

**APPENDIX 4D
HALF-YEAR REPORT**

**MACQUARIE GROUP LIMITED
ABN 94 122 169 279**

HALF-YEAR ENDED 30 SEPTEMBER 2008

1. Details of the reporting period and the previous corresponding period

Current period:	1 April 2008 to 30 September 2008
Prior corresponding period:	1 April 2007 to 30 September 2007

2. Results for announcement to the market

	Key information	Half-year ended 30 September 2008 \$m	Half-year ended 30 September 2007 \$m	% Change
2.1	Net operating income	2,970	4,710	-37%
2.2	Profit from ordinary activities after income tax	648	1,100	-41%
2.3	Profit attributable to ordinary equity holders of Macquarie Group Limited	604	1,060	-43%

2.4	Dividends	Amount per security	Franked amount per security
	Ordinary Shares		
	Interim dividend (resolved, not yet provided at 30 September 2008).	145 cents	80%
	Final dividend	n/a	n/a
2.5	Record date for determining entitlements to the dividends		
	The record date for the interim dividend is 28 November 2008.		

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.

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 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.

Refer to the September 2008 Interim Result Announcement for more details.

3. Net tangible asset per security

	Half-year ended 30 September 2008 \$	Half-year ended 30 September 2007 \$
Ordinary shares	27.24	27.95
Excluding the intangibles (net of associated deferred tax liabilities) within the consolidated entity's businesses held for sale, the NTA per ordinary share would have been \$26.98 at 30 September 2008 (30 September 2007: \$27.55)		

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
Macquarie Securities (Thailand) Limited	3-Sep-08

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
Longview Oil and Gas MQ Japan Market Neutral Fund (Cayman Islands)	10-Apr-08 1-Sep-08

The above entities did not contribute materially to the reporting entity's profit from ordinary activities during the period they were controlled.

5. Dividend details

	Half-year ended 30 September 2008 \$m	Half-year ended 30 September 2007 \$m
Ordinary share capital Final dividend paid: 200 (2007: 190) cents per share	552	482
<p>There is no provision for the interim dividend in respect of the half-year ended 30 September 2008 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 2008 was 100 per cent franked at the 30 per cent corporate tax rate (2007: 100 per cent franked at the 30 per cent corporate tax rate).</p> <p>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 and payable on 19 December 2008.</p>		
Macquarie Income Securities		
Distributions paid during the half-year ended 30 September 2008 (net of distributions previously provided) were \$11 million (2007: \$9 million). Distributions provided at 30 September 2008 are \$8 million (2007: \$7 million) which were paid on 15 October 2008.		
Macquarie Income Preferred Securities		
Distributions paid during the half-year ended 30 September 2008 (net of distributions previously provided) were \$1 million (2007: \$3 million). Distributions provided at 30 September 2008 are \$22 million (2007: \$23 million) which were paid on 15 October 2008.		
The Macquarie Income Preferred Securities and Macquarie Income Securities represent the minority interests of a subsidiary. Accordingly, the distributions paid/provided in respect of these are recorded as a movement in minority interests.		

6. Dividend or distribution reinvestment plan details

The Company's Dividend Reinvestment Plan ("DRP") remains activated. The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares in the Company, without transaction costs. A shareholder can elect to participate in or terminate their involvement in the DRP at any time. Election notices for participation in the DRP in relation to the interim dividend to be paid on 19 December 2008 must be received by the registry by 5:00 pm on 28 November 2008 to be effective for that dividend.

7. Investment associates and joint ventures

Name	Ownership interest (%)
Material interests in associates and joint ventures are as follows:	
Diversified CMBS Investments Inc.	57%
European Directories S.A.	14%
Macquarie AirFinance Limited	34%
Macquarie Airports	21%
Macquarie Communications Infrastructure Group	18%
Macquarie CountryWide Trust	10%
Macquarie Diversified Treasury (AA) Fund	19%
Macquarie Energy Holdings LLC	49%
Macquarie European Infrastructure Fund LP	5%
Macquarie Goodman Japan Limited	50%
Macquarie Infrastructure Group	13%
Macquarie Media Group	22%
Macquarie Office Trust	7%
MAIP International Holdings Ltd	25%
Redford Australian Investment Trust	27%
Material interests in held for sale associates are as follows:	
Macquarie Prime REIT	26%
MEO Holdings Limited	59%
New World Gaming Partners Limited	31%

As disclosed in the financial report the Group has recognised an impairment charge of \$546 million on its investment in associates and joint ventures. Except for the impairment charge 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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