

MACQUARIE GROUP LIMITED

INTERIM DIRECTORS' REPORT AND FINANCIAL REPORT
HALF YEAR ENDED 30 SEPTEMBER 2008



MACQUARIE

Cover image: A stylised contemporary version of the Holey Dollar

In 1813 Governor Lachlan Macquarie overcame an acute currency shortage by purchasing Spanish silver dollars (then worth five shillings), punching the centres out and creating two new coins – the ‘Holey Dollar’ (valued at five shillings) and the ‘Dump’ (valued at one shilling and three pence).

This single move not only doubled the number of coins in circulation but increased their worth by 25 per cent and prevented the coins leaving the colony. Governor Macquarie’s creation of the Holey Dollar was an inspired solution to a difficult problem and for this reason it was chosen as the symbol for the Macquarie Group.

This interim financial report has been prepared in accordance with Australian Accounting Standards and does not include all the notes of the type normally included in an annual financial report.

This interim report should be read in conjunction with the annual financial report of Macquarie Group Limited for 31 March 2008 which was also prepared in accordance with Australian Accounting Standards.

MACQUARIE GROUP LIMITED
and its subsidiaries

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MACQUARIE GROUP LIMITED

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2008

In accordance with a resolution of the Voting Directors ("the Directors") of Macquarie Group Limited ("MGL" or "the Company"), the Directors submit herewith the consolidated balance sheet as at 30 September 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Company and its subsidiaries (together "the consolidated entity") for the half-year ended on that date ("the period") and report as follows:

DIRECTORS

At the date of this report, the Directors of the Group are:

Non-Executive Director:

D.S. Clarke, AO, Chairman

Executive Directors:

N.W. Moore, Managing Director and Chief Executive Officer*

L.G. Cox, AO

*Independent Directors:***

P.M. Kirby

C.B. Livingstone, AO

H.K. McCann, AM

J.R. Niland, AC

H.M. Nugent, AO

P. H. Warne

* Mr Moore became Managing Director and Chief Executive Officer on 24 May 2008.

** In accordance with the consolidated entity's definition of independence (as set out in the Corporate Governance Statement contained in the 2008 Annual Report).

Mr A.E. Moss retired as a Voting Director and from his roles as Managing Director and Chief Executive Officer on 24 May 2008.

Other than as set out above, the Directors each held office as a Director of the Company throughout the period and until the date of this report.

Those Directors listed as Independent Directors have been independent throughout the period.

RESULT

The financial report for the half-year ended 30 September 2008, and the results herein, are prepared in accordance with Australian Accounting Standards.

The consolidated profit attributable to ordinary equity holders of the Company, in accordance with Australian Accounting Standards, for the period was \$604 million (31 March 2008: \$743 million; 30 September 2007: \$1,060 million).

REVIEW OF OPERATIONS

Consolidated net profit after income tax attributable to ordinary equity holders for the half-year to 30 September 2008 was \$604 million, a 43 per cent decrease on the prior corresponding period and a 19 per cent decrease on the prior period. The result was achieved during a period of unprecedented global financial market conditions that resulted in significant restructuring costs, provisions and write-downs.

Assets under management at 30 September 2008 were \$239 billion, a 3 per cent increase since March 2008 and a 7 per cent increase on the prior corresponding period.

Annualised return on equity for the half-year to 30 September 2008 was 13.9 per cent, driven by capital growth initiatives in recent years and the lower result for the period. Additionally, in July 2008 Macquarie increased its regulatory capital base through the \$600 million issue of Macquarie Convertible Preference Securities (CPS).

Macquarie's liquidity risk management framework operated effectively throughout the period ensuring funding requirements were met and sufficient liquidity was maintained, despite the challenging credit market conditions. Cash and liquid assets increased from \$20.8 billion at 31 March 2008 to \$26.3 billion at 30 September 2008. Cash and liquid asset holdings now represent 34 per cent of Macquarie's net funded assets.

MACQUARIE GROUP LIMITED
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DIRECTORS' REPORT continued
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2008

OPERATING INCOME

Total operating income for the half-year to 30 September 2008 was \$2,970 million, a 37 per cent decrease on the prior corresponding period and 16 per cent down on the prior period. Reasonable corporate finance deal flow combined with good contributions from equity and commodity businesses were key drivers. Income from asset realisations during the half-year was well down on the very strong prior corresponding period that included a number of significant realisations, including the IPO of Boart Longyear and the disposal of an investment in Macquarie-IMM Investment Management Co. Limited (Macquarie-IMM).

Although assets under management have shown an overall net increase, the result was largely due to the recent weakening of the Australian dollar against major currencies. Assets under management were down for much of the period as falling equity indices impacted the values of listed securities, especially those funds managed by Macquarie Funds Group. Consequently, base management fees were marginally down on the prior corresponding period. Performance fees were up 30 per cent on the prior corresponding period to \$219 million.

During the period Macquarie recognised an impairment charge relating to the loss on the sale of the Italian Mortgages portfolio of \$197 million in addition to operating losses and other restructuring and redundancy costs for the business. Macquarie also recognised significant impairment charges against other loans and investments.

International income amounted to 49 per cent of Macquarie's total operating income for the half-year to 30 September 2008.

OPERATING EXPENSES

Operating expenses were down 33 per cent on the prior corresponding period to \$2,243 million. Employment expenses, the largest contributor to operating expenses, were down 48 per cent on the prior corresponding period to \$1,265 million. The decrease in employment expenses was driven by lower performance-related profit share expense.

The expense to income ratio for the half-year to 30 September 2008 was 75.5 per cent, broadly in line with the prior period, and up from 70.8 per cent in the prior corresponding period.

EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to balance date there has been a further significant deterioration in equity markets which has impacted the market prices of our impaired co-investments in listed specialist funds. If the market prices at the date of this report had been used in the Group's assessment of recoverable amount rather than the 30 September 2008 prices then profit after tax would have been reduced by approximately \$130 million.

The Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the financial period subsequent to 30 September 2008 not otherwise disclosed in this report.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend for the half-year ended 30 September 2008 of \$1.45 per the number of fully paid ordinary MGL shares on issue at 28 November 2008. The dividend will be 80 per cent franked at the 30 per cent corporate tax rate.

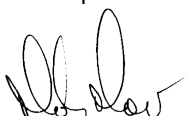
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 4.

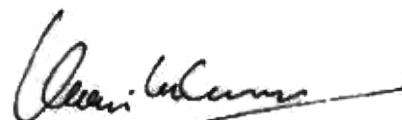
ROUNDING OF AMOUNTS

In accordance with Australian Securities and Investments Commission Class Order 98/100 (as amended), amounts in the Directors' report and the half-year financial report have been rounded off to the nearest million dollars unless otherwise indicated.

This report is made in accordance with a resolution of the Directors.



Nicholas Moore
Managing Director and
Chief Executive Officer



H. Kevin McCann, AM
Non-Executive Director

Sydney
17 November 2008

PricewaterhouseCoopers
ABN 52 780 433 757

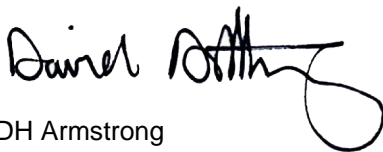
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Auditor's Independence Declaration

As lead auditor for the review of Macquarie Group Limited for the half-year ended 30 September 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Macquarie Group Limited and the entities it controlled during the period.



DH Armstrong
Partner
PricewaterhouseCoopers

Sydney
17 November 2008

MACQUARIE GROUP LIMITED*and its subsidiaries***Consolidated income statement
for the half-year ended 30 September 2008**

	Notes	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Interest and similar income	2	3,594	3,512	3,186
Interest expense and similar charges	2	(3,074)	(3,218)	(2,663)
Net interest income		520	294	523
Fee and commission income	2	2,155	2,167	2,478
Net trading income	2	722	992	843
Share of net profits of associates and joint ventures using the equity method	2	118	62	94
Other operating income and charges	2	(545)	23	772
Net operating income		2,970	3,538	4,710
Employment expenses	2	(1,265)	(1,757)	(2,420)
Brokerage and commission expenses	2	(311)	(389)	(313)
Occupancy expenses	2	(152)	(143)	(121)
Non-salary technology expenses	2	(111)	(114)	(100)
Other operating expenses	2	(404)	(303)	(383)
Total operating expenses		(2,243)	(2,706)	(3,337)
Operating profit before income tax		727	832	1,373
Income tax expense	5	(79)	(44)	(273)
Profit from ordinary activities after income tax		648	788	1,100
Distributions paid or provided on:				
Macquarie Income Preferred Securities		(23)	(24)	(26)
Macquarie Income Securities		(19)	(18)	(16)
Other minority interests		(2)	(3)	2
Profit attributable to minority interests		(44)	(45)	(40)
Profit attributable to ordinary equity holders of Macquarie Group Limited		604	743	1,060
		Cents per share	Cents per share	Cents per share
Basic earnings per share	7	216.6	271.3	401.8
Diluted earnings per share	7	215.2	267.1	387.5

The above consolidated income statement should be read in conjunction with the accompanying notes.

