

**APPENDIX 4D
HALF YEAR REPORT**

MACQUARIE BANK LIMITED
ABN 46 008 583 542

HALF YEAR ENDED 30 SEPTEMBER 2005

1 Details of the reporting period and the previous corresponding period

Current period:	1 April 2005 to 30 September 2005
Prior corresponding period:	1 April 2004 to 30 September 2004

2 Results for announcement to the market

	Key information	Half year ended 30 September 2005 \$M	Half year ended 30 September 2004 \$M	% Change
2.1	Income from ordinary activities	2,160	1,380	57%
2.2	Profit attributable to equity holders of Macquarie Bank Limited	497	270	84%
2.3	Profit attributable to ordinary equity holders of Macquarie Bank Limited	482	256	88%

2.4	Dividends	Amount per security	Franked amount per security
	Ordinary Shares		
	Interim dividend (declared, not yet provided at 30 September 2005)	90 cents per ordinary share	90%
	Final dividend	n/a	n/a
2.5	Record date for determining entitlements to the dividends		
	Record date for the interim dividend is 25 November 2005.		

2.6 **Commentary**

AIFRS:

The financial report for the half year ended 30 September 2005, and the results reported herein, are prepared in accordance with Australian Equivalents to International Financial Reporting Standards ('AIFRS') in line with the provisions of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Financial reports of the economic entity until 31 March 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ("previous AGAAP"). Previous AGAAP differs in certain respects from AIFRS. When preparing the economic entity's interim financial report for the half year ended 30 September 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures have been restated to reflect these adjustments. The economic entity has taken the exemption available under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation ("AASB 132") and AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139") only from 1 April 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the economic entity's equity and its net income are provided in the Interim Directors' report and financial report for the half year ended 30 September 2005.

Consolidated Result:

For the half year ended 30 September 2005, the economic entity achieved a consolidated profit attributable to ordinary equity holders of \$482 million. The result was down 13% on the prior period but up 88% on the prior corresponding period.

Total income from ordinary activities was \$2,160 million, a decrease of 9% on the prior period and an increase of 57% on the prior corresponding period. Total expenses from ordinary activities were \$1,477 million, which was 7% down on the prior period and 46% up on the prior corresponding period. Basic earnings per share ("EPS") was 212.9 cents, 15% down on the prior period and 81% up on the prior corresponding period.

The Bank continued its international expansion, with international income more than double that of the prior corresponding period. Seventy five per cent of investment banking advisory deals were sourced outside Australia. International staff numbers grew 32 per cent to over 2,000 from September 2004, now representing 29% of total staff

Market conditions continued to be broadly favourable. Strong equity market conditions prevailed during the period, influencing the Equity Markets Group's businesses in Asia and Australia. Institutional and retail stockbroking businesses were also strongly up, benefiting from the equity market conditions in the regions in which they operated. Market conditions were favourable for most of the Treasury and Commodities businesses. Investment banking activity levels were robust and success rates high on the transactions in which the Bank was involved. Specialist fund activity was strong as were the performance fees generated by a number of the Bank's managed funds.

Refer to the September 2005 Interim Result Announcement for more details.

3 Net tangible asset per security

	30 September 2005	30 September 2004
	\$	\$
Ordinary shares	12.67	8.12
Excluding the intangibles (net of associated deferred tax liabilities) within the Bank's businesses held for resale, the NTA per ordinary share would have been \$14.85 at 30 September 2005 (30 September 2004: \$10.98)		

4 Control gained or lost over entities in the half year, and those having material effect

Name of entities where control was gained in the half year	Date control gained
Coin Software Pty Limited	9-Jun-05
Daegu East Circulation Road Company (D4 Toll Road)	16-Jun-05
Open Telecommunications Limited	5-Jul-05
Korea Power Investments Co. Limited (KPIC)	12-Jul-05
ATM Solutions Australasia Pty Limited	1-Aug-05

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 half year	Date control lost
There were no significant disposals in the period.	

