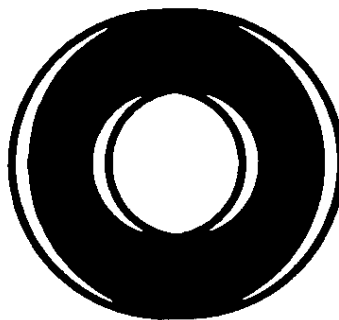


Company Registration Number : 2579363

MACQUARIE INTERNATIONALE HOLDINGS
LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2007



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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

GENERAL INFORMATION**Directors**

J Craig
P Kirk
I Learmonth
R Tallentire
J Walker

Secretaries

R Tallentire	
J Greenfield	(appointed 30/08/2007)
D Tan	(resigned 30/08/2007)

Registered Office

Level 30
CityPoint
1 Ropemaker Street
London EC2Y 9HD

Auditors

PricewaterhouseCoopers LLP
Hays Galleria
1 Hays Lane
London SE1 2RD

Company number	2579363
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MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for Macquarie Internationale Holdings Limited ("the Company") for the year ended 31 March 2007

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 holds an investment in Macquarie Korea Infrastructure Fund, a listed Korean infrastructure fund, managed by Macquarie Shinhan Infrastructure Asset Management Co , Ltd
- The Company holds an investment 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 received Korean Won 4,929 million (£2,661,674 equivalent) from Macquarie Korea Infrastructure Fund as return of capital. At 31 March 2007, the Company's total investment in the fund was Korean Won 58,300 million or £31,490,427 equivalent.

During the year, the Company invested a further Korean Won 18,069 million (£9,757,260 equivalent) in Macquarie Korea Opportunities Fund and received Korean Won 13,218 million (£7,137,720 equivalent) as return of capital. At 31 March 2007, the Company's total investment in the fund was Korean Won 27,329 million or £14,761,706 equivalent.

In January 2007, the Company sold its investment in CJ CableNet to Sable (Asia) Limited. The gain on sale of this investment was USD 6,907,128 (£3,475,489).

At year end, the directors decided to provide fully for the Company's investment in Macquarie Capital Limited. The loss on impairment during the year was £2,393,133.

The Company does not envisage any changes in activities for the foreseeable future, except those outlined in post balance sheet date events.

RESULTS AND DIVIDENDS

The Company's loss after taxation for the year amounts to £99,275 (restated 2006 £5,972,724 profit). No dividend was paid during the year (2006 £2,000,000).

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

POST BALANCE SHEET DATE EVENTS

The Company has made the following post balance sheet date investments in wholly owned subsidiaries of the Macquarie Bank Limited group,

- On 20 June 2007, the Company purchased all of the ordinary share capital in Macquarie (UK) Group Services Limited, for a total consideration of £2
- On 6 July 2007, the Company purchased all of the ordinary B share capital in Global Asset Transformation Services Limited, for a total consideration of Euro 5,610,000. The Company holds 50% of the issued share capital in Global Asset Transformation Services Limited
- On 1 August 2007, the Company purchased all of the ordinary shares in Macquarie Leasing Limited from Macquarie Investments (UK) Limited, for a total consideration of £2
- On 1 August 2007, the Company purchased all of the ordinary share capital in MEIF (UK) Limited from Macquarie International Limited, for a total consideration of £5,000. On the same day, the Company made a capital contribution of £20,000 to MEIF (UK) Limited

On 31 August 2007, the Company paid an interim dividend of £5,000,000

On 7 November 2007, the Company changed its name from Macquarie Internationale Holdings Limited to Macquarie UK Holdings Limited

On 13 November 2007, the Macquarie Group restructured into a non-operating holding company structure. The restructure resulted in Macquarie Group Limited being established as the ultimate parent of the Macquarie Group

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, the principal risks and uncertainties are those associated with a holding company and arise from credit risk, liquidity risk, interest rate risk and foreign exchange risk. Specifically these risks relate to the Company's investments and associated funding. These risks are not however separately managed, they are integrated with the principal risks of the Macquarie Bank Limited group. The principal risks and uncertainties of Macquarie Bank Limited, which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 20

FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. As a holding company these risks are principally in its investments and associated funding. While these balances are predominantly with other Macquarie Bank Limited group entities, the Company is subject to the 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

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)**FINANCIAL RISK MANAGEMENT (CONTINUED)***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.

