# MACQUARIE INTERNATIONAL LIMITED

## COMPANY NUMBER 1802574

Directors' Report and Financial Statements
for the financial year ended 31 March 2013

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The Company's registered office is
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD

# 2013 Directors' Report and Financial Statements
## Contents

# Macquarie International Limited

## Directors' Report
### for the financial year ended 31 March 2013

In accordance with a resolution of the Directors ("the Directors") of Macquarie International Limited ("the Company"), the Directors submit herewith the audited financial statements of the Company and report as follows

### Directors and Secretaries

The Directors who held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were

| | |
|---|---|
| M Gummer | (appointed on 4 February 2013) |
| R Tallentire | (resigned on 14 Janurary 2013) |
| J Walker | |

The Secretaries who held office as a Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, were

| | |
|---|---|
| E Doornenbal | (resigned on 30 May 2013) |
| H Everitt | (appointed on 2 May 2013) |
| J Greenfield | (resigned on 3 May 2013) |

### Principal activities

The Company is incorporated in England and Wales and has a branch in Hong Kong

The principal activities of the Company within the United Kingdom are to act as an investment holding company and also to facilitate employment agreements with Asian entities

The principal activity of the Hong Kong branch is to facilitate employment and secondment agreements amongst various Hong Kong entities within the Macquarie Group

In the opinion of the Directors, there were no significant changes to the principal activities of the Company during the financial year under review not otherwise disclosed in this report

### Results

The profit for the financial year ended 31 March 2013 was £79,087 (2012 £1,734,439 loss)

### Dividends paid or provided for

No dividends were paid or provided for during the financial year (2012 nil)

### State of affairs

There were no significant changes in the state of the affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report

# Directors' Report (continued)
## for the financial year ended 31 March 2013

### Review of operations
The profit attributable to ordinary equity holders of the Company for the year ended 31 March 2013 was £79,087, an increase from the loss of £1,734,439 in the prior year

Net operating profit for the year ended 31 March 2013 was £775,450, as compared to £196,444 in the prior year

Total operating expenses for the year ended 31 March 2013 were £25,416,755, an 3 per cent increase on the prior year

### Events after the Reporting Period
At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2013 not otherwise disclosed in this report

### Likely developments, business strategies and prospects
The Directors believe that no significant changes are expected other than those already disclosed in this report

### Creditor 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

### Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 25

### Key performance indicators (KPIs)
Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of KPIs in the Directors' Report is not necessary for an understanding of the development, performance or position of the business KPIs are monitored at the Macquarie Group level

## Directors' Report (continued)
### for the financial year ended 31 March 2013

### Financial risk management

Risk is an integral part of the Macquarie Group's businesses The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk and operational risk Additional risks faced by the Company include legal, compliance and documentation risk Responsibility for management of these risks lies with the individual businesses giving rise to them It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks

As ultimately an indirect subsidiary of MGL, the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL The Head of RMG is a member of the Executive Committee of MGL RMG authority is required for all material risk acceptance decisions RMG identifies, quantifies and assesses all material risks and sets prudential limits Where appropriate, these limits are approved by the Executive Committee and the Board

The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions

**Credit risk**

Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by RMG

**Liquidity risk**

The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively

**Interest rate risk**

The Company has both interest bearing assets and interest bearing liabilities Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings, all of which earn a variable rate of interest Interest bearing liabilities include payables to other Macquarie Group undertakings which also incur a variable rate of interest

**Foreign exchange risk**

The Company has foreign exchange exposures which include amounts receivable from and payable to other Macquarie Group undertakings and external parties which are denominated in non-functional currencies Any material non-functional currency exposures are managed by applying a group wide process of minimising exposure at an individual company level

# Directors' Report (continued)
## for the financial year ended 31 March 2013

### Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the Financial Statements unless they are satisfied that they 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 these Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

**Disclosure of information to auditors**
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware The Directors have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Independent Auditors
Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment As at the date of these Financial Statements the Directors are not aware of any resolution to terminate the appointment of the auditors

On behalf of the Board

Matthew Gummer

Director MATTHEW GUMMER

23 December 2013

# Independent Auditors' Report to the members of Macquarie International Limited

We have audited the Financial Statements of Macquarie International Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

**Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

**Scope of the audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited Financial Statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

**Opinion on financial statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jonathan Hinchliffe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

23 December 2013

# Macquarie International Limited

## Financial Report

### Profit and loss account
### for the financial year ended 31 March 2013

| | Notes | 2013<br>£ | 2012<br>£ |
|---|---|---|---|
| **Turnover** | 1(iii) | **26,192,205** | 24,856,246 |
| Administrative expenses | | **(24,967,527)** | (24,488,612) |
| Other operating charges | | **(449,228)** | (171,190) |
| **Operating profit** | | **775,450** | 196,444 |
| Interest receivable and similar income | 3 | **5,151,897** | 4,578,330 |
| Interest payable and similar charges | 4 | **(5,424,403)** | (4,866,050) |
| Impairment charges on investments | 7, 8 | **(1,501,163)** | (429,127) |
| **Loss on ordinary activities before taxation** | 2 | **(998,219)** | (520,403) |
| Tax on loss on ordinary activities | 5 | **1,077,306** | (1,214,036) |
| **Profit/(loss) for the financial year** | | **79,087** | (1,734,439) |

There are no material differences between the loss on ordinary activities before taxation and the profit/(loss) for the years stated above and their historical cost equivalents

The above profit and loss account should be read in conjunction with the accompanying notes on pages 10 to 24

