</td> <td>7,290</td> <td>6,944</td> </tr> <tr> <td><b>Total segment operations</b></td> <td><b>160,153</b></td> <td><b>143,006</b></td> <td><b>29,280</b></td> <td><b>25,423</b></td> </tr> </tbody> </table> <p>Basic earnings per share as shown in the financial statements was 39.9 cents per share (2011: 36.3 cents) and on a diluted basis was 39.3 cents (2011: 34.6 cents).</p> <p>Refer to the accompanying December 2012 Half-Year Results Announcement for more details on the financial results.</p>				Half-year 31 Dec 2012	Half-year 31 Dec 2011	Half-year 31 Dec 2012	Half-year 31 Dec 2011		Revenue	Revenue	NPAT	NPAT		\$'000	\$'000	\$'000	\$'000	Group Remuneration Services	75,757	64,413	21,990	18,479	Asset Management	84,396	78,593	7,290	6,944	<b>Total segment operations</b>	<b>160,153</b>	<b>143,006</b>	<b>29,280</b>	<b>25,423</b>
	Half-year 31 Dec 2012	Half-year 31 Dec 2011	Half-year 31 Dec 2012	Half-year 31 Dec 2011																													
	Revenue	Revenue	NPAT	NPAT																													
	\$'000	\$'000	\$'000	\$'000																													
Group Remuneration Services	75,757	64,413	21,990	18,479																													
Asset Management	84,396	78,593	7,290	6,944																													
<b>Total segment operations</b>	<b>160,153</b>	<b>143,006</b>	<b>29,280</b>	<b>25,423</b>																													

## APPENDIX 4D – Half-year Report

<b>3. Net tangible assets per share</b>			
		<b>31 December 2012</b>	<b>31 December 2011</b>
		<b>\$</b>	<b>\$</b>
	Ordinary shares	<b>1.82</b>	1.35

<b>4. Control gained or lost over entities during the period</b>		
	<b><i>Name of entities where control was gained during the period</i></b>	<b>Date control gained</b>
	None	N/A
	<b><i>Name of entities where control was lost during the period</i></b>	<b>Date control lost</b>
	None	N/A

<b>5. Dividend</b>			
	<b><i>Dividends</i></b>	<b>Amount per share</b>	<b>Franked amount per share</b>
		<b>Cents</b>	<b>Cents</b>
	Final dividend in respect of the financial year ended 30 June 2012 per share	25.0	25.0
	Interim dividend	24.0	24.0
The record date for determining entitlement to the interim dividend is 8 March 2013. The interim dividend is payable on 29 March 2013.			

<b>6. Dividend reinvestment plans</b>	
	None

<b>7. Investment in associates and joint ventures</b>	
	None

<b>8. Foreign entities</b>	
	None



## HALF YEAR RESULTS ANNOUNCEMENT McMILLAN SHAKESPEARE LIMITED

McMillan Shakespeare Limited (ASX:MMS) today released its results for the half-year ended 31 December 2012, with a reported after tax profit of \$29.7m.

Highlights of the operating results were:

	1HFY13	1HFY12	%	1HFY13	1HFY12	%	1HFY13	1HFY12
	\$000	\$000	Increase	\$000	\$000	Increase	\$000	\$000
	Group Remuneration Services	Group Remuneration Services		Asset Management	Asset Management		Total	Total
Revenue from operating activities	75,757	64,413	18%	84,396	78,593	7%	160,153	143,006
Expenses	44,354	38,066	17%	73,982	68,518	8%	118,336	106,584
Pre tax profit from operating activities	31,403	26,347	19%	10,414	10,075	3%	41,817	36,422
Operating margin	41.5%	40.9%		12.3%	12.8%		26.1%	25.5%
Tax	9,413	7,868	20%	3,124	3,131	0%	12,537	10,999
<b>Segment net profit after tax</b>	<b>21,990</b>	<b>18,479</b>	<b>19%</b>	<b>7,290</b>	<b>6,944</b>	<b>5%</b>	<b>29,280</b>	<b>25,423</b>
<b>Unallocated items</b>								
Interest income							1,332	457
Interest and borrowing costs on parent company debt							-	(601)
Public company costs							(667)	(578)
Tax on unallocated items							(198)	217
<b>Profit after tax from operating activities</b>							<b>29,747</b>	<b>24,918</b>
<b>NPAT growth</b>							<b>19.4%</b>	<b>21.4%</b>
Return on equity							34%	40%
Basic earnings per share (cents)							39.91	36.27
Diluted earnings per share (cents)							39.28	34.64
Diluted EPS Growth							<b>13.4%</b>	<b>18.7%</b>
Interim dividend declared per share (cents)							24.00	22.00

## Review of Operations

The business continued to deliver organic profitable growth in the face of well publicised economic uncertainty. The integrated business model is performing strongly.