MACQUARIE GROUP LIMITED*and its subsidiaries***Consolidated balance sheet
as at 30 September 2008**

	Notes	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
Assets				
Cash and balances with central banks		225	7	3
Due from banks		13,441	10,110	6,887
Cash collateral on securities borrowed and reverse repurchase agreements		14,690	22,906	22,367
Trading portfolio assets	8	17,059	15,807	16,693
Loan assets held at amortised cost	9	51,783	52,407	49,911
Other financial assets at fair value through profit or loss		3,974	4,131	4,412
Derivative financial instruments – positive values		22,508	21,136	16,991
Other assets		11,413	10,539	10,103
Investment securities available for sale	11	18,025	16,454	12,092
Intangible assets		566	494	101
Life investment contracts and other unit holder assets		5,645	5,699	6,363
Interests in associates and joint ventures using the equity method	12	5,921	5,500	4,784
Property, plant and equipment		433	375	277
Deferred income tax assets		825	718	639
Non-current assets and assets of disposal groups classified as held for sale	13	927	967	835
Total assets		167,435	167,250	152,458
Liabilities				
Due to banks		11,349	10,041	5,016
Cash collateral on securities lent and repurchase agreements		14,664	13,781	16,945
Trading portfolio liabilities	14	11,079	11,825	9,875
Derivative financial instruments – negative values		24,430	21,399	15,555
Deposits		16,955	15,783	12,305
Debt issued at amortised cost	15	52,485	57,115	55,304
Other financial liabilities at fair value through profit or loss	16	6,263	6,288	5,744
Other liabilities		11,081	12,210	12,600
Current tax liabilities		159	193	222
Life investment contracts and other unit holder liabilities		5,634	5,689	6,355
Provisions		211	179	170
Deferred income tax liabilities		40	121	106
Liabilities of disposal groups classified as held for sale	13	153	215	272
Total liabilities excluding loan capital		154,503	154,839	140,469
Loan capital				
Convertible preference securities		591	-	-
Subordinated debt at amortised cost		1,413	1,704	1,721
Subordinated debt at fair value through profit or loss		647	646	853
Total loan capital		2,651	2,350	2,574
Total liabilities		157,154	157,189	143,043
Net assets		10,281	10,061	9,415

MACQUARIE GROUP LIMITED

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Consolidated balance sheet continued as at 30 September 2008

	Notes	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
Equity				
Contributed equity				
Ordinary share capital	17	4,832	4,534	4,336
Treasury shares	17	(2)	(12)	(10)
Exchangeable shares	17	122	133	-
Reserves	18	283	456	513
Retained earnings	18	3,770	3,718	3,373
<hr/>				
Total capital and reserves attributable to ordinary equity holders of Macquarie Group Limited		9,005	8,829	8,212
Minority interests				
Macquarie Income Preferred Securities	18	780	752	798
Macquarie Income Securities	18	391	391	391
Other minority interests	18	105	89	14
<hr/>				
Total equity		10,281	10,061	9,415

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

MACQUARIE GROUP LIMITED*and its subsidiaries***Consolidated statement of changes in equity
for the half-year ended 30 September 2008**

Notes	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Total equity at the beginning of the period	10,061	9,415	7,519
Available for sale investments, net of tax	(161)	(68)	63
Cash flow hedges, net of tax	18 (72)	3	21
Associates and joint ventures	18 10	(18)	12
Exchange differences on translation of foreign operations	30	(70)	(39)
Net (expense)/income recognised directly in equity	(193)	(153)	57
Profit from ordinary activities after income tax for the period	648	788	1,100
Total recognised income and expense for the period	455	635	1,157
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	282	184	1,204
Dividends paid	6 (552)	(398)	(482)
Minority interests:			
Contribution/(reduction) of equity, net of transaction costs	16	80	(5)
Changes in retained earnings due to acquisitions and disposals	(2)	(8)	5
Distributions paid or provided	(42)	(42)	(42)
Other equity movements:			
Net movement on (retraction)/issue of exchangeable shares	17 (11)	133	-
Share based payments	18 64	64	62
Net sale/(purchase) of treasury shares	10	(2)	(3)
Total equity at the end of the period	10,281	10,061	9,415
Total recognised income and expense for the period is attributable to:			
Ordinary equity holders of Macquarie Group Limited	383	636	1,160
Macquarie Income Preferred Securities holders	51	(22)	(17)
Macquarie Income Securities holders	19	18	16
Other minority interests	2	3	(2)
Total recognised income and expense for the period	455	635	1,157

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MACQUARIE GROUP LIMITED*and its subsidiaries***Consolidated cash flow statement
for the half-year ended 30 September 2008**

Notes	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Cash flows from operating activities			
Interest received	3,104	2,744	3,150
Interest and other costs of finance paid	(2,926)	(3,150)	(2,638)
Dividends and distributions received	261	288	119
Fees and other non-interest income received	4,934	2,204	2,654
Fees and commissions paid	(268)	(357)	(347)
Net receipts from trading portfolio assets and other financial assets/liabilities	8,941	1,529	6,760
Payments to suppliers	(1,195)	(1,050)	(827)
Employment expenses paid	(2,821)	(998)	(2,533)
Income tax paid	(171)	(30)	(335)
Life investment contract income	223	103	394
Life investment contract premiums received and other unit holder contributions	2,445	1,622	1,603
Life investment contract payments	(1,925)	(1,492)	(1,281)
Non-current assets and assets of disposal groups classified as held for sale – net receipts from operations	2	17	147
Net loan assets repaid/(granted)	450	(1,434)	(5,241)
Recovery of loans previously written off	3	2	4
Net (decrease)/increase in amounts due to other financial institutions, deposits and other borrowings	(2,678)	11,981	5,003
19	8,379	11,979	6,632
Cash flows from investing activities			
Payments for financial assets available for sale and at fair value through profit or loss	(66,070)	(41,474)	(16,822)
Proceeds from the realisation of financial assets available for sale and at fair value through profit or loss	66,386	42,900	12,142
Payments for interests in associates	(1,031)	(1,611)	(1,343)
Proceeds from the disposal of associates	272	556	452
Payments for the acquisition of non-current assets and assets of disposal groups classified as held for sale, net of cash acquired	(9)	(487)	(325)
Proceeds from the disposal of non-current assets and assets of disposal groups classified as held for sale, net of cash disposed	182	554	1,008
Payments for the acquisition of subsidiaries, excluding disposal groups, net of cash acquired	(14)	(805)	(126)
Proceeds from the disposal of subsidiaries, excluding disposal groups, net of cash deconsolidated	-	21	86
Payments for life investment contracts and other unit holder assets	(7,245)	(3,465)	(3,566)
Proceeds from the disposal of life investment contracts and other unit holder assets	4,022	2,660	3,377
Payments for property, plant and equipment	(126)	(124)	(40)
Proceeds from the disposal of property, plant and equipment	34	52	-
Net cash flows used in investing activities	(3,599)	(1,223)	(5,157)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	114	70	1,019
Proceeds from other minority interests	14	56	6
Repayment of subordinated debt	(225)	(225)	-
Issue of convertible preference securities	600	-	-
Payment of issue costs on convertible preference securities	(9)	-	-
Dividends and distributions paid	(436)	(328)	(340)
Net cash flows from/(used in) financing activities	58	(427)	685
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	20,815	10,329	2,160
Cash and cash equivalents at the end of the period	25,653	10,486	8,326
19	25,653	10,486	10,486

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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Notes to the consolidated financial statements 30 September 2008

1. Basis of preparation

This general purpose financial report for the half-year reporting period ended 30 September 2008 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *the Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*.

This half-year financial report comprises the consolidated financial report of Macquarie Group Limited ("MGL") and the entities it controlled at the end of, or during, the period (together, "the consolidated entity").

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 March 2008 and any public announcements made by MGL during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated entity is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100 (as amended), relating to the rounding off of amounts in the financial report for a financial year or half-year. Amounts in the Directors' report and the half-year financial report have been rounded in accordance with that Class Order to the nearest million dollars unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report of MGL for the year ended 31 March 2008. Certain comparatives have been restated for consistency in presentation at 30 September 2008.

