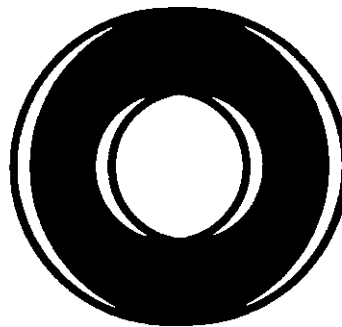


Company Registration Number : 1802574

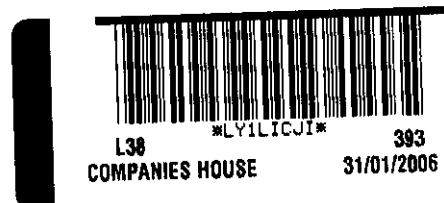
MACQUARIE INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2005**



MACQUARIE



**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005**

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MACQUARIE INTERNATIONAL LIMITED

GENERAL INFORMATION**Directors**

P Kirk
A J Downe
J Walker
B Preston
T Y Song
J Craig
R Tallentire (appointed 28 October 2005)

Secretary

R Tallentire
D Tan (appointed 28 October 2005)

Registered Office

Level 30
CityPoint
1 Ropemaker Street
London EC2Y 9HD

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Company number: 1802574

MACQUARIE INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and consolidated financial statements for Macquarie International Limited ("the Company"), together with its subsidiary undertakings ("the group"), for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The Company is incorporated in the United Kingdom and has branches in Korea and Hong Kong.

The Company undertakes energy markets trading activity from its United Kingdom operations. All turnover from this business activity is reallocated to those entities which introduce the trade and in return the Company receives a cost or revenue based return depending which is greater. During the year ended 31 March 2005 the return was cost based. The Company also seconded Equity Markets staff to an unrelated Japanese financial institution.

The principal activities of the Korean branch include property advisory services in relation to financial advisory and financial derivative trading. The Korean branch also seconded staff out to joint ventures associated with Macquarie Bank Limited Group in the region.

The Hong Kong branch facilitates employment and secondment agreements amongst various Hong Kong entities within the Macquarie Bank Limited group.

The Company operates the business of holding international investments including the following;

- Macquarie Finance (UK) Limited, a wholly owned subsidiary undertaking of the Company, did not undertake any activities during the year.
- MEIF (UK) Limited, a wholly owned subsidiary undertaking of the Company, which previously acted as General Partner to the Macquarie European Infrastructure Fund LP and as at 31 March 2005 is now dormant.
- Macquarie France SARL, a wholly owned subsidiary undertaking of the Company, was incorporated on 1 March 2005 to engage in equity and equity derivative trades in France.

The Company, together with the above subsidiary undertakings, form the Macquarie International Limited group of companies ("the group").

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

On 14 May 2004, the Company issued 4,500,000 redeemable preference shares at par to Macquarie Bank Limited for £4,500,000. The cumulative fixed preferential dividend on each redeemable preference share was set at 0% and the redemption date is five years from the date the shares were issued.

On 1 March 2005, the Company subscribed to all of the share capital of Macquarie France SARL, a newly incorporated French Limited Liability company. The Company acquired 5,000 ordinary shares for EUR 1 each.

Macquarie International Limited, Seoul branch may enter into the leasing and subleasing of property business in the near future.

The Company does not envisage any further changes in activities for the foreseeable future.

RESULTS AND DIVIDENDS

The group's profit for the financial year is £1,396,881 (2004: £3,435,358 loss). No dividend is proposed (2004: £ Nil).

MACQUARIE INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors of the Company holding office during the year were as follows:

P Kirk
A J Downe
J Walker
B Preston
T Y Song
J Craig
R Tallentire (appointed 28 October 2005)

None of the directors had an interest in any material contract with the Company during the year. None of the directors held interests in the shares of the Company during the year.

CREDITORS PAYMENT POLICY

It is the Company's policy to agree the terms of payment to creditors at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

ANNUAL GENERAL MEETING

The Company has dispensed with the obligation to hold an Annual General Meeting, as permitted under Section 366A of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Pursuant to Section 386 of the Companies Act 1985, an elective resolution was passed resolving that the Company dispense with the requirement to appoint auditors annually.