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

5 Dividend details

	Half year ended 30 September 2005 \$M	Half year ended 30 September 2004 \$M
<p>Ordinary share capital</p> <p>Interim dividend provided: Nil (2004: Nil) cents per share</p> <p>Interim dividend paid: 61 (2004: 52) cents per share</p> <p>Final dividend paid: 100 (2004: 70) cents per share</p> <p>Special dividend paid: 40 (2004: Nil) cents per share</p>	<p>-</p> <p>-</p> <p>224</p> <p>89</p>	<p>-</p> <p>-</p> <p>151</p> <p>-</p>
<p>There is no provision for interim dividend in respect of the half year ended 30 September 2005 as a result of AASB 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>. A provision for dividend is recognised at the time the dividends are declared, determined or publicly recommended.</p> <p>The final dividend and special dividend paid during the half year ended 30 September 2005 were 90% franked at 30% (2004: 90% franked at 30%).</p> <p>Since half year end, the Directors have declared the payment of an interim dividend for the half-year ending 30 September 2005 of 90 cents per fully paid ordinary shares, 90% franked at 30%. The aggregate amount of the interim dividend to be paid on 16 December 2005 out of retained profits at 30 September 2005, but not recognised as a liability at half year end, is \$207 million. This amount has been estimated based on the number of shares eligible to participate as at 30 September 2005.</p>		
<p>Macquarie Income Securities</p> <p>Distributions paid during the half year ended 30 September 2005 (net of distributions previously provided) were \$9 million (2004: \$8 million). Distributions provided at 30 September 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 132 <i>Financial Instruments: Disclosure and Presentation</i>.</p>		
<p>Macquarie Income Preferred Securities</p> <p>Distributions provided at 30 September 2005 are \$23 million (2004: \$1 million). The Macquarie Income Preferred Securities represent a minority interest of the economic entity. Accordingly, the distributions paid/payable in respect of these are recorded as a movement in minority interest.</p>		

6 Dividend or distribution reinvestment plan details

<p>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. A shareholder can elect to participate in or terminate their involvement in the DRP at any time.</p> <p>Election notices for participation in the DRP in relation to the interim dividend to be paid on 16 December 2005 must be received by the registry by 5.00pm on 25 November 2005 to be effective for that dividend.</p>
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7 Investment associates and joint ventures

Name	Ownership interest (%)
Material interests in associates and joint ventures are as follows:	
AM Office Unit Trust	85%
CH4 Gas Limited	39%
Concept Blue Joint Venture	50%
Connect East	3%
Diversified CMBS Investments Inc.	57%
Dynasty Property Investment Limited	24%
East Coast Portfolio	1%
European Directories SA	18%
First China Property Group Limited	50%
Four Corners Capital Management LLC	67%
Macquarie Airports	29%
Macquarie Capital Alliance Group	10%
Macquarie Capital Partners LLC	50%
Macquarie Central Office CR-REIT (Korea)	12%
Macquarie Communications Infrastructure Group	40%
Macquarie Countrywide Trust	8%
Macquarie DDR Management LLC	50%
Macquarie Essential Assets Partnership	7%
Macquarie European Infrastructure Fund	5%
Macquarie Global Property Advisors Limited	49%
Macquarie Goodman Group Limited	8%
Macquarie Goodman Management Limited	40%
Macquarie Industrie Beteiligungen Holding SA	39%
Macquarie Infrastructure Company Trust	7%
Macquarie Infrastructure Group	1%
Macquarie International Infrastructure Fund Limited	13%
Macquarie Leisure Trust	5%
Macquarie Office Trust	4%
Medallist Developments Inc.	80%
Medallist Development Trust	70%
PH Direct Property Trust	17%
Prime Real Estate Investment Trust	20%
RP Data Limited	50%

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

8 Foreign entities, applicable accounting standards used

Not applicable	
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9 Statement if financial report is subject to review dispute or qualification

The financial report has been subject to review, and is not subject to disputes or qualifications.	
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