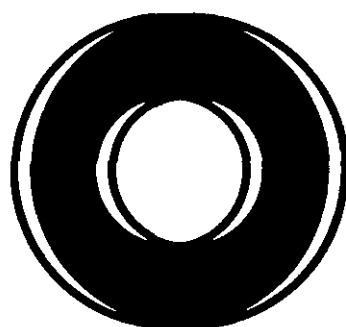


Company Registration Number : 2579363

MACQUARIE INTERNATIONALE HOLDINGS
LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2003



MACQUARIE



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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

GENERAL INFORMATION**Directors**

P Kirk
J Walker
S Allen (resigned 30 April 2002)
J Roberts (resigned 13 June 2003)
P Holloway (appointed 30 April 2002)
J Craig (appointed 8 August 2003)
I Learmonth (appointed 8 August 2003)

Secretary

D Walmsley (resigned 28 August 2003)
R Tallentire (appointed 8 August 2003)

Registered Office

Level 30
CityPoint
1 Ropemaker Street
London EC2Y 9HD

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Company number: 2579363

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for Macquarie Internationale Holdings Limited ("the Company") for the year ended 31 March 2003.

REVIEW OF THE BUSINESS

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

- The Company holds all the share capital of Macquarie Capital Limited, a subsidiary undertaking incorporated in the United Kingdom which is the holding company for Macquarie Capital GmbH. Macquarie Capital GmbH is incorporated in Austria and engages in the business of providing corporate and project finance advisory services.
- During the year, the Company acquired all of the share capital of Macquarie Capital Korea Co., Ltd, a subsidiary undertaking incorporated in Korea which conducts leasing activities.
- The Company is a participant in a joint venture with a Korean counterparty. The joint venture, Shinhan Macquarie Financial Advisory Co. Ltd, is incorporated in Korea and engages in infrastructure management, asset based financing, project finance advisory and other related business in Korea.
- During the year, the Company entered into another joint venture with two Korean counterparties. The parties established Macquarie Shinhan Infrastructure Management Co. Ltd, which was incorporated in Korea on 17 October 2002 and operates the business of providing management and advisory services.
- During the year, the Company also invested in the Korean Road Infrastructure Fund, an infrastructure fund established in Korea and managed by Macquarie Shinhan Infrastructure Management Co. Ltd.

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

RESULTS AND DIVIDENDS

The group's loss for the year amounts to £1,398,469 (2002: £2,993 loss). No dividend is proposed (2002: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors holding office during the year were as follows:

P Kirk
J Walker
S Allen (resigned 30 April 2002)
J Roberts (resigned 13 June 2003)
P Holloway (appointed 30 April 2002)
J Craig (appointed 8 August 2003)
I Learmonth (appointed 8 August 2003)

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

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)**AUDITORS**

Following the conversion of the Company's auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 26 January 2004 and the directors appointed its successor, PricewaterhouseCoopers LLP, as 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.

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.

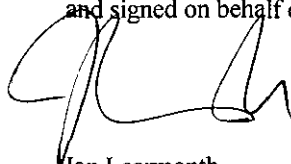
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss for the financial year. 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 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.

Approved by the board of directors
and signed on behalf of the board



Ian Learmonth
Director
26 January 2004

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MACQUARIE INTERNATIONALE HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of foreign currency investments in joint ventures to the exchange rate at the balance sheet date, and the accounting policies set out on pages 8 to 10.

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 2003 and of the loss 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
26 January 2004