Foreign exchange risk

The Company has foreign exchange exposures which include amounts payable to Macquarie Bank Limited group companies and fixed asset investments which are denominated in non functional currencies. The Company uses derivative instruments for hedging purposes. The directors will revisit the appropriateness of the Company's foreign exchange management policy should the Company's operations change in size or nature.

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.

DIRECTORS

The directors holding office during the year were as follows:

J Craig
P Kirk
I Learmonth
R Tallentire
J Walker

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.

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.

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.

By order of the board



Director

21 December 2007

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 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 report to you whether, in our opinion, the information in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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

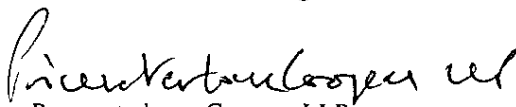
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its loss 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

— December 2007

8.1.2008

MACQUARIE INTERNATIONALE HOLDINGS LIMITED
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007**

	Notes	2007 £	Restated 2006 £
Turnover		972,821	5,107,180
Administrative expenses		<u>(555,150)</u>	<u>(128,684)</u>
		417,671	4,978,496
Other operating income		<u>44,334</u>	<u>86,510</u>
OPERATING PROFIT		462,005	5,065,006
Gain on sale of fixed asset investments		3,475,489	1,717,715
Impairment of fixed asset investments		(2,393,133)	-
Other interest receivable and similar income	3	1,307,743	1,021,419
Interest payable and similar charges	4	<u>(2,370,215)</u>	<u>(520,278)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	481,889	7,283,862
Tax on profit on ordinary activities	6	<u>(581,164)</u>	<u>(1,311,138)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(99,275)	5,972,724
Dividends paid	8	<u>-</u>	<u>(2,000,000)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(99,275)	3,972,724
RETAINED PROFIT BROUGHT FORWARD		<u>4,474,210</u>	<u>501,486</u>
RETAINED PROFIT CARRIED FORWARD		<u>4,374,935</u>	<u>4,474,210</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/(loss) for the year stated above and their historical cost equivalents

The notes on pages 10 to 19 form part of these financial statements

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2007**

	2007 £	Restated 2006 £
(Loss)/profit for the financial year – excluding SSAP 20 adjustment	(99,275)	3,434,920
SSAP 20 adjustment	-	537,804
(Loss)/profit for the financial year	(99,275)	3,972,724
Exchange adjustments (note 18)	(121,910)	(34,025)
Total recognised (losses)/gains for the financial year	(221,185)	3,938,699


The notes on pages 10 to 19 form part of these financial statements

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**BALANCE SHEET AS AT 31 MARCH 2007**

	Notes	2007 £	Restated 2006 £
FIXED ASSETS			
Investments	9	33,331,059	56,657,491
Investment in joint ventures	10	15,027,135	13,574,275
		<u>48,358,194</u>	<u>70,231,766</u>
CURRENT ASSETS			
Loans	11	14,726,688	14,712,894
Debtors	12	2,550,812	709,491
Other assets	13	274,006	-
Cash at bank	14	86,281	-
		<u>17,637,787</u>	<u>15,422,385</u>
CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(27,423,467)	(43,562,666)
NET CURRENT LIABILITIES		<u>(9,785,680)</u>	<u>(28,140,281)</u>
CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(34,353,414)	(37,651,200)
NET ASSETS		<u>4,219,100</u>	<u>4,440,285</u>
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Foreign currency revaluation reserve	18	(155,935)	(34,025)
Profit and loss account		4,374,935	4,474,210
SHAREHOLDERS' FUNDS	19	<u>4,219,100</u>	<u>4,440,285</u>

The notes on pages 10 to 19 form part of these financial statements

The financial statements on pages 7 to 19 were approved by the board of directors on ²⁰ December 2007 and were signed on its behalf by


R. TALENTIRE
 Director

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007**I ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention in accordance with Schedule 4 to the Companies Act 1985 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.

During the year the Company adopted the requirements of SSAP 20 Foreign Currency Translation, which are explained in (c) and (e) below. Comparative information has been restated with the effect of increasing profit after tax by £537,804, increasing fixed asset investments by £5,946,548, increasing provision for taxation by £299,482, increasing creditor amounts falling due after more than one year by £5,143,288 and generating a foreign currency revaluation reserve of (£34,025).