By order of the board



R Tallentire
Director

24 January 2006

MACQUARIE INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACQUARIE INTERNATIONAL LIMITED

We have audited the financial statements which comprises the consolidated profit and loss account, consolidated balance sheet account, company balance sheet and related notes on pages 7 to 21 which have been prepared under the historical cost convention, with the exception of financial derivative instruments which are revalued to market value, and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the general information and the directors' report.

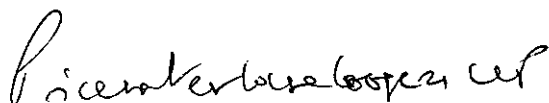
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the group at 31 March 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

18 January 2006

MACQUARIE INTERNATIONAL LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005 £	2004 £
Turnover		30,900,213	3,717,676
Administrative expenses		<u>(28,555,069)</u>	<u>(9,158,116)</u>
		2,345,144	(5,440,440)
Other operating (charges)/income		<u>(342,727)</u>	<u>568,586</u>
OPERATING PROFIT/(LOSS)		2,002,417	(4,871,854)
Other interest receivable and similar income	3	134,328	216,728
Interest payable and similar charges	4	<u>(199,899)</u>	<u>(194,976)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,936,846	(4,850,102)
Tax on profit/(loss) on ordinary activities	6	<u>(539,965)</u>	<u>1,414,744</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		1,396,881	(3,435,358)
RETAINED (LOSS)/PROFIT BROUGHT FORWARD		<u>(2,285,381)</u>	<u>1,149,977</u>
RETAINED LOSS CARRIED FORWARD		<u>(888,500)</u>	<u>(2,285,381)</u>

Turnover and profit/(loss) on ordinary activities before taxation relate wholly to continuing operations.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

A statement of total recognised gains and losses has not been provided as all gains and losses are dealt with in the profit and loss account.

The notes on pages 10 to 21 form part of these financial statements.

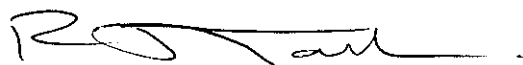
MACQUARIE INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	187,156	192,436
Investments	10	-	2
		<u>187,156</u>	<u>192,438</u>
CURRENT ASSETS			
Loans	11	10,403	-
Deferred tax asset	7	1,184,989	1,179,981
Debtors	12	31,333,053	7,723,442
Other assets	13	5,479,236	-
Cash at bank and in hand	14	4,285,363	227,108
		<u>42,293,044</u>	<u>9,130,531</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(19,283,450)	(5,192,766)
NET CURRENT ASSETS		<u>23,009,594</u>	<u>3,937,765</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	(17,085,250)	(3,915,584)
TOTAL NET ASSETS		<u>6,111,500</u>	<u>214,619</u>
CAPITAL AND RESERVES			
Called up share capital	17	7,000,000	2,500,000
Profit and loss account		(888,500)	(2,285,381)
SHAREHOLDERS' FUNDS	18	<u>6,111,500</u>	<u>214,619</u>
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		1,611,500	214,619
Non-equity	19	4,500,000	-
	18	<u>6,111,500</u>	<u>214,619</u>

The notes on pages 10 to 21 form part of these financial statements.

The financial statements on pages 7 to 21 were approved by the board of directors on 24 January 2006 and were signed on its behalf by:



R Tallentire
Director

MACQUARIE INTERNATIONAL LIMITED**COMPANY BALANCE SHEET AS AT 31 MARCH 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	187,156	192,436
Investments	10	203,430	200,002
		<u>390,586</u>	<u>392,438</u>
CURRENT ASSETS			
Loans	11	10,403	-
Deferred tax asset	7	1,184,989	1,179,981
Debtors	12	31,332,465	7,723,797
Other assets	13	5,479,236	-
Cash at bank and in hand	14	4,281,933	227,108
		<u>42,289,026</u>	<u>9,130,886</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(19,482,507)	(5,392,766)
NET CURRENT ASSETS		<u>22,806,519</u>	<u>3,738,120</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	(17,085,250)	(3,915,584)
TOTAL NET ASSETS		<u>6,111,855</u>	<u>214,974</u>
CAPITAL AND RESERVES			
Called up share capital	17	7,000,000	2,500,000
Profit and loss account		(888,145)	(2,285,026)
SHAREHOLDERS' FUNDS	18	<u>6,111,855</u>	<u>214,974</u>
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		1,611,855	214,974
Non-equity	19	4,500,000	-
	18	<u>6,111,855</u>	<u>214,974</u>

The notes on pages 10 to 21 form part of these financial statements.