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003**

	Notes	2003 £	2002 £
Turnover including share of joint venture turnover		5,025,913	1,554,655
Less: share of joint venture turnover		<u>(1,385,260)</u>	<u>(1,536,345)</u>
Turnover		3,640,653	18,310
Administrative expenses		<u>(1,612,724)</u>	<u>(285,663)</u>
		2,027,929	(267,353)
Gain on disposition of assets		103,477	-
Other operating income/(charges)		<u>121,059</u>	<u>(18,165)</u>
OPERATING GAIN/(LOSS)		2,252,465	(285,518)
Income from shares in participating interests		251,364	-
Share of operating (loss)/profit of joint ventures		<u>(621,599)</u>	<u>406,812</u>
OPERATING PROFIT INCLUDING JOINT VENTURE		1,882,230	121,294
Gain on acquisition of subsidiary undertaking		515,349	-
Interest receivable and similar income	3	83,034	4
Interest payable and similar charges	4	<u>(3,906,588)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(1,425,975)	121,298
Tax on (loss)/profit on ordinary activities	6	<u>(43,919)</u>	<u>(124,291)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,469,894)	(2,993)
Minority interests share of operating loss (all equity)		71,425	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND MINORITY INTERESTS		<u>(1,398,469)</u>	<u>(2,993)</u>
RETAINED PROFIT BROUGHT FORWARD		<u>15,651</u>	<u>18,644</u>
RETAINED (LOSS)/PROFIT CARRIED FORWARD		<u>(1,382,818)</u>	<u>15,651</u>

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

There is no difference between the profit 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 group gains and losses are dealt with in the profit and loss account.

The notes on pages 8 to 22 form part of these financial statements.

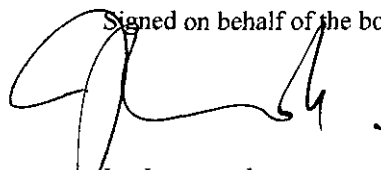
MACQUARIE INTERNATIONALE HOLDINGS LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003**

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	9	174,915	7,900
Other non current assets	10	27,813	-
Investments	11	5,253,390	-
Investment in joint ventures:			
- Share of gross assets	12	1,312,246	1,765,383
- Share of gross liabilities	12	(1,359,896)	(1,217,432)
		<u>5,408,468</u>	<u>555,851</u>
CURRENT ASSETS			
Loans	13	-	145,452
Lease receivables	14	73,803,738	-
Debtors	15	174,705	14,340
Cash at bank and in hand	16	<u>5,044,493</u>	<u>64,902</u>
		<u>79,022,936</u>	<u>224,694</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(40,669,041)	(764,794)
NET CURRENT ASSETS/(LIABILITIES)		<u>38,353,895</u>	<u>(540,100)</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	(40,157,392)	-
TOTAL NET ASSETS		<u><u>3,604,971</u></u>	<u><u>15,751</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	5,107,137	100
Reserves	20	(119,348)	-
Profit and loss account		<u>(1,382,818)</u>	<u>15,651</u>
SHAREHOLDERS' FUNDS	21	<u><u>3,604,971</u></u>	<u><u>15,751</u></u>

The notes on pages 8 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on 26 January 2004.

Signed on behalf of the board of directors



Ian Learmonth
Director

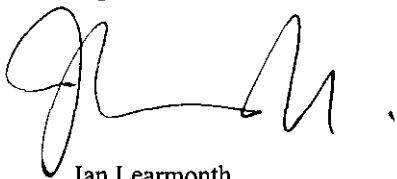
MACQUARIE INTERNATIONALE HOLDINGS LIMITED**COMPANY BALANCE SHEET AS AT 31 MARCH 2003**

	Notes	2003 £	2002 £
FIXED ASSETS			
Investments	11	7,094,023	1
Investment in joint ventures	12	286,119	260,120
		<u>7,380,142</u>	<u>260,121</u>
CURRENT ASSETS			
Debtors	15	7,661	-
		<u>7,661</u>	<u>-</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(2,158,933)	(258,406)
NET CURRENT LIABILITIES		<u>(2,151,272)</u>	<u>(258,406)</u>
TOTAL NET ASSETS		<u>5,228,870</u>	<u>1,715</u>
CAPITAL AND RESERVES			
Called up share capital	19	5,107,137	100
Revaluation reserve	20	-	(5,310)
Profit and loss account		121,733	6,925
SHAREHOLDERS' FUNDS	21	<u>5,228,870</u>	<u>1,715</u>

The notes on pages 8 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on 26 January 2004.