MACQUARIE GROUP LIMITED

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Notes to the consolidated financial statements continued 30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
2. Profit for the period			
Net interest income			
Interest and similar income received/receivable	3,594	3,512	3,186
Interest expense and similar charges paid/payable	(3,074)	(3,218)	(2,663)
Net interest income	520	294	523
Fee and commission income			
Fee and commission income	2,138	2,152	2,458
Income from life insurance business and other unit holder businesses	17	15	20
Total fee and commission income	2,155	2,167	2,478
Net trading income			
Equities	363	574	593
Commodities	178	262	132
Foreign exchange products	134	154	101
Interest rate products	47	2	17
Total net trading income	722	992	843
Share of net profits of associates and joint ventures using the equity method			
	118	62	94
Other operating income and charges			
Net gains on disposal of investment securities available for sale	125	74	49
Impairment charge on investment securities available for sale	(138)	(88)	(32)
Net gains on disposal of associates (including associates held for sale) and joint ventures	63	139	421
Impairment charge on associates (including associates held for sale) and joint ventures	(546)	(298)	(2)
Net operating income/(loss) from disposal groups held for sale	20	(25)	(3)
Impairment charge on disposal group held for sale ⁽¹⁾	(197)	-	-
Gain on deconsolidation of subsidiaries and businesses held for sale	60	76	217
Dividends/distributions received/receivable			
- investment securities available for sale	37	52	39
Write back of/(provision for) collective allowance for credit losses during the period (note 9)	5	(24)	(13)
Specific provisions:			
- loans provided for during the period (note 9)	(135)	(65)	(20)
- other fees provided for during the period	(21)	-	-
- recovery of loans previously provided for (note 9)	4	7	28
- loan losses written-off	(17)	(19)	(8)
- recovery of loans previously written-off	3	2	4
Other income ⁽²⁾	192	192	92
Total other operating income and charges	(545)	23	772
Net operating income	2,970	3,538	4,710

⁽¹⁾ Impairment charge arising from the reclassification of the Italian mortgages business as a disposal group held for sale, therefore measured at the lesser of cost and fair value less disposal costs. Including the impairment, the business incurred an operating loss of \$238 million for the period.

⁽²⁾ Included in other income is rental income of \$208 million (half-year to 31 March 2008: \$192 million; half-year to 30 September 2007: \$90 million) less depreciation of \$134 million (half-year to 31 March 2008: \$125 million; half-year to 30 September 2007: \$54 million) in relation to operating leases where the consolidated entity is lessor.

MACQUARIE GROUP LIMITED*and its subsidiaries***Notes to the consolidated financial statements continued****30 September 2008**

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
2. Profit for the period continued			
Employment expenses			
Salary, salary related costs including commissions, superannuation and performance-related profit share	(1,099)	(1,544)	(2,176)
Share based payments	(64)	(64)	(62)
Provision for annual leave	(20)	(7)	(14)
Provision for long service leave	(7)	(5)	(6)
Total compensation expenses	(1,190)	(1,620)	(2,258)
Other employment expenses including on-costs, staff procurement and staff training	(75)	(137)	(162)
Total employment expenses	(1,265)	(1,757)	(2,420)
Brokerage and commission expenses			
Brokerage expenses	(239)	(319)	(242)
Other fee and commission expenses	(72)	(70)	(71)
Total brokerage and commission expenses	(311)	(389)	(313)
Occupancy expenses			
Operating lease rentals	(91)	(74)	(78)
Depreciation: infrastructure, furniture, fittings and leasehold improvements	(34)	(35)	(25)
Other occupancy expenses	(27)	(34)	(18)
Total occupancy expenses	(152)	(143)	(121)
Non-salary technology expenses			
Information services	(52)	(44)	(38)
Depreciation: computer equipment and software	(20)	(30)	(23)
Other non-salary technology expenses	(39)	(40)	(39)
Total non-salary technology expenses	(111)	(114)	(100)
Other operating expenses			
Professional fees	(123)	(121)	(107)
Auditors' remuneration	(11)	(8)	(10)
Travel and entertainment expenses	(102)	(111)	(89)
Advertising and promotional expenses	(21)	(28)	(18)
Communication expenses	(22)	(22)	(18)
Depreciation: communication equipment	(4)	(4)	(3)
Other expenses	(121)	(9)	(138)
Total other operating expenses	(404)	(303)	(383)
Total operating expenses	(2,243)	(2,706)	(3,337)

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Notes to the consolidated financial statements continued 30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
3. Revenue from operating activities			
Interest and similar income	3,594	3,512	3,186
Fee and commission income	2,138	2,152	2,458
Premium income, investment revenue/(expense) and management fees from life investment contracts and other unit holder businesses	87	(60)	271
Net trading income	722	992	843
Net gains on sale of investment securities available for sale and associates and joint ventures	188	213	470
Other income (excluding net gains on sale of investment securities available for sale and associates and joint ventures)	427	357	439
Total revenue from operating activities	7,156	7,166	7,667

4. Segment reporting

(i) Operating segments

For internal reporting and risk management purposes, the consolidated entity is divided into six operating groups and a corporate group (the "Groups"). These Groups have been set up based on the differences in core products and services offered:

- **Macquarie Funds Group** is a full service fund manager offering a diverse range of products including managed funds across a wide range of asset classes, funds-based structured products, hedge funds, funds of funds and responsible entity and back-office services;
- **Banking and Financial Services Group** is the primary relationship manager for Macquarie's retail clients, providing wealth management and banking products and services to intermediaries, small business and direct investors;
- **Real Estate Group** encompasses real estate fund and asset management, investment and development finance, unlisted equity raising, real estate investment banking and advisory, development and development management, real estate securitisation and research;
- **Treasury and Commodities Group** activities include trading and related activities in a broad range of financial and commodity markets. Activities range across foreign exchange, debt and futures, as well as agriculture, energy and metals commodities;
- **Macquarie Securities Group** offers equity-linked investments, trading products and risk management services, equity finance, arbitrage trading and synthetic products as well as a full service institutional cash equities broker in the Asia Pacific region and specialised in the rest of the world;
- **Macquarie Capital** includes the consolidated entity's wholesale structuring, underwriting, corporate advisory, infrastructure and specialist funds, private equity, and specialised equipment financing capabilities; and
- **Corporate** includes the Group Treasury division, head office and central support functions. Costs within Corporate include unallocated head office costs, employment related costs, earnings on capital, non trading derivative volatility, income tax expense and expenses attributable to minority interests. Corporate is not considered an operating Group.

Any transfers between segments are determined on an arms-length basis and eliminate on consolidation.

Segment information has been prepared in conformity with the consolidated entity's segment accounting policy. The operating segments of the consolidated entity have changed during the period ended 30 September 2008. In accordance with AASB 8 *Operating Segments*, comparative information has been restated to reflect current reportable operating segments.

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Notes to the consolidated financial statements continued

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4. Segment reporting continued

(i) Operating segments continued

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the period:

Half-year to 30 September 2008	Macquarie Funds Group \$m	Banking & Financial Services Group \$m	Real Estate Group \$m	Treasury & Commodities Group \$m	Macquarie Securities Group \$m	Macquarie Capital \$m	Corporate \$m	Total \$m
Revenues from external customers	295	1,994	139	921	1,198	1,783	688	7,018
Inter-segmental (expense)/revenue ⁽¹⁾	(10)	(281)	(75)	(38)	(75)	(263)	742	-
Interest revenue	100	1,604	67	438	362	382	641	3,594
Interest expense	(32)	(1,160)	(4)	(379)	(173)	(150)	(1,176)	(3,074)
Depreciation and amortisation	(1)	(2)	(2)	(4)	(6)	(146)	(34)	(195)
Share of net profits/(losses) of associates and joint ventures using the equity method	5	(3)	45	8	3	56	4	118
Net operating (loss)/income from disposal groups held for sale	-	-	-	(1)	-	21	-	20
Reportable segment profit	35	(174)	(132)	285	443	348	(201)	604
Reportable segment assets	10,848	38,890	3,621	37,480	35,546	16,900	24,150	167,435
Half-year to 31 March 2008								
Revenues from external customers	224	1,918	227	1,046	1,366	1,711	637	7,129
Inter-segmental (expense)/revenue ⁽¹⁾	(75)	(232)	(83)	(86)	145	(251)	582	-
Interest revenue	40	1,494	110	426	467	366	609	3,512
Interest expense	(5)	(1,096)	(8)	(362)	(453)	(123)	(1,171)	(3,218)
Depreciation and amortisation	(1)	(12)	(1)	(4)	(6)	(132)	(31)	(187)
Share of net (losses)/profits of associates and joint ventures using the equity method	(1)	(4)	67	23	4	(14)	(13)	62
Net operating loss from disposal groups held for sale	-	-	-	-	-	(25)	-	(25)
Reportable segment profit	98	90	(205)	321	512	741	(814)	743
Reportable segment assets	10,777	41,192	3,748	38,521	38,304	17,078	17,630	167,250

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4. Segment reporting continued

(i) Operating segments continued

Half-year to 30 September 2007	Macquarie Funds Group \$m	Banking & Financial Services Group \$m	Real Estate Group \$m	Treasury & Commodities Group \$m	Macquarie Securities Group \$m	Macquarie Capital \$m	Corporate \$m	Total \$m
Revenues from external customers	641	1,675	286	896	1,751	2,253	74	7,576
Inter-segmental (expense)/revenue ⁽¹⁾	(31)	(292)	(83)	(116)	(285)	(208)	1,015	-
Interest revenue	95	1,257	93	469	766	355	151	3,186
Interest expense	(5)	(794)	(7)	(333)	(363)	(102)	(1,059)	(2,663)
Depreciation and amortisation	-	(8)	(1)	(4)	(5)	(61)	(27)	(106)
Share of net profits/(losses) of associates and joint ventures using the equity method	4	(4)	40	7	3	41	3	94
Net operating loss from disposal groups held for sale	-	-	-	-	-	(3)	-	(3)
Reportable segment profit	209	147	124	281	705	1,558	(1,964)	1,060
Reportable segment assets	10,022	40,281	3,947	27,910	41,539	15,273	13,486	152,458

⁽¹⁾ Reporting systems do not enable the separation of intersegmental revenues and expenses. These are netted off and the net position is disclosed above.