The result is particularly pleasing when the impact of Reserve Bank interest rate cuts are considered. Some of the highlights from our last six months' activities:

- Consolidated profit after tax increased 19% (ex interest on the float 26%) on the prior comparable period (PCP) to \$29.7m.
- Strong free cash flow of \$27.1m (pre the investment in the growth of fleet assets).
- Group Remuneration Services maintained its momentum with net profit after tax increasing by 19% on PCP to \$22m. Revenue increased by 18% to \$75.8m (21% ex interest on float).
- Again, the Group Remuneration Services segment result was delivered through pleasing increases in both unit sales and average yield.
- Asset management growth continues, with assets under finance increasing from \$262m to \$303m, an increase of 15.6%.
- Second hand car values remained sound which, together with the efforts of our remarketing team, produced pleasing results on the resale of our fleet vehicles.
- We have entered into a joint venture company with an experienced local management team to launch our Maxxia business into the UK through a low cost / low risk model. The joint venture commenced on 1 February 2013.
- The upgrade of our asset management system is on time and on budget.
- Annualised return on equity of 34%, a little lower than is traditional due to the vesting and exercising of executive options.

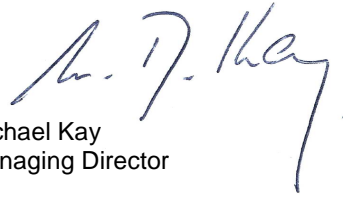
In all, a very satisfactory performance for the first half. With a good pipeline of new business and ongoing strengthening of our distribution and sales capabilities, we are well placed to maintain our momentum into the second half.

The Company declared a fully franked interim dividend of 24 cents per share (up from 22 cents in 1HFY12). The record date is 8 March, 2013 and the dividend will be paid on 29 March, 2013.

Yours faithfully,  
McMILLAN SHAKESPEARE LIMITED



Ronald Pitcher, AM  
Chairman



Michael Kay  
Managing Director

Melbourne, 19 February 2013

For more information, please contact:

Mr Michael Kay  
Managing Director and Chief Executive Officer  
McMillan Shakespeare Limited  
Telephone: +61 3 9097 3273  
E-mail: [michael.kay@mcms.com.au](mailto:michael.kay@mcms.com.au)

Mr Mark Blackburn  
Chief Financial Officer and Company Secretary  
McMillan Shakespeare Limited  
Telephone: +61 3 9097 3273  
E-mail: [mark.blackburn@mcms.com.au](mailto:mark.blackburn@mcms.com.au)

**McMillan Shakespeare Limited ABN 74 107 233 983 AFSL No. 299054**  
**Level 21, The Tower, Melbourne Central, 360 Elizabeth Street, Melbourne, Victoria 3000**  
**Tel: +61 3 9097 3000 Fax: +61 3 9097 3060 Web: [www.mcms.com.au](http://www.mcms.com.au)**

*About McMillan Shakespeare*

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

## DIRECTORS' REPORT

The Directors of McMillan Shakespeare Limited (the Company) present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during the half-year ended 31 December 2012 (the Group or Consolidated Group).

The names of the Directors of the Company during the half-year and until the date of this report are as follows:

Mr R. Pitcher, AM  
Mr M. Kay  
Mr J. Bennetts  
Mr R. Chessari  
Mr G. McMahon  
Mr A. Podesta

The above named Directors held office for the entire period.

### Review of Operations

A review of the operations of the consolidated entity during the half-year ended 31 December 2012 and the results of these operations are set out in the attached results announcement.

### Results

The consolidated net profit for the half-year ended 31 December 2012 attributable to the members of the Company after providing for income tax was \$29.7m.

### Dividend

On 19 February 2013, the Board of Directors declared a fully franked dividend of 24 cents per ordinary share. The record date is 8 March 2013 and the dividend will be paid on 29 March 2013.

### Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the Class Order.

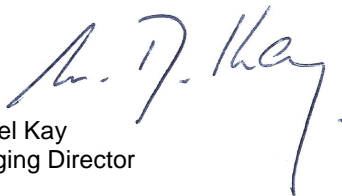
## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of *the Corporations Act 2001* is included on page 9 of the half-year financial report.

