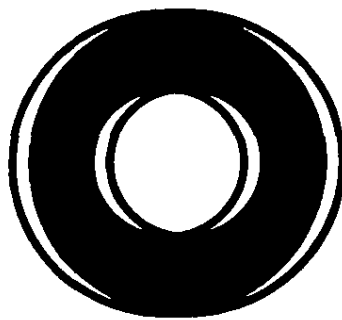


Company Registration Number: 06309906

MACQUARIE BANK INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD 11 JULY 2007 TO
31 MARCH 2008**



MACQUARIE

SATURDAY



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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008**

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MACQUARIE BANK INTERNATIONAL LIMITED

GENERAL INFORMATION

Directors

I Wade	(appointed on 25 January 2008)	Independent Non-Executive Director
A Williams	(appointed on 25 January 2008)	Independent Non-Executive Director
A Hunter	(appointed on 24 January 2008)	Non-Executive Chairman
J Craig	(appointed on 5 December 2007, resigned on 30 April 2008)	
W Leamon	(appointed on 11 July 2007)	Chief Executive Officer
P Plewman	(appointed on 11 July 2007)	
R Tallentire	(appointed on 11 July 2007, resigned on 24 January 2008)	

Secretary

J Greenfield	(appointed on 11 July 2007)
R Tallentire	(appointed on 11 July 2007)
J Dawes	(appointed on 24 January 2008, resigned on 30 April 2008)

Registered Office

Level 25
CityPoint
1 Ropemaker Street
London EC2Y 9HD

Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

Company number 06309906

MACQUARIE BANK INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for Macquarie Bank International Limited ('the Company') for the period 11 July 2007 to 31 March 2008

The former names of the entity were

Macquarie Banc Europe Limited	date changed 07/12/2007
Macquarie Banc International Limited	date changed 16/01/2008

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period 11 July 2007 to 31 March 2008 was to hold a UK banking licence. During the financial period, the Company issued £200,000,000 of share capital.

The Company was granted its UK banking licence on 4 February 2008.

There were no other activities undertaken by the Company during this period.

Going forward, the Company's primary activities will include undertakings in Equity Markets, Treasury and Commodities, Real Estate, Relationship Banking, Funds Management and Financial Services.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

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

It is proposed that a German Branch of the Company will be opened in the first half of the 2009 financial year.

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

POST BALANCE SHEET DATE EVENTS

On 18 April 2008, the Company entered into its first structured equity swap transaction. The market and credit risks associated with this transaction are transferred from Macquarie Bank International Limited to Macquarie Bank Limited, via the establishment of risk transfer agreements.

RESULTS AND DIVIDENDS

The Company's profit after tax for the period 11 July 2007 to 31 March 2008 was £1,280,650.

No dividend was paid during the period.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is responsible for its own risk acceptance decisions. From the perspective of the Company, the principal risks are market, credit and liquidity. The Company has in place appropriate limits in relation to these risks and these risks are monitored by the relevant division of the Risk Management Group of the Macquarie Group. The Company manages its risks by applying the Macquarie Group-wide risk management framework.

The principal risks and uncertainties of Macquarie Group Limited, which include those of the Company, are discussed in its financial statements, which can be obtained from the address given in Note 12.

MACQUARIE BANK INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS ("KPIs")

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

FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk and market risk. Additional risks faced by the Company also include operational, legal, compliance and documentation risk. The Company is responsible for its own risk acceptance decisions. No other Macquarie Group member can require the Company to accept risk it has not approved. As ultimately an indirect subsidiary of both Macquarie Bank Limited and Macquarie Group Limited, the Company manages risk within the framework of the overall strategy and risk management structure of the Group. Key risks include:

Credit risk

Credit risk on lending and trading transactions undertaken by the Company is managed by the Risk Management Group.

