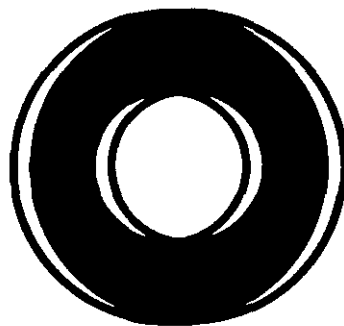


Company Registration Number : 2579363

MACQUARIE INTERNATIONALE HOLDINGS
LIMITED

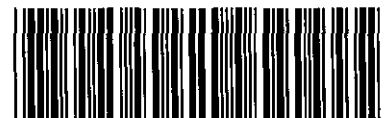
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2006



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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

GENERAL INFORMATION**Directors**

P Kirk
J Walker
P Holloway (resigned 26 November 2005)
J Craig
I Learmonth
R Tallentire (appointed 20 October 2005)

Secretary

R Tallentire
D Tan (appointed 20 October 2005)

Registered Office

Level 30
CityPoint
1 Ropemaker Street
London EC2Y 9HD

Auditors

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge St
London
SE1 9SY

Company number 2579363

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and consolidated financial statements for Macquarie Internationale Holdings Limited ("the Company") for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

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, as well as introducing leasing clients to Irish incorporated subsidiaries of Macquarie Bank Limited.
- The Company holds all 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.
- The Company has invested in the Macquarie Korea Infrastructure Fund (previously Korean Road Infrastructure Fund), an infrastructure fund established in Korea and managed by Macquarie Shinhan Infrastructure Asset Management Co., Ltd (previously Macquarie Shinhan Infrastructure Management Co., Ltd). At 31 March 2006, the Company held 5.07% of the issued share capital in the Macquarie Korea Infrastructure Fund.
- The Company has invested in CJ Cablenet, a Korean cable TV company. The intention is for the investment to be sold to a private equity fund, which will be established in Korea.
- The Company has committed to investing up to Korean Won 25,000,000,000 in Macquarie Korea Opportunities Fund, a Korean private equity fund, established to invest in Korean companies and Korean assets.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

During the year, the Company invested a further Korean Won 17,056,366,230 (£9,437,436 equivalent) in the Macquarie Korea Infrastructure Fund. At 31 March 2006, the Company's total investment in the fund was Korean Won 63,228,679,491 or £32,488,344 equivalent.

The additional investment in Macquarie Korea Infrastructure Fund was funded by way of redeemable preference shares, issued to Macquarie Bank Limited. The amount issued during the year was Korean Won 17,055,000,000 (£9,428,473 equivalent).

In June 2005, the Company subscribed for 1,378,976 shares in CJ Cablenet, a Korean cable TV company. The investment was funded by way of a loan from Macquarie Bank Limited, London branch. As at 31 March 2006, the Company's total investment in the CJ Cablenet was Korean Won 25,312,500,000 or £14,024,137 equivalent.

In July 2005, the Company sold its investment in Macquarie Shinhan Infrastructure Asset Management Co., Limited to Macquarie Investment Management (UK) Limited, a subsidiary of the ultimate parent undertaking. The gain on sale of this investment was Korean Won 3,268,080,000 (£1,717,715 equivalent).

During the year the Company, as a Limited Partner, invested in the Macquarie Korea Opportunities Fund. The fund is a Korean private equity fund, established to invest in Korean companies and Korean assets. At 31 March 2006, the Company's total investment in the fund was Korean Won 22,478,000,000 or £13,273,543 equivalent.

In February 2006, the Company recapitalised Macquarie Capital GmbH by way of voluntary contribution. The amount provided was €3,500,000 (£2,378,132 equivalent).

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

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

RESULTS AND DIVIDENDS

The Company's profit after taxation for the year amounts to £5,434,920 (2005: £461,658). A dividend of £2,000,000 was paid during the year (2005: £Nil).

FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The Company is subject to the Macquarie Bank group's Risk Management programme that seeks to limit the adverse effects on the financial performance of the Company.

Credit risk

Credit exposures, approvals and limits are controlled within Macquarie Bank Limited group's credit risk framework, as established by the Risk Management Division.

Liquidity risk

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansion.

Interest rate risk

The Company has interest bearing liabilities, including payables to Macquarie Bank Limited and its subsidiaries, which incur a variable rate of interest. The directors will revisit the appropriateness of the Company's interest rate policy should the Company's operations change in size or nature.

DIRECTORS AND THEIR INTERESTS

The directors holding office during the year were as follows:

P Kirk	
J Walker	
P Holloway	(resigned 26 November 2005)
J Craig	
I Learmonth	
R Tallentire	(appointed 20 October 2005)

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

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.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

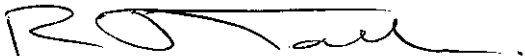
So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

AUDITORS

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

By order of the board



R Tallentire
Director
18 August 2006

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

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

We have audited the financial statements of Macquarie Internationale Holdings Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its result for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the company's financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

24 August 2006

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006**

	Notes	2006 £	2005 £
Turnover		5,107,180	1,237,573
Administrative expenses		<u>(128,684)</u>	<u>(45,387)</u>
		4,978,496	1,192,186
Other operating (charges)/income		<u>(750,776)</u>	<u>96,125</u>
OPERATING PROFIT		4,227,720	1,288,311
Gain on sale of fixed asset investments		1,717,715	-
Other interest receivable and similar income	3	1,021,419	1,262
Interest payable and similar charges	4	<u>(520,278)</u>	<u>(650,207)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	6,446,576	639,365
Tax on profit on ordinary activities	6	<u>(1,011,656)</u>	<u>(177,708)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,434,920	461,658
Dividends paid		<u>(2,000,000)</u>	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		3,434,920	461,658
RETAINED PROFIT BROUGHT FORWARD		<u>501,486</u>	<u>39,828</u>
RETAINED PROFIT CARRIED FORWARD		<u>3,936,406</u>	<u>501,486</u>

Turnover and 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 profit for the year stated above and their historical cost equivalents.

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

The notes on pages 8 to 15 form part of these financial statements.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**BALANCE SHEET
AS AT 31 MARCH 2006**

	Notes	2006 £	Restated 2005 £
FIXED ASSETS			
Investments	8	50,746,246	25,068,164
Investment in joint ventures	9	13,538,972	286,119
		<u>64,285,218</u>	<u>25,354,283</u>
CURRENT ASSETS			
Loans	10	14,712,894	13,692,091
Debtors	11	709,491	175,998
Cash at bank and in hand	12	-	317,189
		<u>15,422,385</u>	<u>14,185,278</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(43,263,185)	(15,958,536)
NET CURRENT LIABILITIES		<u>(27,840,800)</u>	<u>(1,773,258)</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(32,507,912)	(23,079,439)
TOTAL NET ASSETS		<u><u>3,936,506</u></u>	<u><u>501,586</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account		3,936,406	501,486
SHAREHOLDERS' FUNDS	16	<u><u>3,936,506</u></u>	<u><u>501,586</u></u>

The notes on pages 8 to 15 form part of these financial statements.

The financial statements on pages 6 to 15 were approved by the board of directors on 18 August 2006 and were signed on its behalf by:



R Tallentire
Director

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**1. ACCOUNTING POLICIES**

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

The financial statements contain information about Macquarie Internationale Holdings Limited as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 228 of the Companies Act 1985 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 Bank Limited, a company incorporated in Australia.

