MACQUARIE GROUP
INTERIM DIRECTORS' REPORT AND FINANCIAL REPORT
HALF-YEAR ENDED 30 SEPTEMBER 2012

MACQUARIE

MACQUARIE GROUP LIMITED ACN 122 169 279

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 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.

The material in this report has been prepared by Macquarie Group Limited ABN 94 122 169 279 (Macquarie) and is current at the date of this report. It is general background information about Macquarie's activities, is given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

Financial report
for the half-year ended 30 September 2012
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The Financial report was authorised for issue by the Directors on 26 October 2012.
The Consolidated Entity has the power to amend and reissue the Financial report.

Financial report
for the half-year ended 30 September 2012

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Directors' report
for the half-year ended 30 September 2012

In accordance with a resolution of the Voting Directors (the Directors) of Macquarie Group Limited (Macquarie, MGL, the Company), the Directors submit herewith the financial statements of the Company and its subsidiaries (the Consolidated Entity) at the end of, and during, the financial period ended on that date and report as follows:

Directors

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

Independent Directors

H.K. McCann, AM, Chairman
D.J. Grady, AM
M.J. Hawker, AM
P.M. Kirby
C.B. Livingstone, AO
J.R. Niland, AC
H.M. Nugent, AO
P.H. Warne

Executive Director

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

The Voting Directors listed above each held office as a Director of Macquarie throughout the period and until the date of this report. Those Directors listed as Independent Directors have been independent throughout the period of their appointment.

Result

The financial report for the half-year ended 30 September 2012 and the results herein are prepared in accordance with Australian Accounting Standards and IAS 34 *Interim Financial Reporting*.

The consolidated profit attributable to ordinary equity holders of the Company, in accordance with Australian Accounting Standards, for the period was $A361 million (half-year to 31 March 2012: $A425 million; half-year to 30 September 2011: $A305 million).

Review of operations

Profit attributable to ordinary equity holders of $A361 million for the half-year ended 30 September 2012 increased 18 per cent from $A305 million in the prior corresponding period[1] and decreased 15 per cent from $A425 million in the prior period[2].

Macquarie's annuity style businesses, Macquarie Funds, Corporate and Asset Finance and Banking and Financial Services, continue to perform well with the combined results for the half-year ended 30 September 2012 broadly in line with a strong prior corresponding period and up on the prior period.

Macquarie's capital markets facing businesses, Macquarie Securities, Macquarie Capital and Fixed Income, Currencies and Commodities, although continuing to face subdued market conditions, delivered a combined result that was up on the prior corresponding period due to improved conditions for Fixed Income, Currencies and Commodities. Macquarie Securities and Macquarie Capital continued to be impacted by low activity levels across Equity Capital Markets and Mergers & Acquisitions. Macquarie Securities was impacted by low levels of client activity combined with run-off costs in its legacy businesses, partially offset by ongoing cost efficiencies.

Net operating income of $A3,081 million for the half-year ended 30 September 2012 decreased 5 per cent from $A3,243 million in the prior corresponding period.

Operating expenses were down 9 per cent from $A2,828 million in the prior corresponding period to $A2,564 million for the half-year ended 30 September 2012, as a result of continued operating efficiencies.

Key movements from the prior corresponding period were:

– a 47 per cent increase in net trading income to $A551 million for the half-year ended 30 September 2012 from $A374 million in the prior corresponding period primarily in Fixed Income, Currencies and Commodities. In comparison, the prior corresponding period was adversely impacted by extreme volatility and uncertainty, particularly in fixed income markets;

– a 6 per cent decrease in fee and commission income to $A1,667 million for the half-year ended 30 September 2012 from $A1,766 million in the prior corresponding period. The institutional and retail equities businesses were particularly impacted by lower volumes across equity markets;

– a 60 per cent decrease in other operating income and charges to $A144 million for the half-year ended 30 September 2012 from $A356 million in the prior corresponding period partly due to increased levels of impairment charges on equity investments in the Fixed Income, Currencies and Commodities business, reflecting weaker sentiment in resource equity investments, and legacy assets; and

[1] Prior corresponding period refers to the six months to 30 September 2011.

[2] Prior period refers to the six months to 31 March 2012.

Directors' report
for the half-year ended 30 September 2012 continued

Review of operations continued

– a 9 per cent reduction in total operating expenses achieved through ongoing cost management initiatives including the centralisation of support functions to generate scale benefits through improved operational efficiencies. The impact of these initiatives and business rationalisation activities were primarily responsible for an 11 per cent reduction in headcount from 15,088 at 30 September 2011 to 13,463 at 30 September 2012. The compensation ratio of 46.8 per cent for the half-year ended 30 September 2012 decreased from 47.2 per cent in the prior corresponding period.

Net operating income decreased 17 per cent from $A3,720 million for the half-year ended 31 March 2012, which included a special distribution from Sydney Airport of $A295 million.

The effective tax rate for the half-year ended 30 September 2012 was 30.2 per cent, up from 26.0 per cent in the prior corresponding period, largely due to changes in the mix and location of income.

Events after the reporting period

There were no material events subsequent to 30 September 2012 that have not been reflected in the financial statements.

Interim dividend

The Directors have resolved to pay an interim dividend for the half-year ended 30 September 2012 of $A0.75 per fully paid ordinary MGL share on issue at 9 November 2012.
The dividend will be unfranked and paid on 12 December 2012.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001 (Cth)*, is set out on page 3.

Rounding of amounts

In accordance with Australian Securities and Investments Commission Class Order 98/0100 (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.

H Kevin McCann, AM
Independent Director and Chairman

Nicholas Moore
Managing Director and
Chief Executive Officer

Sydney
26 October 2012

Auditor’s independence declaration

for the half-year ended 30 September 2012

As lead auditor for the review of Macquarie Group Limited for the half-year ended 30 September 2012, 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 (Cth)* 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
26 October 2012

Liability is limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement
for the half-year ended 30 September 2012

	Notes	**Half-year to 30 Sep 2012 $m**	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Interest and similar income		**2,320**	2,579	2,789
Interest expense and similar charges		**(1,676)**	(1,944)	(2,091)
Net interest income	2	**644**	635	698
Fee and commission income	2	**1,667**	1,598	1,766
Net trading income	2	**551**	661	374
Share of net profits of associates and joint ventures accounted for using the equity method	2	**75**	59	49
Other operating income and charges	2	**144**	767	356
Net operating income		**3,081**	3,720	3,243
Employment expenses	2	**(1,538)**	(1,908)	(1,652)
Brokerage, commission and trading-related expenses	2	**(347)**	(338)	(386)
Occupancy expenses	2	**(188)**	(243)	(213)
Non-salary technology expenses	2	**(130)**	(141)	(149)
Other operating expenses	2	**(361)**	(456)	(428)
Total operating expenses		**(2,564)**	(3,086)	(2,828)
Operating profit before income tax		**517**	634	415
Income tax expense	4	**(156)**	(180)	(107)
Profit after income tax		**361**	454	308
(Profit)/loss attributable to non-controlling interests:				
Macquarie Income Securities	5	**(11)**	(13)	(13)
Macquarie Income Preferred Securities	5	**(2)**	(2)	(2)
Other non-controlling interests		**13**	(14)	12
Profit attributable to non-controlling interests		**–**	(29)	(3)
Profit attributable to ordinary equity holders of Macquarie Group Limited		**361**	425	305
				Cents per share
Basic earnings per share	6	**105.5**	123.6	86.6
Diluted earnings per share	6	**99.7**	119.1	85.3

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

Consolidated statement of comprehensive income

for the half-year ended 30 September 2012

	Notes	**Half-year to 30 Sep 2012 $m**	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Profit after income tax for the period		**361**	454	308
Other comprehensive income/(expense):				
Available for sale investments, net of tax	16	**79**	(82)	(180)
Cash flow hedges, net of tax	16	**(14)**	(12)	2
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax	16	**16**	(10)	(4)
Exchange differences on translation of foreign operations, net of hedge and tax		**(28)**	(293)	333
Total other comprehensive income/(expense) for the period		**53**	(397)	151
Total comprehensive income for the period		**414**	57	459
Total comprehensive income/(expense) for the period is attributable to:				
Ordinary equity holders of Macquarie Group Limited		**415**	35	452
Macquarie Income Securities holders		**11**	13	13
Macquarie Income Preferred Securities holders		**3**	(1)	5
Other non-controlling interests		**(15)**	10	(11)
Total comprehensive income for the period		**414**	57	459