The financial statements on pages 7 to 21 were approved by the board of directors on 24 January 2006 and were signed on its behalf by:



R Tallentire
Director

MACQUARIE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with Schedule 4 to the Companies Act 1985, as modified by the revaluation of financial derivative instruments to market value as disclosed below, and with applicable accounting standards.

The particular policies adopted are described below as follows:

a) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of the Company and its subsidiary undertaking, Macquarie Finance (UK) Limited, as at 31 March 2005 and the results of these entities for the year then ended. The effects of all transactions between these entities are eliminated in full.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account of the Company is not presented. The Company's profit for the year ended 31 March 2005 was £1,396,881 (2004: £3,435,358 loss).

b) TURNOVER

Turnover for the year comprises:

- (i) Management and other fee income, which is brought to account as work is completed and a fee is agreed with clients;
- (ii) Income arising from the energy trading business is calculated at cost plus a markup and is brought to account in accordance with service agreements in place; and
- (iii) *Amounts relating to the facilitation of staff secondments to overseas companies within the Macquarie Bank Limited group, as well as other external counterparties, which are brought to account in accordance with agreements in place.*

c) OTHER OPERATING (CHARGES)/INCOME

Gains and losses arising from foreign currency exposure are accounted for as other operating income or charges respectively.

d) INTEREST

Interest receivable and similar income and interest payable and similar charges are brought to account on an accruals basis.

MACQUARIE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

e) TAXATION AND DEFERRED TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses, at the reporting date, the anticipated reversal of which will result in change in future liability to tax. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law and is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

f) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided in equal monthly instalments on a straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings	20% - 25% per annum
Office equipment	20% - 33% per annum
Computers	25% - 50% per annum
Vehicles	25% per annum

g) IMPAIRMENT

Tangible fixed assets are reviewed for impairment if there are events or changes in circumstances that indicate that the carrying values may not be recoverable.

h) FIXED ASSET INVESTMENTS

Investments, including investments in subsidiary undertakings, are recorded at cost. Where the directors are of the opinion that there has been a permanent diminution in the value of investments, the carrying amount of such investments is written down to their recoverable amount.

i) FINANCIAL DERIVATIVES

Financial derivatives include positions in derivative products such as futures, exchange traded options and over-the-counter options. Movements in the market value of the underlying instrument are taken to the profit and loss account. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires that any revaluation differences be taken to revaluation reserve. The directors consider that these requirements would fail to give a true and fair view of the result for the year of the Company since the marketability of the financial instruments enables decisions to be taken continually about whether to hold, buy or sell such positions and hence the economic measure of profit in any period is made by reference to market values.

It is not practicable to quantify the effect on the financial statements of this departure, since information on original cost, being of no continuing relevance to the business, is not available.

MACQUARIE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

j) CASH AT BANK AND IN HAND

Cash at bank and in hand comprises cash on hand, deposits held at call with banks and other short-term highly liquid investments.

k) FOREIGN CURRENCIES

Transactions of the Company, its overseas branches and its subsidiary undertaking, in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies which are not covered by forward exchange contracts are translated to sterling using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2. SEGMENTAL REPORTING

Geographical Segments

GROUP	Turnover		Profit/(loss) on ordinary activities before taxation		Net assets/(liabilities)	
	2005 £	2004 £	2005 £	2004 £	2005 £	2004 £
Hong Kong	18,066,401	117,537	1,242,931	(30,076)	1,250,760	21,094
Korea	2,887,445	356,274	297,945	(5,015,435)	(3,335,155)	(3,597,936)
United Kingdom	9,946,367	3,243,865	395,970	195,409	8,195,895	3,791,461
	<u>30,900,213</u>	<u>3,717,676</u>	<u>1,936,846</u>	<u>(4,850,102)</u>	<u>6,111,500</u>	<u>214,619</u>