## Statement of total recognised gains and losses for the financial year ended 31 March 2013

| | Notes | 2013 £ | 2012 £ |
|---|---|---|---|
| **Profit/(loss) for the financial year** | | **79,087** | (1,734,439) |
| Other recognised gains/(losses) | | | |
| Exchange differences on translation of foreign operations | 16 | **159,212** | (351,890) |
| **Total recognised gains/(losses) for the financial year** | | **238,299** | (2,086,329) |
| Total recognised gains/(losses) for the financial year is attributable to | | | |
| **Ordinary equity holders of Macquarie International Limited** | | **238,299** | (2,086,329) |

The above statement of total recognised gains and losses should be read in conjunction with the accompanying notes on pages 10 to 24

# Macquarie International Limited

## Balance sheet
## as at 31 March 2013

| | Notes | 2013<br>£ | 2012<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 6 | **477** | 2,206 |
| Investments | 7 | **-** | 3,721 |
| Investment securities available for sale | 8 | **121,802** | 1,896,847 |
| **Current assets** | | | |
| Cash at bank | 9 | **-** | 19,021,995 |
| Debtors | 10 | **34,970,193** | 112,577,009 |
| Deferred tax asset | 11 | **3,833,261** | 2,913,360 |
| **Current liabilities** | | | |
| Creditors amounts falling due within one year | 12 | **(13,482,305)** | (113,768,367) |
| **Net current assets** | | **25,321,149** | 20,743,997 |
| **Total assets less current liabilities** | | **25,443,428** | 22,646,771 |
| **Provisions for liabilities** | 13 | **(12,758,441)** | (10,014,742) |
| **Net assets** | | **12,684,987** | 12,632,029 |
| **Capital and reserves** | | | |
| Called up Share Capital | 14 | **2,500,000** | 2,500,000 |
| Equity contribution from ultimate parent entity | 15 | **9,635,801** | 9,821,142 |
| Other reserves | 16 | **(6,088)** | (165,300) |
| Profit and loss account | 16 | **555,274** | 476,187 |
| **Total shareholders' funds** | **17** | **12,684,987** | 12,632,029 |

The above balance sheet should be read in conjunction with the accompanying notes on pages 10 to 24

The financial statements on pages 7 to 24 were approved by the board of directors on 23 December 2013 and were signed on its behalf by

Matthew Gummer

Director MATTHEW GUMMER

## Notes to the financial statements for the financial year ended 31 March 2013

### Note 1. Summary of significant accounting policies

#### i) Basis of preparation

The Financial Statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies adopted in the preparation of this financial report and that of the previous financial year are set out below These policies have been consistently applied to all the financial years presented, unless otherwise stated

The Financial Statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited, a company incorporated in Australia

#### New accounting standards that are not yet effective

*FRS 100 Application of Financial Reporting Requirements, FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*

The three standards will replace the existing United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ("UK GAAP"))

FRS 100 sets out the financial reporting requirements for UK and Republic of Ireland entities The framework provides entities with the option for the basis of preparation of the financial statements, Financial Reporting Standard for Smaller Entities ("FRSSE") (only for eligible entities) , FRS 101, FRS 102 or EU-adopted International Financial Reporting Standards ("IFRS")

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS Financial statements prepared under the standard will be defined as Companies Act accounts under the Companies Act 2006

FRS 102 provides a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS or FRS 101 The FRS requirements are based on the International Accounting Standards Board's ("IASB") International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") but have retained some of the accounting options which exist under the existing UK GAAP and are permitted under IFRS but are not included within IFRS for SMEs

The standards are effective for annual reporting beginning on or after 1 January 2015 with early application permitted The Company is continuing to assess the full impact of the implementation of these standards

#### ii) Foreign currency translations

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction Monetary assets and liabilities denominated in foreign currencies are translated to the local currency 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

Exchange difference arising from the translation of the Company's foreign branches, which have local currencies other than sterling, are taken to the foreign currency translation reserve

#### iii) Turnover

Turnover for the year comprises

- Management and other fee income, including advisory fees, which is brought to account as work is completed and the Company becomes entitled to it,

- Amounts relating to the facilitation of staff secondments to overseas companies within the Macquarie Group, as well as other external counterparties, which are brought to account in accordance with agreements in place

## Notes to the financial statements (continued) for the financial year ended 31 March 2013

### Note 1 Summary of significant accounting policies (continued)

#### iii) Turnover (continued)

***Interest***

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

Interest receivable from and payable to other Macquarie Group undertakings has been disclosed on a gross basis in the profit and loss account The balance sheet has been disclosed on a net basis as there is a legal right of set off and an intention to settle net or simultaneously

***Other operating charges***

Net gains or losses arising from foreign currency transactions are accounted for as other operating income or charges respectively

#### iv) Corporation tax

Taxation is based on the loss 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 the 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

#### v) Investments and other financial assets

***Investments in subsidiaries***

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern directly or indirectly decision-making in relation to financial and operating policies, so as to require that entity to conform with the Company's objectives Investments including investments in subsidiary undertakings are recorded at cost less provision for impairment

***Investment securities available for sale***

Investment securities available for sale comprise securities that are not actively traded and are intended to be held for an indefinite period of time Such securities are available for sale and may be sold should the need arise, including purposes of liquidity, or due to the impacts of changes in interest rates, exchange rates or equity prices