Liquidity risk

The Company has raised funds through equity financing. Monitoring by the Risk Management Group ensures the Company has sufficient available funds for operations and planned expansion.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group subsidiaries, which also 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. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

DIRECTORS

The Directors of the Company holding office during the period were as follows:

T Wade	(appointed on 25 January 2008)	Independent Non-Executive Director
A Williams	(appointed on 25 January 2008)	Independent Non-Executive Director
A Hunter	(appointed on 24 January 2008)	Non-Executive Chairman
J Craig	(appointed on 5 December 2007, resigned on 30 April 2008)	
W Leamon	(appointed on 11 July 2007)	Chief Executive Officer
P Plewman	(appointed on 11 July 2007)	
R Tallentire	(appointed on 11 July 2007, resigned on 24 January 2008)	

MACQUARIE BANK INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)**CREDITORS PAYMENT POLICY**

It is the Company's policy to agree the terms of payment to creditors at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations

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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

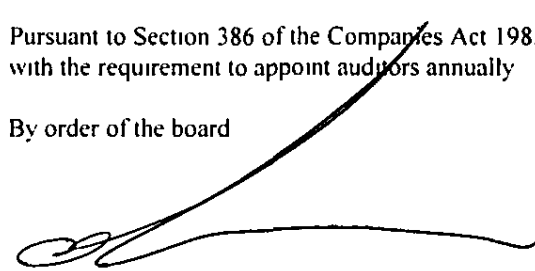
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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



ANDREW HUNTER
Director
24 June 2008

MACQUARIE BANK INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACQUARIE BANK INTERNATIONAL LIMITED

We have audited the financial statements of Macquarie Bank International Limited for the period 1 July 2007 to 31 March 2008 which comprises the Profit and Loss Account, 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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

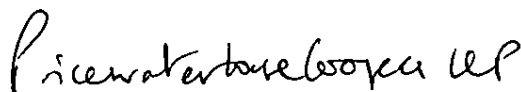
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
25 June 2008

MACQUARIE BANK INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008**

	Notes	2008 £ '000
Interest receivable and similar income	3	2 123
Interest payable and similar charges		-
Net interest income		2,123
Fee and commission income		-
Fee and commission expense		(262)
Net fee and commission expense		(262)
Net trading income		-
Total operating income		1 861
Other operating expenses		(31)
Total operating expenses		(31)
Profit on ordinary activities before taxation	4	1,830
Tax on profit on ordinary activities	5	(549)
Profit on ordinary activities after taxation		1,281
Profit attributable to ordinary equity holders		1,281

Profit on ordinary activities before taxation relates wholly to continuing operations

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

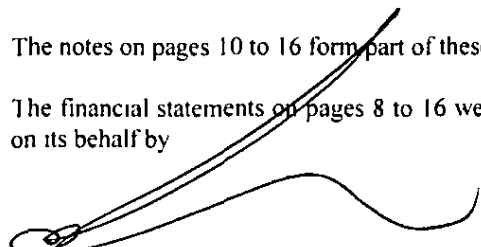
The notes on pages 10 to 16 form part of these financial statements

MACQUARIE BANK INTERNATIONAL LIMITED**BALANCE SHEET AS AT 31 MARCH 2008**

	Notes	2008 £ '000
ASSETS		
Cash at bank and in hand	7	202,039
Total assets		202,039
LIABILITIES		
Other liabilities	8	209
Current tax liabilities	5	549
Total liabilities		758
Net assets		201,281
EQUITY		
Contributed equity		
Ordinary share capital	10	200,000
Retained earnings		1,281
Total equity		201,281

The notes on pages 10 to 16 form part of these financial statements

The financial statements on pages 8 to 16 were approved by the board of Directors on 24 June 2008 and were signed on its behalf by


ANDREW HUNTER
 Director

MACQUARIE BANK INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008**1 ACCOUNTING POLICIES**

The financial statements are prepared on the going concern basis, 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 Bank International Limited as an individual company

On 13 November 2007, the ultimate parent of Macquarie Bank International Limited changed to Macquarie Group Limited after 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.