(ii) Products and services

For the purposes of preparing a segment report based on products and services, the activities of the consolidated entity have been divided into four areas:

Asset and Wealth Management: distribution and manufacture of funds management products;

Financial Markets: trading in fixed income, equities, currency, commodities and derivative products;

Capital Markets: corporate and structured finance, advisory, underwriting, facilitation, broking and real estate/property development; and

Lending: banking activities, mortgages, margin lending and leasing.

	Asset and Wealth Management \$m	Financial Markets \$m	Capital Markets \$m	Lending \$m	Total \$m
Half-year to 30 September 2008					
Revenues from external customers	1,113	2,379	1,200	2,326	7,018
Half-year to 31 March 2008					
Revenues from external customers	1,020	2,705	1,111	2,293	7,129
Half-year to 30 September 2007					
Revenues from external customers	1,739	1,920	2,460	1,457	7,576

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Notes to the consolidated financial statements continued 30 September 2008

4. Segment reporting continued

(iii) Geographical areas

Geographical segments have been determined based upon where the transactions have been recorded. The operations of the consolidated entity are headquartered in Australia.

	Revenues	Non-current assets ⁽²⁾
	\$m	\$m
30 September 2008		
Australia	4,638	224
Asia Pacific	553	87
Europe	823	62
North America	913	622
Other	91	4
TOTAL	7,018	999
31 March 2008		
Australia	4,188	182
Asia Pacific	1,054	81
Europe	1,166	55
North America	721	550
Other	-	1
TOTAL	7,129	869
30 September 2007		
Australia	4,497	99
Asia Pacific	1,230	30
Europe	1,018	146
North America	789	76
Other	42	27
TOTAL	7,576	378

⁽²⁾ Non-current assets consist of intangible assets and property, plant and equipment.

(iv) Major customers

Macquarie Group Limited does not rely on any major customer.

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Notes to the consolidated financial statements continued 30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
5. Income tax expense			
(i) Reconciliation of income tax expense to prima facie tax payable			
Prima facie income tax expense on operating profit ⁽¹⁾	(218)	(250)	(412)
Tax effect of amounts which are non-assessable/(non-deductible) in calculating taxable income:			
Rate differential on offshore income	118	156	147
Distribution provided on Macquarie Income Preferred Securities and similar distributions	7	7	8
Share based payments expense	(19)	(19)	(19)
Other items	33	62	3
Total income tax expense	(79)	(44)	(273)
(ii) Amounts recognised directly in equity			
Aggregate deferred tax arising in the period and not recognised in profit or loss but recognised directly in equity:			
Net deferred tax – (credited)/debited directly in equity	(64)	(26)	28
Total	(64)	(26)	28

⁽¹⁾ Prima facie income tax on operating profit is calculated at the rate of 30 per cent (half-year to 31 March 2008: 30 per cent; half-year to 30 September 2007: 30 per cent). The Australian tax consolidated group has a tax year ending on 30 September.

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Notes to the consolidated financial statements continued

30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
6. Dividends paid and distributions paid or provided			
(i) Dividends paid			
Ordinary share capital			
Interim dividend paid (half-year to 31 March 2008: \$1.45 per share*)	-	398	-
Final dividend paid (\$2.00* per share; half-year to 30 September 2007: \$1.90 per share)	552	-	482
Total dividends paid (note 18)	552	398	482

* Dividend paid by the consolidated entity includes \$3 million (half-year to 31 March 2008: \$3 million; half-year to 30 September 2007: \$nil) of dividends paid to holders of the exchangeable shares as described in Note 17 - Contributed equity.

All dividends were 100 per cent franked at the 30 per cent corporate tax rate.

	Dividend per ordinary share		
Cash dividends per ordinary share (distribution of current year profits)	\$1.45	\$2.00	\$1.45

(ii) Dividends not recognised at the end of the period

Since the end of the period, the Directors have resolved to pay an interim dividend for the half-year ended 30 September 2008 of \$1.45 per the number of fully paid ordinary Macquarie Group Limited shares on issue on 28 November 2008. The dividend will be 80 per cent franked at the 30 per cent corporate tax rate.

(iii) Distributions paid or provided

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Macquarie Income Preferred Securities			
Distributions paid (net of distributions previously provided)	1	2	3
Distributions provided	22	22	23
Total distributions paid or provided	23	24	26

The Macquarie Income Preferred Securities ("MIPS") represent the minority interests of a subsidiary. Accordingly, the distributions paid/provided in respect of the Macquarie Income Preferred Securities are recorded as movements in minority interests, as disclosed in Note 18 - Reserves, retained earnings and minority interests. Macquarie Bank Limited ("MBL"), a subsidiary, can redirect the payments of distributions under the convertible debentures to be paid to itself. For each debenture 500 MBL preference shares may be substituted at MBL's discretion at any time, in certain circumstances (to meet capital requirements), or on maturity. Refer to Note 18 for further details on these instruments.

Macquarie Income Securities

Distributions paid (net of distributions previously provided)	11	11	9
Distributions provided	8	7	7
Total distributions paid or provided	19	18	16

The Macquarie Income Securities ("MIS") represent the minority interests of a subsidiary. Accordingly, the distributions paid/provided in respect of the Macquarie Income Securities are recorded as movements in minority interests, as disclosed in Note 18 - Reserves, retained earnings and minority interests. No dividends are payable under the preference shares until MBL exercises its option to receive future payments of interest and principal under the other stapled security. Upon exercise, dividends are payable at the same rate, and subject to similar conditions, as the MIS. Dividends are also subject to MBL Directors' discretion. Refer to Note 18 - Reserves, retained earnings and minority interests for further details on these instruments.

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Notes to the consolidated financial statements continued 30 September 2008

	Half-year to 30 Sep 2008	Half-year to 31 Mar 2008	Half-year to 30 Sep 2007
7. Earnings per share			
	Cents per share	Cents per share	Cents per share
Basic earnings per share	216.6	271.3	401.8
Diluted earnings per share	215.2	267.1	387.5
	\$m	\$m	\$m
Reconciliation of earnings used in the calculation of basic and diluted earnings per share			
Profit from ordinary activities after income tax	648	788	1,100
Profit attributable to minority interests:			
Macquarie Income Preferred Securities	(23)	(24)	(26)
Macquarie Income Securities	(19)	(18)	(16)
Other minority interests	(2)	(3)	2
Total earnings used in the calculation of basic and diluted earnings per share	604	743	1,060

	Number of shares	Number of shares	Number of shares
Total weighted average number of ordinary shares used in the calculation of basic earnings per share	278,902,477	273,914,165	263,798,808
Weighted average number of ordinary shares used in the calculation of diluted earnings per share			
Weighted average fully paid ordinary shares	278,902,477	273,914,165	263,798,808
Potential ordinary shares:			
Weighted average options	1,803,243	4,257,654	9,756,591
Total weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	280,705,720	278,171,819	273,555,399

Options

Options granted to employees under the Employee Option Plan are considered to be potential ordinary shares and have been included in the calculation of diluted earnings per share to the extent to which they are dilutive. The issue price, which is equivalent to the fair value of the options granted, and exercise price used in this assessment incorporate both the amounts recognised as an expense up to the balance sheet date as well as the fair value of options yet to be recognised as an expense in the future.

Included in the balance of weighted average options are 731,436 (31 March 2008: 384,314; 30 September 2007: 2,072,876) options that were converted, lapsed or cancelled during the period. There are a further 51,948,491 (31 March 2008: 1,115,400; 30 September 2007: 12,475,125) options that have not been included in the balance of weighted average options on the basis that their adjusted exercise price was greater than the average market price of the Company's fully paid ordinary shares for the half-year ended 30 September 2008 and consequently, they are not considered to be dilutive.

On 13 November 2007, the date of the restructure of the Macquarie group, all MBL options were cancelled and reissued by MGL, the new ultimate parent entity. This action has had no financial impact on the consolidated entity as the MGL options were issued with the same terms, conditions and vesting dates as the original MBL options.