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



Ronald Pitcher, AM  
Chairman



Michael Kay  
Managing Director

Melbourne, 19 February 2013



Grant Thornton  
ABN 13 871 256 387

Level 2  
215 Spring Street  
Melbourne  
Victoria 3000  
GPO Box 4984WW  
Melbourne  
Victoria  
3001

T +61 3 8663 6000  
F +61 3 8663 6333  
E [info@grantthorntonvic.com.au](mailto:info@grantthorntonvic.com.au)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**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 review of McMillan Shakespeare Limited for the half-year ended 31 December 2012, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Simon Trivett  
Partner - Audit & Assurance  
Melbourne, 19 February 2013

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

Grant Thornton  
ABN 13 871 256 387

Level 2  
215 Spring Street  
Melbourne  
Victoria 3000  
GPO Box 4984WW  
Melbourne  
Victoria  
3001

**T** +61 3 8663 6000  
**F** +61 3 8663 6333  
**E** [info@grantthorntonvic.com.au](mailto:info@grantthorntonvic.com.au)  
**W** [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

We have reviewed the accompanying half-year financial report of McMillan Shakespeare Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the Directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### **Directors' responsibility for the half-year financial report**

The Directors of McMillan Shakespeare Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **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 the Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the McMillan Shakespeare Limited consolidated entity's financial position as at 31 December 2012 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 complied with the independence requirements of the Corporations Act 2001.

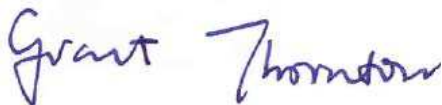
### **Electronic presentation of reviewed financial report**

This auditor's review report relates to the financial report of McMillan Shakespeare Limited for the half-year ended 31 December 2012 included on McMillan Shakespeare Limited's web site. The Company's Directors are responsible for the integrity of McMillan Shakespeare Limited's web site. We have not been engaged to report on the integrity of McMillan Shakespeare Limited's web site. The auditor's 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 web site.

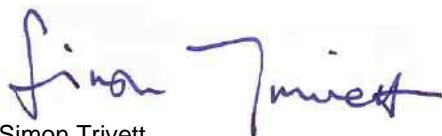
### **Conclusion**

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 consolidated entity's financial position as at 31 December 2012 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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Simon Trivett  
Partner - Audit & Assurance  
Melbourne, 19 February 2013

**DIRECTORS' DECLARATION**

In the Directors opinion:

- (a) The financial statements and notes of McMillan Shakespeare Limited for the half-year ended 31 December 2012 are in accordance with the *Corporations Act 2001*, including;
  - i. giving a true and fair view of the consolidated group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and
  - ii. compliance with Accounting Standards and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of McMillan Shakespeare Limited.



Ronald Pitcher, AM  
Chairman



Michael Kay  
Managing Director

Melbourne, 19 February 2013

**McMILLAN SHAKESPEARE LIMITED**  
**(ABN 74 107 233 983)**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>Half-year ended 31 Dec 2012 \$'000</b>	Half-year ended 31 Dec 2011 \$'000
<b>Revenue from continuing operations</b>		
Remuneration services	<b>75,757</b>	64,413
Asset management services	<b>84,396</b>	78,593
Non-operating interest income	<b>1,332</b>	457
	<b>161,485</b>	143,463
<b>Expenses</b>		
Employee and director benefit expenses	<b>(36,360)</b>	(31,317)
Depreciation, amortisation and impairment	<b>(38,677)</b>	(35,101)
Leasing and vehicle management expenses	<b>(23,987)</b>	(23,401)
Consulting costs	<b>(1,159)</b>	(1,148)
Marketing costs	<b>(1,773)</b>	(1,901)
Property and corporate expenses	<b>(3,329)</b>	(2,538)
Technology and communication expenses	<b>(3,850)</b>	(3,255)
Other expenses	<b>(4,399)</b>	(3,712)
Finance costs	<b>(5,469)</b>	(5,390)
<b>Total expenses</b>	<b>(119,003)</b>	(107,763)
<b>Profit before income tax expense</b>	<b>42,482</b>	35,700
Income tax expense	<b>(12,735)</b>	(10,782)
<b>Net profit for the period</b>	<b>29,747</b>	24,918
<b>Other comprehensive income</b>		
<b>Items that will be re-classified subsequently to profit or loss:</b>		
Changes in fair value of cash flow hedges	<b>29</b>	(453)
Exchange differences on translating foreign operations	<b>(41)</b>	-
Income tax	<b>3</b>	136
Other comprehensive loss, net of tax	<b>(9)</b>	(317)
<b>Total comprehensive income for the period</b>	<b>29,738</b>	24,601
Basic earnings per share (cents)	<b>39.91</b>	36.27
Diluted earnings per share (cents)	<b>39.28</b>	34.64

Notes to the financial statements are annexed.