Within the profit and loss account, other operating income has increased by £837,286. The restatement comprises of losses on translation of foreign borrowing or forward exchange contract which are financing or hedging fixed asset investments denominated in currencies other than sterling. The loss on translation has been taken to foreign currency revaluation reserves.

The particular policies adopted are described below as follows:

a) TURNOVER

Turnover includes dividend income from investments.

b) OTHER OPERATING INCOME/(CHARGES)

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

c) 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.

Under SSAP 20 Foreign currency translation, fixed asset investments denominated in currencies other than sterling, and which are financed by foreign borrowings or hedged by forward exchange contracts, are translated to sterling using the rate of exchange ruling at the balance sheet date. The gains or losses on translation of the investment are taken to reserves together with the gains or losses on translation of the foreign borrowing or forward exchange contract.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****1 ACCOUNTING POLICIES (CONTINUED)****d) INTEREST**

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

e) FIXED ASSET INVESTMENTS

Investments, including investments in subsidiary undertakings and joint ventures, are recorded at cost less provision for impairment

Under SSAP 20 Foreign currency translation, fixed asset investments denominated in currencies other than sterling, and which are financed by foreign borrowings or hedged by forward exchange contracts, are translated to sterling using the rate of exchange ruling at the balance sheet date

f) DIVIDENDS

Dividend income is recognised when the right to receive income is established or when cash is received. For holding companies, dividend income is classified as turnover.

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) FINANCIAL DERIVATIVES

Financial derivatives comprises of foreign exchange forwards. The Company uses these derivative instruments for hedging purposes. They are translated to sterling using the rate of exchange ruling at the balance sheet date and are included within "Other financial market assets" and "Other financial market liabilities" in the Balance Sheet. Gains and losses on translation are included in the profit and loss account.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****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)	
	2007	2006	2007	Restated 2006	2007	Restated 2006
	£	£	£	£	£	£
Korea	972,821	5,107,180	4,413,804	6,817,343	48,701,480	67,685,502
United Kingdom	-	-	(3,306,024)	755,083	(14,091,520)	217,465
Australia	-	-	(625,891)	(288,564)	(30,390,860)	(63,462,682)
	<u>972,821</u>	<u>5,107,180</u>	<u>481,889</u>	<u>7,283,862</u>	<u>4,219,100</u>	<u>4,440,285</u>

3 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£	£
Interest receivable from other Macquarie Bank Limited group undertakings	851,750	1,020,802
Interest receivable from unrelated parties	455,993	617
	<u>1,307,743</u>	<u>1,021,419</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable to ultimate parent undertaking	2,370,215	520,278
	<u>2,370,215</u>	<u>520,278</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2007	Restated 2006
	£	£
Foreign exchange (gains)	(44,334)	(86,510)
(Gain) on sale of fixed asset investments	(3,475,489)	(1,717,715)
Impairment of fixed asset investments	2,393,133	-
Auditors' remuneration		
Audit services	19,451	18,120

The Company had no employees during the year (2006 nil)

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****6 TAX ON PROFIT ON ORDINARY ACTIVITIES****Analysis of tax charge for the year**

	2007 £	Restated 2006 £
Current tax		
UK corporation tax at 30% (2006 30%)	661,927	1,900,637
Overseas tax suffered	130,265	620,695
Foreign tax relief	(130,265)	(620,695)
Adjustments to tax in respect of prior years	(80,763)	(589,499)
Total current tax	<u>581,164</u>	<u>1,311,138</u>
Tax charge on profit on ordinary activities	<u>581,164</u>	<u>1,311,138</u>

Factors affecting tax charge for the year

	2007 £	Restated 2006 £
Profit on ordinary activities before taxation	481,889	7,283,862
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 30%)	144,567	2,185,159
Effects of		
Write down of investment not tax deductible	717,940	-
Income not subject to corporation tax	(200,580)	(332,818)
Expenses not deductible for tax purpose	-	48,296
Adjustments to tax in respect of prior years	(80,763)	(589,499)
	<u>581,164</u>	<u>1,311,138</u>

7 DIRECTORS' REMUNERATION

During 2006 and 2007 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 DIVIDENDS PAID

	2007 £	2006 £
Equity – Ordinary		
Interim paid in March 2007 £0 (March 2006 £20,000) per share	<u>-</u>	<u>2,000,000</u>
	<u>-</u>	<u>2,000,000</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****9 FIXED ASSET INVESTMENTS**