The particular policies adopted are described below as follows:

a) CHANGES IN ACCOUNTING POLICY

During the financial year the Company adopted the requirements of Financial Reporting Standard 25 '*Financial Instruments: Disclosure and Presentation*'. The liability in respect of the redeemable preference shares issued by the Company has been reclassified from non-equity shareholder funds to creditors falling due after more than one year. Any dividend expense is reclassified as interest payable. The prior period balances have been restated on a consistent basis. The effect of the change was to reclassify preference shares of £32,507,912 (2005: £23,079,439) from equity to liabilities.

b) TURNOVER

Turnover includes dividend income from investments.

c) OTHER OPERATING INCOME/(CHARGES)

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

d) FOREIGN CURRENCIES

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

e) INTEREST

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

f) FIXED ASSET INVESTMENTS

Investments, including investments in subsidiary undertakings, are recorded at cost less provision for impairment.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****1. ACCOUNTING POLICIES (CONTINUED)****g) TAXATION AND DEFERRED TAXATION**

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

h) 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.

i) FINANCIAL DERIVATIVES

Financial derivatives comprises of foreign exchange forwards. The Company uses these derivative instruments for hedging purposes. They are carried at market value, which approximates their net fair value with resultant gains and losses recognised in the Profit and Loss Account and included within "Other financial market assets" and "Other financial market liabilities" in the Balance Sheet.

2. SEGMENTAL REPORTING**Business Segments**

All income and expenses are derived or incurred as part of the Company's role of holding investments.

Geographical Segments

	Turnover		Profit/(loss) on ordinary activities before taxation		Net assets/(liabilities)	
	2006	2005	2006	2005	2006	2005
	£	£	£	£	£	£
Korea	5,107,180	1,237,573	5,997,130	1,312,761	62,448,444	25,518,457
United Kingdom	-	-	738,010	(673,396)	(192,544)	(1,937,432)
Australia	-	-	(288,564)	-	(58,319,394)	(23,079,439)
	<u>5,107,180</u>	<u>1,237,573</u>	<u>6,446,576</u>	<u>639,365</u>	<u>3,936,506</u>	<u>501,586</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2006	2005
	£	£
Interest receivable from unrelated parties	617	1,262
Interest receivable from other Macquarie Bank Limited undertaking	1,020,802	-
	<u>1,021,419</u>	<u>1,262</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest payable to ultimate parent undertaking	520,278	489,247
Interest payable to unrelated parties	-	160,960
	<u>520,278</u>	<u>650,207</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2006	2005
	£	£
Foreign exchange losses/(gains)	750,776	(96,125)
(Gain) on sale of fixed asset investments	(1,717,715)	-
Auditors' remuneration:		
Audit services	18,120	20,200

The Company had no employees during the year (2005: nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES**Analysis of tax charge for the year**

	2006	2005
	£	£
Current tax:		
UK corporation tax at 30% (2005: 30%)	1,601,155	191,810
Overseas tax suffered	620,695	-
Foreign tax relief	(620,695)	-
Adjustments to tax in respect of prior years	(589,499)	(14,102)
Total current tax	<u>1,011,656</u>	<u>177,708</u>
Tax charge on profit on ordinary activities	<u>1,011,656</u>	<u>177,708</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)****Factors affecting tax charge for the year**

The taxation charge for the year ended 31 March 2006 is explained below:

	2006	2005
	£	£
Profit on ordinary activities before taxation	6,446,576	639,365
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005: 30%)	1,933,973	191,810
Effects of:		
Income not subject to corporation tax	(332,818)	-
Adjustments to tax in respect of prior years	(589,499)	(14,102)
	<u>1,011,656</u>	<u>177,708</u>

7. DIRECTORS' REMUNERATION

During 2005 and 2006 the directors were employed by, and received all emoluments from, the Company's ultimate parent undertaking, namely Macquarie Bank Limited. Accordingly, no separate remuneration has been disclosed.