Investment securities available for sale are initially carried at fair value plus transaction costs Gains and losses arising from subsequent changes in fair value are recognised directly in the available for sale reserve in equity, until the asset is derecognised or impaired, at which time the cumulative gain or loss will be recognised in the profit and loss account Fair values of quoted investments in active markets are based on current bid prices

If the relevant market is not considered active (or the securities are unlisted), fair value is established by using valuation techniques, including recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants

The entity is exempt from the requirements of FRS 29 Financial Instruments Disclosures as the entity is 100% owned and consolidated in the consolidated financial statements of its ultimate parent, Macquarie Group Limited which includes disclosures that comply with FRS 29 (IFRS 7)

#### vi) Impairment

***Investments in subsidiaries***

Investments are recorded at cost less provision for impairment Where the directors are of the opinion that there has been a permanent diminution in the value of investments, the carrying amounts of such investments are written down to their recoverable amount The impairment of fixed asset investments is recognised as an expense in the profit and loss account At each balance date, investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

### Note 1. Summary of significant accounting policies (continued)

**vi) Impairment (continued)**

***Investment securities available for sale***

The Company performs an assessment at each balance date to determine whether there is any objective evidence that available for sale financial assets have been impaired Impairment exists if there is objective evidence of impairment as a result of one or more events (loss event) which have an impact on the estimated future cash flows of the financial asset that can be reliably estimated

For equity securities classified as available for sale, the main indicators of impairment are significant changes in the market, economic or legal environment, and a significant or prolonged decline in fair value below cost

In making this judgement, the Company evaluates among other factors, the normal volatility in share price and the period of time for which fair value has been below cost

In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance, operational and financing cash flows or changes in technology

When the fair value of an available for sale financial asset is less than its initial carrying amount and there is objective evidence that the asset is impaired, the cumulative loss recognised directly in equity is removed from equity and recognised in the profit and loss account

Impairment losses recognised in the profit and loss account for equity securities classified as available for sale are not subsequently reversed through the profit and loss account

**vii) Tangible assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any Tangible fixed assets are reviewed for impairment annually Historical cost includes expenditure directly attributable to the acquisition of the asset

Depreciation on assets is calculated on a straight-line basis to allocate the difference between their cost and their residual values over their estimated useful lives, at the following annual rates

| | |
|---|---|
| Furniture and fittings | 10 to 20 per cent |
| Computer equipment | 33 to 50 per cent |

Useful lives and residual values are reviewed annually and reassessed in light of commercial and technological developments If an asset's carrying value is greater than its recoverable amount due to an adjustment to its useful life, residual value or impairment, the carrying amount is written down immediately to its recoverable amount Adjustments arising from such items and on disposal of tangible fixed assets are recognised in the profit and loss account

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the profit and loss account

**viii) Cash at bank**

Cash at bank comprise deposits repayable on demand with any qualifying financial institution Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed

**ix) Provisions for liabilities and charges**

A provision is recognised where the Company has a present legal or constructive obligation to make a payment as a result of a past event where it is more probable than not that a transfer of economic benefit will be required to settle the obligation and the amount can be reliably estimated

## Notes to the financial statements (continued) for the financial year ended 31 March 2013

### Note 1. Summary of significant accounting policies (continued)

#### x) Performance based remuneration

***Share based payments***

The ultimate parent entity, Macquarie Group Limited (MGL), operates share-based compensation plans, which include options granted to employees and shares (including those delivered through the Macquarie Group Employee Retained Equity Plan (MEREP)) granted to employees under share acquisition plans Information relating to these schemes is set out in note 20 The Entity recognises an expense for its shares and options granted to its employees by MGL The shares and options are measured at the grant dates based on their fair value and using the number of equity instruments expected to vest This amount is recognised as an expense evenly over the respective vesting periods

The fair value of each option granted in prior years was estimated on the date of grant using standard option pricing techniques based on the Black-Scholes theory No grants have been made in the previous three financial years

In December 2009, MGL established a new equity plan, the MEREP Restricted Share Units (RSUs)/Deferred Share Units (DSUs), have been granted in the current year in respect of 2012 The fair value of each of these grants is estimated using MGL's share price on the date of grant

While RSUs/DSUs, in respect of the current year's performance will be granted in the following financial year, the Entity begins recognising an expense (based on an initial estimate) from 1 April of the current financial year related to these future grants The expense is estimated using MGL's share price as at 31 March 2013 and the number of equity instruments expected to vest In the following financial year, the Entity will adjust the accumulated expense recognised for the final determination of fair value for each RSU/DSU when granted, and will use this valuation for recognising the expense over the remaining vesting period

Where options and shares are issued by MGL to employees of the Entity, and MGL is not subsequently reimbursed by those subsidiaries, the Entity recognises the equity provided as a capital contribution from MGL Where MGL is reimbursed, the Entity recognises any amount paid in advance (of the share-based payment to be recognised as an expense over the future vesting period) as prepaid asset

Executive Directors' retained profit share that is no longer to be paid in cash is reversed in the current year and recognised in profit, and the equity granted are accounted for as a share-based payment from the grant date

The Entity annually revises the estimates of the number of shares (including those delivered through MEREP) and options that are expected to vest It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity in MGL

***Profit share remuneration***

The Company recognises a liability and an expense for profit share based on a formula that takes into consideration MGL's profit after tax and its earnings over and above the estimated cost of capital