COMPANY	Turnover		Profit/(loss) on ordinary activities before taxation		Net assets/(liabilities)	
	2005 £	2004 £	2005 £	2004 £	2005 £	2004 £
Hong Kong	18,066,403	117,537	1,242,931	(30,076)	1,250,760	21,094
Korea	2,887,445	356,274	297,945	(5,015,435)	(3,335,155)	(3,597,936)
United Kingdom	9,946,044	3,243,865	395,970	195,409	8,196,250	3,791,816
	<u>30,899,892</u>	<u>3,717,676</u>	<u>1,936,846</u>	<u>(4,850,102)</u>	<u>6,111,855</u>	<u>214,974</u>

MACQUARIE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

2. SEGMENTAL REPORTING (CONTINUED)

Business Segments

GROUP	Turnover		Profit/(loss) on ordinary activities before taxation		Net assets/(liabilities)	
	2005 £	2004 £	2005 £	2004 £	2005 £	2004 £
Bullion	-	-	(197,032)	(4,036,518)	(2,090,355)	(4,039,771)
Corporate advisory	110,069	3,486	132,146	21,289	779,532	647,386
Energy markets	9,556,117	2,720,241	212,695	69,071	(408,256)	(620,950)
Property	569,071	371,934	486,687	71,202	1,594,643	1,107,955
Human resources	17,762,401	654,303	776,512	574,690	1,613,568	654,303
Other	2,902,555	(32,288)	525,838	(1,549,836)	4,622,368	2,465,696
	<u>30,900,213</u>	<u>3,717,676</u>	<u>1,936,846</u>	<u>(4,850,102)</u>	<u>6,111,500</u>	<u>214,619</u>

COMPANY	Turnover		Profit/(loss) on ordinary activities before taxation		Net assets/(liabilities)	
	2005 £	2004 £	2005 £	2004 £	2005 £	2004 £
Bullion	-	-	(197,032)	(4,036,518)	(2,090,355)	(4,039,771)
Corporate advisory	110,069	3,486	132,146	21,289	779,532	647,386
Energy markets	9,556,117	2,720,241	212,695	69,071	(408,256)	(620,951)
Property	569,071	371,934	486,687	71,202	1,594,643	1,107,955
Human resources	17,762,403	654,303	776,512	574,690	1,613,567	654,303
Other	2,902,232	(32,288)	525,838	(1,549,836)	4,622,724	2,466,052
	<u>30,899,892</u>	<u>3,717,676</u>	<u>1,936,846</u>	<u>(4,850,102)</u>	<u>6,111,855</u>	<u>214,974</u>

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Group 2005 £	Group 2004 £
Interest receivable from ultimate parent undertaking	-	53,436
Interest receivable from other Macquarie Bank Limited group undertakings	73,668	111,606
Interest receivable from unrelated parties	60,660	51,686
	<u>134,328</u>	<u>216,728</u>

MACQUARIE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005
(CONTINUED)****4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Group 2005 £	Group 2004 £
Interest payable to ultimate parent undertaking	182,142	29,151
Interest payable to other Macquarie Bank Limited group undertakings	654	1,352
Interest payable to unrelated parties	17,103	164,473
	<u>199,899</u>	<u>194,976</u>

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):-

	Group 2005 £	Group 2004 £
Foreign exchange losses/(gains)	342,405	(567,941)
Provision for non-refundable VAT	-	3,915,584
Staff costs	20,408,578	5,066,503
Depreciation charges	80,369	59,296
Auditors' remuneration;		
Audit services	36,014	28,454
Non-audit services	6,830	17,422

The average number of persons employed by the Group during the year calculated on a quarterly basis was 40 (2004: 37). This figure includes persons employed by Macquarie International Limited and seconded to other legal entities within the Macquarie Bank Limited group.

