

Macquarie Bank Limited
ABN 46 008 583 542

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17 May 2005

ASX Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000



Dear Sir/Madam

Macquarie Bank Limited result announcement for the year ended 31 March 2005

Please find attached Appendix 4E Annual Report for the year ended 31 March 2005.

This information should be read in conjunction with Macquarie Bank Limited's 2005 Annual Review and Financial Report.

These documents are provided to ASX in accordance with listing rule 4.2A for announcement to the market on 17 May 2005.

Yours faithfully

Dennis Leong
Company Secretary

**APPENDIX 4E
ANNUAL REPORT**

**MACQUARIE BANK LIMITED
ABN 46 008 583 542**

YEAR ENDED 31 MARCH 2005

1 Details of the reporting period and the previous corresponding period

	Current period: 1 April 2004 to 31 March 2005 Prior corresponding period: 1 April 2003 to 31 March 2004
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2 Results for announcement to the market

	Key information	Year ended 31 March 2005 \$m	Year ended 31 March 2004 \$m	Change %
2.1	Income from ordinary activities	3,749	2,465	52%
2.2	Profit/(loss) from ordinary activities after tax attributable to equity holders	852	521	64%
2.3	Net profit/loss attributable to ordinary shareholders	823	494	67%

	Dividends	Amount per security	Franked amount per security
2.4	Interim dividend	61 cents	90%
	Final dividend (declared, not yet provided at 31 March 2005 in accordance with AASB 1044)	100 cents	90%
	Special dividend (declared, not yet provided at 31 March 2005 in accordance with AASB 1044)	40 cents	90%
2.5	Record date for determining entitlements to the dividends		
	Record date for the final ordinary dividend and the special dividend is 27 May 2005.		

2.6	Commentary
	<p>For the year ended 31 March 2005, Macquarie Bank Limited achieved a record annual result with a net profit after income tax attributable to ordinary shareholders of \$823 million. This was up 67% on the prior corresponding period.</p> <p>Total income from ordinary activities increased to \$3,749 million, an increase of 52% on the prior corresponding period. Total expenses from ordinary activities increased to \$2,588 million. This was 45% up on the prior corresponding period. Basic earnings per share (EPS) has increased to 374.6 cents, 61% up on the prior corresponding period.</p> <p>Refer to the 2005 Result Announcement for more details.</p>

3 Statement of financial performance

	Refer to the 2005 Financial Report.
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4 **Statement of financial position**

	Refer to the 2005 Financial Report.
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5 **Statement of cash flows**

	Refer to the 2005 Financial Report.
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6 **Dividend details**

		Year ended 31 March 2005 \$m	Year ended 31 March 2004 \$m
	Ordinary share capital		
	2005 interim dividend paid:		
	61 (2004: 52) cents per share	134	113
	2004 final dividend paid:		
	70 (2003: 52) cents per share	151	106
	2004 special dividend provided:		
	Nil (2003: 50) cents per share	-	102
	<p>There is no provision for final or special dividend in respect of the financial year ended 31 March 2005 in accordance with the Australian Accounting Standard AASB 1044: <i>Provisions, Contingent Liabilities and Contingent Assets</i>. A provision for dividends is recognised at the time the dividends are declared, determined or publicly recommended.</p> <p>The 2005 interim dividend and the 2004 final dividend, both paid during the financial year ended 31 March 2005, were 90% franked at 30%. The dividends paid during the financial year ended 31 March 2004 were franked as follows: 2004 interim - 90% franked at 30%, 2003 final and 2003 special - both fully franked at 30%.</p> <p>Since the end of the financial year, the Directors have recommended the payment of the 2005 final dividend of \$1.00 per fully paid ordinary share, and a special dividend of 40 cents per fully paid ordinary share, both 90% franked based on tax paid at 30%. The aggregate amount of the proposed dividends expected to be paid on 1 July 2005 out of retained profits at 31 March 2005 is \$313 million. This amount has been estimated based on the number of shares eligible to participate as at 31 March 2005.</p>		
	<p>Macquarie Income Securities</p> <p>Distributions paid during the financial year ended 31 March 2005 (net of distributions previously provided) were \$23 million (2004: \$21 million). Distributions provided at 31 March 2005 are \$6 million (2004: \$6 million). The distributions in respect of Macquarie Income Securities are classified as distributions on an equity instrument in accordance with AASB 1033: <i>Presentation and Disclosure of Financial Instruments</i>.</p>		
	<p>Macquarie Income Preferred Securities</p> <p>Distributions provided at 31 March 2005 are \$28 million (2004: Nil). The Macquarie Income Preferred Securities represent an outside equity interest of the economic entity. Accordingly, the distributions paid/payable in respect of these are recorded as a movement in outside equity interest.</p>		