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	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
8. Trading portfolio assets			
Trading securities			
Equities			
Listed	9,738	8,723	9,344
Unlisted	3,086	3,379	2,864
Corporate bonds	912	734	1,043
Commonwealth government bonds	765	807	76
Foreign government bonds	740	256	-
Promissory notes	605	1,303	2,664
Other government securities	598	258	293
Certificates of deposit	365	198	239
Bank bills	95	45	86
Total trading securities	16,904	15,703	16,609
Other trading assets			
Commodities	155	104	84
Total other trading assets	155	104	84
Total trading portfolio assets	17,059	15,807	16,693
9. Loan assets held at amortised cost			
Due from clearing houses	1,952	1,558	2,066
Due from governments⁽¹⁾	441	219	152
Due from other entities			
Other loans and advances ⁽²⁾	49,757	50,869	47,860
Less specific provisions for impairment	(236)	(111)	(63)
Total due from other entities	49,521	50,758	47,797
Total gross loan assets	51,914	52,535	50,015
Less collective allowance for credit losses	(131)	(128)	(104)
Total loan assets held at amortised cost⁽³⁾	51,783	52,407	49,911

(1) Governments include federal, state and local governments and related enterprises in Australia.

(2) Included within this balance are \$1,944 million of loan assets relating to the Italy mortgages business which are held for sale at 30 September 2008.

(3) Included within this balance are amounts of \$22,957 million (31 March 2008: \$24,078 million; 30 September 2007: \$24,684 million) held by consolidated SPEs which are available as security to noteholders and debt providers.

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Specific provisions for impairment			
Balance at the beginning of the period	111	63	71
Provided for during the period (note 2)	135	65	20
Loan assets written off, previously provided for	(13)	(9)	-
Recovery of loans previously provided for (note 2)	(4)	(7)	(28)
Attributable to foreign currency translation	7	(1)	-
Balance at the end of the period	236	111	63
Specific provisions as a percentage of total gross loan assets	0.45%	0.21%	0.13%

Specific provisions for impairment relate to doubtful loan assets that have been identified.

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Notes to the consolidated financial statements continued

30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
9. Loan assets held at amortised cost continued			
Collective allowance for credit losses			
Balance at the beginning of the period	128	104	91
(Written back)/provided for during the period (note 2)	(5)	24	13
Attributable to acquisitions during the period	8	-	-
Balance at the end of the period	131	128	104

The collective allowance for credit losses is intended to cover losses inherent in the existing overall credit portfolio which are not yet specifically identifiable.

10. Impaired assets

	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
Impaired debt investment securities available for sale with specific provisions for impairment	304	264	11
Less specific provisions for impairment	(114)	(56)	(8)
Impaired loan assets and other financial assets with specific provisions for impairment	672	285	217
Less specific provisions for impairment	(270)	(120)	(71)
Net impaired assets	592	373	149

Impaired assets have been reported in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* and include loan assets and impaired items in respect of derivative financial instruments and unrecognised contingent commitments.

11. Investment securities available for sale

Equity securities			
Listed	447	736	747
Unlisted	353	338	272
Debt securities ⁽¹⁾⁽²⁾	17,225	15,380	11,073
Total investment securities available for sale	18,025	16,454	12,092

⁽¹⁾ Included within this balance are debt securities of \$377 million (31 March 2008: \$412 million; 30 September 2007: \$422 million) which are recognised as a result of total return swaps. The consolidated entity does not have legal title to these assets but has full economic exposure to them.

⁽²⁾ Includes \$15,081 million (31 March 2008: \$13,213 million; 30 September 2007: \$8,953 million) of Negotiable Certificates of Deposit due from financial institutions and \$1,087 million (31 March 2008: \$368 million; 30 September 2007: \$186 million) of bank bills.

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	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
12. Interests in associates and joint ventures using the equity method			
Loans and investments without provisions for impairment	4,531	5,039	4,702
Loans and investments with provisions for impairment	2,187	766	89
Less provisions for impairment ⁽¹⁾	(797)	(305)	(7)
Loans and investments at recoverable amount	1,390	461	82
Total interests in associates and joint ventures using the equity method	5,921	5,500	4,784

⁽¹⁾ The investments in Macquarie Communications Infrastructure Group, Macquarie CountryWide Trust, Macquarie Infrastructure Company, Macquarie International Infrastructure Fund Limited, Macquarie Media Group, and Macquarie Office Trust have been written down to their recoverable amounts, which is based on publicly quoted market prices at 30 September 2008 as an estimate of their fair values.

Summarised information of interests in material associates and joint ventures is as follows:

Name of entity	Country of incorporation	Reporting date	Ownership interest		
			As at 30 Sep 2008 %	As at 31 Mar 2008 %	As at 30 Sep 2007 %
Diversified CMBS Investments Inc. ^{(c)(1)}	USA	31 March	57	57	57
Euro Gaming Limited ^(e)	UK	31 December	-	-	50
European Directories SA ^{(d)(2)}	Luxembourg	31 December	14	13	13
Macquarie AirFinance Limited ^(a)	Bermuda	31 December	34	34	34
Macquarie Airports ^{(a)(3)}	Australia	31 December	21	21	19
Macquarie Capital Alliance Group ^{(c)(3)(4)}	Australia	30 June	-	18	17
Macquarie Communications Infrastructure Group ^{(a)(3)}	Australia	30 June	18	17	17
Macquarie CountryWide Trust ^{(b)(3)}	Australia	30 June	10	10	10
Macquarie Diversified Treasury (AA) Fund ^{(c)(3)}	Australia	30 June	19	19	18
Macquarie Energy Holdings LLC ^(f)	USA	31 December	49	-	-
Macquarie European Infrastructure Fund LP ^{(a)(3)}	UK	31 March	5	5	5
Macquarie Goodman Japan Limited ^{(b)(5)}	Singapore	31 March	50	50	50
Macquarie Infrastructure Group ^{(a)(3)}	Australia	30 June	13	8	2
Macquarie Prime REIT ^{(b)(6)}	Singapore	31 December	-	26	26
Macquarie Media Group ^{(e)(2)}	Australia	30 June	22	22	20
Macquarie Office Trust ^{(b)(3)}	Australia	30 June	7	7	7
MAIP International Holdings Ltd ^{(a)(4)}	Bermuda	31 December	25	-	-
Redford Australian Investment Trust ^(a)	Australia	30 June	27	27	27

⁽¹⁾ Voting rights for this investment are not proportional to the ownership interest. The consolidated entity has joint control because neither the consolidated entity nor its joint investor has control in their own right.

⁽²⁾ Significant influence arises due to the consolidated entity's voting power and board representation.

⁽³⁾ The consolidated entity has significant influence due to its fiduciary relationship as manager of these entities.

⁽⁴⁾ Macquarie Capital Alliance Group was delisted from the ASX and was incorporated into a new unlisted fund, MAIP International Holdings Ltd during the period ended 30 September 2008.

⁽⁵⁾ The reporting date of Macquarie Goodman Japan Limited has been changed from 30 June to 31 March effective 14 May 2008.

⁽⁶⁾ Macquarie Prime REIT has been classified as associates held for sale as at 30 September 2008.

^(a) Infrastructure

^(b) Property development / management entity

^(c) Funds management and investing

^(d) Directories business

^(e) Media, television, gaming and internet investments

^(f) Oil and gas services

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	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
13. Non-current assets and disposal groups classified as held for sale			
Assets of disposal groups classified as held for sale ⁽¹⁾	266	311	410
Associates ⁽²⁾	606	582	425
Other non-current assets	55	74	-
Total non-current assets and assets of disposal groups classified as held for sale⁽¹⁾	927	967	835
Total liabilities of disposal groups classified as held for sale⁽¹⁾	153	215	272

- (1) The balance as at 30 September 2008 represents Taurus Aerospace Group Inc.
The balance as at 31 March 2008 consists of Taurus Aerospace Group Inc. and Longview Oil and Gas.
The balance as at 30 September 2007 consists of America's Water Heater Rentals, Express Offshore Transport, Longview Oil & Gas, Windkraft Holleben 1 GMBH & Co KG and Windpark Bippen Grunstucks GMBH & Co KG.
- (2) The balance as at 30 September 2008 includes a provision for impairment of \$54 million.

All of the above non-current assets and assets/liabilities of disposal groups classified as held for sale are expected to be disposed of by way of sale to a Macquarie managed fund, trade sale or sale to other investors within twelve months of being classified as held for sale, unless events or circumstances occur that are beyond the control of the consolidated entity.

Summarised information of material associates and joint ventures classified as held for sale is as follows:

Name of entity	Country of incorporation	Reporting date	Ownership interest		
			As at 30 Sep 2008 %	As at 31 Mar 2008 %	As at 30 Sep 2007 %
International Infrastructure Holdings Limited ^{(c)(1)}	Australia	31 December	-	25	50
Macquarie Infrastructure Partners A ^(c)	USA	31 December	-	-	13
Macquarie Infrastructure Partners B ^(c)	USA	31 December	-	-	13
Macquarie Prime REIT ^(f)	Singapore	31 December	26	-	-
Macquarie New York Parking 2 LLC ^{(d)(1)}	USA	31 December	-	7	-
MEO Holdings Limited ^{(a)(2)}	Bermuda	30 June	59	59	-
New World Gaming Partners Limited ^(b)	Canada	31 December	31	50	-
Retirement Villages Group ^{(e)(1)}	Australia	30 June	-	10	48

All associates and joint ventures classified as held for sale are unlisted companies.

