

**APPENDIX 4D
HALF YEAR REPORT**

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

HALF YEAR ENDED 30 SEPTEMBER 2006

1 Details of the reporting period and the previous corresponding period

Current period:	1 April 2006 to 30 September 2006
Prior corresponding period:	1 April 2005 to 30 September 2005

2 Results for announcement to the market

	Key information	Half year ended 30 September 2006 \$M	Half year ended 30 September 2005 \$M	% Change
2.1	Income from ordinary activities	3,156	2,160	46%
2.2	Profit attributable to equity holders of Macquarie Bank Limited	745	497	50%
2.3	Profit attributable to ordinary equity holders of Macquarie Bank Limited	730	482	51%

2.4	Dividends	Amount per security	Franked amount per security
	Ordinary Shares		
	Interim dividend (declared, not yet provided at 30 September 2006)	125 cents per ordinary share	100%
	Final dividend	n/a	n/a
2.5	Record date for determining entitlements to the dividends		
	Record date for the interim dividend is 24 November 2006.		

2.6 **Commentary**

AIFRS:

The financial report for the half year ended 30 September 2006, and the results reported herein, are prepared in accordance with Australian Equivalents to International Financial Reporting Standards ('AIFRS').

Consolidated Result:

The Bank's consolidated net profit after income tax attributable to its ordinary equity holders for the half year ended 30 September 2006 was \$730 million, an increase of 51% on the prior corresponding period. Basic earnings per share is up 41% to 300.9 cents.

The Bank benefited from a number of significant transactions during the period, including the initial public offering of Dyno Nobel, the realisation of a large US oil and gas asset and the disposal of the Bank's investment in Macquarie Goodman Group (MGQ).

To support this strong growth and to fund international expansion opportunities, the Bank raised in excess of \$700 million of ordinary equity earlier this year through a private institutional share placement and a share purchase plan for retail investors.

Total operating income for the half year to 30 September 2006 increased 46% over the prior corresponding period to \$3,156 million, driven by profits from the disposal of equity investments and market conditions that have been favourable for investment banking activities.

The Bank's global expansion continues to see international income grow, up considerably to \$1,321 million, representing an increase of 38% on the prior corresponding period. International income amounted to 44% of the Bank's total operating income (excluding earnings on capital) for the half year to 30 September 2006, which is down slightly from 46% in the prior corresponding period largely due to the disposal of MGQ. Excluding the income from this transaction, international income for the half would have represented approximately 49% of total operating income (excluding earnings on capital).

Operating expenses are up 50% on the prior corresponding period to \$2,213 million. Employment costs, the largest component of operating expenses, are up 54% on the prior corresponding period to \$1,807 million. The increase has been driven by headcount growth combined with growth of staff profit share expense through an increase in net profit and an improved return on equity. Headcount is up 26% on the prior corresponding period to 8,986 staff with international headcount increasing by 48% to 3,006 staff.

Refer to the September 2006 Interim Result Announcement for more details.

3 Net tangible asset per security

	30 September 2006	30 September 2005
	\$	\$
Ordinary shares	13.89	12.67
Including the intangibles (net of associated deferred tax liabilities) within the Bank's businesses held for resale, the NTA per ordinary share would have been \$20.10 at 30 September 2006 (30 September 2005: \$14.85)		

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
Detroit Windsor Tunnel LLC	12-May-06
Detroit and Windsor Subway Company	12-May-06
DWT Inc	12-May-06
Alabama Black Warrior Parkway, LLC	12-May-06
Alabama Emerald Mountain Expressway Bridge, LLC	12-May-06
Alabama Toll Operations, LLC	12-May-06
Central Alabama River Parkway, LLC	12-May-06
Cervus Financial Corp	06-Jul-06
Corona Energy Holdings Limited	31-Jul-06
East London Bus & Coach Company Limited	30-Aug-06
South East London & Kent Bus Company Limited	30-Aug-06

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
Nil	

5 Dividend details

	Half year ended 30 September 2006 \$M	Half year ended 30 September 2005 \$M
<p>Ordinary share capital</p> <p>Interim dividend provided: Nil (2005: Nil) cents per share</p> <p>Interim dividend paid: 90 (2005: 61) cents per share</p> <p>Final dividend paid: 125 (2005: 100) cents per share</p> <p>Special dividend paid: Nil (2005: 40) cents per share</p>	<p>-</p> <p>-</p> <p>290</p> <p>-</p>	<p>-</p> <p>-</p> <p>224</p> <p>89</p>
<p>There is no provision for interim dividend in respect of the half year ended 30 September 2006 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 paid during the half year ended 30 September 2006 was 100% franked at 30% (2005: 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 2006 of 125 cents per fully paid ordinary shares, 100% franked at 30%. The aggregate amount of the interim dividend to be paid on 15 December 2006 out of retained profits at 30 September 2006, but not recognised as a liability at half year end, is \$312 million. This amount has been estimated based on the number of shares eligible to participate as at 30 September 2006.</p>		
<p>Macquarie Income Securities</p> <p>Distributions paid during the half year ended 30 September 2006 (net of distributions previously provided) were \$9 million (2005: \$9 million). Distributions provided at 30 September 2006 are \$6 million (2005: \$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 2006 are \$25 million (2005: \$23 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 less 2.5%. 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 15 December 2006 must be received by the registry by 5.00pm on 24 November 2006 to be effective for that dividend.</p>
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7 Investment associates and joint ventures

Name	Participating interest (%)
Material interests in associates and joint ventures are as follows:	
Diversified CMBS Investments Inc.	57%
Dynasty Property Investment Limited	24%
European Directories SA	13%
Macquarie Airports	15%
Macquarie Capital Alliance Group	11%
Macquarie Communications Infrastructure Group	12%
Macquarie Countrywide Trust	9%
Macquarie Diversified (AA) Trust	29%
Macquarie European Infrastructure Fund LP	5%
Macquarie Infrastructure Company Trust	7%
Macquarie Infrastructure Group	2%
Macquarie International Infrastructure Fund Limited	8%
Macquarie MEAG Prime REIT	20%
Macquarie Media Group	21%
Macquarie Office Trust	6%
Macquarie Shinhan Infrastructure Asset Management Co Limited	50%
Medallist Developments Inc.	80%
Medallist Developments Trust	70%
Moto International Holdings Limited	29%
Resources Services Holdings USA	17%
Material interests in held for sale associates are as follows:	
AM Office Unit Trust	85%
Creative Broadcast Services International Limited (previously Creative Broadcast Services Limited)	28%
Macquarie New York Parking 2 LLC (previously TMO Parent LLC trading as Icon Parking)	53%
Retirement Villages Group (previously Global Retirement Trust)	48%
Taiwan Cable TV Investment Sarl	40%

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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