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

Consolidated statement of financial position
as at 30 September 2012

	Notes	**As at 30 Sep 2012 $m**	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Assets				
Receivables from financial institutions		**10,493**	10,912	11,525
Cash collateral on securities borrowed and reverse repurchase agreements		**7,733**	7,598	6,696
Trading portfolio assets	7	**15,546**	12,689	14,616
Derivative assets		**21,691**	22,078	34,201
Investment securities available for sale	8	**20,506**	18,266	21,334
Other assets		**12,123**	13,717	15,049
Loan assets held at amortised cost	9	**47,559**	45,218	45,843
Other financial assets at fair value through profit or loss		**5,327**	6,715	9,998
Life investment contracts and other unitholder investment assets		**6,059**	5,904	4,758
Property, plant and equipment		**5,134**	5,235	5,133
Interests in associates and joint ventures accounted for using the equity method	11	**2,285**	2,664	2,891
Intangible assets		**1,304**	1,351	1,393
Deferred tax assets		**1,248**	1,279	1,251
Total assets		**157,008**	153,626	174,688
Liabilities				
Cash collateral on securities lent and repurchase agreements		**8,761**	4,826	8,844
Trading portfolio liabilities	12	**3,641**	3,615	4,425
Derivative liabilities		**21,047**	21,022	32,240
Deposits		**39,959**	37,169	38,050
Current tax liabilities		**68**	105	72
Other liabilities		**12,002**	14,991	15,180
Payables to financial institutions		**7,942**	7,803	9,557
Other financial liabilities at fair value through profit or loss	13	**1,593**	2,733	3,334
Life investment contracts and other unitholder liabilities		**6,047**	5,897	4,759
Debt issued at amortised cost	14	**40,714**	39,713	42,258
Provisions		**228**	241	232
Deferred tax liabilities		**514**	436	351
Total liabilities excluding loan capital		**142,516**	138,551	159,302
Loan capital				
Macquarie Convertible Preference Securities		**615**	614	596
Subordinated debt at amortised cost		**2,378**	2,579	2,877
Subordinated debt at fair value through profit or loss		**–**	150	149
Total loan capital		**2,993**	3,343	3,622
Total liabilities		**145,509**	141,894	162,924
Net assets		**11,499**	11,732	11,764

	Notes	**As at 30 Sep 2012 $m**	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Equity				
Contributed equity	15	**5,882**	6,235	6,208
Reserves	16	**(50)**	44	504
Retained earnings	16	**5,155**	4,924	4,539
Total capital and reserves attributable to ordinary equity holders of Macquarie Group Limited		**10,987**	11,203	11,251
Non-controlling interests				
Macquarie Income Securities	16	**391**	391	391
Macquarie Income Preferred Securities	16	**64**	63	66
Other non-controlling interests	16	**57**	75	56
Total equity		**11,499**	11,732	11,764

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the half-year ended 30 September 2012

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 April 2011		6,513	310	4,581	11,404	528	11,932
Total comprehensive income for the period		–	147	305	452	7	459
Transactions with equity holders in their capacity as equity holders:							
Contributions of ordinary equity, net of transaction costs	15	50	–	–	50	–	50
Purchase of shares by Macquarie Group Employee Retained Equity Plan Trust (MEREP Trust)		(403)	–	–	(403)	–	(403)
Dividends paid or provided for	5	–	–	(347)	(347)	–	(347)
Non-controlling interests:							
Distributions of equity, net of transaction costs		–	–	–	–	(19)	(19)
Distributions paid or provided for		–	–	–	–	(3)	(3)
Other equity movements:							
Net movement on exchangeable shares	15	(4)	–	–	(4)	–	(4)
Share-based payments		53	47	–	100	–	100
Net other movements in treasury shares		(1)	–	–	(1)	–	(1)
		(305)	47	(347)	(605)	(22)	(627)
Balance at 30 September 2011		6,208	504	4,539	11,251	513	11,764
Total comprehensive (expense)/income for the period		–	(390)	425	35	22	57
Transactions with equity holders in their capacity as equity holders:							
Contributions of ordinary equity, net of transaction costs	15	1	–	–	1	–	1
Dividends paid or provided for	5	–	–	(225)	(225)	–	(225)
Non-controlling interests:							
Contributions of equity, net of transaction costs		–	–	–	–	23	23
Distributions paid or provided for		–	–	–	–	(29)	(29)
Other equity movements:							
Net movement on exchangeable shares	15	1	–	–	1	–	1
Share-based payments		26	115	–	141	–	141
Transfer from share-based payments reserve to retained earnings	16	–	(185)	185	–	–	–
Net other movements in treasury shares		(1)	–	–	(1)	–	(1)
		27	(70)	(40)	(83)	(6)	(89)
Balance at 31 March 2012		**6,235**	**44**	**4,924**	**11,203**	**529**	**11,732**
Total comprehensive income/(expense) for the period		**–**	**54**	**361**	**415**	**(1)**	**414**
Transactions with equity holders in their capacity as equity holders:							
Buyback and cancellation of ordinary shares	15	**(250)**	**–**	**–**	**(250)**	**–**	**(250)**
Purchase of shares held for cancellation		**(1)**	**–**	**–**	**(1)**	**–**	**(1)**
Purchase of shares by MEREP Trust	15	**(242)**	**–**	**–**	**(242)**	**–**	**(242)**
Dividends paid or provided for	5	**–**	**–**	**(257)**	**(257)**	**–**	**(257)**
Non-controlling interests:							
Distributions of equity, net of transaction costs		**–**	**–**	**–**	**–**	**(16)**	**(16)**
Other equity movements:							
Net movement on exchangeable shares	15	**(3)**	**–**	**–**	**(3)**	**–**	**(3)**
Share-based payments		**142**	**(21)**	**–**	**121**	**–**	**121**
Transfer from share-based payments reserve to retained earnings	16	**–**	**(127)**	**127**	**–**	**–**	**–**
Net other movements in treasury shares		**1**	**–**	**–**	**1**	**–**	**1**
		(353)	**(148)**	**(130)**	**(631)**	**(16)**	**(647)**
Balance at 30 September 2012		**5,882**	**(50)**	**5,155**	**10,987**	**512**	**11,499**

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

Consolidated statement of cash flows
for the half-year ended 30 September 2012

	Notes	**Half-year to 30 Sep 2012 $m**	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Cash flows from operating activities				
Interest received		**2,263**	2,414	2,956
Interest and other costs of finance paid		**(1,695)**	(1,969)	(2,068)
Dividends and distributions received		**132**	477	70
Fees and other non-interest income received		**2,099**	1,924	2,039
Fees and commissions paid		**(458)**	(245)	(408)
Net proceeds from trading portfolio assets and other financial assets/liabilities		**911**	2,236	444
Payments to suppliers		**(406)**	(583)	(594)
Employment expenses paid		**(1,919)**	(1,327)	(2,208)
Income tax paid		**(105)**	(89)	(226)
Life investment contract receipts		**149**	233	126
Life investment contract premiums received and other unitholder contributions		**1,031**	1,405	1,882
Life investment contract payments		**(1,123)**	(1,219)	(2,063)
Net loan assets (granted)/repaid		**(2,670)**	762	(50)
Recovery of loans previously written off		**8**	12	10
Net increase/(decrease) in amounts due to other financial institutions, deposits and other borrowings		**3,798**	(3,989)	4,460
Net cash flows from operating activities	17	**2,015**	42	4,370
Cash flows (used in)/from investing activities				
Net (payments)/proceeds for investment securities available for sale		**(1,303)**	(1,709)	1,425
Proceeds from the disposal of associates and subsidiaries, net of cash deconsolidated		**676**	279	205
Payments for the acquisition of associates and subsidiaries, net of cash acquired		**(133)**	(557)	(258)
Payments for life investment contracts and other unitholder investment assets		**(2,811)**	(4,500)	(3,178)
Proceeds from the disposal of life investment contracts and other unitholder investment assets		**2,782**	4,113	3,273
Net payments for property, plant and equipment, lease assets and intangible assets		**(127)**	(442)	(60)
Net cash flows (used in)/from investing activities		**(916)**	(2,816)	1,407

Consolidated statement of cash flows

for the half-year ended 30 September 2012 continued

	Notes	**Half-year to 30 Sep 2012 $m**	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Cash flows used in financing activities				
Proceeds from the issue of ordinary shares		**–**	–	1
(Payments to)/proceeds from non-controlling interests		**(5)**	4	(7)
(Repayment of)/proceeds from issue of subordinated debt		**(300)**	(155)	614
Dividends and distributions paid		**(276)**	(238)	(314)
Payments for buyback and cancellation of ordinary shares		**(251)**	–	–
Payments for acquisition of treasury shares		**(242)**	–	(403)
Net cash flows used in financing activities		**(1,074)**	(389)	(109)
Net increase/(decrease) in cash and cash equivalents		**25**	(3,163)	5,668
Cash and cash equivalents at the beginning of the period		**14,828**	17,991	12,323
Cash and cash equivalents at the end of the period	17	**14,853**	14,828	17,991

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

Note 1

Basis of preparation

This general purpose financial report for the half-year reporting period ended 30 September 2012 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

This half-year financial report comprises the consolidated financial report of Macquarie Group Limited (MGL or the Company) and the entities it controlled at the end of, or during, the period (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 2012 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 (Cth)*.

