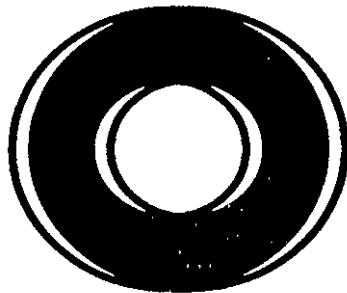


Company Registration Number : 1802574

MACQUARIE SECURITIES (UK) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1999



MACQUARIE



**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1999**

CONTENTS	PAGE
General Information	1
Directors' report	2-3
Auditors' report	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Company balance sheet	7
Notes to the accounts	8-14

MACQUARIE SECURITIES (UK) LIMITED

GENERAL INFORMATION**Directors**

Rt Hon, Sir Christopher Chataway
P Kirk
A J Downe
G A Farrell
A R L E Camu
R Ryan

Secretaries

T A Gilliland
Macquarie Bank Group

Registered Office

9th Floor, Alban Gate
125 London Wall
London EC2Y 5AS

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Bankers

Midland Bank plc
PO Box 181
27-32 Poultry
London EC2P 2BX

Solicitors

Slaughter & May
35 Basinghall Street
London EC2V 5DB

Company number: 1802574

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1999.

REVIEW OF THE BUSINESS

The Company's previous activities ceased last year, the only income the company has received this year is investment income. The Directors of the Company continue to look for new business opportunities.

Macquarie Finance (UK) Limited, member of the Macquarie Securities (UK) group of companies, operates the business of leasing office furniture, fittings and equipment to other group companies. The Company intends to continue these activities for the foreseeable future.

RESULTS AND DIVIDENDS

The group's profit for the financial year is £149,822 (1998 - profit of £2,260,760). No dividend is proposed (1998 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors holding office during the year were as follows:

Rt Hon, Sir Christopher Chataway
P Kirk
A J Downe
G A Farrell
A R L E Camu
R Ryan

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

YEAR 2000

In common with most businesses, the Company faces a technological and business challenge to ensure that its IT systems deal correctly with dates in and after Year 2000. This has arisen because past practice in many IT systems has been to use 2 rather than 4 digits for year references.

The Company commenced a Year 2000 compliance programme in early 1998 designed to ensure that hardware and software systems continue to operate satisfactorily up to and beyond Year 2000. The programme has been largely completed by 31 March 1999.

CLOSE COMPANY STATUS

So far as the directors are aware, the Company is not a close company for taxation purposes.

DIRECTORS' REPORT Continued**AUDITORS**

Price Waterhouse resigned as auditors of the Company as a result of their recent merger with Coopers & Lybrand. The combined firm of PricewaterhouseCoopers was appointed in their place.

Pursuant to section 386 of the Companies Act 1985, an elective resolution was passed in June 1995 resolving that the Company dispense with the requirement to appoint auditors annually. PricewaterhouseCoopers will accordingly remain as auditors until the Company decides otherwise in general meeting.

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



P Kirk
Director

20 May 1999

AUDITORS' REPORT TO THE MEMBERS OF MACQUARIE SECURITIES (UK) LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention as modified by the valuation of open positions at market prices in accordance with industry practices disclosed on page 9 and accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

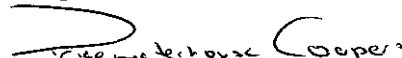
Basis of audit opinion

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 the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

20 May 1999

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999**

		<u>Discontinued Activities</u>	
	Notes	1999 £	1998 £
GROSS PROFIT	1(b)	348,047	11,618,797
Operating Expenses		<u>(259,371)</u>	<u>(8,009,504)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	88,676	3,609,293
Tax on profit on ordinary activities	5	<u>38,088</u>	<u>(1,348,533)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		126,764	2,260,760
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>4,696,903</u>	<u>2,436,143</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>4,823,667</u>	<u>4,696,903</u>

The notes on pages 8 to 14 form part of these accounts.

Gross profit and profit on ordinary activities before taxation relate wholly to discontinued operations and, with the exception of those disclosed under note 1 to the accounts there were no differences between the reported profit and losses reported under historical cost accounting.

