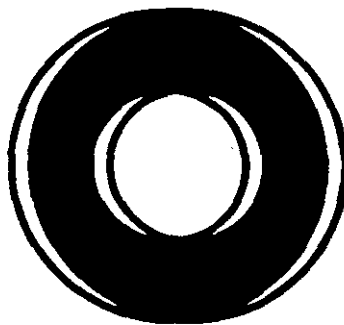


Company Registration Number : 3704031

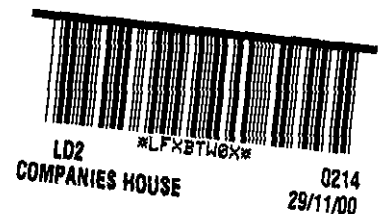
MACQUARIE EQUITIES (UK) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

**FOR THE PERIOD 28 JANUARY 1999 TO
31 MARCH 2000**



MACQUARIE



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**REPORT AND ACCOUNTS
FOR THE PERIOD 28 JANUARY 1999 TO 31 MARCH 2000**

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GENERAL INFORMATION

Directors

Mark Bennett
Charles Nelson
Warwick Evans

Secretaries

Michael Taylor

Registered Office

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

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Bankers

HSBC Bank Plc
PO Box 181
27-32 Poultry
London EC2P 2BX

Solicitors

Slaughter & May
35 Basinghall Street
London EC2V 5DB

Company number: 3704031

DIRECTORS' REPORT

The directors present their report and accounts for the Company for the period 28 January 1999 to 31 March 2000. The Company was incorporated on 28 January 1999.

REVIEW OF THE BUSINESS

The Company intends to operate as a trader in equities and equity derivatives in the major markets of Europe. While the Company trades as principal with market counterparts, the primary business objective is to source and offer up positions to Macquarie Bank, and any other client. Trading undertaken by the Company is therefore based on client-defined parameters such as volume, price and volatility. Assuming that the traded positions match the defined objectives, the positions are given up to the client for an appropriate commission. Any positions rejected by the clients are retained by the Company as principal. The Company is currently in the process of joining the London International Financial Futures and Options Exchange and Eurex. In other markets, the Company will continue to trade through intermediaries.

RESULTS AND DIVIDENDS

The Company's profit/(loss) for the year amounts to £nil. No dividend is proposed.

During the year 500,000 ordinary shares were issued for cash. The nominal value and consideration for these shares was £500,000, however this was unpaid at year end.

DIRECTORS AND THEIR INTERESTS

The directors holding office during the year were as follows:

M Bennett (appointed 28 January 1999)
C Nelson (appointed 29 June 1999)
W Evans (appointed 29 June 1999)

The following alterations to the directors of the company have occurred subsequent to year end:

M Konda (appointed 26 April 2000)
R Hudson (appointed 26 April 2000)
W Evans (resigned 19 June 2000)
S Allen (appointed 1 August 2000)

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.

YEAR 2000

The Company commenced a Year 2000 compliance programme on inception designed to ensure that hardware and software systems continue to operate satisfactorily up to and beyond Year 2000. The programme was successfully completed prior to 31 December 1999 and all hardware and software systems have performed satisfactorily.

THE EURO

The company assessed the impact of the changes required in the business to accommodate the introduction of the euro, both for the initial phase, which excluded the United Kingdom, and for the possible United Kingdom entry in the future to be immaterial. The expenditure in the current year is immaterial and future costs for the company should the United Kingdom enter the euro, have not yet been determined.

CLOSE COMPANY STATUS

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

AUDITORS

PricewaterhouseCoopers have been appointed as Auditors.

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.

ANNUAL GENERAL MEETING

The Company has dispensed with the obligation to hold an Annual General Meeting, as permitted under section 366A of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

Approved by the board of Directors
and signed on behalf of the Board



C Nelson
Director
November 2000

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

We have audited the financial statements on pages 5 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes the responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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 at 31 March 2000 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

29 November 2000

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 28 JANUARY 1999 TO 31 MARCH 2000**

The company has not traded during the reporting period and received no income and incurred no expenditure during this period. Consequently, during this period the company made neither profit nor loss and had no other recognised gains or losses.


BALANCE SHEET AS AT 31 MARCH 2000

	Notes	2000 £
CURRENT ASSETS		
Debtors	5	500,000
		<hr/>
NET CURRENT ASSETS		<u>500,000</u>
CAPITAL AND RESERVES		
Called up share capital	6	500,000
Profit and loss account		-
		<hr/>
SHAREHOLDERS' FUNDS	7	<u>500,000</u>

The notes on pages 6 to 7 form part of these accounts.

These financial statements were approved by the Board of Directors on May 2000.

Signed on behalf of the Board of Directors


C Nelson
Director

November 2000

NOTES TO THE ACCOUNTS FOR THE PERIOD 28 JANUARY 1999 TO 31 MARCH 2000**1. 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 particular policy adopted is described below as follows:

2. TURNOVER

The Company's was not involved in any trading activity in the reporting period.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration for the period 28 January 1999 to 31 March 2000 is borne by Macquarie Bank Limited, this Company's parent undertaking. The Company had no employees during the year.

4. DIRECTORS' REMUNERATION

All directors of the company are directors of other members of the Macquarie Bank Group and it is considered that an insignificant amount of their time relates to Macquarie Equities (UK) Limited. Accordingly, no separate remuneration has been disclosed and their total emoluments are set out in the consolidated financial statements of Macquarie Bank Limited, copies of which are available as prescribed in note 8.

5. DEBTORS

	2000
	£
Amounts owed by immediate parent company	<u>500,000</u>

The amount owed by immediate parent company relates to called up share capital not paid.

NOTES TO THE ACCOUNTS FOR THE PERIOD 28 JANUARY 1999 TO 31 MARCH 2000 (Continued)

6. CALLED-UP SHARE CAPITAL

	2000 £
AUTHORISED	
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>
ALLOTTED AND CALLED UP	
500,000 ordinary shares of £1 each	<u>500,000</u>

During the year 500,000 ordinary shares were issued for cash. The nominal value and consideration for these shares was £500,000, however this was unpaid at year end.

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £
Issue of ordinary share capital	500,000
Retained Profit/(Loss) for the financial period	-
Opening shareholders' funds	-
Closing shareholders' funds	<u>500,000</u>

8. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Macquarie European Holdings PTY Limited.

The ultimate parent undertaking and controlling party of Macquarie Equities (UK) Limited, which is the parent undertaking of the smallest and the largest group to prepare consolidated financial statements, is Macquarie Bank Limited, a company incorporated in Australia. Copies of group accounts for Macquarie Bank Limited can be obtained from the Company Secretary, PO Box H68, Australia Square, New South Wales, 2000, Australia.

9. CONTINGENT LIABILITIES

Macquarie Equities (UK) Limited have no contingent liabilities

10. 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.

11. CASH FLOW STATEMENT

The company was a wholly owned subsidiary of Macquarie European Holdings PTY Limited throughout the year and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of the Financial Reporting Standard 1 (revised 1996).