The Consolidated Entity is of a kind referred to in Australian Securities and Investments Commission Class Order 98/0100 (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 off 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 2012 other than where disclosed. Certain comparatives have been restated for consistency in presentation at 30 September 2012.

Amendments to Accounting Standards that are effective in the current period

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* became applicable in the current period and are to be disclosed in the annual financial report.

AASB 2010-6 adds and amends disclosures about transfers of financial assets. Disclosures apply for transfers of financial assets that do not achieve accounting derecognition, or where the Consolidated Entity has some form of continuing involvement. Comparative information is not required.

The application of these amendments in the current period do not have any impact on the accounting, financial position or performance of the Consolidated Entity.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 2
Profit for the period

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Net interest income			
Interest and similar income received/receivable	**2,320**	2,579	2,789
Interest expense and similar charges paid/payable	**(1,676)**	(1,944)	(2,091)
Net interest income	**644**	635	698
Fee and commission income			
Base fees	**500**	475	463
Performance fees	**76**	41	89
Mergers and acquisitions, advisory and underwriting fees	**327**	343	339
Brokerage and commissions	**393**	422	488
Other fee and commission income	**331**	279	354
Income from life investment contracts and other unitholder investment assets	**40**	38	33
Total fee and commission income	**1,667**	1,598	1,766
Net trading income[1]			
Equities	**83**	89	129
Commodities	**327**	349	207
Foreign exchange products	**123**	166	119
Interest rate products	**18**	57	(81)
Net trading income	**551**	661	374
Share of net profits of associates and joint ventures accounted for using the equity method	**75**	59	49

[1] Included in net trading income are fair value gains of $266 million (half-year to 31 March 2012: $160 million; half-year to 30 September 2011: $207 million) relating to financial assets and financial liabilities designated as held at fair value through profit or loss. Fair value changes relating to derivatives are also reported in net trading income which principally offsets the fair value changes relating to the financial assets and financial liabilities designated at fair value. This also includes fair value changes on derivatives used to hedge the Consolidated Entity's economic interest rate risk where hedge accounting requirements are not met.

Note 2

Profit for the period continued

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Other operating income and charges			
Net gains on sale of investment securities available for sale	**15**	53	78
Impairment charge on investment securities available for sale	**(123)**	(26)	(56)
Net gains on sale of associates and joint ventures	**109**	95	13
Impairment (charge)/reversal on interests in associates and joint ventures[1]	**(97)**	(152)	24
(Loss)/gain on change of ownership interest[2]	**(42)**	66	–
Impairment charge on non-financial assets	**(3)**	(49)	(7)
Gain on sale of non-financial assets	**–**	104	–
Net operating lease income[3]	**201**	202	188
Dividends/distributions received/receivable:			
Investment securities available for sale	**69**	362	81
Collective allowance for credit losses written back/(provided for) during the period (note 9)	**1**	3	(16)
Individually assessed provisions:			
Loan assets provided for during the period (note 9)	**(65)**	(73)	(30)
Other receivables provided for during the period	**(4)**	(31)	(4)
Recovery of loans previously provided for (note 9)	**11**	24	6
Loan losses written off	**(39)**	(48)	(32)
Recovery of loans previously written off	**8**	12	10
Other income	**103**	225	101
Total other operating income and charges	**144**	767	356
Net operating income	**3,081**	3,720	3,243

[1] Includes impairment reversal of $nil (half-year to 31 March 2012: impairment reversals of $3 million; half-year to 30 September 2011: impairment charge of $10 million).

[2] Includes (loss)/gain on re-measurement of retained ownership interest to fair value on the loss of control of investments in subsidiaries and the loss of significant influence of investments in associates.

[3] Includes rental income of $346 million (half-year to 31 March 2012: $345 million; half-year to 30 September 2011: $304 million) less depreciation of $145 million (half-year to 31 March 2012: $143 million; half-year to 30 September 2011: $116 million) in relation to operating leases where the Consolidated Entity is the lessor.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 2
Profit for the period continued

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Employment expenses			
Salary and salary related costs including commissions, superannuation and performance-related profit share	**(1,306)**	(1,637)	(1,398)
Share-based payments	**(134)**	(161)	(113)
Provision for annual leave	**(3)**	(7)	(16)
Provision for long service leave	**1**	1	(4)
Total compensation expenses	**(1,442)**	(1,804)	(1,531)
Other employment expenses including on-costs, staff procurement and staff training	**(96)**	(104)	(121)
Total employment expenses	**(1,538)**	(1,908)	(1,652)
Brokerage, commission and trading-related expenses			
Brokerage and other trading-related expenses	**(268)**	(265)	(314)
Other fee and commission expenses	**(79)**	(73)	(72)
Total brokerage, commission and trading-related expenses	**(347)**	(338)	(386)
Occupancy expenses			
Operating lease rentals	**(107)**	(140)	(120)
Depreciation: furniture, fittings and leasehold improvements	**(48)**	(58)	(56)
Other occupancy expenses	**(33)**	(45)	(37)
Total occupancy expenses	**(188)**	(243)	(213)
Non-salary technology expenses			
Information services	**(68)**	(67)	(71)
Depreciation: computer equipment	**(17)**	(24)	(25)
Other non-salary technology expenses	**(45)**	(50)	(53)
Total non-salary technology expenses	**(130)**	(141)	(149)
Other operating expenses			
Professional fees	**(114)**	(144)	(107)
Auditor's remuneration	**(10)**	(14)	(9)
Travel and entertainment expenses	**(63)**	(76)	(81)
Advertising and promotional expenses	**(28)**	(34)	(32)
Communication expenses	**(17)**	(19)	(22)
Amortisation of intangibles	**(27)**	(47)	(39)
Depreciation: communication equipment	**(2)**	(2)	(3)
Other expenses	**(100)**	(120)	(135)
Total other operating expenses	**(361)**	(456)	(428)
Total operating expenses	**(2,564)**	(3,086)	(2,828)

Note 3

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. These segments have been set up based on the different core products and services offered. Segment information has been prepared in conformity with the Consolidated Entity's segment accounting policy.

Since 31 March 2012 there have been a number of business and asset transfers between Operating Groups and the Corporate segment. These transfers were undertaken to better align the relevant assets with the expertise in each Operating Group. As part of this realignment, the Real Estate Banking Division is now reported as part of the Corporate segment. In accordance with AASB 8 *Operating Segments*, comparative information has been restated to reflect current reportable operating segments.

Macquarie Funds Group is the Consolidated Entity's funds management business. It is a full-service asset manager, offering a diverse range of capabilities and products including investment management, infrastructure and real asset management and fund and equity based structured products.

Corporate and Asset Finance is the lending and leasing business of the Consolidated Entity.

Banking and Financial Services Group is the primary relationship manager for the Consolidated Entity's retail client base. The group brings together the retail banking and financial services businesses providing a diverse range of wealth management products and services to financial advisers, stockbrokers, mortgage brokers, professional service industries and the end consumer.

Macquarie Securities Group activities include institutional and retail derivatives, structured equity finance, arbitrage trading, synthetic products, capital management, collateral management and securities borrowing and lending. It is a full-service institutional cash equities broker in the Asia Pacific region and South Africa, and offers specialised services in other regions. It also provides an equity capital markets service through a joint venture with Macquarie Capital.