**McMILLAN SHAKESPEARE LIMITED**  
 (ABN 74 107 233 983)  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	<b>31 Dec 2012</b>	30 Jun 2012
	<b>\$'000</b>	\$'000
<b>Current assets</b>		
Cash and cash equivalents	<b>54,125</b>	54,420
Trade and other receivables	<b>20,888</b>	18,914
Finance lease receivables	<b>6,477</b>	6,043
Inventory	<b>3,131</b>	1,980
Prepayments	<b>4,222</b>	3,238
<b>Total current assets</b>	<b>88,843</b>	84,595
<b>Non-current assets</b>		
Assets under operating lease	<b>282,516</b>	244,023
Property, plant and equipment	<b>9,540</b>	8,943
Capitalised software development	<b>8,653</b>	6,197
Goodwill on acquisition	<b>33,292</b>	33,292
Contract rights	<b>2,097</b>	2,960
Finance lease receivables	<b>10,903</b>	9,518
Deferred tax assets	<b>1,260</b>	1,683
<b>Total non-current assets</b>	<b>348,261</b>	306,616
<b>Total assets</b>	<b>437,104</b>	<b>391,211</b>
<b>Current liabilities</b>		
Trade payables	<b>14,247</b>	13,501
Sundry creditors and accruals	<b>33,642</b>	32,488
Receivables in advance	<b>2,603</b>	3,722
Maintenance instalments received in advance	<b>6,679</b>	6,622
Derivative financial instruments	<b>1,422</b>	1,438
Current tax liability	<b>4,491</b>	4,323
Employee benefits	<b>5,110</b>	4,830
<b>Total current liabilities</b>	<b>68,194</b>	66,924
<b>Non-current liabilities</b>		
Borrowings	<b>188,624</b>	155,811
Employee benefits	<b>435</b>	425
<b>Total non-current liabilities</b>	<b>189,059</b>	156,236
<b>Total liabilities</b>	<b>257,253</b>	223,160
<b>Net assets</b>	<b>179,851</b>	168,051

McMILLAN SHAKESPEARE LIMITED  
(ABN 74 107 233 983)  
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012

	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
<b>Equity</b>		
Issued capital	56,456	56,456
Reserves	1,257	573
Retained earnings	122,138	111,022
<b>Total equity</b>	<b>179,851</b>	<b>168,051</b>

Notes to the financial statements are annexed.

**McMILLAN SHAKESPEARE LIMITED**  
**(ABN 74 107 233 983)**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>Half-year ended 31 Dec 2012 \$'000</b>	Half-year ended 31 Dec 2011 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	<b>153,062</b>	135,052
Cash payments to suppliers and employees	<b>(66,954)</b>	(54,520)
Proceeds from sale of assets under lease	<b>22,476</b>	23,986
Payments for lease assets	<b>(102,332)</b>	(78,770)
Interest received	<b>1,311</b>	472
Interest paid	<b>(5,266)</b>	(4,057)
Income taxes paid	<b>(12,160)</b>	(13,340)
Net cash (used in) / from operating activities	<b>(9,863)</b>	8,823
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	<b>(1,402)</b>	(1,427)
Payments for software	<b>(3,119)</b>	(1,728)
Net cash used in investing activities	<b>(4,521)</b>	(3,155)
<b>Cash flows from financing activities</b>		
Net proceeds from shares issued	-	11,965
Proceeds from borrowings	<b>33,000</b>	30,000
Payment of borrowing costs	<b>(280)</b>	-
Repayment of borrowings	-	(13,000)
Dividends paid	<b>(18,631)</b>	(15,027)
<b>Net cash from financing activities</b>	<b>14,089</b>	13,938
Net (decrease) / increase in cash and cash equivalents	<b>(295)</b>	19,606
Cash and cash equivalents at the beginning of the half year	<b>54,420</b>	15,034
<b>Cash and cash equivalents at the end of the half year</b>	<b>54,125</b>	34,640

Notes to the financial statements are annexed.