Voting power is equivalent to ownership interest unless otherwise stated.

- (1) The consolidated entity's interest in these entities were reclassified from held for sale to interests in associates and joint ventures during the period.
- (2) The consolidated entity has joint control because neither the consolidated entity nor its joint investor has control in their own right.

- (a) Offshore marine support operations
(b) Gambling infrastructure
(c) Infrastructure
(d) Retail parking stations
(e) Retirement homes
(f) Property development / management entity

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	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
14. Trading portfolio liabilities			
Equity securities			
Listed	7,642	6,858	8,007
Unlisted	1,093	746	808
Commonwealth government securities	2,088	4,053	789
Other government securities	201	154	241
Corporate securities	55	14	30
Total trading portfolio liabilities	11,079	11,825	9,875

15. Debt issued at amortised cost

Debt issued at amortised cost ⁽¹⁾	52,485	57,115	55,304
Total debt issued at amortised cost	52,485	57,115	55,304

⁽¹⁾ Included in this balance are amounts payable to SPE noteholders of \$22,538 million (31 March 2008: \$23,958 million; 30 September 2007: \$24,427 million).

16. Other financial liabilities at fair value through profit or loss

Debt issued at fair value	161	254	698
Equity linked notes	6,102	6,034	5,046
Total other financial liabilities at fair value through profit or loss	6,263	6,288	5,744

Reconciliation of debt issued at amortised cost and other financial liabilities at fair value through profit or loss by major currency:

Australian dollars	37,747	42,143	39,012
Euro	6,574	5,170	5,449
United States dollars	5,173	7,730	10,215
Canadian dollars	3,240	2,547	698
Great British pounds	2,762	2,133	1,846
Japanese yen	1,113	1,624	974
Hong Kong dollars	813	896	1,462
Singapore dollars	743	621	215
Turkish lira	-	-	663
Other currencies	583	539	514
Total by currency	58,748	63,403	61,048

The consolidated entity's primary sources of domestic and international debt funding are its multi-currency, multi-jurisdictional Debt Instrument Program and domestic negotiable certificate of deposit issuances. Securities can be issued for terms varying from one day to 30 years.

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Notes to the consolidated financial statements continued 30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
17. Contributed equity			
Ordinary share capital			
Opening balance of 274,570,840 (1 October 2007: 271,086,657; 1 April 2007: 253,941,205) fully paid ordinary shares	4,534	4,336	3,103
Issue of 8,620,690 ordinary shares on 21 May 2007 at \$87.00 per share	-	-	745
On-market purchase of 313,615 shares pursuant to the Macquarie Bank Staff Share Acquisition Plan ("MBSSAP") and Non-Executive Directors Share Acquisition Plan ("NEDSAP") at \$88.67 per share	-	-	(28)
Allocation of 313,615 shares to employees pursuant to the MBSSAP and NEDSAP at \$88.67 per share	-	-	28
On-market purchase of 12,664 shares pursuant to the Macquarie Group Staff Share Acquisition Plan ("MGSSAP") and NEDSAP at \$75.99 per share	-	(1)	-
Allocation of 12,664 shares to employees pursuant to the MGSSAP and NEDSAP at \$75.99 per share	-	1	-
On-market purchase of 20,919 shares pursuant to the MGSSAP at \$47.52 per share	(1)	-	-
Allocation of 20,919 shares to employees pursuant to the MGSSAP at \$47.52 per share	1	-	-
On-market purchase of 138,246 shares pursuant to the NEDSAP at \$50.96 per share	(7)	-	-
Allocation of 138,246 shares to employees pursuant to the NEDSAP at \$50.96 per share	7	-	-
Issue of 603,028 shares on 2 July 2008 pursuant to the MGSSAP at \$56.40 per share	34	-	-
Issue of 2,631,709 shares (31 March 2008: 1,794,695; 30 September 2007: 5,466,294) on exercise of options	80	68	195
Issue of 912,076 shares on 25 June 2007 pursuant to the Share Purchase Plan at \$87.00 per share	-	-	79
Issue of 24,290 shares on 11 January 2008 pursuant to the Employee Share Plan at \$70.39 per share	-	2	-
Issue of 2,146,392 shares on 4 July 2007 pursuant to the Dividend Reinvestment Plan ("DRP") at \$86.44 per share	-	-	185
Issue of 1,665,095 shares on 30 January 2008 pursuant to the DRP at \$68.38 per share	-	114	-
Issue of 103 shares on 22 February 2008 pursuant to the DRP at \$68.38 per share	-	-	-
Issue of 3,077,178 shares on 4 July 2008 pursuant to the DRP at \$50.95 per share	157	-	-
Issue of 133,613 shares on retraction of exchangeable shares at \$80.30 per share	11	-	-
Transfer from share based payments reserve for expensed options that have been exercised	16	14	29
Closing balance of 281,016,368 (31 March 2008: 274,570,840; 30 September 2007: 271,086,657) fully paid ordinary shares	4,832	4,534	4,336

MACQUARIE GROUP LIMITED

and its subsidiaries

Notes to the consolidated financial statements continued 30 September 2008

	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
17. Contributed equity continued			
Treasury shares			
Treasury shares	(2)	(12)	(10)
Total treasury shares	(2)	(12)	(10)
Exchangeable shares			
Exchangeable to shares in Macquarie Group Limited on a 1:1 basis (note 21)	122	133	-
Total exchangeable shares	122	133	-

Exchangeable shares were issued by a subsidiary in November 2007 as consideration for the acquisition of Orion Financial Inc and are classified as equity in accordance with AASB 132 *Financial Instruments: Presentation*. They are eligible to be exchanged 1:1 for shares in Macquarie Group Limited (subject to staff trading restrictions) or cash at MGL's discretion and will pay dividends equal to Macquarie Group Limited dividends during their legal life. The exchangeable shares will expire in November 2017 and carry no Macquarie Group Limited voting rights.

MACQUARIE GROUP LIMITED*and its subsidiaries***Notes to the consolidated financial statements continued****30 September 2008**

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
18. Reserves, retained earnings and minority interests			
Reserves			
Foreign currency translation reserve			
Balance at the beginning of the period	(19)	5	1
Currency translation differences arising during the period, net of hedge	2	(24)	4
Balance at the end of the period	(17)	(19)	5
Available for sale reserve			
Balance at the beginning of the period	223	291	228
Revaluation movement for the period, net of tax	(81)	(37)	70
Transfer to income statement for impairment	18	-	-
Transfer to profit on realisation	(98)	(31)	(7)
Balance at the end of the period	62	223	291
Share-based payments reserve			
Balance at the beginning of the period	227	177	144
Share based payments expense for the period	64	64	62
Transfer to share capital on exercise of expensed options	(16)	(14)	(29)
Balance at the end of the period	275	227	177
Cash flow hedging reserve			
Balance at the beginning of the period	34	31	10
Revaluation movement for the period, net of tax	(72)	3	21
Balance at the end of the period	(38)	34	31
Share of reserves of interests in associates and joint ventures using the equity method			
Balance at the beginning of the period	(9)	9	(3)
Share of reserves during the period	10	(18)	12
Balance at the end of the period	1	(9)	9
Total reserves at the end of the period	283	456	513
Retained earnings			
Balance at the beginning of the period	3,718	3,373	2,795
Profit attributable to equity holders of Macquarie Group Limited	604	743	1,060
Dividends paid on ordinary share capital (note 6)	(552)	(398)	(482)
Balance at the end of the period	3,770	3,718	3,373

MACQUARIE GROUP LIMITED

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Notes to the consolidated financial statements continued 30 September 2008

	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
18. Reserves, retained earnings and minority interests continued			
Minority interests			
Macquarie Income Preferred Securities ⁽¹⁾			
Proceeds on issue of Macquarie Income Preferred Securities	894	894	894
Issue costs	(10)	(10)	(10)
	884	884	884
Current period profit	23	24	26
Distribution provided on Macquarie Income Preferred Securities	(23)	(24)	(26)
Foreign currency translation reserve	(104)	(132)	(86)
Total Macquarie Income Preferred Securities	780	752	798
Macquarie Income Securities ⁽²⁾			
4,000,000 Macquarie Income Securities of \$100 each	400	400	400
Less transaction costs for original placement	(9)	(9)	(9)
Total Macquarie Income Securities	391	391	391
Other minority interests			
Ordinary share capital	101	84	4
Preference share capital	5	6	6
Accumulated (losses)/profits	(1)	(1)	4
Total other minority interests	105	89	14
Total minority interests	1,276	1,232	1,203

⁽¹⁾ On 22 September 2004, Macquarie Capital Funding LP, a subsidiary of the consolidated entity, issued £350 million of Macquarie Income Preferred Securities ("MIPS"). MIPS, guaranteed non-cumulative step-up perpetual preferred securities, currently pay a 6.18 per cent (31 March 2008: 6.18 per cent; 30 September 2007: 6.18 per cent) per annum semi-annual non-cumulative fixed rate distribution. They are perpetual securities and have no fixed maturity but may be redeemed on 15 April 2020, at MGL's discretion. If redemption is not elected on this date, the distribution rate will be reset to 2.35 per cent (31 March 2008: 2.35 per cent; 30 September 2007: 2.35 per cent) per annum above the then five-year benchmark sterling gilt rate. MIPS may be redeemed on each fifth anniversary thereafter at MGL's discretion. The first coupon was paid on 15 April 2005. The instruments are reflected in the consolidated entity's financial statements as minority interest, with distribution entitlements being included in minority interest's share of operating profit after income tax.