Macquarie Capital comprises the Consolidated Entity's corporate advisory, equity underwriting and debt structuring and distribution businesses, private equity placements and principal products.

Fixed Income, Currencies and Commodities provides a variety of trading, research, sales and financing services across the globe with an underlying specialisation in interest rate, commodity and foreign exchange related institutional trading, marketing, lending, and clearing or platform provision.

Corporate is not considered an operating group and includes Group Treasury, head office and central support functions. The Corporate segment also holds certain investments not aligned with any of the Operating Groups. Items of income and expense within the Corporate segment include the net impact of managing liquidity for Macquarie, earnings on capital, non-trading derivative volatility, earnings from investments, unallocated head office costs and employment related costs of central support functions (service areas), income tax expense and certain distributions attributable to non-controlling interests (NCI) and holders of loan capital.

Inter segmental transactions are determined on an arm's length basis and eliminate on aggregation/consolidation.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 3
Segment reporting continued

(i) **Operating segments** continued

The following is an analysis of the Consolidated Entity's revenue and results by reportable segment for the period:

	Macquarie Funds Group $m	Corporate and Asset Finance $m	Banking and Financial Services Group $m
Revenues from external customers	**1,058**	**924**	**1,065**
Inter-segmental (expense)/revenue[1]	**(79)**	**(275)**	**560**
Interest revenue	**111**	**763**	**640**
Interest expense	**(16)**	**(125)**	**(834)**
Depreciation and amortisation	**(11)**	**(149)**	**(6)**
Share of net profits of associates and joint ventures accounted for using the equity method	**48**	**1**	**2**
Reportable segment profit/(loss)	**356**	**335**	**185**
Reportable segment assets	**13,553**	**22,435**	**26,424**

	Macquarie Funds Group $m	Corporate and Asset Finance $m	Banking and Financial Services Group $m
Revenues from external customers	1,027	1,025	1,107
Inter-segmental (expense)/revenue[1]	(95)	(298)	638
Interest revenue	138	818	671
Interest expense	(25)	(137)	(966)
Depreciation and amortisation	(11)	(144)	(11)
Share of net (losses)/profits of associates and joint ventures accounted for using the equity method	(28)	3	–
Reportable segment profit/(loss)	244	340	130
Reportable segment assets	12,759	21,768	26,965

	Macquarie Funds Group $m	Corporate and Asset Finance $m	Banking and Financial Services Group $m
Revenues from external customers	889	958	1,058
Inter-segmental (expense)/revenue[1]	(89)	(287)	659
Interest revenue	199	794	720
Interest expense	(22)	(127)	(1,022)
Depreciation and amortisation	(11)	(118)	(8)
Share of net profits of associates and joint ventures accounted for using the equity method	15	2	–
Reportable segment profit/(loss)	401	358	145
Reportable segment assets	12,265	21,706	27,164

[1] Internal reporting systems do not enable the separation of inter-segmental revenues and expenses. The net position is disclosed above. The key inter-segmental item is internal interest and funding costs charged to businesses for funding of their business net assets.

Macquarie Securities Group $m	Macquarie Capital $m	Fixed Income, Currencies and Commodities $m	Corporate $m	Total $m
				Half-year to 30 September 2012
427	**430**	**916**	**525**	**5,345**
(3)	**(116)**	**(172)**	**85**	**–**
106	**51**	**227**	**422**	**2,320**
(77)	**(7)**	**(46)**	**(571)**	**(1,676)**
(7)	**(15)**	**(7)**	**(44)**	**(239)**
–	**6**	**15**	**3**	**75**
(64)	**10**	**219**	**(680)**	**361**
19,513	**3,230**	**48,634**	**23,219**	**157,008**
				Half-year to 31 March 2012
448	539	1,271	828	6,245
(12)	(148)	(172)	87	–
111	49	313	479	2,579
(84)	(9)	(116)	(607)	(1,944)
(15)	(19)	(23)	(51)	(274)
–	62	10	12	59
(175)	77	533	(724)	425
22,442	3,530	42,092	24,070	153,626
				Half-year to 30 September 2011
609	364	783	705	5,366
(1)	(101)	(191)	10	–
130	19	336	591	2,789
(66)	(9)	(146)	(699)	(2,091)
(7)	(19)	(10)	(66)	(239)
–	18	9	5	49
(19)	8	6	(594)	305
26,230	3,315	56,742	27,266	174,688

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 3

Segment reporting continued

(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 and leasing.

	Asset and Wealth Management $m	Financial Markets $m	Capital Markets $m	Lending $m	Total $m
					Half-year to 30 September 2012
Revenues from external customers	**1,325**	**1,579**	**675**	**1,766**	**5,345**
					Half-year to 31 March 2012
Revenues from external customers	1,394	1,895	1,168	1,788	6,245
					Half-year to 30 September 2011
Revenues from external customers	1,026	1,763	567	2,010	5,366

(iii) Geographical areas

Geographical segments have been determined based upon where the transactions have been booked. The operations of the Consolidated Entity are headquartered in Australia.

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Revenues from external customers			
Australia	**2,771**	3,202	2,881
Asia Pacific	**332**	312	338
Europe, Middle East and Africa	**769**	1,203	686
Americas	**1,473**	1,528	1,461
Total	**5,345**	6,245	5,366

(iv) Major customers

The Consolidated Entity does not rely on any major customer.

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m

Note 4

Income tax expense

(i) Numerical reconciliation of income tax expense to prima facie tax payable

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Prima facie income tax expense on operating profit[1]	**(155)**	(190)	(125)
Tax effect of amounts which are (not deductible)/non-assessable in calculating taxable income:			
Rate differential on offshore income	**(7)**	18	68
Distribution provided on Macquarie Income Preferred Securities and related distributions	**1**	–	1
Share-based payments expense	**1**	6	(25)
Other items	**4**	(14)	(26)
Total income tax expense	**(156)**	(180)	(107)

(ii) Tax (expense)/benefit relating to items of other comprehensive income

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Available for sale reserves	**(37)**	39	63
Cash flow hedges	**7**	6	(2)
Foreign currency translation reserve	**(24)**	23	25
Share of other comprehensive (expense)/income of associates and joint ventures	**(6)**	3	2
Total tax (expense)/benefit relating to items of other comprehensive income	**(60)**	71	88

[1] Prima facie income tax expense on operating profit is calculated at the rate of 30 per cent (half-year to 31 March 2012: 30 per cent; half-year to 30 September 2011: 30 per cent).

Revenue authorities undertake risk reviews and audits as part of their normal activities. The Group has assessed these and other taxation claims, including seeking advice where appropriate, and considers that it holds appropriate provisions.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m

Note 5
Dividends and distributions paid or provided for

(i) Dividends paid or provided for

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Ordinary share capital and exchangeable shares			
Interim dividend paid (half-year to 31 March 2012: $0.65 per share)[1]	**–**	224	–
2012 final dividend paid $0.75 per share (half-year to 30 September 2011: $1.00 per share)[1]	**259**	–	346
Dividends (reversed)/provided for[2]	**(2)**	1	1
Total dividends paid or provided for (note 16)	**257**	225	347

[1] Dividend paid by the Consolidated Entity includes $nil (half-year to 31 March 2012: $nil; half-year to 30 September 2011: $1 million) of dividends paid to holders of the exchangeable shares issued as consideration for the acquisition of Orion Financial Inc. as described in note 15 – Contributed equity.

[2] Dividends (reversed)/provided for by the Consolidated Entity related to the dividend on the exchangeable shares issued as consideration for the acquisition of Tristone Capital Global Inc. as described in note 15 – Contributed equity, was settled resulting in a reversal of excess provision.

The final dividend paid during the period was unfranked (half-year to 31 March 2012: unfranked; half-year to 30 September 2011: unfranked). The dividends paid to the holders of the exchangeable shares were not franked.

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 without transaction costs. A shareholder can elect to participate in or terminate their involvement in the DRP at any time. Details of fully paid ordinary shares issued pursuant to the DRP are included in note 15 – Contributed equity.