7 **Dividend or distribution reinvestment plan details**

	The Dividend Reinvestment Plan ("DRP") was approved by ordinary shareholders at the 2001 Annual General Meeting. The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares, without transaction costs, at the prevailing market value. On 30 October 2003, the 2.5% discount which had been provided on the DRP was reduced to nil. A shareholder can elect to participate in or terminate their involvement in the DRP at any time. The last date for the receipt of an election notice for participation in the DRP in relation to the final and special dividends to be paid on 1 July 2005 is 26 May 2005.
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8 **Retained earnings**

	Year ended 31 March 2005 \$m	Year ended 31 March 2004 \$m
Balance at the beginning of the financial year	1,040	659
Prior year dividend reinstatement - change in accounting policy	-	208
Profit from ordinary activities after income tax attributable to members	852	521
Distributions paid or provided on Macquarie Income Securities	(29)	(27)
Dividends paid on ordinary share capital	(285)	(321)
Total retained earnings	1,578	1,040

9 **Net tangible assets per security**

	Year ended 31 March 2005 \$	Year ended 31 March 2004 \$
Ordinary shares	12.64	10.72

10 **Control gained or lost over entities in the financial year, and those having material effect**

Name of entities where control was gained in the financial year	Date control gained
Executive Air Support, Inc	29-Jul-04
Macquarie Capital Funding (GP) Limited	7-Sep-04
Macquarie Capital Funding (LP) Limited	20-Aug-04
Macquarie Capital Funding L.P.	18-Oct-04
Regional Radio No.2 Pty Limited (formerly DMG Regional Radio Australia Limited)	10-Sep-04
RG Capital Radio Limited	20-Aug-04
Thermal Chicago Corporation	30-Jun-04

The above entities did not contribute materially to the reporting entity's profit from ordinary activities.

Name of entities where control was lost in the financial year	Date control lost
A-Train AB	8-Apr-04
A-Train Invest AB	8-Apr-04
Bathurst St Nominees Pty Limited	28-Feb-05
CH4 Development Pty Limited	7-Apr-04
CH4 Exploration Pty Limited	7-Apr-04
CH4 Gas Limited	7-Apr-04
CH4 Marketing Pty Limited	7-Apr-04
CH4 Moranbah Pty Limited	7-Apr-04
CH4 Operations Pty Ltd	7-Apr-04
CH4 Pty Limited	7-Apr-04
ConnectEast Asset Trust (incorporated 15 April 2004)	17-Nov-04
ConnectEast Finance Pty Ltd (incorporated 15 April 2004)	17-Nov-04
ConnectEast Holding 2 Pty Ltd (incorporated 15 April 2004)	17-Nov-04
ConnectEast Holding Trust (incorporated 15 April 2004)	17-Nov-04
ConnectEast Investment Trust (incorporated 15 April 2004)	17-Nov-04
ConnectEast Investment Trust 2 (incorporated 15 April 2004)	17-Nov-04
ConnectEast Nominee Co Pty Ltd (incorporated 15 April 2004)	17-Nov-04
ConnectEast Pty Limited	17-Nov-04
D-Auction Internet Pty Limited	31-Jan-05
Diversified CMBS investments Inc.	31-Oct-04
Dynamco Limited	8-Apr-04
Eastbourne Water Plc	8-Apr-04
Europa Industrie Beteiligungen SA	24-Mar-05
Europa Industrie Beteiligungsholding SA	24-Mar-05
Executive Air Support, Inc.	17-Dec-04
Gas Development Services Pty Limited	7-Apr-04
Hills Motorway Management Limited	31-Jul-04
Macquarie District Energy Holdings LLC	17-Dec-04
Macquarie District Energy Inc	17-Dec-04
Macquarie European Infrastructure Fund Limited Partnership	30-Apr-04
Macquarie Infrastructure Company Inc.	17-Dec-04
Macquarie Infrastructure Company LLC	17-Dec-04
Macquarie Infrastructure Company Trust	17-Dec-04
Macquarie Private Capital A Limited	14-Mar-05
Macquarie Private Capital B Limited	14-Mar-05
Macquarie Water (UK) Limited	8-Apr-04
MAP Marine Limited	15-May-04
Mellon Brascan Money Market FIF	28-Feb-05
Mid Southern Water Plc	8-Apr-04
Mid-Sussex Water Limited	8-Apr-04
NA Capital Holdings Inc.	30-Apr-04
North America Capital Holding Company	17-Dec-04
Optimum Information Systems Limited	8-Apr-04
Saur Water Services Plc	8-Apr-04
South East Water Plc	8-Apr-04
Thermal Chicago Corporation	17-Dec-04
Underdale Nominees Pty Limited	1-Oct-04
UPL (Tarneit) Pty Limited	31-Mar-05
West Kent Water Plc	8-Apr-04
Worldwide Parking Group Limited	24-Jan-05

The above entities did not contribute materially to the reporting entity's profit from ordinary activities.