#### xi) Share capital

Ordinary shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

#### xii) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

| | 2013 £ | 2012 £ |
|---|---|---|
| **Note 2. Loss on ordinary activities before taxation** | | |
| **Loss on ordinary activities before taxation is stated after charging** | | |
| Wages and salaries | **24,768,343** | 23,169,516 |
| Social security costs | **55,248** | 62,262 |
| Other pension costs | **10,268** | 12,135 |
| **Staff costs** | **24,833,859** | 23,243,913 |
| Foreign exchange losses | **449,228** | 171,190 |
| Depreciation charges | **1,315** | 4,684 |
| Auditors' remuneration | | |
| Fees payable to the Company's auditors for the audit of the Company | **27,950** | 25,080 |
| Fees payable to the Company's auditors for other services | **1,821** | 10,703 |
| **Note 3. Interest receivable and similar income** | | |
| Interest receivable from other Macquarie Group undertakings | **5,063,035** | 4,106,877 |
| Interest receivable from unrelated parties | **88,862** | 471,453 |
| **Total interest receivable and similar income** | **5,151,897** | 4,578,330 |
| **Note 4. Interest payable and similar charges** | | |
| Interest payable to other Macquarie Group undertakings | **5,424,403** | 4,866,050 |
| **Total interest payable and similar charges** | **5,424,403** | 4,866,050 |
| **Note 5 Tax on loss on ordinary activities** | | |
| **Analysis of tax charge/(credit) for the year** | | |
| **Current tax** | | |
| UK corporation tax at 24% (2012 26%) | **125,054** | 668,563 |
| Adjustments to tax in respect of prior years | **(303,418)** | (769,953) |
| Foreign tax suffered | **20,960** | 649 |
| **Current tax** | **(157,404)** | (100,741) |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **(384,908)** | 521,022 |
| Adjustments to tax in respect of prior years | **(701,658)** | 550,975 |
| Change in tax rate | **166,664** | 242,780 |
| **Total deferred tax** | **(919,902)** | 1,314,777 |
| **Tax on profit/loss on ordinary activities** | **(1,077,306)** | 1,214,036 |

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

| | 2013 £ | 2012 £ |
|---|---|---|

### Note 5. Tax on loss on ordinary activities (continued)

The taxation credit for the year ended 31 March 2013 is higher (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

| | 2013 £ | 2012 £ |
|---|---|---|
| **Profit/(loss) on ordinary activities before taxation** | **(998,219)** | (520,403) |
| Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 24% (2012 26%) | **239,573** | 135,304 |
| Effects of | | |
| Adjustment to tax charge in respect of previous periods | **303,418** | 769,953 |
| Impairment of available for sale and fixed asset investments | **(360,279)** | (111,573) |
| Capital allowance in excess of depreciation and realisation of profits on sale of assets | **(316)** | (3,629) |
| Adjustments in respect of timing differences | **-** | 470,745 |
| Expenses not deductible for tax purposes | **(1,668,977)** | (1,159,409) |
| Foreign tax incurred / double tax relief | **1,562,690** | (649) |
| Loss from membership in LLP | **(8,974)** | - |
| Share based payments | **90,238** | - |
| Non assessable income | **31** | - |
| **Current Tax Charge** | **157,404** | 100,741 |

The headline rate of UK corporation tax reduced from 24% to 23% on 1 April 2013, and through the enactment of Finance Act 2013 will reduce further to 21% from 1 April 2014 and 20% from 1 April 2015 Under UK GAAP, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date Accordingly, as the future reductions of the corporation tax rate to 21% and 20% were enacted on 17 July 2013, any deferred tax balances at 31 March 2013 have been reflected at a tax rate of 23%

### Note 6. Tangible assets

| | 2013 £ | 2012 £ |
|---|---|---|
| **Furniture and fittings** | | |
| Cost | **2,007** | 1,907 |
| Less accumulated depreciation | **(1,789)** | (1,318) |
| **Total furniture, fittings and leasehold improvements** | **218** | 589 |
| **Computer equipment** | | |
| Cost | **8,502** | 8,938 |
| Less accumulated depreciation | **(8,243)** | (7,321) |
| **Total computer equipment** | **259** | 1,617 |
| **Total tangible assets** | **477** | 2,206 |

**Reconciliation of the movement in the Company's tangible assets at their written down value**

| | Furniture, fittings and leasehold improvements £ | Computer equipment £ | Total £ |
|---|---|---|---|
| Balance at the beginning of the financial year | **589** | **1,617** | **2,206** |
| Transfers | **-** | **(460)** | **(460)** |
| Foreign exchange movements | **16** | **30** | **46** |
| Depreciation expense | **(387)** | **(928)** | **(1,315)** |
| **Balance at the end of the financial year** | **218** | **259** | **477** |

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

| | 2013 £ | 2012 £ |
|---|---|---|
| **Note 7 Fixed asset investments** | | |
| Investments at cost with provisions for impairment | **432,848** | 432,848 |
| Less provisions for impairment | **(432,848)** | (429,127) |
| **Total investments in subsidiaries** | **-** | 3,721 |

| Name of investment | Nature of business | Country of incorporation | % ownership | 2013 £ | 2012 £ |
|---|---|---|---|---|---|
| Dextertown S L | Bidding entity and Macquarie investment vehicle for the A308 Iznalloz – Darro Highway PPP in Andalucia, Spain | Spain | 100 | - | 1,695 |
| Ganeta Investments S L | Bidding entity and Macquarie investment vehicle for the Bizkaia PPP Roads Programme in Spain | Spain | 100 | - | 780 |
| Captico Investments, S L | Bidding entity and Macquarie investment vehicle for the Andalucia PPP Roads Programme in Spain | Spain | 100 | - | 1,246 |
| **Total investments in subsidiaries** | | | | - | 3,721 |

