

**APPENDIX 4D
HALF YEAR REPORT**

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

HALF YEAR ENDED 30 SEPTEMBER 2007

1 Details of the reporting period and the previous corresponding period

Current period:	1 April 2007 to 30 September 2007
Prior corresponding period:	1 April 2006 to 30 September 2006

2 Results for announcement to the market

	Key information	Half year ended 30 September 2007 \$M	Half year ended 30 September 2006 \$M	% Change
2.1	Total operating income	4,710	3,425	38%
2.2	Profit attributable to equity holders of Macquarie Bank Limited	1,076	745	44%
2.3	Profit attributable to ordinary equity holders of Macquarie Bank Limited	1,060	730	45%

2.4	Dividends	Amount per security	Franked amount per security
	Ordinary Shares		
	Interim dividend (resolved, not yet provided at 30 September 2007). Pursuant to the restructure of the Macquarie Group, this dividend will be paid to Macquarie B.H. Pty Limited and a corresponding dividend will be paid by Macquarie B.H. Pty Limited to Macquarie Group Limited.	\$1.45 per ordinary Macquarie Group Limited 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 9 January 2008.		

2.6	Commentary
<p>Consolidated Result: Macquarie's consolidated net profit after income tax attributable to its ordinary equity holders for the six months to 30 September 2007 was \$1,060 million, a 45% increase on the prior corresponding period. Basic earnings per share were up 34% to 401.8 cents.</p> <p>Strong equity markets conditions were experienced globally, particularly in Asia, resulting in strong income growth for Macquarie's equity related businesses. Commodity market volatility was high, resulting in good customer flows. Assets under management were up 14% on March 2007 to \$224.1 billion at 30 September 2007.</p> <p>Total operating income for the half-year to 30 September 2007 was \$4,710 million, a 38% increase on the prior corresponding period. Good investment banking deal flow combined with favourable equity and commodity market conditions drove the overall growth in operating income. The half-year also saw record broking volumes and strong demand for retail products. Consistent with prior periods, Macquarie benefited from some significant asset realisations during the period including the disposal of its investment in Macquarie-IMM Investment Management Co. Limited (Macquarie-IMM). The increase in assets under management contributed to growth in base fees. Some performance fees were also recognised during the period.</p> <p>Macquarie's offshore growth has continued across all Groups with income from international sources up 70% on the prior corresponding period to \$2,457 million. International income amounted to 55% of Macquarie's total operating income for the six months to 30 September 2007, up from 44% in the prior corresponding period.</p> <p>Operating expenses are up 34% on the prior corresponding period to \$3,337 million. Employment costs are the largest contributor to operating expenses and were up 34% on the prior corresponding period to \$2,420 million. The increase in employment costs was driven by an increase in headcount of 23% on the prior corresponding period to over 11,000.</p> <p>Refer to the September 2007 Interim Result Announcement for more details.</p> <p>Events Occurring after Reporting Date On 13 November 2007, the Macquarie Group will restructure into a non-operating holding company structure. This follows receipt of the requisite approvals by Macquarie Bank Limited ('MBL') shareholders and optionholders, as well as the Federal Treasurer, Australian Prudential Regulation Authority and the Federal Court of Australia. This restructure results in a new listed non-operating holding company, named Macquarie Group Limited ('MGL') being established as the ultimate parent of the Macquarie Group. The Macquarie Group will comprise two separate sub-groups, a Banking Group and a Non-Banking Group.</p> <p>Under the restructure, following MBL becoming a controlled entity of MGL, MBL will sell certain Non-Banking Group controlled entities to MGL for fair value at the restructure date. The bulk of the profits on sale of these controlled entities will be distributed by MBL via dividends to MGL. MBL has also obtained shareholder approval to reduce its capital by \$3.0 billion. The funds received by MGL from these transactions will be contributed to the capital base of the Non-Banking Group and help finance the acquisition of the assets from MBL by the Non-Banking Group. MBL will also pay a dividend to MGL of \$2.25 billion and MGL will simultaneously subscribe the same amount to MBL as a capital injection. These transactions are expected to occur on 16 November 2007. Subsequently, a new holding company (Macquarie B.H. Pty Limited) will be introduced between MGL and MBL on or about 19 November 2007. All of these transactions will be internal to the Macquarie group of companies and will not impact incoming MGL ordinary shareholders.</p> <p>Ordinary shareholders and optionholders of MBL will hold one MGL ordinary share/option for each ordinary share/option they held in MBL prior to implementation of the restructure.</p>	

3 Net tangible asset per security

	30 September 2007 \$	30 September 2006 \$
Ordinary shares	27.55	13.89
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 \$27.95 at 30 September 2007 (30 September 2006: \$20.10)		

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
OzForex Pty Limited	15-Jun-07
America's Water Heater Rentals LLC	21-Jun-07
Greater Peterborough Health Investment Plan	4-Jul-07
Marine Services Holdings Limited	19-Jul-07

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
ATM Solutions Australasia Pty Limited	16-Apr-07
Greater Peterborough Health Investment Plan	30-Aug-07
Macquarie IMM Investment Management Co Limited	28-Sep-07

5 Dividend details

	Half year ended 30 September 2007 \$M	Half year ended 30 September 2006 \$M
Ordinary share capital		
Final dividend paid: 190 (2006: 125) cents per share	482	291
<p>There is no provision for interim dividend in respect of the half year ended 30 September 2007 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 2007 was 100% franked at 30% (2006: 90% franked at 30%).</p> <p>Since the end of the half year the Directors have resolved to pay an interim dividend for the half year ending 30 September 2007 of \$1.45 per the number of fully paid ordinary Macquarie Group Limited shares on issue on 9 January 2008. Pursuant to the restructure of the Macquarie Group, this dividend will be paid to Macquarie B.H. Pty Limited and a corresponding dividend will be paid by Macquarie B.H. Pty Limited to Macquarie Group Limited. The aggregate amount of the interim dividend to be paid on 30 January 2008 out of retained profits at 30 September 2007, but not recognised as a liability at half year end, is currently estimated to be \$393 million. This amount has been estimated based on the number of Macquarie Bank Limited shares eligible to participate as at 30 September 2007.</p>		
<p>Macquarie Income Securities</p> <p>Distributions paid during the half year ended 30 September 2007 (net of distributions previously provided) were \$9 million (2006: \$9 million). Distributions provided at 30 September 2007 are \$7 million (2006: \$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 paid during the half year ended 30 September 2007 (net of distributions previously provided) were \$3 million (2006: \$2 million). Distributions provided at 30 September 2007 are \$23 million (2006: \$25 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

Not applicable

7 Investment associates and joint ventures

Name	Participating interest (%)
Material interests in associates and joint ventures are as follows:	
Diversified CMBS Investments Inc.	57%
Euro Gaming Limited	50%
European Directories S.A.	13%
Macquarie Aircraft Leasing Holdings Limited	34%
Macquarie Airports	19%
Macquarie Capital Alliance Group	17%
Macquarie Communications Infrastructure Group	17%
Macquarie Countrywide Trust	10%
Macquarie Diversified (AA) Trust	18%
Macquarie European Infrastructure Fund	5%
Macquarie Goodman Japan Limited	50%
Macquarie Infrastructure Group	2%
Macquarie MEAG Prime REIT	26%
Macquarie Media Group	20%
Macquarie Office Trust	7%
Redford Australian Investment Trust	27%
Material interests in held for sale associates are as follows:	
International Infrastructure Holdings Limited	50%
Macquarie Infrastructure Partners A	13%
Macquarie Infrastructure Partners B	13%
Retirement Villages Group	48%

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

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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