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

Since the end of the period, the Directors have recommended the payment of an interim dividend for the half-year ended 30 September 2012 of $0.75 per fully paid ordinary MGL share on issue on 9 November 2012, unfranked. The aggregate amount of the proposed dividend expected to be paid on 12 December 2012 from retained profits at 30 September 2012, but not recognised as a liability at the end of the period, is $252 million (including $1 million to be paid by a subsidiary to the holders of the exchangeable shares and net of $3 million to be received on treasury shares – refer to note 15 – Contributed equity for further details of these instruments). This amount has been estimated based on the number of shares eligible to participate as at 30 September 2012.

	Half-year to 30 Sep 2012	Half-year to 31 Mar 2012	Half-year to 30 Sep 2011
		Dividend per ordinary share	
Cash dividend per ordinary share (distribution of current year profits)	**$0.75**	$0.75	$0.65

Note 5

Dividends and distributions paid or provided for continued

(iii) Distributions paid or provided for

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Macquarie Income Securities			
Distributions paid (net of distributions previously provided for)	**7**	8	7
Distributions provided for	**4**	5	6
Total distributions paid or provided for	**11**	13	13

The Macquarie Income Securities (MIS) represent the NCI of a subsidiary. Accordingly, the distributions paid or provided for in respect of the MIS are recorded as movements in NCI, as disclosed in note 16 – Reserves, retained earnings and non-controlling interests. No dividends are payable under the preference shares until Macquarie Bank Limited (MBL), a subsidiary, 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 16 – Reserves, retained earnings and non-controlling interests for further details on these instruments.

Macquarie Income Preferred Securities			
Distributions provided for	**2**	2	2
Total distributions provided for (note 16)	**2**	2	2

The Macquarie Income Preferred Securities (MIPS) represent the NCI of a subsidiary. Accordingly, the distributions paid/provided for in respect of the MIPS are recorded as movements in NCI, as disclosed in note 16 – Reserves, retained earnings and non-controlling interests. MBL 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 16 – Reserves, retained earnings and non-controlling interests for further details on these instruments.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 6
Earnings per share

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
			Cents per share
Basic earnings per share	**105.5**	123.6	86.6
Diluted earnings per share	**99.7**	119.1	85.3
Reconciliation of earnings used in the calculation of basic and diluted earnings per share	**$m**	$m	$m
Profit after income tax	**361**	454	308
Profit attributable to non-controlling interests:			
Macquarie Income Securities	**(11)**	(13)	(13)
Macquarie Income Preferred Securities	**(2)**	(2)	(2)
Other non-controlling interests	**13**	(14)	12
Total profit attributable to ordinary equity holders of MGL	**361**	425	305
Less profit attributable to participating unvested Macquarie Group Employee Retained Equity Plan (MEREP) awards	**(26)**	(22)	(21)
Total earnings used in the calculation of basic earnings per share	**335**	403	284
Add back adjusted interest expense on Exchangeable Capital Securities	**6**	–	–
Add back adjusted interest expense on Macquarie Convertible Preference Securities[1]	**–**	–	–
Total earnings used in the calculation of diluted earnings per share	**341**	403	284
			Number of shares
Total weighted average number of externally held ordinary shares used in the calculation of basic earnings per share	**317,589,425**	326,061,497	328,034,686
Weighted average number of shares used in the calculation of diluted earnings per share			
Weighted average fully paid externally held ordinary shares	**317,589,425**	326,061,497	328,034,686
Potential ordinary shares:			
Weighted average options	**14,398**	9,030	20,322
Weighted average unvested MEREP awards	**15,337,132**	12,130,439	4,744,822
Weighted average retention securities and options	**103,137**	102,175	148,207
Weighted average Exchangeable Capital Securities	**8,908,190**	119,270	–
Weighted average Macquarie Convertible Preference Securities[1]	**–**	–	–
Total weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	**341,952,282**	338,422,411	332,948,037

[1] Macquarie Convertible Preference Securities were not dilutive as at 30 September 2012 on the basis of share prices prevailing at that time.

Note 6

Earnings per share continued

Options

Options granted to employees under the Macquarie Group Employee Share Option Plan (MGESOP) 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 reporting 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 120 (31 March 2012: 314; 30 September 2011: nil) options that were converted, lapsed or cancelled during the period. There are a further 10,197,502 (31 March 2012; 19,755,074; 30 September 2011: 21,535,863) 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 2012 and consequently, they are not considered to be dilutive.

The Company has suspended new offers under the MGESOP under the remuneration arrangements which were the subject of shareholder approvals obtained at a General Meeting of MGL in December 2009. The last grant of options under the MGESOP was on 8 December 2009. Currently the Company does not expect to issue any further options under the MGESOP.

Macquarie Group Employee Retained Equity Plan

In December 2009, the Company's shareholders approved the implementation of the MEREP.

Vested MEREP awards are considered to be ordinary shares and have been included in the determination of basic and diluted earnings per share from their date of vesting.

Unvested MEREP awards are considered to be potential ordinary shares and have been included in the calculation of diluted earnings per share to the extent they are dilutive. Included in the balance of weighted average unvested MEREP awards are 2,197,877 (31 March 2012: 550,909; 30 September 2011: 890,333) awards that were vested, lapsed or cancelled during the period. As at 30 September 2012, a further 7,000 (31 March 2012: 828,550; 30 September 2011: 3,493,587) MEREP awards have not been included in the balance of weighted average unvested MEREP awards on the basis that they are not considered to be dilutive.

Exchangeable Shares

The exchangeable shares on issue (refer to note 15 – Contributed equity) are considered to be ordinary shares and have been included in the determination of basic and diluted earnings per share from their date of issue.

Retention Securities and Options

Retention securities and options are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The fair value of these securities and options are amortised over the vesting period.

Exchangeable Capital Securities

On 26 March 2012, MBL, acting through its London Branch, issued US$250 million of Exchangeable Capital Securities (ECS).

Subject to certain conditions being met, the ECS will be exchanged for a variable number of fully paid MGL ordinary shares on 20 June 2017, or on any interest payment date thereafter, with exchange to occur no later than 20 June 2057. The ECS may also be exchanged earlier on an acquisition event (where a person acquires control of MBL or the Company), where MBL's common equity Tier 1 capital ratio falls below 5.125 per cent, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

The number of MGL ordinary shares that would be issued on an exchange based on the share price as at 30 September 2012 is 8,908,190 (31 March 2012: 8,730,560; 30 September 2011: nil).

The ECS have not been included in the determination of basic earnings per share and have been included in diluted earnings per share from their date of issue to the extent to which they are dilutive based on the share price as at 30 September 2012.

Macquarie Convertible Preference Securities

In July 2008, Macquarie CPS Trust, a subsidiary of the Company issued six million Macquarie Convertible Preference Securities (CPS) at face value of $100 each. These instruments are non-cumulative and unsecured and may be resold, mandatorily converted into Macquarie ordinary shares (subject to certain conditions being satisfied) or redeemed on 30 June 2013. In the event that the CPS do not convert and are not redeemed or resold, they will continue until such time as the conditions are met and securities mandatorily convert. The CPS have not been included in the determination of basic earnings per share and have been included in diluted earnings per share from their date of issue to the extent to which they are dilutive based on the share price as at 30 September 2012.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m

Note 7
Trading portfolio assets

Equities			
Listed	**4,808**	5,598	5,159
Unlisted	**35**	36	37
Commonwealth government securities	**3,599**	31	2,993
Commodities	**2,278**	2,010	1,435
Corporate securities	**2,171**	2,073	2,796
Foreign government securities	**1,415**	1,345	1,078
Other government securities[1]	**600**	1,094	823
Treasury notes	**265**	223	53
Promissory notes	**240**	235	175
Bank bills	**85**	36	66
Certificates of deposit	**50**	8	1
Total trading portfolio assets	**15,546**	12,689	14,616

[1] Other government securities include state and local governments and related enterprises, predominantly in Australia.

Note 8
Investment securities available for sale

Equity securities			
Listed	**1,845**	1,724	1,907
Unlisted	**797**	732	705
Debt securities[1, 2]	**17,864**	15,810	18,722
Total investment securities available for sale	**20,506**	18,266	21,334

[1] Included within this balance are debt securities of $265 million (31 March 2012: $264 million; 30 September 2011: $209 million) which are recognised as a result of total return swaps which meet the pass through test of AASB 139 *Financial Instruments: Recognition and Measurement*. The Consolidated Entity does not have legal title to these assets but has full economic exposure to them.