All investments are under liquidation and the Company does not expect any material balance to be recovered from these investments

| | 2013 £ | 2012 £ |
|---|---|---|
| **Note 8 Investment securities available for sale** | | |
| Equity securities | | |
| Unlisted - Global Star Korea Fund L P | **121,802** | 1,896,847 |
| **Total investment securities available for sale** | **121,802** | 1,896,847 |

The Company has entered into a Limited Partnership Agreement with Global Star Korea Fund L P As at 31 March 2013, the Company has contributed US$4,943,373 (2012 US$4,943,373) This represents an investment of 5 05% in Global Star Korea Fund L P

| | 2013 £ | 2012 £ |
|---|---|---|
| **Reconciliation** | | |
| At 1 April | **1,896,847** | 1,871,312 |
| Additions | **-** | 23,157 |
| Capital distribution | **(413,969)** | (10,407) |
| Foreign exchange movement | **136,366** | 12,785 |
| Impairment | **(1,497,442)** | - |
| **Balance at the end of the financial year** | **121,802** | 1,896,847 |

| | 2013 £ | 2012 £ |
|---|---|---|
| **Note 9. Cash at bank** | | |
| Cash held with bank | - | 19,021,995 |
| **Total cash at bank** | - | 19,021,995 |

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

### Note 10 Debtors

| | 2013 £ | 2012 £ |
|---|---|---|
| Amounts owed by other Macquarie Group undertakings | **32,852,340** | 112,136,987 |
| Deferred employee retentions | **-** | 56,062 |
| Other debtors | **2,543** | 30,763 |
| Fees receivable | **58,220** | 85,953 |
| Taxation | **2,057,090** | 267,244 |
| **Total debtors** | **34,970,193** | 112,577,009 |

Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2013 the rate applied ranged between LIBOR plus 1 40% and LIBOR plus 3 96% (2012 between LIBOR plus 1 52% and LIBOR plus 3 20%)

### Note 11 Deferred tax asset

The balance comprises timing differences attributable to

| | 2013 £ | 2012 £ |
|---|---|---|
| Timing differences on profit share retentions and leave entitlements | **3,833,372** | 2,658,108 |
| Unrelieved foreign branch tax carried forward | **-** | 141,095 |
| Fixed assets | **-** | 114,158 |
| **Total deferred income tax assets** | **3,833,372** | 2,913,361 |
| Other liabilities | **(110)** | - |
| **Total deferred income tax liabilities** | **(110)** | - |
| **Net deferred income tax assets** | **3,833,262** | 2,913,361 |

**Reconciliation of the Company's movement in deferred tax assets**

| | 2013 £ | 2012 £ |
|---|---|---|
| Balance at the beginning of the financial year | **2,913,360** | 4,228,137 |
| Timing differences | | |
| Amounts credited/debited to profit and loss | **384,908** | (521,022) |
| Adjustments to tax in respect of prior years | **701,657** | (550,975) |
| Transfer from DTA to DTL | **115** | - |
| Change in tax rate | **(166,668)** | (242,780) |
| **Balance at the end of the financial year** | **3,833,372** | 2,913,360 |

**Reconciliation of the Company's movement in deferred tax liabilities**

| | 2013 £ | 2012 £ |
|---|---|---|
| Balance at the beginning of the financial year | **-** | - |
| Timing differences | | |
| Transfer from DTA to DTL | **(115)** | - |
| Change in tax rate | **5** | - |
| **Balance at the end of the financial year** | **(110)** | - |

The headline rate of UK corporation tax reduced from 24% to 23% on 1 April 2013, and through the enactment of Finance Act 2013 will reduce further to 21% from 1 April 2014 and 20% from 1 April 2015 Under UK GAAP, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date Accordingly, as the future reductions of the corporation tax rate to 21% and 20% were enacted on 17 July 2013, any deferred tax balances at 31 March 2013 have been reflected at a tax rate of 23%

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

| | 2013 £ | 2012 £ |
|---|---|---|
| **Note 12. Creditors Amounts falling due within one year** | | |
| Amount owed to other Macquarie Group undertakings | **8,879,759** | 108,183,546 |
| 4,500,000 (2012 4,500,000) Redeemable preference shares of £1 each | **4,500,000** | 4,500,000 |
| Other creditors | **21,394** | 828 |
| Taxation | **19,474** | 27,902 |
| Accrued expense | **61,678** | 1,056,091 |
| **Total creditors** | **13,482,305** | 113,768,367 |

Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2013 the rate applied was LIBOR plus 3 96% (2012 LIBOR plus 2 68%)

The redeemable preference shares were issued for £4,500,000 to Macquarie Capital International Holdings Pty Limited The cumulative fixed preferential dividend on each redeemable preference share is set at a rate of 0% The mandatory redemption date was 14 May 2013 However, the Directors have agreed to extend the maturity to 14 May 2014 The shares can be redeemed by the holder on 14 days notice and therefore are included as a creditors falling due within one year

