

McMillan Shakespeare Limited
Chairman's AGM Address
22 October 2012

The 2012 financial year has seen significant value added for the MMS Group, its staff, customers and shareholders. The Remuneration Services and Asset Management segments each performed extremely well, resulting in an increase in Group net profit after tax of 25% over the previous year. The dividend increased by 24%. Return on equity was 38%.

These are outstanding results and it is particularly reassuring for shareholders that they were achieved in a climate of economic uncertainty, both here and overseas.

On top of excellent financial results, it was particularly pleasing to see the combination of our traditional remuneration services business and our newer, asset management business (acquired in 2010) working so well. Our businesses wrote 167 new business contracts during the year, with 79% of those being in the private sector. This is very promising for our organisation which, historically, has been more heavily exposed to the public and not-for-profit sectors. These successes build a solid platform for ongoing, organic, profitable growth in 2013 and beyond.

A significant success in 2012 was that of becoming sole provider to the South Australian Government for its salary packaging needs.

The Board was also pleased to see further productivity improvements during the course of the year; increasing our pricing power, boosting our margins and demonstrating the scalability of the business.

We were also delighted to see our customer service benchmarks being exceeded. Our businesses provide outsourcing solutions to complex workplace problems. There is no doubt that the ability to deliver excellent levels of customer service is a powerful differentiator. And from a commercial perspective, it creates high employee participation, renewal and word of mouth promotion.

2012 has been another year of reinvestment in the business; in people, in processes and in systems. Complex and fast growing businesses like ours require investment, particularly in talented people and good IT systems. Shareholders can rest assured that considerable investment has been, and will continue to be made, in the interests of MMS's long term success and the resulting value creation for shareholders.

We continue to actively pursue suitable value adding bolt-on acquisitions and revenue streams which provide growth opportunities into the future.

No business can produce these results without capable leadership and committed, hard working and performance driven staff that we have at MMS and I would like to again acknowledge their substantial contribution. All our people have worked hard to serve our customers with quality service and integrity and this is clearly reflected in the performance of your company.

In summary, I believe shareholders can be well pleased with the 2012 financial year. Not only were another set of excellent financial results delivered, but also, our business continues to be developed and prepared to face whatever challenges lie before it in these uncertain times. It is now my pleasure to hand over to our Managing Director and CEO, Michael Kay.