Signed on behalf of the board of directors



Ian Learmonth
Director

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003**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 foreign currency investments in joint ventures to the exchange rate at the balance sheet date, 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 subsidiaries and joint venture undertakings as at 31 March 2003 and the results of these entities for the year then ended. The effects of all transactions between these entities are eliminated in full. Where subsidiaries and joint ventures are acquired or incorporated during the year, results are included from the date of acquisition or incorporation.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account of the Company is not presented. Its profit for the year ended 31 March 2003 was £114,808 (2002: £11,719 loss).

b) TURNOVER

Group turnover includes:

- (i) Advisory fee income, which is brought to account as work is completed and a fee agreed with clients;
- (ii) Leasing income, which is brought to account over the primary period of the lease so as to produce a constant rate of return on the net cash investment.

Joint venture turnover includes:

- (i) Advisory fee income, which is brought to account as work is completed and a fee agreed with clients; and
- (ii) Management fee income, which is brought to account in accordance with agreements in place.

c) OTHER OPERATING INCOME/(CHARGES)

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

The objective of Financial Reporting Standard 18 is to ensure that accounting policies give a true and fair view, are reviewed regularly and are changed when a new policy becomes more appropriate. In prior years, the Company disclosed gains and losses arising from foreign currency exposure within turnover. In the directors' opinion, gains and losses arising from foreign currency exposure are more appropriately disclosed as other operating income or charges and the Company has adopted this change in accounting policy in the current year. The prior period comparatives have been re-stated to enhance comparability.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****1. ACCOUNTING POLICIES (CONTINUED)****d) FOREIGN CURRENCIES**

Transactions of the Company and its subsidiary and joint venture undertakings in foreign currencies are generally recorded using the rate of exchange ruling at the date of transaction. Where it is not practicable to record transactions at the rate of exchange ruling at the date of transaction and there is no significant change in foreign currency exchange rates during the period, the period end exchange rate has been used to translate transactions to sterling, as permitted by SSAP 20. Monetary assets and liabilities denominated in foreign currencies for the Company and its subsidiary and joint venture undertakings, 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.

e) INTEREST

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

f) 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 a 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.

g) 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:

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

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****1. ACCOUNTING POLICIES (CONTINUED)****h) FIXED ASSET INVESTMENTS**

Investments, including investments in subsidiary undertakings and other investments, are recorded at historical cost. Foreign currency investments are recorded at cost in the foreign currency and translated to sterling using the rate of exchange on the date of acquisition. 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 recoverable amount.

Investments in incorporated joint ventures are accounted for on consolidation using the gross equity method. The investor's share of the profit and losses of the joint venture is recognised as revenue in the consolidated profit and loss account.

i) 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.

j) LEASE RECEIVABLES

Debtors under finance leases represent outstanding amounts due under financing lease arrangements. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investments.

k) 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.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****2. SEGMENTAL REPORTING****Geographical Segments - Group (including share of joint venture undertakings)**

	Turnover		(Loss)/profit on ordinary activities before taxation		Net assets	
	2003 £	2002 £	2003 £	2002 £	2003 £	2002 £
United Kingdom	-	-	164,088	(11,838)	3,366,159	(281,147)
Austria	375,172	18,310	(293,389)	(273,676)	(545,052)	(251,053)
Korea	4,650,741	1,536,345	(1,296,674)	406,812	783,864	547,951
	<u>5,025,913</u>	<u>1,554,655</u>	<u>(1,425,975)</u>	<u>121,298</u>	<u>3,604,971</u>	<u>15,751</u>

Business Segments - Group (including share of joint venture undertakings)

	Turnover		(Loss)/profit on ordinary activities before taxation		Net assets	
	2003 £	2002 £	2003 £	2002 £	2003 £	2002 £
Advisory and management	1,760,433	1,554,655	(399,638)	133,136	(878,822)	36,778
Investment holding	-	-	164,087	(11,838)	3,366,159	(21,027)
Leasing	3,265,480	-	(1,190,424)	-	1,117,634	-
	<u>5,025,913</u>	<u>1,554,655</u>	<u>(1,425,975)</u>	<u>121,298</u>	<u>3,604,971</u>	<u>15,751</u>