### Note 13. Provision for liabilities

| | 2013 £ | 2012 £ |
|---|---|---|
| Provision for employee entitlements | **12,758,441** | 10,014,742 |
| **Total provisions** | **12,758,441** | 10,014,742 |
| | | |
| Reconciliation of provision | | |
| Balance at the beginning of the financial year | **10,014,742** | 10,872,826 |
| Paid during the year | **(7,411,197)** | (8,027,580) |
| Charged to profit and loss | **9,655,168** | 7,315,774 |
| Charged / (credited) to profit and loss – foreign exchange movement | **499,728** | (146,278) |
| **Balance at the end of the financial year** | **12,758,441** | 10,014,742 |
| | | |
| **Maturity profile of provision for employee entitlements** | | |
| Within 1 year | **7,943,530** | 7,084,444 |
| Between 1 and 2 years | **455,351** | 505,641 |
| Between 2 and 10 years | **4,359,560** | 2,424,657 |
| | **12,758,441** | 10,014,742 |

### Note 14. Called up Share Capital

| | 2013 Number of shares | 2012 Number of shares | 2013 £ | 2012 £ |
|---|---|---|---|---|
| **Ordinary share capital** | | | | |
| Opening balance of fully paid ordinary shares | **2,500,000** | 2,500,000 | **2,500,000** | 2,500,000 |
| **Closing balance of fully paid ordinary shares** | **2,500,000** | 2,500,000 | **2,500,000** | 2,500,000 |
| **Authorised share capital** | | | | |
| Opening balance of fully paid ordinary shares | **10,000,000** | 10,000,000 | **10,000,000** | 10,000,000 |
| **Closing balance of ordinary shares** | **10,000,000** | 10,000,000 | **10,000,000** | 10,000,000 |

### Note 15. Equity contribution from ultimate parent entity

| | 2013 £ | 2012 £ |
|---|---|---|
| Opening balance of equity contribution from ultimate parent entity | **9,821,142** | 9,637,429 |
| Option (reversal of expense)/expense for the financial year | **(164,904)** | 192,361 |
| DSUs forfeited in Korea | **(20,437)** | (8,648) |
| **Closing balance of equity contribution from ultimate parent entity** | **9,635,801** | 9,821,142 |

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

| | 2013 £ | 2012 £ |
|---|---|---|
| **Note 16 Reserves and profit and loss account** | | |
| **Reserves** | | |
| **Foreign currency translation reserve** | | |
| Balance at the beginning of the financial year | **(165,300)** | 186,590 |
| Currency translation differences arising during the financial year | **159,212** | (351,890) |
| **Balance at the end of the financial year** | **(6,088)** | (165,300) |

Exchange differences arising from the translation of the Company's foreign branch, which have local currencies other than sterling, are taken to the foreign currency translation reserve

| | 2013 £ | 2012 £ |
|---|---|---|
| **Profit and loss account** | | |
| Balance at the beginning of the financial year | **476,187** | 2,210,626 |
| Profit/(loss) attributable to ordinary equity holders of Macquarie International Limited | **79,087** | (1,734,439) |
| **Balance at the end of the financial year** | **555,274** | 476,187 |

### Note 17. Reconciliation of movements of shareholders' funds

| | 2013 £ | 2012 £ |
|---|---|---|
| Balance at the beginning of the financial year | **12,632,029** | 14,534,645 |
| Net capital (reduction)/contribution from ultimate parent entity | **(185,341)** | 183,713 |
| Movement in other reserves | **159,212** | (351,890) |
| Profit/(loss) for the financial year | **79,087** | (1,734,439) |
| **Balance at the end of the financial year** | **12,684,987** | 12,632,029 |

### Note 18. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Group 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 Group The consolidated financial statements of Macquarie Group Limited, within which the Company is included, can be obtained from the address given in Note 25

### Note 19 Directors' Remuneration

During 2013 all directors were employed by, and received all emoluments from, other Macquarie Group undertakings The directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses Consequently, allocating their employment compensation accurately across all these duties would not be feasible Accordingly, no separate remuneration has been disclosed

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

### Note 20 Employee equity participation

**Macquarie Group Employee Retained Equity Plan**

In December 2009, MGL's shareholders approved the implementation of the Macquarie Group Employee Retained Equity Plan (MEREP) in conjunction with remuneration arrangements These arrangements included a decrease in the portion of staff profit share paid in cash and an increase in the portion delivered as equity, an increase in the proportion of deferred remuneration and cessation of new option grants under the Macquarie Group Employee Share Option Plan (MGESOP)

**Award Types under the MEREP**

**Restricted Share Units (RSUs)**

A RSU is a beneficial interest in a Macquarie share held on behalf of a MEREP participant by the plan trustee (Trustee) The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights in the share The participant also has the right to request the release of the share from the Trust, subject to the vesting and forfeiture provisions of the MEREP

**Deferred Share Units (DSUs)**

A DSU represents the right to receive on exercise of the DSU either a share held in the Trust or a newly issued share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised MGL may issue shares to the Trustee or procure the Trustee to acquire shares on-market for potential future allocations to holders of DSUs Generally DSUs will provide for cash payments in lieu of dividends paid on MGL shares before the DSU is exercised Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders generally of MGL shares do not receive These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as are provided to holders of RSUs However, holders of DSUs will have no voting rights as to any underlying MGL shares DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical

The following is a summary of Awards which have been granted pursuant to the MEREP

| | **Number of RSU Awards 2013** | Number of RSU Awards 2012 |
|---|---|---|
| RSUs on issue at the beginning of the financial year | **658,375** | 215,043 |
| Granted during the financial year | **232,790** | 222,080 |
| Transfers (to)/from related body corporate entities during the financial year | **(12,438)** | 303,849 |
| Vested RSUs withdrawn or sold from the MEREP during the financial year | **(78,199)** | (36,379) |
| Forfeited during the financial year | **(43,233)** | (46,218) |
| **RSUs on issue at the end of the financial year** | **757,295** | 658,375 |
| **RSUs vested and not withdrawn from the MEREP at the end of the financial year** | **6,297** | 57,209 |