**McMILLAN SHAKESPEARE LIMITED**  
(ABN 74 107 233 983)  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year ended 31 Dec 2012 \$'000	Half-year ended 31 Dec 2011 \$'000
<b>Retained Earnings</b>		
Retained earnings at the beginning of the period	111,022	88,139
Profit for the period	29,747	24,918
Dividends paid	(18,631)	(15,027)
<b>Retained earnings at the end of the period</b>	<b>122,138</b>	<b>98,030</b>
<b>Reserves</b>		
<u>Option reserve</u>		
Balance at the beginning of the period	1,586	1,534
Option expense	690	508
Transfer to issued capital	-	(565)
Balance at the end of the period	2,276	1,477
<u>Hedging reserve</u>		
Balance at the beginning of the period	(1,010)	(214)
Other comprehensive income for period, net of tax	20	(317)
Balance at the end of the period	(990)	(531)
<u>Foreign currency translation reserve</u>		
Other comprehensive income for period, net of tax	(29)	-
Balance at the end of the period	(29)	-
<b>Total Reserves</b>	<b>1,257</b>	<b>946</b>
<b>Share Capital</b>		
Share capital at the beginning of the period (74,523,965 fully paid shares, December 2011: 68,081,810)	56,456	25,053
Issue of 2,557,509 fully paid shares during the half-year ended 31 December 2011 on exercise of options	-	11,571
Proceeds received on issue of 314,578 options in the half-year ended 31 December 2011	-	415
Transfer on exercise of options	-	565
	56,456	37,604
Less: transaction costs arising from option issues	-	(20)
<b>Share capital at the end of the period (74,523,965 fully paid shares, December 2011: 70,639,319)</b>	<b>56,456</b>	<b>37,584</b>

Notes to the financial statements are annexed.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

McMillan Shakespeare Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

### 2. BASIS OF PREPARATION

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*.

This half-year financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the Company during the half-year period in accordance with the continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The consolidated half-year financial report was approved by the Board of Directors on 19 February 2013.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period, including:

- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

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 effect on the amounts reported for the current or prior periods. The adoption of AASB 2011-9 has resulted in changes to the Company's presentation of, or disclosure in, its half-year financial statements.

**McMILLAN SHAKESPEARE LIMITED**  
(ABN 74 107 233 983)  
AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

**4. DIVIDENDS**

On 19 February 2013, the Board of Directors declared a fully franked dividend of 24 cents per ordinary share. The record date is 8 March 2013 and the dividend will be paid on 29 March 2013.

	Half-year ended 31 December 2012		Half-year ended 31 December 2011	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<u>Recognised amounts</u>				
Fully paid ordinary shares - Final dividend	25.0	18,631	22.0	15,027
<u>Unrecognised amounts</u>				
Fully paid ordinary shares - Interim dividend	24.0	17,886	22.0	16,395

**5. SEGMENT REPORTING**

*Reportable segments*

McMillan Shakespeare Limited and its controlled entities operate predominantly within one geographical location, Australia. There are two reportable segments in "Group Remuneration Services" and "Asset Management", in accordance with AASB8 "Operating Segments" based on aggregating the 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.

	Segment revenue		Segment profit after tax	
	Half-year Dec 2012 \$'000	Half-year Dec 2011 \$'000	Half-year Dec 2012 \$'000	Half-year Dec 2011 \$'000
Group Remuneration Services	75,757	64,413	21,990	18,479
Asset Management	84,396	78,593	7,290	6,944
Total for segment operations	160,153	143,006	29,280	25,423
Corporate administration and directors' fees			(667)	(578)
Interest expense			-	(601)
Interest income			1,332	457
Tax on unallocated items			(198)	217
Profit after tax from continuing operations for the half year			29,747	24,918

McMILLAN SHAKESPEARE LIMITED  
(ABN 74 107 233 983)  
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

---

**5. SEGMENT REPORTING (cont'd)**

	<b>31 Dec 2012 \$'000</b>	<b>30 Jun 2012 \$'000</b>
<b>Segment assets</b>		
Group Remuneration Services	<b>67,376</b>	54,467
Asset Management	<b>315,603</b>	282,324
Total segment assets	<b>382,979</b>	336,791
Unallocated	<b>54,125</b>	54,420
Consolidated assets	<b>437,104</b>	391,211

**6. BORROWINGS**

During the period, the Group increased its Asset Management funding facilities from \$180m to \$270m. The increase in funding provides the company with additional liquidity and the benefit of funding diversification to support future growth of the Asset Management segment. The loans are repayable in full in August 2015.

**7. ROUNDING OF AMOUNTS**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment 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.

**8. EVENT SUBSEQUENT TO REPORTING DATE**

Subsequent to reporting date, the Group acquired a 50% joint venture interest in a company in the UK to provide distribution and brokerage services in the asset management market. Under the arrangement, the Group has a maximum committed investment of UK £1.5 million in equity and subordinated loans to the joint venture over five years.