[2] Included within this balance is $4,947 million (31 March 2012: $3,070 million; 30 September 2011: $5,485 million) of Negotiable Certificates of Deposit (NCD) receivable from financial institutions and $120 million (31 March 2012: $120 million; 30 September 2011: $307 million) of bank bills.

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m

Note 9

Loan assets held at amortised cost

Due from clearing houses	**1,017**	1,202	1,527
Due from governments[1]	**146**	103	231
Due from other entities			
Other loans and advances	**41,913**	39,912	40,186
Less individually assessed provisions for impairment	**(382)**	(386)	(367)
	41,531	39,526	39,819
Lease receivables	**5,103**	4,628	4,513
Less individually assessed provisions for impairment	**(1)**	(3)	(2)
Total due from other entities	**46,633**	44,151	44,330
Total loan assets before collective allowance for credit losses	**47,796**	45,456	46,088
Less collective allowance for credit losses	**(237)**	(238)	(245)
Total loan assets held at amortised cost[2]	**47,559**	45,218	45,843

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

2 Included within this balance are loans of $12,244 million (31 March 2012: $12,935 million; 30 September 2011: $13,495 million) held by consolidated Special Purpose Entities (SPEs), which are available as security to note holders and debt providers.

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Individually assessed provisions for impairment			
Balance at the beginning of the period	**389**	369	334
Provided for during the period (note 2)	**65**	73	30
Loan assets written off, previously provided for	**(58)**	(16)	(3)
Recovery of loans previously provided for (note 2)	**(11)**	(24)	(6)
Impact of foreign currency translation	**(2)**	(13)	14
Balance at the end of the period	**383**	389	369
Individually assessed provisions as a percentage of total gross loan assets	**0.79%**	0.85%	0.79%
Collective allowance for credit losses			
Balance at the beginning of the period	**238**	245	227
(Written back)/provided for during the period (note 2)	**(1)**	(3)	16
Impact of foreign currency translation	**–**	(4)	2
Balance at the end of the period	**237**	238	245

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

Notes to the consolidated financial statements

for the half-year ended 30 September 2012 continued

Note 10

Impaired financial assets

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Impaired debt investment securities available for sale before individually assessed provisions for impairment	**11**	11	121
Less individually assessed provisions for impairment	**(10)**	(10)	(86)
Debt investment securities available for sale after individually assessed provisions for impairment	**1**	1	35
Impaired loan assets and other financial assets before individually assessed provisions for impairment	**856**	874	806
Less individually assessed provisions for impairment	**(461)**	(469)	(426)
Loan assets and other financial assets after individually assessed provisions for impairment	**395**	405	380
Total net impaired financial assets	**396**	406	415

Note 11

Interests in associates and joint ventures accounted for using the equity method

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Loans and investments without provisions for impairment	**1,892**	2,000	2,147
Loans and investments with provisions for impairment	**1,023**	1,294	1,272
Less provisions for impairment	**(630)**	(630)	(528)
Loans and investments at recoverable amount	**393**	664	744
Total interests in associates and joint ventures accounted for using the equity method	**2,285**	2,664	2,891

Summarised information of interests in material associates and joint ventures accounted for using the equity method is as follows:

			Ownership interest		
Name of entity	**Country of incorporation**	**Reporting date**	**As at 30 Sep 2012 %**	As at 31 Mar 2012 %	As at 30 Sep 2011 %
BrisConnections Unit Trusts[a]	Australia	30 June	**46**	46	46
Macquarie Goodman Japan Pte Limited[b]	Singapore	31 March	**50**	50	50
MGPA Limited[1, b]	Bermuda	30 June	**56**	56	56
Miclyn Express Offshore Limited[2, c]	Bermuda	30 June	**–**	33	34
Redford Australian Investment Trust[3, b]	Australia	31 December	**–**	29	29
Southern Cross Media Group[d]	Australia	30 June	**25**	25	25

1 Significant influence arises due to the Consolidated Entity's voting power and board representation being less than 50 per cent.

2 Sold during the period.

3 Consolidated Entity no longer has significant influence.

a Infrastructure

b Property development/management

c Metals, mining and energy

d Television and radio investments

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m

Note 12

Trading portfolio liabilities

Listed equity securities	**2,385**	2,585	2,973
Commonwealth government securities	**704**	551	1,101
Corporate securities	**292**	213	261
Other government securities	**260**	266	90
Total trading portfolio liabilities	**3,641**	3,615	4,425

Note 13

Other financial liabilities at fair value through profit or loss

Equity linked notes	**1,531**	2,243	2,621
Debt issued at fair value	**62**	490	713
Total other financial liabilities at fair value through profit or loss	**1,593**	2,733	3,334

Note 14

Debt issued at amortised cost

Debt issued at amortised cost[1]	**40,714**	39,713	42,258
Total debt issued at amortised cost	**40,714**	39,713	42,258

[1] Included within this balance are amounts payable to SPE note holders of $10,817 million (31 March 2012: $11,474 million; 30 September 2011: $11,191 million).

The Consolidated Entity has not had any defaults of principal, interest or other breaches with respect to its debt during the periods reported.

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

(In Australian dollar equivalent):

United States dollars	**16,930**	16,802	19,809
Australian dollars	**11,778**	12,958	13,819
Canadian dollars	**6,636**	7,192	6,690
Japanese yen	**2,689**	2,056	2,097
Euro	**1,650**	1,405	1,259
Great British pounds	**890**	476	191
Swiss franc	**510**	13	24
Korean won	**451**	488	462
South African rand	**407**	747	942
Hong Kong dollars	**204**	88	133
Singapore dollars	**105**	119	122
Others	**57**	102	44
Total by currency	**42,307**	42,446	45,592

The Consolidated Entity's primary sources of domestic and international debt funding are its multi-currency, multi-jurisdictional Debt Instrument Program and domestic NCD issuance. Securities can be issued for terms varying from one day to 30 years.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 15
Contributed equity

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Ordinary share capital			
Opening balance of 348,584,383 (1 October 2011: 348,285,032; 1 April 2011: 346,814,961) fully paid ordinary shares[1]	**7,127**	7,103	7,079
Issue of 2,726 shares (31 March 2012: 3,434; 30 September 2011: 25,579) on exercise of options	**–**	–	1
Issue of 16,688 shares (31 March 2012: 333; 30 September 2011: 3,197) on exercise of MEREP awards	**–**	–	–
Employee Share Plan (ESP) share issue (31 March 2012: 35,834; 30 September 2011: nil) at $nil (31 March 2012: $23.81; 30 September 2011: $nil) per share	**–**	1	–
Dividend Reinvestment Plan (DRP) share issue (31 March 2012: nil; 30 September 2011: 1,407,153) at $nil (31 March 2012: $nil; 30 September 2011: $34.60) per share	**–**	–	49
Issue of 47,002 shares (31 March 2012: 171,357; 30 September 2011: 27,041) on retraction of exchangeable shares at $80.30 per share	**4**	14	2
Issue of 118,719 shares (31 March 2012: 55,061; 30 September 2011: 7,101) shares on retraction of exchangeable shares at $50.80 per share	**6**	3	–
Issue of shares (31 March 2012: 33,332; 30 September 2011: nil) for nil cash consideration pursuant to the retention agreements entered into with key Orion Financial Inc. employees	**–**	–	–
Cancellation of 9,760,407 shares under the share buyback program (31 March 2012: nil; 30 September 2011: nil) in the range of $24.27 to $28.95 (31 March 2012: nil; 30 September 2011: nil) per share	**(250)**	–	–
For employee MEREP awards that have vested during the period:			
Transfer from share-based payments reserve	**142**	26	53
Transfer from treasury shares for shares withdrawn	**(153)**	(20)	(81)
Closing balance of 339,009,111 (31 March 2012: 348,584,383; 30 September 2011: 348,285,032) fully paid ordinary shares[1]	**6,876**	7,127	7,103

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Treasury shares[1, 2]	**(1,063)**	(974)	(993)

[1] The opening and closing balances of ordinary share capital and treasury shares have been adjusted for withdrawals of the treasury shares in prior periods in order to show the relationship with transfers from the share-based payments reserve. The adjustment reduced the balance of ordinary share capital at 1 April 2011 by $61 million with an offsetting impact in treasury shares. This has no impact on contributed equity.