8. FIXED ASSET INVESTMENTS

	2006	2005
	£	£
COST		
At 1 April	25,068,164	12,312,186
Additions	25,678,082	12,755,978
Disposals	-	-
At 31 March	<u>50,746,246</u>	<u>25,068,164</u>

Fixed asset investments comprise:

	2006	2005
	£	£
Macquarie Capital Limited	2,393,133	1
Macquarie Capital Korea Co., Ltd	1,840,632	1,840,632
Macquarie Korea Infrastructure Fund	32,488,344	23,227,531
CJ Cablenet	14,024,137	-
	<u>50,746,246</u>	<u>25,068,164</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****8. FIXED ASSET INVESTMENTS (CONTINUED)****Macquarie Capital Limited ("MCL")**

The Company owns 100% of the share capital of MCL being 15,000 ordinary shares of £1 each. MCL is incorporated in the United Kingdom as the holding company for Macquarie Capital GmbH. During the year, the Company invested a further 14,999 ordinary shares at a cost of £14,999 and recapitalised Macquarie Capital GmbH by way of voluntary contribution. The amount provided was €3,500,000 (£2,378,132 equivalent).

Macquarie Capital Korea Co., Ltd ("MCK")

The Company owns 100% of the share capital of MCK being 681,130 ordinary shares of Korean Won 5,000 per share. MCK is incorporated in Korea and undertakes leasing activities in Korea.

Macquarie Korea Infrastructure Fund ("MKIF")

MKIF is a Korean listed entity which investments in infrastructure assets located in the Republic of Korea. The Company has committed to investing up to Korean Won 63,600,000,000 (2005: 63,600,000,000) in MKIF and at 31 March 2006 the total investment was Korean Won 63,228,679,491 (2005: Korean Won 46,543,643,954) or £32,488,344 equivalent (2005: £23,227,530 equivalent). At 31 March 2006, the Company held 5.07% of MKIF's issued share capital (2005: 5.05%).

Date	Price per Share	No. of Shares	Korean Won	£
12 December 2002	Korean Won 5,000.00	2,000,000	10,000,000,000	5,253,390
23 December 2003	Korean Won 5,137.36	1,105,754	5,680,656,369	2,694,603
19 January 2004	Korean Won 5,147.46	158,588	816,325,386	382,709
8 March 2004	Korean Won 5,187.55	880,462	4,567,440,648	2,140,851
23 September 2004	Korean Won 5,202.19	1,125,992	5,857,624,322	2,839,132
24 November 2004	Korean Won 5,254.70	1,425,690	7,491,576,420	3,732,378
6 December 2004	Korean Won 5,281.09	851,225	4,495,398,689	2,230,437
14 February 2005	Korean Won 5,342.11	626,724	3,348,028,548	1,727,616
17 March 2005	Korean Won 5,367.81	798,574	4,286,593,572	2,226,414
7 April 2005	Korean Won 5,277.14	232,356	1,226,179,226	648,649
28 October 2005	Korean Won 5,324.64	629,018	3,349,295,341	1,811,969
24 November 2005	Korean Won 5,356.28	2,330,141	12,480,891,663	6,976,818
Capital reduction (23 December 2003)			(371,330,693)	(176,622)
				<u>32,488,344</u>

CJ Cablenet ("CJC")

During the year, the Company acquired a stake in CJ Cablenet, a Korean cable TV company. The amount invested was Korean Won 25,312,500,000 or £14,024,137 equivalent. At 31 March 2006, the Company held 5.95% of CJC's issued share capital.

Date	Price per Share	No. of Shares	Korean Won	£
2 August 2005	Korean Won 18,356.01	1,378,976	25,312,500,000	14,024,137
				<u>14,024,137</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****9. INVESTMENT IN JOINT VENTURES**

	2006 £	2005 £
Cost and net book amount:		
Shinhan Macquarie Financial Advisory Co. Ltd	265,429	265,429
Macquarie Shinhan Infrastructure Management Co. Ltd	-	20,690
Macquarie Korea Opportunities Fund	13,273,543	-
	<u>13,538,972</u>	<u>286,119</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.