Geographical and Business Segments - Company

The Company is incorporated in the United Kingdom and engages in the business of investing in international entities. The geographical location of the Company's international investments are disclosed in Notes 11 and 12.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Group 2003 £	Group 2002 £
Interest receivable from ultimate parent undertaking	8,368	-
Interest receivable from unrelated parties	74,666	4
	<u>83,034</u>	<u>4</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2003 £	Group 2002 £
Interest payable to ultimate parent undertaking	179,139	-
Interest payable to unrelated parties	3,727,449	-
	<u>3,906,588</u>	<u>-</u>

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

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

	Group 2003 £	Group 2002 £
Foreign exchange (gains)/losses	(121,059)	18,165
Staff costs	618,394	107,841
Depreciation expenses	34,510	1,196
Auditors' remuneration:		
Statutory audit	38,870	-
Fees for non-audit services	10,422	31,341

The Company and Macquarie Capital Limited had no employees during the year. The average number of persons employed by Macquarie Capital GmbH during the year calculated on a quarterly basis was 4 (2002: 2). The average number of persons employed by the Macquarie Capital Korea Co., Ltd during the period 1 July 2002 to 31 March 2003 calculated on a quarterly basis was 6.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES****Analysis of tax charge for the year**

	Group 2003 £	Group 2002 £
Current tax:		
UK corporation tax at 30% (2002: 30%)	49,226	-
Share of tax (credit)/charge incurred by joint venture undertakings	(5,307)	124,291
Total current tax	<u>43,919</u>	<u>124,291</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments to tax in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Tax charge on (loss)/profit on ordinary activities	<u>43,919</u>	<u>124,291</u>

Factors affecting tax charge for the year

The taxation charge for the year ended 31 March 2003 is explained below:

	Group 2003 £	Group 2002 £
(Loss)/profit on ordinary activities before taxation	(1,425,975)	121,298
Less: share of operating (loss)/profit of joint ventures	<u>621,599</u>	<u>(406,812)</u>
Group loss on ordinary activities before taxation	(804,376)	(285,514)
Group loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2002: 30%)	(241,313)	(85,654)
Effects of:		
Group losses not utilised during the year	445,144	82,138
Share of tax (credit)/charge incurred by joint venture undertakings	(5,307)	124,291
Gain on acquisition of subsidiary undertaking	(154,605)	-
Group losses surrendered by the Company for nil consideration	-	3,516
	<u>43,919</u>	<u>124,291</u>

The Company has surrendered £3,516, being the benefit of losses amounting to £11,719 for the tax year ended 31 March 2002 to fellow subsidiary undertakings within the Macquarie Bank Limited group of companies without receiving any payment.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****7. DEFERRED TAX**

The group has a loss before taxation for the year ended 31 March 2003 of £1,425,975 with the group including some entities reporting profits and some entities reporting losses. At the current tax rate of 30%, the group losses could cause a potential deferred tax asset of £470,262 (2002: £82,138). Deferred tax assets should only be recognised where it can be regarded as more likely than not that there will be suitable taxable profits from which a future reversal of the underlying timing differences can be deducted. In the opinion of the directors this is currently not the case for the Company and its subsidiary undertakings and therefore no asset is recognised in the financial statements.

8. DIRECTORS' REMUNERATION

None of the directors of the Company received remuneration in their capacity as directors of the Company.

Loans made to directors of Macquarie Capital GmbH, the Austrian subsidiary, during the prior year have been disclosed in Note 13.

9. TANGIBLE FIXED ASSETS

	Group Office furniture, fixtures, fittings and computers £	Group Vehicles £	Group Total £
COST			
At 1 April 2002	9,096	-	9,096
Additions –			
subsidiary undertaking acquired 1 July 2002	5,028	37,677	42,705
Additions	189,345	-	189,345
Disposals	(2,373)	(26,257)	(28,630)
At 31 March 2003	<u>201,096</u>	<u>11,420</u>	<u>212,516</u>
ACCUMULATED DEPRECIATION			
At 1 April 2002	1,196	-	1,196
Balances taken on –			
subsidiary undertaking acquired 1 July 2002	1,530	19,413	20,943
Charge for the year	27,396	7,114	34,510
Disposals	(679)	(18,369)	(19,048)
At 31 March 2003	<u>29,443</u>	<u>8,158</u>	<u>37,601</u>
NET BOOK AMOUNT			
31 March 2003	<u>171,653</u>	<u>3,262</u>	<u>174,915</u>
31 March 2002	<u>7,900</u>	<u>-</u>	<u>7,900</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****10. OTHER NON CURRENT ASSETS**