[2] As at 30 September 2012, there were 30,149,639 (31 March 2012: 24,646,608; 30 September 2011: 25,091,431) treasury shares held by MEREP Trust and 48,642 (31 March 2012: nil; 30 September 2011: nil) shares held for cancellation. Staff retained profit share is held in the shares of the Company by the MEREP Trust and presented as treasury shares.

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m

Note 15

Contributed equity continued

Exchangeable shares			
Opening balance of 1,759,522 (1 October 2011: 1,985,940; 1 April 2011: 2,150,614) exchangeable shares	**82**	98	104
Issue of 38,118 (31 March 2012: nil; 30 September 2011: 40,943) exchangeable shares with retention conditions at $50.80 per share, exchangeable to shares in MGL on a one-for-one basis[1, 2]	**–**	1	1
Retraction of 47,002 (31 March 2012: 171,357; 30 September 2011: 27,041) exchangeable shares at $80.30 per share, exchangeable to shares in MGL on a one-for-one basis[3]	**(4)**	(14)	(2)
Retraction of 118,719 (31 March 2012: 55,061; 30 September 2011: 7,101) exchangeable shares with vesting conditions at $50.80 per share, exchangeable to shares in MGL on a one-for-one basis	**(6)**	(3)	–
Cancellation of 32,060 (31 March 2012: nil; 30 September 2011: 10,442) exchangeable shares at $80.30 per share	**(2)**	–	(1)
Cancellation of 537,787 (31 March 2012: nil; 30 September 2011: 152,562) exchangeable shares at $50.80 per share[2]	**(1)**	–	(4)
Cancellation of nil (31 March 2012: nil; 30 September 2011: 8,471) exchangeable shares with retention conditions at $50.80 per share	**–**	–	–
Closing balance of 1,062,072 (31 March 2012: 1,759,522; 30 September 2011: 1,985,940) exchangeable shares	**69**	82	98

1 The exchangeable shares were issued by a subsidiary in August 2009 as consideration for the acquisition of Tristone Capital Global Inc. and are classified as equity in accordance with AASB 132 *Financial Instruments: Presentation.* They are eligible to be exchanged on a one-for-one basis for shares in MGL (subject to staff trading restrictions) or cash at the Company's discretion and will pay dividends equal to MGL dividends during their legal life. The exchangeable shares must be exchanged by August 2019 and carry no MGL voting rights.

There are also retention agreements in place with key former Tristone employees, under which new MGL shares may be allocated within five years from the date of acquisition. As at 30 September 2012, the total number of retention options remaining is nil (31 March 2012: 40,941; 30 September 2011: 40,941).

2 The number of exchangeable shares was determined on 18 July 2012 pursuant to the settlement of the acquisition agreement with Tristone employees. The corresponding prior period value of the exchangeable shares includes a fair value adjustment due to an earn out mechanism.

3 The 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 on a one-for-one basis for shares in MGL (subject to staff trading restrictions) or cash at the Company's discretion and will pay dividends equal to MGL dividends during their legal life. The exchangeable shares will expire in November 2017 and carry no MGL voting rights.

There are also retention agreements in place with key former Orion employees, under which new MGL shares may be allocated within five years from the date of acquisition. As at 30 September 2012, the total number of retention options remaining is 32,002 (31 March 2012: 33,336; 30 September 2011: 66,668).

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Contributed equity	**5,882**	6,235	6,208

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

Note 16
Reserves, retained earnings and non-controlling interests

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Reserves			
Foreign currency translation reserve			
Balance at the beginning of the period	**(777)**	(491)	(820)
Currency translation differences arising during the period, net of hedge and net of tax	**(27)**	(286)	329
Balance at the end of the period	**(804)**	(777)	(491)
Available for sale reserve			
Balance at the beginning of the period	**120**	202	382
Revaluation movement for the period, net of tax	**6**	50	(168)
Transfer to income statement for impairment, net of tax	**85**	3	19
Transfer to profit on realisation, net of tax	**(12)**	(135)	(31)
Balance at the end of the period	**199**	120	202
Share-based payments reserve			
Balance at the beginning of the period	**766**	836	789
Option (reversal)/expense for the period	**(16)**	2	10
MEREP expense for the period	**137**	139	90
Transfer to share capital on vesting of MEREP awards	**(142)**	(26)	(53)
Transfer to retained earnings[1]	**(127)**	(185)	–
Balance at the end of the period	**618**	766	836
Cash flow hedging reserve			
Balance at the beginning of the period	**(47)**	(35)	(37)
Revaluation movement for the period, net of tax	**(14)**	(12)	2
Balance at the end of the period	**(61)**	(47)	(35)
Share of reserves of interests in associates and joint ventures accounted for using the equity method			
Balance at the beginning of the period	**(18)**	(8)	(4)
Share of other comprehensive income/(expense) during the period	**16**	(10)	(4)
Balance at the end of the period	**(2)**	(18)	(8)
Total reserves at the end of the period	**(50)**	44	504
Retained earnings			
Balance at the beginning of the period	**4,924**	4,539	4,581
Profit attributable to ordinary equity holders of MGL	**361**	425	305
Dividends paid on ordinary share capital (note 5)	**(257)**	(225)	(347)
Transfer from share-based payments reserves[1]	**127**	185	–
Balance at the end of the period	**5,155**	4,924	4,539

[1] Includes $127 million (31 March 2012: $185 million; 30 September 2011: $nil) transferred to retained earnings in respect of expired and lapsed options.

Note 16

Reserves, retained earnings and non-controlling interests continued

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m
Non-controlling interests			
Macquarie Income Securities[1]			
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
Macquarie Income Preferred Securities[2]			
Proceeds on issue of Macquarie Income Preferred Securities	**107**	107	107
Less issue costs	**(1)**	(1)	(1)
	106	106	106
Current period profit	**2**	2	2
Distribution provided for on Macquarie Income Preferred Securities (note 5)	**(2)**	(2)	(2)
Foreign currency translation reserve	**(42)**	(43)	(40)
Total Macquarie Income Preferred Securities	**64**	63	66
Other non-controlling interests			
Ordinary share capital	**43**	33	36
Preference share capital	**2**	2	–
Foreign currency translation reserve	**(17)**	(15)	(11)
Retained earnings	**29**	55	31
Total other non-controlling interests	**57**	75	56
Total non-controlling interests	**512**	529	513

[1] The Macquarie Income Securities issued by MBL, a subsidiary, were listed for trading on the Australian Stock Exchange (now Australian Securities Exchange) on 19 October 1999 and 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 per annum (31 March 2012: 1.7 per cent per annum; 30 September 2011: 1.7 per cent per annum). Payment of interest to holders is subject to certain conditions, including the profitability of MBL. They are a perpetual instrument with no conversion rights.

[2] On 22 September 2004, Macquarie Capital Funding LP, a subsidiary of the Company, issued £350 million of MIPS. MIPS, guaranteed non-cumulative step-up perpetual preferred securities, currently pay a 6.177 per cent (31 March 2012: 6.177 per cent; 30 September 2011: 6.177 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 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. Following the cancellation of £307.5 million MIPS in September 2009, £42.5 million MIPS remain on issue.

These instruments are classified as equity in accordance with AASB 132 *Financial Instruments: Presentation* and reflected in the Consolidated Entity's financial statements as a NCI, with distribution entitlements being included with NCI share of profit after tax.

Distribution policies for these instruments are included in note 5 – Dividends and distributions paid or provided for.

Notes to the consolidated financial statements
for the half-year ended 30 September 2012 continued

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m

Note 17
Notes to the consolidated statement of cash flows

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the period as shown in the consolidated statement of cash flows are reconciled to related items in the consolidated statement of financial position as follows:

Receivables from financial institutions[1]	**10,304**	10,853	11,311
Trading portfolio assets and debt securities[2]	**4,549**	3,975	6,680
Cash and cash equivalents at the end of the period	**14,853**	14,828	17,991

1 Includes cash at bank, overnight cash at bank, other loans to financial institutions and amounts due from clearing houses.