	2007	Restated 2006
	£	£
COST		
At 1 April	56,657,491	25,068,164
Additions	-	25,678,082
Disposals	(17,648,780)	-
Foreign currency translation	(3,284,519)	5,911,245
Impairment during the year	(2,393,133)	-
At 31 March	<u>33,331,059</u>	<u>56,657,491</u>

Fixed asset investments comprise

	2007	Restated 2006
	£	£
Listed investment at cost		
Macquarie Korea Infrastructure Fund	<u>31,490,427</u>	<u>37,436,621</u>
	<u>31,490,427</u>	<u>37,436,621</u>
Unlisted investments at cost		
Macquarie Capital Limited	-	2,393,133
Macquarie Capital Korea Co , Ltd	1,840,632	1,840,632
CJ CableNet	-	14,987,105
	<u>1,840,632</u>	<u>19,220,870</u>
	<u>33,331,059</u>	<u>56,647,491</u>

Listed investments comprise of equity shares in Macquarie Korea Infrastructure Fund. The shares are listed on the Korea Stock Exchange and had a market value at 31 March 2007 of Korean Won 98,532,644,400 (£53,207,628 equivalent, 2006 £50,409,787 equivalent)

Macquarie Capital Limited ("MCL")

The Company owns 100% of the share capital of MCL being 15,000 ordinary shares of £1 each. MCL was incorporated in the United Kingdom as the holding company for Macquarie Capital GmbH. The Company has also invested €3,500,000 (£2,378,133 equivalent) by way of voluntary contribution.

At year end, the directors decided to provide fully for the Company's investment in Macquarie Capital Limited. As at 31 March 2007 the net liabilities of Macquarie Capital Limited were £17,927.

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 was incorporated in Korea and undertakes leasing activities in Korea.

Macquarie Korea Infrastructure Fund ("MKIF")

MKIF is a Korean listed entity which has investments in infrastructure assets located in the Republic of Korea. The Company has committed to investing up to Korean Won 63,600,000,000 (2006 63,600,000,000) in MKIF. During the year, the Company received Korean Won 4,929 million (£2,661,674 equivalent) from Macquarie Korea Infrastructure Fund as return of capital. As at 31 March 2007 the total investment was Korean Won 58,299,653,181 (2006 Korean Won 63,228,679,491) or £31,490,427 equivalent (restated 2006 £37,463,621 equivalent). At 31 March 2007, the Company held 3.76% of MKIF's issued share capital (2006 5.07%).

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****10 INVESTMENT IN JOINT VENTURES**

	2007	Restated 2006
	£	£
Cost		
At 1 April	13,574,275	286,119
Additions	9,757,260	13,273,543
Disposals	(7,137,720)	(20,690)
Foreign currency translation	(1,166,680)	35,303
At 31 March	<u>15,027,135</u>	<u>13,574,275</u>
	2007	Restated 2006
	£	£
Cost and net book amount:		
Shinhan Macquarie Financial Advisory Co Ltd	265,429	265,429
Macquarie Korea Opportunities Fund	<u>14,761,706</u>	<u>13,308,846</u>
	<u>15,027,135</u>	<u>13,574,275</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")

MKOF is a Korean private equity fund, established to invest in Korean companies and Korean assets. During the year, the Company invested a further Korean Won 18,069 million (£9,757,260 equivalent) in MKOF and received Korean Won 13,218 million (£7,137,720 equivalent) as return of capital. At 31 March 2007 the total investment was Korean Won 27,329,000,000 or £14,761,706 equivalent (2006 Korean Won 22,478,000,000 or £13,308,846 restated equivalent). At 31 March 2007, the Company held 6.05% (2006 14.69%) of the capital in MKOF.

11 LOANS

	2007	2006
	£	£
Loan	<u>14,726,688</u>	<u>14,712,894</u>
	<u>14,726,688</u>	<u>14,712,894</u>

The loan disclosed above has been made to Monkwell Investments Limited ("Monkwell"), a member of the Macquarie Bank Limited group. The loan was used by Monkwell 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 2007, the rate applied was LIBOR plus 0.84% (2006 LIBOR plus 2.8%). The loan is repayable on demand.