	Group 2003 £	Group 2002 £
Guarantee deposits	27,813	-
	<u>27,813</u>	<u>-</u>

11. INVESTMENTS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Macquarie Capital Limited	-	-	1	1
Macquarie Capital Korea Co., Ltd	-	-	1,840,632	-
Korean Road Infrastructure Fund	5,253,390	-	5,253,390	-
	<u>5,253,390</u>	<u>-</u>	<u>7,094,023</u>	<u>1</u>

Macquarie Capital Limited ("MCL")

The Company owns 100% of the share capital of MCL being 1 ordinary share of £1. MCL was incorporated in the United Kingdom as the holding company for Macquarie Capital GmbH.

Macquarie Capital GmbH ("MCG")

MCL owns 100% of the share capital of MCG being 1 ordinary share of €35,000 (£22,012). MCG was incorporated in Austria and undertakes corporate and project advisory activities.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****11. INVESTMENTS (CONTINUED)****Macquarie Capital Korea Co., Ltd ("MCK")**

On 1 July 2002, the Company acquired 640,000 newly issued ordinary shares of Korean Won 5,000 per share in MCK, a company incorporated in Korea, giving the Company approximately 94% ownership of MCK's share capital. The remaining 6% of shares (41,130 ordinary shares of Korean Won 5,000 per share) was acquired from Macquarie Corporate Finance Limited, (a wholly owned subsidiary of Macquarie Bank Limited incorporated in Australia) on 31 March 2003. MCK undertakes leasing activities in Korea.

Prior to the Company obtaining majority ownership of MCK (30 June 2002) the book and fair values of the MCK assets and liabilities comprised the following:

	30 June 2002
	£
Assets	
Tangible assets	34,423
Lease receivables	49,282,327
Amounts due from other Macquarie Bank Limited group undertakings	6,693
Other debtors	23,507
Cash at bank and in hand	1,441,687
	<u>50,788,637</u>
Liabilities	
Borrowings	49,086,349
VAT payable	478,504
Amounts owed to ultimate parent undertaking	304,403
Other creditors	261,347
	<u>50,130,603</u>
Net assets	<u><u>658,034</u></u>
Capital and Reserves	
Called up share capital	111,483
Profit and loss account	546,551
Shareholders' funds	<u><u>658,034</u></u>

Korean Road Infrastructure Fund ("KRIF")

On 12 December 2002, the Company acquired 2,000,000 newly issued ordinary shares in Korean Road Infrastructure Fund ("KRIF") for Korean Won 10,000,000,000, giving the Company approximately 27% ownership of KRIF's share capital. The Company has committed to investing a further Korean Won 20,000,000,000 in KRIF in the future. The Company acquired the shares in KRIF as the initial promoter of the fund but does not intend to hold over 20% of KRIF's share capital in the future, hence the investment has not been equity accounted.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****12. INVESTMENT IN JOINT VENTURES**

	Company 2003 £	Company 2002 £
Cost and net book amount:		
Shinhan Macquarie Financial Advisory Co. Ltd	265,429	260,120
Macquarie Shinhan Infrastructure Management Co. Ltd	20,690	-
	<u>286,119</u>	<u>260,120</u>
	Group 2003 £	Group 2002 £
Gross equity accounted amount:		
Investment in joint ventures – share of gross assets		
Shinhan Macquarie Financial Advisory Co. Ltd	1,025,725	1,765,383
Macquarie Shinhan Infrastructure Management Co. Ltd	286,521	-
	<u>1,312,246</u>	<u>1,765,383</u>
Investment in joint ventures – share of gross liabilities		
Shinhan Macquarie Financial Advisory Co. Ltd	1,027,014	1,217,432
Macquarie Shinhan Infrastructure Management Co. Ltd	332,882	-
	<u>1,359,896</u>	<u>1,217,432</u>

Shinhan Macquarie Financial Advisory Co. Ltd ("SMFA")

The Company holds 49% of ordinary shares in SMFA, being 98,000 ordinary shares of Korean Won 5,000 per share, as a joint venture with a Korean counterparty. The joint venturers may only sell, assign or transfer the shares to the other venturer or a member of the other venturer's group. The joint venturers may not use their shares as collateral or for any other purpose which could result in an involuntary assignment or transfer of the shares to third parties.