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Analysis of tax charge/(credit) for the year

	Group 2005 £	Group 2004 £
Current tax:		
UK corporation tax at 30% (2004: 30%)	631,351	(225,008)
Adjustments to tax in respect of prior years	(86,809)	(9,779)
Foreign tax	431	24
Total current tax	<u>544,973</u>	<u>(234,763)</u>
Deferred tax:		
Tax loss to be carried forward	-	-
Origination and reversal of timing differences	(9,400)	(1,179,981)
Adjustments to tax in respect of prior years	4,392	-
	<u>(5,008)</u>	<u>(1,179,981)</u>
Tax on profit/(loss) on ordinary activities	<u>539,965</u>	<u>(1,414,744)</u>

MACQUARIE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005
(CONTINUED)****6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)****Factors affecting tax charge for the year**

The taxation charge/(credit) for the year ended 31 March 2005 is lower (2004: lower) than the standard rate of corporation tax in the United Kingdom of 30%. The differences are explained below:

	2005	2004
	£	£
Profit/(loss) on ordinary activities before taxation	1,936,846	(4,850,102)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2004: 30%)	581,054	(1,455,031)
Effects of:		
Tax expense relating to foreign branch operations	431	24
Expenses not deductible for tax purposes	40,897	1,224,716
Depreciation in excess of capital allowances	9,400	5,307
Adjustments to tax in respect of prior years	(86,809)	(9,779)
	<u>544,973</u>	<u>(234,763)</u>

7. DEFERRED TAX ASSET

	Group and Company 2005 £	Group and Company 2004 £
At 1 April 2004 as previously stated	1,179,981	-
Timing differences:		
Amount charged to profit and loss (note 6)	5,008	1,179,981
Deferred tax asset recognised at 31 March 2005	<u>1,184,989</u>	<u>1,179,981</u>
The deferred tax asset comprises:		
Accelerated capital allowance	10,315	5,307
Timing differences in respect of provision made for VAT	1,174,674	1,174,674
Deferred tax asset recognised at 31 March 2005	<u>1,184,989</u>	<u>1,179,981</u>

8. DIRECTORS' REMUNERATION

All directors of the Company are directors of other members of the Macquarie Bank Limited group and it is considered that an insignificant amount of their time relates to the Company. Accordingly, no separate remuneration has been disclosed.

MACQUARIE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

9. TANGIBLE FIXED ASSETS

GROUP and COMPANY	Office furniture, fixtures, fittings and computers 2005 £	Vehicles 2005 £	Total 2005 £
COST			
At 1 April 2004	199,242	60,849	260,091
Additions	115,916	-	115,916
Disposals	(60,273)	(9,270)	(69,543)
At 31 March 2005	<u>254,885</u>	<u>51,579</u>	<u>306,464</u>
ACCUMULATED DEPRECIATION			
At 1 April 2004	66,341	1,314	67,655
Charge for the period	61,661	18,708	80,369
Disposals	(22,729)	(5,987)	(28,716)
At 31 March 2005	<u>105,273</u>	<u>14,035</u>	<u>119,308</u>
NET BOOK AMOUNT			
31 March 2005	<u>149,612</u>	<u>37,544</u>	<u>187,156</u>
31 March 2004	<u>132,901</u>	<u>59,535</u>	<u>192,436</u>

10. FIXED ASSET INVESTMENTS

	Group 2005 £	Company 2005 £
COST		
At 1 April 2004	2	200,002
Additions	-	3,429
Disposals	(2)	(1)
At 31 March 2005	<u>-</u>	<u>203,430</u>

Fixed asset investments comprises:

	Group 2005 £	2004 £	Company 2005 £	2004 £
Cost and net book amount:				
Shares in subsidiary undertakings	-	1	203,430	200,001
Investment in shares	-	1	-	1
	<u>-</u>	<u>2</u>	<u>203,430</u>	<u>200,002</u>

Macquarie Finance (UK) Limited

The Company holds 100% of the share capital of the unlisted company, Macquarie Finance (UK) Limited, at a cost of £200,000. Macquarie Finance (UK) Limited did not undertake any activities during the year.

MEIF (UK) Limited

The Company holds 100% of the share capital of the unlisted company, MEIF (UK) Limited for £1. During the year MEIF (UK) Limited acted as General Partner to the Macquarie European Infrastructure Fund LP.

MACQUARIE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

10. FIXED ASSET INVESTMENTS (CONTINUED)

MEIF Luxemburg Holdings SA

On 4 November 2003 the Company acquired one share in MEIF Luxemburg Holdings SA for EUR 1.25. This represents less than 1% of the issued capital of MEIF Luxemburg Holdings SA and the Company has treated this as a fixed asset investment. This investment was disposed of during the year.