⁽²⁾ Macquarie Income Securities ("MIS") were issued by MBL, and were listed for trading on the Australian Securities Exchange on 19 October 1999. These instruments became redeemable (in whole or in part) at MBL's discretion on 19 November 2004. Interest is paid quarterly at a floating rate of BBSW plus 1.7 per cent (31 March 2008: 1.7 per cent; 30 September 2007: 1.7 per cent) per annum. Payment of interest to holders is subject to certain conditions, including the profitability of MBL. These instruments are perpetual with no conversion rights.

MIS are classified as equity in accordance with AASB 132: Financial Instruments: Presentation and reflected in the consolidated entity's financial statements as minority interest, with distribution entitlements being included in minority interests' share of operating profit after income tax.

Distribution policies for these instruments are included in Note 6 to the financial statements.

MACQUARIE GROUP LIMITED

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Notes to the consolidated financial statements continued 30 September 2008

19. Notes to the consolidated cash flow statement

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the period as shown in the consolidated cash flow statement is reconciled to related items in the consolidated balance sheet as follows:

	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
Cash and balances with central banks	225	7	3
Due from other financial institutions			
- due from banks ⁽¹⁾	13,263	10,090	6,871
- trading securities ⁽²⁾	12,165	10,718	3,612
Cash and cash equivalents at the end of the period	25,653	20,815	10,486

⁽¹⁾ Includes cash at bank, overnight cash at bank, other loans to banks and amounts due from clearing houses.

⁽²⁾ Includes certificates of deposit, bank bills and other short-term debt securities.

MACQUARIE GROUP LIMITED

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Notes to the consolidated financial statements continued 30 September 2008

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
19. Notes to the consolidated cash flow statement continued			
Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities			
Profit from ordinary activities after income tax	648	788	1,100
Adjustments to profit from ordinary activities:			
Accretion of interest on investment securities available for sale	(677)	(450)	(98)
Amortisation of intangible assets	6	20	5
Depreciation on assets under operating leases	134	125	54
Depreciation on property, plant and equipment	58	69	51
Dividends received from associates	215	198	117
Fair value changes on investment securities available for sale transferred to profit or loss on realisation	(98)	(31)	(7)
Fair value changes on financial assets and liabilities at fair value through profit or loss	76	27	10
Gain on deconsolidation of subsidiaries and businesses held for sale	(60)	(76)	(217)
Impairment charge on disposal group held for sale	197	-	-
Impairment charge on associates (including associates held for sale) and joint ventures	546	298	2
Impairment charge on investment securities available for sale	138	88	32
Loss/(gain) on disposal of property, plant and equipment	4	(21)	2
Net gains on disposal of associates (including associates held for sale) and joint ventures	(63)	(139)	(421)
Net gains on disposal of investment securities available for sale	(125)	(74)	(49)
Provisions for impairment on loan assets and fee receivables	164	101	13
Share based payments expense	64	64	62
Share of net profits of associates and joint ventures using the equity method	(118)	(62)	(94)
Changes in assets and liabilities:			
Decrease in dividends receivable	10	40	(39)
Decrease/(increase) in fees and non-interest income receivable	2,472	(245)	53
Increase/(decrease) in fees and commissions payable	43	32	(34)
Increase in current tax liabilities	65	30	140
Increase in deferred tax assets	(76)	(31)	(230)
(Decrease)/increase in deferred tax liabilities	(81)	15	28
Decrease/(increase) in interest receivable	186	(220)	(36)
Increase in interest payable	148	68	25
Increase in provisions for employee entitlements	30	10	18
Net loan assets repaid/(granted)	450	(1,434)	(5,241)
(Increase)/decrease in debtors, prepayments, accrued charges and creditors	(2,577)	351	(139)
Decrease in financial instruments, foreign exchange and commodities	8,554	241	5,828
(Decrease)/increase in amounts due to other financial institutions, deposits and other borrowings	(2,678)	11,981	5,003
Decrease in life investment contract receivables	724	216	694
Net cash flows from operating activities	8,379	11,979	6,632

MACQUARIE GROUP LIMITED

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Notes to the consolidated financial statements continued 30 September 2008

	As at 30 Sep 2008 \$m	As at 31 Mar 2008 \$m	As at 30 Sep 2007 \$m
20. Contingent liabilities and assets			
The following details of contingent liabilities and assets exclude derivatives.			
Contingent liabilities exist in respect of:			
Guarantees	225	281	206
Indemnities	8	78	78
Undrawn credit facilities	3,791	4,381	5,610
Undrawn credit facilities – revocable at any time	1,331	1,502	1,560
Other contingent liabilities ⁽¹⁾	2,074	1,201	588
Total contingent liabilities	7,429	7,443	8,042

⁽¹⁾ Other contingent liabilities include letters of credit, commitments certain of drawdown and performance related contingencies. Also included are forward asset purchases where the consolidated entity has entered into conditional agreements to acquire assets and operating businesses with the intention of subsequent disposal. These assets and businesses will be recognised when control passes to the consolidated entity. The total commitment at 30 September 2008 was \$1,869 million (31 March 2008: \$935 million; 30 September 2007: \$459 million).

Contingent liabilities exist in respect of claims and potential claims against the consolidated entity. Where necessary, appropriate provisions have been made in the financial statements. The Directors do not consider that the outcome of any such claims known to exist at the date of the half-year financial report, either individually or in aggregate, are likely to have a material effect on the results of its operations or its financial position.

Of the total contingent liabilities above, \$6,991 million (31 March 2008: \$6,818 million; 30 September 2007: \$7,629 million) also represent contingent assets. Such commitments to provide credit may convert to loans and other assets in the ordinary course of business.

MACQUARIE GROUP LIMITED

and its subsidiaries

Notes to the consolidated financial statements continued

30 September 2008

21. Acquisitions and disposals of subsidiaries

Significant entities acquired or consolidated due to acquisition of control:

(a) Macquarie Securities (Thailand) Limited

On 3 September 2008, a subsidiary of MGL acquired the remaining 51 per cent interest not previously owned of Macquarie Securities (Thailand) Limited, an entity engaged in the business of providing stockbroking services and other equity-related transactions.

Other entities acquired during the period are as follows:

Tension Services Germany GmbH, AOG Inc. and First China Property Group Limited and its subsidiaries.

Aggregate details of the above entities (including disposal groups) acquired or consolidated due to acquisition of control are as follows:

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Fair value of net assets acquired			
Cash, other financial assets and other assets	42	974	24
Goodwill and other intangible assets	15	420	29
Property, plant and equipment and assets under operating leases	1	293	7
Assets of disposal groups classified as held for sale	1	55	231
Payables, provisions, borrowings and other liabilities	(23)	(519)	(31)
Liabilities of disposal groups classified as held for sale	-	(96)	(6)
Minority interest	-	(11)	(4)
Minority interests in disposal groups classified as held for sale	-	(5)	-
Total fair value of net assets acquired	36	1,111	250
Purchase consideration			
Cash consideration and costs directly attributable to acquisition	36	978	250
Deferred consideration (note 17)	-	133	-
Total purchase consideration	36	1,111	250
Net cash outflow			
Cash consideration and costs directly attributable to acquisition	(36)	(978)	(250)
Less cash and cash equivalents acquired	31	102	18
Net cash outflow	(5)	(876)	(232)

The operating results of these entities have not had a material impact on the results of the consolidated entity.

There are no significant differences between the fair value of net assets acquired and their carrying amounts, other than goodwill and other intangible assets as noted above.

The 31 March 2008 and 30 September 2007 comparatives relate to America's Water Heater Rentals LLC, Marine Services Holdings Limited, Orion Financial Inc., CIT Equipment Leasing, OzForex Pty Limited and Greater Peterborough Health Investment Plan, being the significant entities acquired or consolidated due to acquisition of control.