SMFA engages in infrastructure management, asset based financing, project finance advisory and other related business in Korea. The accounting year end of SMFA is 31 March.

The investment in SMFA is recorded at historical cost in the Company's financial statements. Since inception the investment has been accounted for in the consolidated accounts using the gross equity method. Under the terms of the joint venture agreement each venturer is generally entitled to 50% of the income of the joint venture. The Company's share of the results of the SMFA is recognised as revenue in the consolidated profit and loss account.

The Company's share of specific assets and liabilities of SMFA include the following:-

	2003 £	2002 £
Tangible fixed assets	44,982	13,952
Current assets	1,167,666	1,735,601
Creditors: amounts falling due within one year	(1,027,013)	(1,217,432)

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****12. INVESTMENT IN JOINT VENTURES (CONTINUED)**

The Company's share of specific profit and loss items of SMFA include the following:-

	2003	2002
	£	£
Turnover	1,383,082	1,536,345
Interest receivable and similar income	2,022	3,192
Operating (loss)/profit before taxation	(285,409)	406,812
Taxation credit/(charge)	5,307	(124,291)
Operating (loss)/profit after taxation	<u>(280,102)</u>	<u>282,521</u>

Macquarie Shinhan Infrastructure Management Co. Ltd ("MSIM")

The Company holds 50% of ordinary shares (being 19,900 shares of Korean Won 500 per share) and 100% of preference shares (being 60,200 shares of Korean Won 500 per share) in MSIM, a joint venture with two Korean counterparties. The joint venturers may only sell, assign or transfer the shares to the other venturer or another member of either of the other venturer's group. The joint venturers may not use their shares as collateral or for any other purpose which could result in an involuntary assignment or transfer of the shares to third parties.

MSIM conducts the business of management and advisory services and activities in Korea. The accounting year end of MSIM is 31 March.

The investment in MSIM is recorded at historical cost in the Company's financial statements. Since inception the investment has been accounted for in the consolidated accounts using the gross equity method. Under the terms of the joint venture agreement each venturer is generally entitled to 50% of the income of the joint venture. The Company's share of the results of the MSIM is recognised as revenue in the consolidated profit and loss account.

The Company's share of specific assets and liabilities of MSIM include the following:-

	2003	2002
	£	£
Tangible fixed assets	1,291	-
Current assets	233,437	-
Creditors: amounts falling due within one year	(332,882)	-

The Company's share of specific profit and loss items of MSIM include the following:-

	2003	2002
	£	£
Turnover	2,179	-
Interest receivable and similar income	56	-
Operating loss before taxation	(84,826)	-
Taxation	-	-
Operating loss after taxation	<u>(84,826)</u>	<u>-</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****13. LOANS**

A loan of £145,452 made to a director of MCG during the previous year was transferred to the ultimate parent undertaking during the year ended 31 March 2003.

14. LEASE RECEIVABLES

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Receivable under financing leases	73,803,738	-	-	-
	<u>73,803,738</u>	<u>-</u>	<u>-</u>	<u>-</u>

The amounts receivable under financing leases as disclosed above represents future minimum payments under finance leases of MCK, the Company's Korean subsidiary. The assets being leased include communication and computer facilities.

15. DEBTORS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
VAT recoverable	84,237	5,143	-	-
Taxation	15,448	-	2,632	-
Other debtors	75,020	9,197	5,029	-
	<u>174,705</u>	<u>14,340</u>	<u>7,661</u>	<u>-</u>

16. CASH AT BANK AND IN HAND

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Cash at bank	5,044,493	64,902	-	-
	<u>5,044,493</u>	<u>64,902</u>	<u>-</u>	<u>-</u>