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

MACQUARIE SECURITIES (UK) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible Assets	7	83,720	258,011
Investments	8	-	2,325
		<u>83,720</u>	<u>260,336</u>
CURRENT ASSETS			
Debtors	9	5,999,140	12,358,418
Cash at bank and in hand	10	<u>2,300,000</u>	<u>4,300,000</u>
		8,299,140	16,658,418
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(1,059,193)</u>	<u>(9,721,851)</u>
NET CURRENT ASSETS		<u>7,239,947</u>	<u>6,936,567</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,323,667</u>	<u>7,196,903</u>
CAPITAL AND RESERVES			
Called up share capital	14	2,500,000	2,500,000
Profit and loss account	15	<u>4,823,667</u>	<u>4,696,903</u>
SHAREHOLDERS' FUNDS	16	<u>7,323,667</u>	<u>7,196,903</u>

The notes on pages 8 to 14 form part of these accounts.

These financial statements were approved by the Board on 20 May 1999.

Signed on behalf of the Board of Directors


G A Farrell
Director

MACQUARIE SECURITIES (UK) LIMITED**COMPANY BALANCE SHEET AS AT 31 MARCH 1999**

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible Assets	7	-	37,556
Investments	8	<u>200,000</u>	<u>202,325</u>
		200,000	239,881
CURRENT ASSETS			
Debtors	9	5,820,167	12,210,330
Cash at bank and in hand	10	<u>2,300,000</u>	<u>4,300,000</u>
		8,120,167	16,510,330
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(978,460)</u>	<u>(9,535,591)</u>
NET CURRENT ASSETS		7,141,707	6,974,739
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,341,707</u>	<u>7,214,620</u>
CAPITAL AND RESERVES			
Called up share capital	14	2,500,000	2,500,000
Profit and loss account	15	<u>4,841,707</u>	<u>4,714,620</u>
SHAREHOLDERS' FUNDS	16	<u>7,341,707</u>	<u>7,214,620</u>

The notes on pages 8 to 14 form part of these accounts.

These financial statements were approved by the Board on 20 May 1999.

Signed on behalf of the Board of Directors



G A Farrell
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention as modified by the valuation of open positions at market prices and have been prepared in accordance with applicable accounting standards and except for the treatment of taking to the profit and loss account profits and losses arising on the valuation of open positions, prepared in accordance with the requirements of Schedule 4 to the Companies Act 1985. An explanation of this departure from the requirements of the Companies Act is given in note c.) below.

The particular policies adopted are described below as follows:

a) Basis of Consolidation

In accordance with section 230 of the Companies Act 1985, a separate profit and loss account of Macquarie Securities (UK) Limited is not presented. Its profit for the year ended 31 March 1999 was £149,822 (1998: £2,275,858).

b) Gross Profit

Gross profit includes:

- (i) Realised and unrealised profits and losses arising on securities held for resale less, where appropriate, other direct charges.
- (ii) Profits and losses on trading base metals contracts less direct expenses of entering into those contracts.
- (iii) Project and structured finance fees less directly related expenses.
- (iv) Fees from other group companies in relation to project and structured finance.
- (v) Interest receivable on funds generated and interest payable on funds borrowed in the course of trading.

Given the nature of the Group's operation, the directors are of the opinion that the disclosure of turnover and cost of sales is not meaningful and therefore the results of the Company for the year ended 31 March 1999 are not disclosed as such.

c) Revenue recognition

Commission:

Commissions earned on the purchase or sale of metals are taken to income when the contracts are made.

Forward contracts:

Forward commodity commitments, including options, held as current assets are stated at market valuation and profits and losses arising from this valuation are taken to the profit and loss account. This is a departure from the provisions of Schedule 4 to the Companies Act, which require that such assets be stated at the lower of cost and net realisable value or, that if revalued, any revaluation differences be taken to the revaluation reserve. The Directors consider that these requirements would fail to give a true and fair view of the Company's loss for the year as it would not include a proper measure of the Company's performance in the year by reference to the market value of open positions for which there is a liquid and active market.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999 (Continued)**c) Revenue recognition (cont.):**

It is not possible to determine with reasonable accuracy the effect on the financial statements of this departure as it is not market practice to retain relevant historical information.

d) Tangible fixed assets

Depreciation is provided in equal monthly instalments on a straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings	25% per annum
Office machinery	20% per annum
Computers	20% - 33% per annum

e) Foreign exchange

Assets and liabilities in foreign currencies which are not covered by forward exchange contracts have been translated into sterling at the rate ruling at the year end. Exchange profits and losses realised on trading transactions are included in the trading results.

f) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

g) Operating leases

Rental payments in respect of leases which do not give rights which approximate to ownership have been charged against profits on a straight line basis over the life of the lease.