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****12 DEBTORS**

	2007 £	2006 £
Amounts receivable from other Macquarie Bank Limited group undertakings	1,062,182	-
Taxation	907,323	709,491
Dividend receivable	476,993	-
Other receivable	104,314	-
	<u>2,550,812</u>	<u>709,491</u>

Amounts receivable from other Macquarie Bank Limited group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans at market rates and at 31 March 2007 the rate applied was LIBOR plus 0.84%. 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 of set off and intends to settle on a net basis.

13 OTHER ASSETS

	2007 £	2006 £
Other financial market assets	274,006	-
	<u>274,006</u>	<u>-</u>

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 CASH AT BANK

	2007 £	2006 £
Cash held with other banks	86,281	-
	<u>86,281</u>	<u>-</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	Restated 2006 £
Amounts owed to ultimate parent undertaking	23,515,480	39,354,128
Amounts owed to other Macquarie Bank Limited group undertakings	2,615,154	2,455,438
Taxation	997,177	1,599,967
Other creditors	295,656	-
Other financial market liabilities	-	153,133
	<u>27,423,467</u>	<u>43,562,666</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. The Company incurs interest on at market rates and at 31 March 2007, the rate applied was LIBOR plus 0.47% (2006 LIBOR plus 0.92%). 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 of 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.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	Restated 2006 £
Class A Redeemable preference shares	34,353,414	37,651,200
	<u>34,353,414</u>	<u>37,651,200</u>

Redeemable preference shares denominated in Korean Won 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.

Comparative information has been restated with the effect of increasing redeemable preference shares denominated in Korean Won by £5,143,288.

17 SHARE CAPITAL

	2007 £	2006 £
AUTHORISED		
100 ordinary shares of £1 each (2006 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 (2006 100 ordinary shares of £1 each)	100	100
	<u>100</u>	<u>100</u>

MACQUARIE INTERNATIONALE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****18 FOREIGN CURRENCY REVALUATION RESERVE**

	2007 £	Restated 2006 £
Opening foreign currency revaluation reserve	(34,025)	-
Movements in reserve during the year	<u>(121,910)</u>	<u>(34,025)</u>
Closing foreign currency revaluation reserve	<u>(155,935)</u>	<u>(34,025)</u>

Exchange differences arising from the translation the Company's fixed asset investments denominated in currencies other than sterling, and which are financed by foreign borrowings or hedged by forward exchange contracts, are translated to sterling using the rate of exchange ruling at the balance sheet date. The gains or losses on translation of the investment are taken to reserves together with the gains or losses on translation of the foreign borrowing or forward exchange contract.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	Restated 2006 £
Opening shareholders' funds	4,440,285	501,586
Movement in foreign currency revaluation reserve	(121,910)	(34,025)
Retained (loss)/profit for the financial year	<u>(99,275)</u>	<u>3,972,724</u>
Closing shareholders' funds	<u>4,219,100</u>	<u>4,440,285</u>

20 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 7, No 1 Martin Place, Sydney, New South Wales, 2000, Australia.

21 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 20.

22 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).

MACQUARIE INTERNATIONALE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(CONTINUED)****23 POST BALANCE SHEET DATE EVENTS**

The Company has made the following post balance sheet date investments in wholly owned subsidiaries of the Macquarie Bank Limited group,

- On 20 June 2007, the Company purchased all of the ordinary share capital in Macquarie (UK) Group Services Limited, for a total consideration of £2
- On 6 July 2007, the Company purchased all of the ordinary B share capital in Global Asset Transformation Services Limited, for a total consideration of Euro 5,610,000. The Company holds 50% of the issued share capital in Global Asset Transformation Services Limited
- On 1 August 2007, the Company purchased all of the ordinary shares in Macquarie Leasing Limited from Macquarie Investments (UK) Limited, for a total consideration of £2
- On 1 August 2007, the Company purchased all of the ordinary share capital in MEIF (UK) Limited from Macquarie International Limited, for a total consideration of £5,000. On the same day, the Company made a capital contribution of £20,000 to MEIF (UK) Limited

On 31 August 2007, the Company paid an interim dividend of £5,000,000

On 7 November 2007, the Company changed its name from Macquarie Internationale Holdings Limited to Macquarie UK Holdings Limited

On 13 November 2007, the Macquarie Group restructured into a non-operating holding company structure. The restructure resulted in Macquarie Group Limited being established as the ultimate parent of the Macquarie Group