MACQUARIE GROUP LIMITED

and its subsidiaries

Notes to the consolidated financial statements continued 30 September 2008

21. Acquisitions and disposals of subsidiaries continued

Significant entities disposed of or deconsolidated due to loss of control:

(a) Longview Oil and Gas

On 10 April 2008, a subsidiary of MGL disposed of its 100 per cent interest in Longview Oil and Gas.

(b) MQ Japan Market Neutral Fund (Cayman Islands)

On 1 September 2008, a subsidiary of MGL disposed of its 100 per cent interest in MQ Japan Market Neutral Fund (Cayman Islands).

Aggregate details of the above entities disposed of or deconsolidated are as follows:

	Half-year to 30 Sep 2008 \$m	Half-year to 31 Mar 2008 \$m	Half-year to 30 Sep 2007 \$m
Carrying value of assets and liabilities disposed of or deconsolidated			
Cash, other financial assets and other assets	14	623	33
Assets of disposal groups classified as held for sale	80	179	1,112
Property, plant and equipment	-	3	-
Liabilities of disposal groups classified as held for sale	(59)	(114)	(1,067)
Payables, provisions, borrowings and other liabilities	(3)	(585)	(8)
Minority interest	-	-	(9)
Total carrying value of assets and liabilities disposed of or deconsolidated	32	106	61
Net cash inflow			
Cash received	63	191	268
Less:			
Investment retained	-	(47)	-
Cash and cash equivalents disposed of or deconsolidated	(11)	(30)	(35)
Net cash inflow	52	114	233

The 31 March 2008 and 30 September 2007 comparatives relate to Greater Peterborough Health Investment Plan, Emerging Markets Finance Limited, ATM Solutions Australasia Pty Limited and Macquarie IMM Investment Management Co Limited, being the significant entities disposed of or deconsolidated due to loss of control.

22. Events occurring after balance sheet date

Subsequent to balance date there has been a further significant deterioration in equity markets which has impacted the market prices of the consolidated entity's impaired co-investments in listed specialist funds. If the market prices at the date of this report had been used in the consolidated entity's assessment of recoverable amount rather than the 30 September 2008 prices then profit after tax would have been reduced by approximately \$130 million.

There were no other material events subsequent to 30 September 2008 that have not been reflected in the financial statements for the half-year reporting period.

MACQUARIE GROUP LIMITED

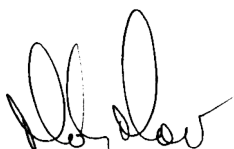
and its subsidiaries

Directors' declaration

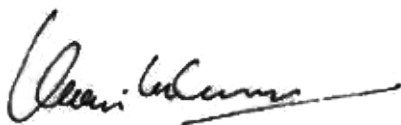
In the Directors' opinion

- (a) the financial statements and notes set out on pages 5 to 33 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2008 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Macquarie Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Nicholas Moore
Managing Director and
Chief Executive Officer



H. Kevin McCann, AM
Non-Executive Director

Sydney
17 November 2008

Independent auditor's review report to the members of Macquarie Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Macquarie Group Limited, which comprises the balance sheet as at 30 September 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Macquarie Group Limited Group (the consolidated entity). The consolidated entity comprises both Macquarie Group Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Macquarie Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

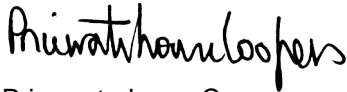
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

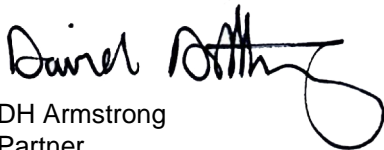
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Macquarie Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



DH Armstrong
Partner

Sydney
17 November 2008

MACQUARIE GROUP LIMITED

and its subsidiaries

TEN YEAR HISTORY

With the exception of 31 March 2005, the financial information presented below has been based on the Australian standards adopted at each balance sheet date. The financial information for the full years ended 31 March 2005-2008 and half-year ended 30 September 2008 is based on the reported results using the Australian Standards that also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

	Years ended 31 March									First Half
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Income statement (\$ million)										
Total income from ordinary activities	1,337	1,649	1,822	2,155	2,823	4,197	4,832	7,181	8,248	2,970
Total expenses from ordinary activities	(1,036)	(1,324)	(1,467)	(1,695)	(2,138)	(3,039)	(3,545)	(5,253)	(6,043)	(2,243)
Operating profit before income tax	301	325	355	460	685	1,158	1,287	1,928	2,205	727
Income tax expense	(79)	(53)	(76)	(96)	(161)	(288)	(290)	(377)	(317)	(79)
Profit for the year	222	272	279	364	524	870	997	1,551	1,888	648
Macquarie Income Preferred Securities distributions	-	-	-	-	-	(28)	(51)	(54)	(50)	(23)
Other minority interests	-	1	-	(3)	(3)	(1)	(1)	(3)	(1)	(2)
Macquarie Income Securities distributions	(12)	(31)	(29)	(28)	(27)	(29)	(29)	(31)	(34)	(19)
Profit attributable to ordinary equity holders	210	242	250	333	494	812	916	1,463	1,803	604
Balance sheet (\$ million)										
Total assets	23,389	27,848	30,234	32,462	43,771	67,980	106,211	136,389	167,250	167,435
Total liabilities	22,154	26,510	27,817	29,877	40,938	63,555	100,874	128,870	157,189	157,154
Net assets	1,235	1,338	2,417	2,585	2,833	4,425	5,337	7,519	10,061	10,281
Total loan assets	6,518	7,785	9,209	9,839	10,777	28,425	34,999	45,796	52,407	51,783
Impaired loan assets (net of provisions)	23	31	49	16	61	42	85	88	165	402
Share information^(a)										
Cash dividends per share (cents per share)										
Interim	34	41	41	41	52	61	90	125	145	145
Final	52	52	52	52	70	100	125	190	200	n/a
Special ^(c)	-	-	-	50	-	40	-	-	-	n/a
Total	86	93	93	143	122	201	215	315	345	n/a
Basic earnings per share (cents per share)										
	124.3	138.9	132.8	164.8	233.0	369.6	400.3	591.6	670.6	216.6
Share price at 30 September (\$) ^(a)										
	26.40	27.63	33.26	24.70	35.80	48.03	64.68	82.75	52.82	37.00
Ordinary share capital (million shares) ^(b)										
	171.2	175.9	198.5	204.5	215.9	223.7	232.4	253.9	274.6	281.0
Market capitalisation at 30 September (fully paid ordinary shares) (\$ million)										
	4,520	4,860	6,602	5,051	7,729	10,744	15,032	21,010	14,503	10,397
Net tangible assets per ordinary share (\$) ^(f)										
	5.80	5.15	7.94	8.23	10.72	13.97	16.63	22.86	28.18	27.24
Ratios										
Return on average ordinary shareholders' funds ^(g)										
	28.1%	27.1%	18.7%	18.0%	22.3%	29.8%	26.0%	28.1%	23.7%	13.9%
Dividend payout ratio										
	70.0%	67.5%	73.6%	87.4% ^(c)	53.2%	53.2%	54.4%	54.3%	52.2%	67.4%
Expense/income ratio										
	77.5%	80.3%	80.5%	78.7%	75.7%	72.4%	73.4%	73.2%	73.3%	75.5%
Impaired loan assets as % of loan assets (excluding securitisation SPVs and segregated futures funds)										
	0.3%	0.4%	0.5%	0.2%	0.5%	0.3%	0.5%	0.4%	0.6%	1.5%
Net loan losses as % of loan assets (excluding securitisation SPVs and segregated futures funds)										
	0.1%	0.1%	0.2%	0.0%	0.3%	0.2%	0.2%	0.1%	0.3%	0.6%
Assets under management (\$ billion)^(d)										
	26.3	30.9	41.3	52.3	62.6	96.7	140.3	197.2	232.0	239.2
Staff numbers ^(e)										
	4,070	4,467	4,726	4,839	5,716	6,556	8,183	10,023	13,107	13,898

MACQUARIE GROUP LIMITED

and its subsidiaries

TEN YEAR HISTORY continued

- (a) The Macquarie Bank Limited (now Macquarie Group Limited) ordinary shares were quoted on the Australian Stock Exchange (now Australian Securities Exchange) on 29 July 1996.
- (b) Number of fully paid ordinary shares at 31 March, excluding options and partly paid shares.
- (c) The special dividend for 2003 was paid to release one-off franking credits to shareholders on entry into tax consolidation. Excluding the special dividend of 50 cents per share, the payout ratio would have been 56.8 per cent.
- (d) The methodology used to calculate assets under management was revised in September 2005. Comparatives at 31 March 2005 have been restated in accordance with methodology.
- (e) Includes both permanent staff (full time, part time and fixed term) and contractors (including consultants and secondees).
- (f) Net tangible assets include intangibles (net of associated deferred tax assets and deferred liabilities) within assets and disposal groups held for sale.
- (g) For the first half of 2009 this is an annualised return on average ordinary shareholders' funds.

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