Operating lease income from the lease of office furniture, fittings and equipment to other Macquarie Bank Group companies is recognised on an accruals basis.

h) Cash Flow Statement

The Company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in Financial Reporting Standard 1 and does not produce a cash flow statement.

2. SEGMENTAL REPORTING

All trade was carried out from the United Kingdom with the exception of the base metals trading which was carried out from Australia. It is the opinion of the directors, that it is not however possible to allocate revenues to any particular source as one trade may involve parties situated in a number of different geographic areas. All expenses are wholly generated within the United Kingdom.

All these activities are viewed by the directors as being within international commercial banking activity and, accordingly, no divisional analysis is prepared.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999 (Continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	1999	1998
	£	£
Interest receivable from other group undertakings	(176,459)	(640,839)
Other interest receivable	(16,576)	(1,548,743)
Operating lease income	(152,318)	(126,033)
Interest payable to other group undertakings	105,481	379,789
Other interest payable	-	1,903,749
Foreign exchange profit on revaluation	2,694	632,398
Operating lease rentals payable	-	16,813
Depreciation on tangible assets	136,735	152,552
Auditor's remuneration	-	6,500

Auditors' remuneration for the group for the year ended 31 March 1999 is borne by Macquarie Bank Limited, the company's parent undertaking. The Company had no employees during the year.

4. DIRECTORS' REMUNERATION

	1999	1998
	£	£
Aggregate emoluments (excluding pension contributions)	-	294,726
Sums paid to third parties in respect of directors' services	-	204,400
Highest Paid Director		
Total emoluments (excluding pension contributions)	-	147,326

Pension contributions paid on behalf of the directors for the year ended totalled nil (1998: nil). There were no retirement benefits accruing to any director under any pension scheme operated by the Company during the year ended (1998: nil).

No emoluments were received by any director under a long term incentive scheme during the year (1998: nil).

No share options were exercised by the highest paid director during the year (1998: None). All directors of the Company are employed by another member of the Macquarie Bank Group and it is considered that an insignificant amount of their time in the 1999 year related to Macquarie Securities (UK) Limited.

Accordingly, no remuneration is deemed to relate to their directorships of this company. Their emoluments are set out in the consolidated financial statements of Macquarie Bank Limited, copies of which are available as prescribed in note 16.

MACQUARIE SECURITIES (UK) LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999 (Continued)****5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
UK corporation tax on the profit for the year at 31 % (1998 = 31 %)		
- current	58,648	1,308,231
- deferred	-	(1,726)
Under/(Over) provision in respect of prior years:		
- current	(96,736)	42,028
- deferred	-	-
	<u>(38,088)</u>	<u>1,348,533</u>

6. INTEREST PAYABLE AND RECEIVABLE

	1999 £	1998 £
Interest receivable from other group undertakings	6,963	41,732
Interest payable to other group undertakings	<u>(1,190)</u>	<u>(3,779)</u>
	<u>5,773</u>	<u>37,953</u>

7. TANGIBLE FIXED ASSETS

	<u>GROUP</u> Office furniture, fixtures & fittings £	<u>COMPANY</u> Office furniture, fixtures & fittings £
COST		
At 1 April 1998	761,431	75,888
Additions	-	-
Transfers to other group companies	<u>(75,888)</u>	<u>(75,888)</u>
At 31 March 1999	<u>685,543</u>	<u>-</u>
ACCUMULATED DEPRECIATION		
At 1 April 1998	503,420	38,332
Charge for the year	136,735	-
Transfer	<u>(38,332)</u>	<u>(38,332)</u>
At 31 March 1999	<u>601,823</u>	<u>-</u>
NET BOOK VALUE		
31 March 1999	<u>83,720</u>	<u>-</u>
31 March 1998	<u>258,011</u>	<u>37,556</u>

The aggregate value of fixed assets disclosed above are held exclusively for their use under operating leases with other group companies.