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

	Half-year to 30 Sep 2012 $m	Half-year to 31 Mar 2012 $m	Half-year to 30 Sep 2011 $m
Reconciliation of profit after income tax to net cash flows from operating activities			
Profit after income tax	**361**	454	308
Adjustments to profit after income tax:			
Depreciation and amortisation	**239**	274	239
Fair value changes on financial assets and liabilities at fair value through profit or loss and realised investment securities available for sale	**(120)**	(98)	(152)
Provision and impairment charge on financial and non-financial assets	**319**	352	115
Gain on sale of non-financial asset	**–**	(104)	–
Interest on available for sale financial assets	**(57)**	(115)	6
Net gains on sale of investment securities available for sale and associates and joint ventures	**(82)**	(214)	(91)
Share-based payments expense	**121**	142	101
Share of net profits of associates and joint ventures accounted for using the equity method	**(75)**	(59)	(49)
Changes in assets and liabilities:			
Change in dividends receivable	**(43)**	82	(101)
Change in values of associates due to dividends received	**63**	34	84
Change in fees and non-interest income receivable	**48**	(174)	(93)
Change in fees and commissions payable	**(111)**	93	(22)
Change in tax balances	**51**	91	(119)
Change in provisions for employee entitlements	**(5)**	(7)	15
Change in loan assets	**(2,670)**	762	(50)
Change in debtors, prepayments, accrued charges and creditors	**(325)**	459	(549)
Change in net trading portfolio assets and liabilities and net derivative financial instruments	**503**	1,754	173
Change in net interest payable, amounts due to other financial institutions, deposits and other borrowings	**3,783**	(4,063)	4,644
Change in life investment contract receivables	**15**	379	(89)
Net cash flows from operating activities	**2,015**	42	4,370

	As at 30 Sep 2012 $m	As at 31 Mar 2012 $m	As at 30 Sep 2011 $m

Note 18

Contingent liabilities and commitments

The following contingent liabilities and commitments exclude derivatives.

Contingent liabilities exist in respect of:			
Guarantees	**286**	254	222
Letters of credit	**267**	151	145
Performance related contingents	**211**	209	228
Total contingent liabilities[1]	**764**	614	595
Commitments exist in respect of:			
Undrawn credit facilities	**3,139**	4,289	4,284
Forward asset purchases	**1,432**	1,035	1,530
Total commitments[2]	**4,571**	5,324	5,814
Total contingent liabilities and commitments	**5,335**	5,938	6,409

[1] Contingent liabilities exist in respect of actual and potential claims and proceedings that arise in the conduct of the Consolidated Entity's business. A provision is recognised where some loss is probable and can be reliably estimated. The Consolidated Entity is currently not engaged in any litigation or claim which is likely to have a material adverse effect on the Consolidated Entity's business, financial condition or performance.

[2] Total commitments also represent contingent assets. Such commitments to provide credit may convert to loans and other assets in the ordinary course of business.

Note 19

Events after the reporting period

There were no material events subsequent to 30 September 2012 that have not been reflected in the financial statements.

Directors' declaration
for the half-year ended 30 September 2012

In the Directors' opinion

a) the financial statements and notes for the half-year ended 30 September 2012 set out on pages 4 to 33 are in accordance with the *Corporations Act 2001 (Cth)*, including:

   i) complying with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001 (Cth);* and

   ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2012 and performance 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.

H Kevin McCann, AM
Independent Director and Chairman

Nicholas Moore
Managing Director and
Chief Executive Officer

Sydney
26 October 2012

Independent auditor's review report

to the members of Macquarie Group Limited

pwc

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Macquarie Group Limited, which comprises the statement of financial position as at 30 September 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001 (Cth)* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

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 a 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 (Cth)* including: giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2012 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 (Cth)*. 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. 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.

Independence

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

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 (Cth)* including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2012 and of its performance for the half-year ended on that date; and
b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001 (Cth)*.

PricewaterhouseCoopers

PricewaterhouseCoopers

DH Armstrong
Partner

Sydney
26 October 2012

Macquarie Group Limited

Ten year history

With the exception of 31 March 2005, the financial information presented below has been based on the Australian Accounting Standards adopted at each end of reporting date. The financial information for the full years ended 31 March 2005–2012 and half-year ended 30 September 2012 is based on the reported results using the Australian Accounting Standards that also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Years ended 31 March	2004	2005	2006	2007	2008	2009	2010	2011	2012	First Half 2013
Income statement ($ million)										
Total income	2,823	4,197	4,832	7,181	8,248	5,526	6,638	7,665	6,963	**3,081**
Total expenses	(2,138)	(3,039)	(3,545)	(5,253)	(6,043)	(4,537)	(5,344)	(6,394)	(5,914)	**(2,564)**
Operating profit before income tax	685	1,158	1,287	1,928	2,205	989	1,294	1,271	1,049	**517**
Income tax expense	(161)	(288)	(290)	(377)	(317)	(15)	(201)	(282)	(287)	**(156)**
Profit for the year	524	870	997	1,551	1,888	974	1,093	989	762	**361**
Macquarie Income Securities distributions	(27)	(29)	(29)	(31)	(34)	(33)	(21)	(26)	(26)	**(11)**
Macquarie Income Preferred Securities distributions	–	(28)	(51)	(54)	(50)	(45)	(8)	(4)	(4)	**(2)**
Other non-controlling interests	(3)	(1)	(1)	(3)	(1)	(25)	(14)	(3)	(2)	**13**
Profit attributable to ordinary equity holders	494	812	916	1,463	1,803	871	1,050	956	730	**361**
Statement of financial position ($ million)										
Total assets	43,771	67,980	106,211	136,389	167,250	149,144	145,940	157,568	153,626	**157,008**
Total liabilities	40,938	63,555	100,874	128,870	157,189	139,584	134,171	145,636	141,894	**145,509**
Net assets	2,833	4,425	5,337	7,519	10,061	9,560	11,769	11,932	11,732	**11,499**
Total loan assets	10,777	28,425	34,999	45,796	52,407	44,751	44,267	46,016	45,218	**47,559**
Impaired loan assets (net of provisions)	61	42	85	88	165	952	647	377	405	**395**
Share information[1]										
Cash dividends per share (cents per share)										
Interim	52	61	90	125	145	145	86	86	65	**75**
Final	70	100	125	190	200	40	100	100	75	**n/a**
Special	–	40	–	–	–	–	–	–	–	**n/a**
Total	122	201	215	315	345	185	186	186	140	**n/a**
Basic earnings per share (cents per share)	233.0	369.6	400.3	591.6	670.6	309.6	320.2	282.5	210.1	**105.5**
Share price at 31 March ($)[1, 2]	35.80	48.03	64.68	82.75	52.82	27.05	47.25	36.60	29.08	**28.46**
Ordinary share capital (million shares)	215.9	223.7	232.4	253.9	274.6	283.4	344.2	346.8	348.6	**339.0**
Market capitalisation at 31 March (fully paid ordinary shares) ($ million)[2]	7,729	10,744	15,032	21,010	14,504	7,666	16,266	12,693	10,137	**9,648**
Net tangible assets per ordinary share ($)	9.66	14.02	16.99	24.35	30.35	27.89	28.40	28.91	28.12	**28.47**
Ratios (%)										
Return on average ordinary shareholders' funds	22.3	29.8	26.0	28.1	23.7	9.9	10.1	8.8	6.8	**6.6**
Dividend payout ratio	53.2	53.2	54.4	54.3	52.2	60.2	60.4	67.3	66.4	**69.8**
Expense/income ratio	75.7	72.4	73.4	73.2	73.3	82.1	80.5	83.4	84.9	**83.2**
Net loan losses as % of loan assets (excluding securitisation SPVs and segregated futures funds)	0.3	0.2	0.2	0.1	0.3	1.9	0.8	0.4	0.5	**0.3**
Assets under management ($ billion)[3]	62.6	96.7	140.3	197.2	232.0	243.1	325.7	309.8	326.9	**340.5**
Staff numbers	5,716	6,556	8,183	10,023	13,107	12,716	14,657	15,556	14,202	**13,463**

1 The MBL (now MGL) ordinary shares were quoted on the Australian Stock Exchange (now Australian Securities Exchange) on 29 July 1996.

2 At 30 September for the first half 2013.

3 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.

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Macquarie Group Head Office
No.1 Martin Place
Sydney NSW 2000
Australia

Tel: +61 2 8232 3333

Registered Office
Macquarie Group Limited
Level 7, No.1 Martin Place
Sydney NSW 2000
Australia

Tel: +61 2 8232 3333
Fax: +61 2 8232 4330