

Chairman and Managing Director's Report

Macquarie Group's result for the full year ended 31 March 2011 was nine per cent down on the prior year.

During the first half of the year market conditions were subdued, particularly for Macquarie Securities Group, Macquarie Capital and Fixed Income, Currencies and Commodities (FICC). However, overall performance significantly improved during the second half with most businesses benefiting from improved market conditions, with the exception of Macquarie Securities Group which experienced continued subdued equity markets.

The Group benefited during the year from its expanded global platform with notable increased contributions from Corporate and Asset Finance Group's growing lease business, FICC's commodity financing and trading operations and Macquarie Funds Group's increased funds management platform following the Delaware acquisition. Macquarie continues to grow its international businesses and build on the diversity of its global platform.

The Group maintained its strong capital and funding position and its conservative approach to risk management that has been a foundation of Macquarie's unbroken 42-year record of profitability.