Macquarie Korea Opportunities Fund ("MKOF")

The Company has committed to investing up to Korean Won 25,000,000,000 in MKOF and at 31 March 2006 the total investment was Korean Won 22,478,000,000 or £13,273,543 equivalent. At 31 March 2006, the Company held 14.69% of the capital in MKOF.

MKOF is a Korean private equity fund, established to invest in Korean companies and Korean assets.

10. LOANS

	2006 £	2005 £
Loans	14,712,894	13,692,091
	<u>14,712,894</u>	<u>13,692,091</u>

The loans disclosed above has been made to Monkwel Investments Limited ("Monkwel"), a member of the Macquarie Bank Limited group. The loan was used by Monkwel to purchase Redeemable Preference Shares (RPS) of another Macquarie Bank Limited group undertaking. Interest payable on the loan is calculated at market rates and at 31 March 2006, the rate applied was LIBOR plus 2.8%. The loan is repayable on demand.

11. DEBTORS

	2006 £	2005 £
Taxation	709,491	175,991
Other debtors	-	7
	<u>709,491</u>	<u>175,998</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****12. CASH AT BANK AND IN HAND**

	2006	2005
	£	£
Cash at bank	-	317,189
	<u>-</u>	<u>317,189</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Amounts owed to ultimate parent undertaking	39,354,128	15,766,726
Amounts owed to subsidiary undertaking	2,455,438	1
Taxation	1,300,486	191,809
Other financial market liabilities	153,133	-
	<u>43,263,185</u>	<u>15,958,536</u>

Amounts owed to the ultimate parent undertaking and to other Macquarie Bank Limited group undertakings are unsecured and have no fixed date of repayment. Interest on cross-border intercompany deposits is incurred at market rates and at 31 March 2006, the rate applied was LIBOR plus 0.92% (2005: LIBOR plus 1%). The Company has opted to apply FRS 25 'Financial Instruments: Disclosure and Presentation', and has offset amounts owed to with amounts payable from group undertakings, on a counterparty by counterparty basis. The Company has a legally enforceable right to set off and intends to settle on a net basis.

As part of its investing activities, the Company holds foreign exchange forwards. The counterparty for these positions is the ultimate parent undertaking, Macquarie Bank Limited.

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

	2006	Restated 2005
	£	£
Class A Redeemable preference shares	32,507,912	23,079,439
	<u>32,507,912</u>	<u>23,079,439</u>

During the year the Company issued 17,055 redeemable preference shares to the ultimate parent undertaking, Macquarie Bank Limited. The nominal value and consideration for these shares was Korean Won 17,055 million with a pounds sterling equivalent of £9,428,473.

Redeemable preference shares carry a variable preferential dividend as declared by the directors of the Company from time to time. The shares are redeemable at a date no later than five years from the issue of the shares subject to the provisions of the Company's Articles of Association. On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividends. The holders have no voting rights.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006
(CONTINUED)****15. SHARE CAPITAL**

	2006	2005
	£	£
AUTHORISED		
100 ordinary shares of £1 each (2005: 100 ordinary shares of £1 each)	100	100
	<u>100</u>	<u>100</u>
ALLOTTED, CALLED UP AND FULLY PAID		
100 ordinary shares of £1 each (2005: 100 ordinary shares of £1 each)	100	100
	<u>100</u>	<u>100</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	Restated 2005
	£	£
Opening shareholders' funds	501,586	39,928
Retained profit for the financial year	3,434,920	461,658
Closing shareholders' funds	<u>3,936,506</u>	<u>501,586</u>

17. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party of the Company, which is the parent undertaking of 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.

18. RELATED PARTY TRANSACTIONS

As 100% of the voting rights of the Company and its subsidiary undertakings are controlled within the group headed by Macquarie Bank Limited, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Bank Limited group. The consolidated financial statements of Macquarie Bank Limited, within which the Company is included, can be obtained from the address given in Note 17.

19. 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 FRS 1 (revised 1996).