11 Investments in associates and joint ventures

	Name	Ownership interest (%)
	Ist to 8th RMAC Landholding Unit Trusts	50
	A.C.N. 093 752 893 Pty Limited	50
	African Infrastructure Investment Managers (Pty) Ltd ("AIIM")	50
	AMPCI Macquarie Infrastructure Management No. 1 Limited	50
	AMPCI Macquarie Infrastructure Management No. 2 Limited	50
	Austian (Tianjin) Real Estate Development Co. Limited (China)	50
	Become Media Pty Limited	41
	Bondi Beach Railway Pty Limited	50
	Brook Asset Management Limited	49
	The Cannery Development Trust	20
	CH4 Gas Limited	39
	Concept Blue Finance Pty Limited	50
	Coriolis Holdings Pty Limited	50
	Diversified CMBS Investments Inc.	57
	Dun & Bradstreet Consumer Credit Pty Limited	28
	Edenbrooke Village Pty Limited	50
	Europe Industrie Beteiligungsholding S.A.	39
	First China Property Group Limited (Hong Kong)	50
	Gen Y Limited	20
	Goulburn and Border Broadcasters Pty Ltd	50
	Hakone Turnpike Limited	50
	Helmsman Funds Management Limited	50
	ICA Property Group Pty Limited	45
	Japan Infrastructure Group Co. Limited	50
	Kuraby Developments Pty Ltd	50
	Leisure Equity Partners Pty Limited	50
	Macquarie Capital Partners LLC (United States)	50
	Macquarie CCY Feeder Fund (Bermuda)	39
	Macquarie Central Office CR-REIT (Korea)	12
	Macquarie DDR Management LLC	50
	Macquarie FX Feeder Fund (Bermuda)	39
	Macquarie FX Feeder Fund No. 2 (Bermuda)	39
	Macquarie Global Property Advisors Limited	49
	Macquarie Goodman Group	9
	Macquarie Goodman (Hong Kong) Limited	50
	Macquarie Infrastructure Company Trust	9
	Macquarie Offshore Feeder Fund (Bermuda)	39
	Macquarie Offshore Feeder Fund No. 2 (Bermuda)	39
	Macquarie Offshore Feeder Fund No. 3 (Bermuda)	39
	Macquarie ProLogis Management LLC	50
	Macquarie Real Estate Equity Fund No. 1 Pty Limited	23
	Macquarie Real Estate Equity Fund No. 2 Pty Limited	20
	Macquarie Real Estate Equity Fund No. 3 Pty Limited	26
	Macquarie Real Estate Equity Fund No. 4 Pty Limited	28
	Macquarie Shinhan Infrastructure Management Co. Limited (Korea)	80
	Macquarie Syndication (No. 17) Pty Limited	50
	MAP Marine Limited	50
	MacSea Nominees Pty Limited	50
	MacSea Nominees No.2 Pty Limited	50
	Medallist Developments Pty Limited	70

11 Investments in associates and joint ventures (continued)

Name	Ownership interest (%)
Medallist Development Trust	70
Medallist Holdings Inc. (United States)	80
Medallist Schofields Trust	50
Medallist Springfield Unit Trust	50
Medallist Vintage Trust	50
Mining Equipment Company Pty Limited	45
Moodmessaging Pty Limited	23
MP Management LLC (United States)	50
MPI Private Trustee Limited (Bermuda)	50
Oxton Custodians Pty Limited	49
Polaris YK	5
Proximity Development Pty Limited	33
Radio Newcastle Pty Limited	50
Ringwood Superabrasives Pty Limited	22
River Links Development Pty Limited	41
RMAC Australia Pty Limited	50
RP Data Limited	50
Securiclear Pty Limited	50
SHI Holdings Pty Limited	29
Shinhan Macquarie Financial Advisory Co Limited (Korea)	49
Smartsalary Pty Limited	16
Tasman Economics Pty Limited	25
Tianjin Macquarie Property Development Management Co. Limited (China)	50
UPL (Tarnet) Pty Limited	51
Vytel Spectrum Pty Limited	50

The above entities did not contribute materially to the reporting entity's profit from ordinary activities.

12 Other information

<p>a. Following annual promotions and compensation reviews the Board has approved the issue of invitations for approximately 9.3 million employee options on the same basis as previous years. The grant of some of these options is subject to shareholder approval. These options are expected to be granted in July or August 2005.</p> <p>b. For more detailed information on the entity's financial performance and financial position, refer to the 2005 Result Announcement.</p> <p>c. For detailed information on the impact of adopting Australian equivalents to International Financial Reporting Standards on the entity's financial performance and financial position from 1 April 2005, refer to the significant accounting policies details set out in Note 1 to the Financial Report.</p>

13 Foreign entities

Not applicable.

14 Commentary on results for the financial year

Refer to the 2005 Result Announcement for details.
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15 Audited report

	The report is based on audited accounts.
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16 Statement if Financial Report is not audited

	Not applicable as the Financial Report is audited.
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17 Statement if Financial Report is audited

	The Financial Report has been audited and is not subject to disputes or qualifications.
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