MACQUARIE SECURITIES (UK) LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999 (Continued)****8. FIXED ASSET INVESTMENTS**

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Cost and net book amount:				
Shares in group undertaking	-	-	200,000	200,000
Other investments	-	2,325	-	2,325
	<u>-</u>	<u>2,325</u>	<u>200,000</u>	<u>202,325</u>

Shares in group undertaking represents the investment in Macquarie Finance (UK) Limited.

9. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	-	-	-	-
Amounts owed by parent undertaking	5,950,267	12,247,634	5,820,167	12,151,245
Amounts owed by group undertakings	48,873	51,699	-	-
Other debtors	-	59,085	-	59,085
	<u>5,999,140</u>	<u>12,358,418</u>	<u>5,820,167</u>	<u>12,210,330</u>

10. CASH AT BANK AND IN HAND

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Short term deposits	2,300,000	4,300,000	2,300,000	4,300,000
	<u>2,300,000</u>	<u>4,300,000</u>	<u>2,300,000</u>	<u>4,300,000</u>

An amount of £2,300,000 (1998 £4,300,000) was held with group undertakings.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans and overdrafts	-	5,874,485	-	5,874,485
Subordinated Debt	-	2,000,000	-	2,000,000
Trade creditors	-	-	-	-
Amounts owed to group undertakings				
- Parent company	917,112	386,725	663,358	-
- Fellow subsidiaries	-	335,359	200,000	580,853
Other creditors including taxation and social security:				
- Taxation	115,425	1,053,838	115,102	1,037,014
- Other creditors	26,656	71,444	-	43,239
	<u>1,059,193</u>	<u>9,721,851</u>	<u>978,460</u>	<u>9,535,591</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999 (Continued)

12. OPERATING LEASES

Operating lease payments relate to the hire of computer equipment and mature within one year.

13. SUBORDINATED NOTES

On 18 June 1996 Macquarie Bank Limited granted the Company a subordinated note facility for GBP £15,000,000. As at 31 March 1999 no notes have been drawn down. This facility was made to satisfy the "qualifying capital" requirements of the Securities and Futures Authority.

14. SHARE CAPITAL

	1999 £	1998 £
AUTHORISED		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
2,500,000 ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

15. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
GROUP		
At 1 April	4,696,903	2,436,143
Retained profit for the year	<u>126,764</u>	<u>2,260,760</u>
At 31 March	<u>4,823,667</u>	<u>4,696,903</u>
	1999 £	1998 £
COMPANY		
At 1 April	4,714,620	2,438,762
Retained profit for the year	<u>127,087</u>	<u>2,275,858</u>
At 31 March	<u>4,841,707</u>	<u>4,714,620</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Retained profit for the financial year	126,764	2,260,760	127,087	2,275,858
Opening shareholders' funds	<u>7,196,903</u>	<u>4,936,143</u>	<u>7,214,620</u>	<u>4,938,762</u>
Closing shareholders' funds	<u>7,323,667</u>	<u>7,196,903</u>	<u>7,341,707</u>	<u>7,214,620</u>

17. PARENT COMPANIES

The immediate and ultimate parent company of Macquarie Securities (UK) Limited is Macquarie Bank Limited, a company incorporated in Australia, which is the parent undertaking of the only group to prepare consolidated financial statements.

Copies of group accounts for Macquarie Bank Limited can be obtained from the Company Secretary, PO Box H68, Australia Square, New South Wales, 2000, Australia.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999 (Continued)**18. SUBSIDIARY UNDERTAKINGS**

The consolidated accounts include Macquarie Finance (UK) Limited, wholly owned subsidiary incorporated in the UK. It's principal business activity is the leasing of office furniture, fittings and equipment to other group companies.

19. THE SECURITIES AND FUTURES AUTHORITY LIMITED

The Company resigned from the Securities and Futures Authority Limited with effect 23 February 1999.

20. 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.