Macquarie France SARL

On 1 March 2005 the Company acquired 5,000 ordinary shares in Macquarie France SARL for EUR 1 each, this represents a 100% shareholding. Macquarie France SARL will engage in equity and equity derivative trades in France.

11. LOANS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Loans	10,403	-	10,403	-

The loans disclosed above were made to an employee of the Company's Korean branch. The amount was subsequently repaid on 15 April 2005.

12. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
VAT recoverable	4,124,595	3,890,013	4,124,595	3,890,013
Taxation	166,526	268,293	166,526	268,293
Fees receivable	220,795	113,400	220,795	113,400
Amounts owed by other Macquarie				
Bank Limited group undertakings	23,461,189	2,646,371	23,461,189	2,646,726
Deferred employee retentions	1,393,865	-	1,393,865	-
Other debtors	1,966,083	805,365	1,965,495	805,365
	<u>31,333,053</u>	<u>7,723,442</u>	<u>31,332,465</u>	<u>7,723,797</u>

Amounts owed by other group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to overseas group undertakings at market rates and at 31 March 2005 the rate applied was LIBOR plus 2% (2004: LIBOR plus 2%).

On 10 May 2002 the Korean tax authorities advised the Korean branch of the Company by preliminary notice of a probable denial of VAT recoverable arising from some of the activities of its bullion business. The Company is currently pursuing resolution of the issue through the appropriate legal and administrative channels. Legal advice obtained to date indicates the Company should be successful. However, two appeals to date have been unsuccessful. At 31 March 2005, the sterling equivalent of the VAT recoverable reported in the net amount above, which is the subject of this dispute, is £4,290,255 (2004: £3,915,584). The VAT recoverable amount above is net of VAT payable by the Company.

Prior to commencement of the activities of the bullion business, the directors obtained appropriate tax and legal advice and the Company implemented the advised measures to satisfy the VAT refund requirements. The directors are confident that the Company has complied with all necessary rules and regulations and has maintained adequate documentation to recover the VAT. The Company has suspended the particular activities of the bullion business from May 2002 until the matter is satisfactorily resolved.

MACQUARIE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005
(CONTINUED)****13. OTHER ASSETS**

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Unrealised gains from revaluing financial derivatives	5,479,236	-	5,479,236	-
	<u>5,479,236</u>	<u>-</u>	<u>5,479,236</u>	<u>-</u>

As part of its energy trading book, the Company holds positions in futures, exchange traded options and over-the-counter options. The counterparty for these positions is the ultimate parent undertaking, Macquarie Bank Limited.

14. CASH AT BANK AND IN HAND

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Petty cash	205	385	205	385
Cash held with other banks	4,285,158	226,723	4,281,728	226,723
	<u>4,285,363</u>	<u>227,108</u>	<u>4,281,933</u>	<u>227,108</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Borrowings	-	2,130,882	-	2,130,882
Unrealised losses from revaluing financial derivatives	-	970,518	-	970,518
Amounts owed to ultimate parent undertaking	14,820,182	-	14,819,239	-
Amounts owed to subsidiary undertaking	-	-	200,000	200,000
Amounts owed to other Macquarie Bank Limited group undertakings	643,818	683,734	643,818	683,734
Taxation	645,951	-	645,951	-
Trade creditors	1,705,262	606,682	1,705,262	606,682
Accrued expenses	772,066	770,705	772,066	770,705
Other creditors	696,171	30,245	696,171	30,245
	<u>19,283,450</u>	<u>5,192,766</u>	<u>19,482,507</u>	<u>5,392,766</u>

Borrowings comprise amounts borrowed by the Korean branch of the Company and includes interest accrued. The borrowings matured on 30 November 2004. The borrowings incurred interest at market rates and during the year the rate applied was 5.03% (2004: 5.03%).

Amounts owed to the ultimate parent undertaking are unsecured and have no fixed date of repayment. The Company incur interest at market rates and at 31 March 2005 the rate applied was LIBOR plus 2%.

Amounts owed to the subsidiary undertaking incorporated in the United Kingdom are unsecured and have no fixed date of repayment. Although no interest has been charged in the current year, the subsidiary undertaking has the right to charge interest at a future date in respect of current and previous years at the appropriate market rates.

As part of its energy trading book, the Company holds positions in futures, exchange traded options and over-the-counter options. The counterparty for these positions is the ultimate parent undertaking, Macquarie Bank Limited.