The weighted average fair value of the RSU Awards granted during the financial year was AU$26 68 (2012 AU$31 44)

| | **Number of DSU Awards 2013** | Number of DSU Awards 2012 |
|---|---|---|
| DSUs on issue at the beginning of the financial year | **62,452** | 32,620 |
| Granted during the financial year | **12,830** | 35,059 |
| Transfers from/(to) related body corporate entities during the financial year | **42,924** | (2,653) |
| Exercised during the financial year | **(17,354)** | (2,574) |
| **DSUs on issue at the end of the financial year** | **100,852** | 62,452 |
| **DSUs exercisable at the end of the financial year** | **38,066** | 1,113 |

The weighted average fair value of the DSU Awards granted during the financial year was AU$26 70 (2012 AU$31 45)

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

### Note 20 Employee equity participation (continued)

The awards are measured at their grant dates based on their fair value This amount is recognised as an expense evenly over the respective vesting periods and the equity provided is treated as a capital contribution from MGL For the year ended 31 March 2013, compensation expense relating to the MEREP totalled £5,038,935 (2012 £3,831,776)

Participation in the MEREP is currently provided to the following Eligible Employees
- Executive Directors with retained Directors' Profit Share (DPS) from 2009 onwards, a proportion of which is allocated in the form of MEREP awards (Retained DPS Awards),
- Executive Directors with pre-2009 retained DPS (which they elected to transition into the MEREP),
- staff other than Executive Directors with retained profit share (Retained Profit Share Awards) and staff who are promoted to Associate Director, Division Director or Executive Director, who receive a fixed allocation of MEREP awards (Promotion Awards),
- new Macquarie Group staff who commence at Associate Director, Division Director or Executive Director level are awarded a fixed number of MEREP awards depending on level (New Hire Awards),and
- in limited circumstances, Macquarie staff who may receive an equity grant instead of a remuneration or consideration payment in cash Current examples include individuals who become employees of the Company on the acquisition of their employer by a Macquarie Group entity or who receive an additional award at the time of joining Macquarie (also referred to below as New Hire Awards)

Vesting periods are as follows

| Award type | Level | Vesting |
|---|---|---|
| **Retained profit share awards and Promotion awards** | Below Executive Director | 1/3rd on or after each 1 July, in the 2nd, 3rd and 4th year following the year of grant[1] |
| **Retained DPS awards representing 2009 retention** | Executive Director | 1/5th on or after each 1 July, in the 3rd, 4th, 5th, 6th and 7th following the year of grant[2] |
| **Retained DPS awards for 2010 and all future years' retention** | Designated Executive Director | 1/5th on or after each 1 July in the 3rd, 4th, 5th, 6th and 7th year following the year of grant[2] |
| **Retained DPS awards for 2010 and all future years' retention** | Non-Designated Executive Director | 1/3rd on or after each 1 July in the 3rd, 4th and 5th year following the year of grant[1 3] |
| **Pre-2009 DPS Transitioned into the MEREP** | Executive Committee members | 1/7th each year from 1 July 2010 to 1 July 2016[2] |
| **Pre-2009 DPS Transitioned into the MEREP** | Executive Directors (other than those on the Executive Committee) | 1/5th each year 1 July 2010 to 1 July 2014[2] |
| **New hire awards** | All Director-level staff | 1/3rd on each of the first day of a staff trading window on or after the 2nd, 3rd and 4th anniversaries of the date of allocation |

[1] Vesting will occur on the first day of a staff trading window following 1 July of the specified year

[2] Vesting will occur on the first day of a staff trading window following 1 July of the specified year If an Executive Director has been on leave without pay (excluding leave to which the Executive Director may be eligible under local laws) for 12 months or more, the vesting period may be extended accordingly

In limited cases, the Application Form for awards may set out a different vesting period, in which case that period will be the vesting period for the Award

For Retained Profit Share Awards representing 2012 retention, the allocation price was the volume weighted average price of the Shares acquired for the 2012 Purchase Period, which was 7 May 2012 to 7 June 2012 (excluding the pricing period for the Macquarie Group Dividend Reinvestment Plan from 17 May to 23 May 2012 inclusive) That price was calculated to be AU$26 97 (2012 AU$33 06)

The number of Awards granted was calculated by adjusting the employee's relevant retained profit share amount, or retained DPS, for any applicable on-costs, dividing this amount by the applicable price outlined above, and rounding down to the nearest whole number The grant of Awards to Eligible Employees working in Australia is subject to payroll tax, calculated based on the market value of shares on the Acquisition Date

## Notes to the financial statements (continued) for the financial year ended 31 March 2013

### Note 20. Employee equity participation (continued)

**Option Plan**

MGL has suspended new offers under the Macquarie Group Employee Option Plan (MGESOP) under 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 MGL does not expect to issue any further Options under the MGESOP

Options now on issue are all five year options over fully paid unissued ordinary shares in MGL and were granted to individuals or the individual's controlled company or an entity approved under the MGESOP to hold options The options were issued for no consideration and were granted at prevailing market prices