The above cash at bank balance includes an amount of €44,500 (2003: £30,685 and 2002: £27,205) held in a sub-account of the main bank account of MCG, to enable the company to obtain a bank guarantee over leased office premises. The funds will be held in this account for the duration of the lease which expires at the end of December 2006.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2003	Group 2002	Company 2003	Company 2002
	£	£	£	£
Current borrowings	34,690,613	-	-	-
VAT payable	516,121	-	-	-
Taxation	43,945	-	43,923	-
Fees payable	-	7,574	-	-
Sundry accruals	-	5,350	-	-
Amounts owed to ultimate parent undertaking	3,577,657	751,870	2,011,070	258,405
Amounts owed to subsidiary undertaking	-	-	1	1
Amounts owed to other Macquarie Bank Limited group undertakings	118,830	-	103,939	-
Other creditors	1,721,875	-	-	-
	<u>40,669,041</u>	<u>764,794</u>	<u>2,158,933</u>	<u>258,406</u>

Current borrowings comprise the current portion of long-term amounts borrowed by MCK. The borrowings incur interest at market rates and at 31 March 2003 the rates applied were between 6.19% and 9.41%.

Amounts owed to the United Kingdom incorporated subsidiary undertaking 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 the current and previous years at the appropriate market rates.

Amounts owed to the ultimate parent undertaking and to other Macquarie Bank Limited group undertakings which are incorporated overseas are unsecured and have no fixed date of repayment. Interest on cross-border intercompany deposits is incurred at market rates and at 31 March 2003, the rate applied was LIBOR plus 2.5%.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2003	Group 2002	Company 2003	Company 2002
	£	£	£	£
Borrowings	40,157,392	-	-	-
	<u>40,157,392</u>	<u>-</u>	<u>-</u>	<u>-</u>

Borrowings comprise long-term amounts borrowed by MCK. The borrowings incur interest at market rates and at 31 March 2003 the rates applied were between 6.19% and 9.41%.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****19. SHARE CAPITAL**

	Company 2003 £	Company 2002 £
AUTHORISED		
100 ordinary shares of £1 each (2002: 100 ordinary shares of £1 each)	100	100
30,000 redeemable preference shares of Korean Won 1,000,000 each (2002: Nil)	15,321,111	-
	<u>15,321,211</u>	<u>100</u>
ALLOTTED, CALLED UP AND FULLY PAID		
100 ordinary shares of £1 each (2002: 100 ordinary shares of £1 each)	100	100
10,000 redeemable preference shares of Korean Won 1,000,000 each (2002: Nil)	5,107,037	-
	<u>5,107,137</u>	<u>100</u>

During the year authorised share capital was increased by 30,000 (2002: Nil) Korean Won denominated redeemable preference shares which is approximately valued at £15,321,111 based on exchange rates prevailing at year end. 10,000 (2002: Nil) redeemable preference shares were issued and allotted for cash. The nominal value and consideration for these shares was Korean Won 10 billion (£5,107,037).

20. RESERVES

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Opening foreign currency revaluation reserve	-	-	(5,310)	-
Movements in reserves during the year	(119,348)	-	5,310	(5,310)
	<u>(119,348)</u>	<u>-</u>	<u>-</u>	<u>(5,310)</u>

The Company's investment in MCK, a subsidiary incorporated in Korea, has been translated to sterling using the exchange rate applicable at year end. The difference between historical cost of this investment in sterling equivalent and the revalued sterling equivalent investment is a movement in revaluation reserves.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
(CONTINUED)****21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Group 2003	Group 2002	Company 2003	Company 2002
	£	£	£	£
Opening shareholders' funds	15,751	18,744	1,715	18,744
Preference share capital issued	5,107,037	-	5,107,037	-
Retained (loss)/profit for the financial year	(1,398,469)	(2,993)	114,808	(11,719)
Movements in reserves	(119,348)	-	5,310	(5,310)
Closing shareholders' funds	<u>3,604,971</u>	<u>15,751</u>	<u>5,228,870</u>	<u>1,715</u>

22. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party of Macquarie Internationale Holdings 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.

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under Financial Reporting Standard 8, paragraph 3(c), not to disclose related party transactions with members of the group.

24. CASH FLOW STATEMENT

The Company was a wholly owned subsidiary of Macquarie Bank Limited 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 Financial Reporting Standard 1 (revised 1996).