MACQUARIE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005
(CONTINUED)****16. PROVISIONS FOR LIABILITIES AND CHARGES**

	VAT Provision	Employee Bonuses	Total
	£	£	£
Group and Company			
At 1 April 2004	3,915,584	-	3,915,584
Charged to the profit and loss account	374,671	11,401,130	11,775,801
Deferred as employee retentions	-	1,393,865	1,393,865
At 31 March 2005	<u>4,290,255</u>	<u>12,794,995</u>	<u>17,085,250</u>

A provision of KRW 8,248,510,259 (2005: £4,290,255, 2004: £3,915,584) has been made against the VAT recoverable in the event that the appeal against the Korean tax authorities is not successful. The amount has been in dispute since 2002 and it is uncertain when the matter will be resolved.

A provision of £12,794,995 (2004: £Nil) has been made in relation to bonuses payable to staff employed by the Company. Bonuses charged to the profit and loss account during the financial year of £11,401,130 relate to the 2005 bonus period, which is payable in June 2005. The deferred employee retentions of £1,393,865 will be amortised over future service periods.

Maturity profile of bonus provision

	Group £	Company £
Within 1 year	11,401,130	11,401,130
Between 1 and 2 years	464,622	464,622
Between 2 and 5 years	929,243	929,243
	<u>12,794,995</u>	<u>12,794,995</u>

17. SHARE CAPITAL

	Group & Company 2005 £	Group & Company 2004 £
AUTHORISED		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
10,000,000 redeemable preference shares of £1 each	10,000,000	10,000,000
	<u>20,000,000</u>	<u>20,000,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
2,500,000 ordinary shares of £1 each	2,500,000	2,500,000
4,500,000 redeemable preference shares of £1 each	4,500,000	-
	<u>7,000,000</u>	<u>2,500,000</u>

The redeemable preference shares were issued at par to Macquarie Bank Limited for £4,500,000 during the year. The cumulative fixed preferential dividend on each redeemable preference share is 0% and the redemption date is five years from the date the shares were issued.

MACQUARIE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005
(CONTINUED)****18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Opening shareholders' funds	214,619	3,649,977	214,974	3,650,332
Retained profit/(loss) for the year	1,396,881	(3,435,358)	1,396,881	(3,435,358)
Issue of redeemable preference shares	4,500,000	-	4,500,000	-
Closing shareholders' funds	<u>6,111,500</u>	<u>214,619</u>	<u>6,111,855</u>	<u>214,974</u>

19. NON-EQUITY SHAREHOLDERS' FUNDS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Opening non-equity shareholders' funds	-	-	-	-
Issue of redeemable preference shares	4,500,000	-	4,500,000	-
Closing non-equity shareholders' funds	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>	<u>-</u>

20. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party of Macquarie International Limited, which is the parent undertaking of the smallest and the largest group to prepare consolidated financial statements, is Macquarie Bank Limited, a company incorporated in Australia. Copies of group financial statements for Macquarie Bank Limited can be obtained from the Company Secretary, Level 15, No. 1 Martin Place, Sydney, New South Wales, 2000, Australia.

21. RELATED PARTY TRANSACTIONS

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Bank Limited, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Bank Limited group. The consolidated financial statements of Macquarie Bank Limited, within which the Company is included, can be obtained from the address given in Note 20.

22. CASH FLOW STATEMENT

The Company was a wholly owned subsidiary within the Macquarie Bank Limited group throughout the year and is included in the consolidated financial statements of Macquarie Bank Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of the FRS 1 (revised 1996).

MACQUARIE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005
(CONTINUED)****23. POST BALANCE SHEET EVENTS**

On 1 September 2005, the Company purchased 100% of the ordinary shares in Macquarie Investments Deutschland GmbH for EUR 25,000. The share purchase was funded via a loan from Macquarie Bank Limited, London branch.

On 6 October 2005, the Company purchased 100% of the ordinary shares in Macquarie Spain SL for EUR 5,000. The share purchase was funded via a loan from Macquarie Bank Limited, London branch.

On December 2005, the Company entered into a Limited Partnership Agreement with Global Star Korea Fund L.P. The first drawdown was called in December 2005 for an amount of USD 125,000.