At 31 March 2013 there were 24 (2012 35) participants of the MGESOP

The following is a summary of options which have been granted to employees of the Company pursuant to the MGESOP

| | **Number of options 2013** | **Weighted average exercise price 2013 A$** | Number of options 2012 | Weighted average exercise price 2012 A$ |
|---|---|---|---|---|
| Outstanding at the beginning of the financial year | **614,692** | **60 07** | 789,563 | 61 12 |
| Forfeited during the financial year | **(85,186)** | **53 91** | (23,390) | 53 88 |
| Transfers from related body corporate entities during the financial year | **74,666** | **64 16** | 54,614 | 52 03 |
| Lapsed during the financial year | **(351,635)** | **66 86** | (206,095) | 62 63 |
| Outstanding at the end of the financial year | **252,537** | **53 91** | 614,692 | 60 07 |
| Exercisable at the end of the financial year | **252,537** | **53 91** | 500,106 | 61 37 |

There were no options exercised during the current or prior financial year

All the options outstanding at the end of the current financial year have exercise price of A$53 91 (2012 A$47 79 to A$71 41)

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

### Note 20. Employee equity participation (continued)

The weighted average remaining contractual life for the share options outstanding as at 31 March 2013 was 0 36 years (2012 0 91 years) The weighted average remaining contractual life when analysed by exercise price range is

| Exercise price range A$ | Number of options 2013 | Remaining life (years) 2013 | Number of options 2012 | Remaining life (years) 2012 |
|---|---|---|---|---|
| 40-50 | - | - | 3,000 | 0 94 |
| 50-60 | 252,537 | 0 36 | 385,256 | 1 20 |
| 60-70 | - | - | 19,000 | 1 10 |
| 70-80 | - | - | 207,436 | 0 35 |
| | 252,537 | 0 36 | 614,692 | 0 91 |

There were no options issued in the financial year

The market value of shares which would be issued from the exercise of the outstanding options at 31 March 2013 was AU$9 38 million (2012 AU$17 8 million) No unissued shares, other than those referred to above, are under option under the MGESOP as at the date of this report

The options were measured at their grant dates based on their fair value and the number expected to vest This amount is recognised as an expense evenly over the respective vesting periods and the equity provided is treated as a capital contribution

Options granted vest in three equal tranches after the second, third and fourth anniversaries of the date of allocation of the options Subject to the MGESOP rules and MGL's personal dealing policy, options can be exercised after the vesting period during an options exercise period up to expiry In individual cases, such as where an employee leaves with MGL's agreement towards the end of a vesting period, MGL's Executive Committee has the power to waive the remainder of any vesting period and allow exercise of some or all of the relevant options

Fully paid ordinary shares issued on the exercise of options rank pari passu with all other fully paid MGL ordinary shares then on issue

The options do not confer any right to directly participate in any share issue or interest issue by MGL or any other body corporate or scheme and carry no dividend or voting rights The options include terms that provide for the adjustment of the number of options, the exercise price and/or the number of shares to be issued on the exercise of options, in the following circumstances
- an issue of new shares by way of capitalisation of profits or reserves,
- an issue to holders of shares of rights (pro-rata with existing shareholdings) to subscribe for further shares,
- a pro-rata bonus issue,
- a subdivision, consolidation, cancellation or return of capital,
- other reorganisations

These terms are consistent with the ASX Listing Rules for the adjustment of options in these circumstances which are intended to ensure that these types of transactions do not result in either a dilution of option holders' interest or an advantage to option holders which holders of ordinary shares do not receive

For the year ended 31 March 2013, compensation expense relating to the MGESOP totalled a credit of £158,102 (2012 £192,213)

## Notes to the financial statements (continued)
## for the financial year ended 31 March 2013

### Note 21. Contingent liabilities and assets

The Company has no commitments or contingent assets/liabilities which are individually material or a category of commitments or contingent liabilities which are material

### Note 22 Segmental Reporting

The Company was a wholly owned subsidiary within the Macquarie Group throughout the year and is included in the consolidated financial statements of Macquarie Group Limited, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a segmental reporting note under the terms of SSAP 25

### Note 23. Cash Flow Statement

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

### Note 24 Employee Information

The average number of persons employed by the Company during the year calculated on a monthly basis was

| **By activity** | **2013** | 2012 |
|---|---|---|
| Banking and Financial Services | 1 | - |
| Financial Management Group | 2 | 3 |
| Fixed Income, Commodities and Currencies | 1 | 1 |
| Information Technology Group | 1 | 1 |
| Macquarie Capital | 1 | 5 |
| Macquarie Corporate & Asset Finance | 2 | 2 |
| Macquarie Funds Group | 1 | 3 |
| Macquarie Securities Group | 9 | 14 |
| Risk Management Group | 1 | 2 |
| **Total employees** | **19** | 31 |

The figures above include persons employed by Macquarie International Limited and seconded to other legal entities within the Macquarie Group and associated entities

### Note 25. Ultimate Parent undertaking

At 31 March 2013, the immediate parent undertaking of the Company is Macquarie Capital International Holdings Pty Limited

The ultimate parent undertaking and controlling party of the Company, is Macquarie Group Limited The largest group to consolidate these financial statements, is Macquarie Group Limited, a company incorporated in Australia The smallest group to consolidate these financial statements, is Macquarie Financial Holdings Limited, a company incorporated in Australia Copies of the consolidated financial statements for Macquarie Group Limited and Macquarie Financial Holdings Limited can be obtained from the Company Secretary, Level 7, No 1 Martin Place, Sydney, New South Wales, 2000, Australia

### Note 26 Events after the Reporting Period

There were no material events subsequent to 31 March 2013 that have not been reflected in the financial statements