The particular policies adopted are described below as follows:

a) INTEREST

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

b) FEE AND COMMISSION EXPENSE

Recharges between Group companies based on established service agreements are incurred as a result of the Company using centrally provided services.

c) CASH AT BANK AND IN HAND

Cash at bank and in hand comprises deposits and cash held on call with banks.

d) FOREIGN CURRENCIES

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

MACQUARIE BANK INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008 (CONTINUED)****2. SEGMENTAL REPORTING**

All income of the Company is wholly generated within the United Kingdom and is primarily related to the initial funding and issue of share capital and its subsequent investment in cash deposits

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £ '000
Interest receivable from Macquarie Bank Limited	1,592
Interest receivable from other banks	531
	<u>2,123</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2008 £ '000
Non-Executive Director emoluments	17
Auditors' remuneration	
Audit services	14
	<u>31</u>

The Company did not have any employees during the period

Non-Executive Director emoluments are split equally between the two directors

5. TAX ON PROFIT ON ORDINARY ACTIVITIES**Analysis of tax charge for the period**

	2008 £ '000
Current tax	
UK corporation tax at 30%	549
Tax on profit on ordinary activities	<u>549</u>

There are no factors affecting the tax charge for the period which reflects the profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 30%

MACQUARIE BANK INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008 (CONTINUED)****6 DIRECTORS' REMUNERATION**

During 2008, independent Non-Executive Directors were engaged by the Company. A pro-rata of their annual fees has been disclosed in Note 4.

All other Directors were employed by, and received all emoluments from other Macquarie Group undertakings. There is no allocation of their emoluments to individual companies within the Group as it would be impractical to do so. Accordingly, no separate remuneration has been disclosed.

7. CASH AT BANK AND IN HAND

	2008 £ '000
Cash on deposit held with other banks	60,000
Due from Macquarie Bank Limited	142,039
	<u>202,039</u>

Amounts owed by Macquarie Bank Limited are unsecured, but with fixed monthly rates and maturities. The Company derives interest on intercompany balances at market rates and at 31 March 2008 the rate applied was LIBOR plus 0.35%.

Amounts held with Other Banks are at fixed monthly rates and mature monthly. Rates as at 31 March 2008 varied between 5.55% and 5.67%.

8 OTHER LIABILITIES

	2008 £ '000
Amounts owed to Macquarie Bank Limited	193
Accrued charges and sundry provisions	16
	<u>209</u>

Amounts owed to Macquarie Bank Limited are unsecured and have no fixed date of repayment. The Company incurs interest on intercompany balances at market rates and at 31 March 2008 the rate applied was LIBOR plus 0.63%. The Company has a legally enforceable right of set off and intends to settle on a net basis.

MACQUARIE BANK INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008 (CONTINUED)****9. FINANCIAL RISK MANAGEMENT**

The main financial risks faced by the Company are credit risk, liquidity risk and market risk. The Company is responsible for its own risk acceptance and management decisions.

The Company has established its own limits in relation to these key risks. These risks are monitored by the Risk Management Group, with any breaches escalated to the Board of Directors.

The Company manages its risks within the broader Macquarie Group-wide risk management framework.

(a) Credit risk

Credit risk is the risk of a counterparty failing to complete its contractual obligations when they fall due. Credit risk within the Company is managed within limits established by the Risk Management Group and approved by the Board of Directors.

Maximum exposure to credit risk

The table below details the concentration of credit exposure of the Company's assets to significant geographical locations and counterparty types. The amounts shown represent the maximum credit risk of the Company's assets. In all cases this is equal to the carrying value of the assets.

	Cash at Bank £ '000	Total £ '000
Australia		
Macquarie Bank Limited	142,039	142,039
Europe		
Other financial institutions	60,000	60,000
Total	202,039	202,039

Credit quality of financial assets

The credit quality of financial assets is managed by the Company using internal credit ratings. These internal ratings are mapped to external ratings as follows:

Credit Grading	External Equivalent (Long term) Standard & Poors
Investment Grade	AAA to BBB-
Below Investment Grade	BB+ to C
Default	Default

MACQUARIE BANK INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008 (CONTINUED)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below shows the credit quality by class of financial asset for cash related balance sheet lines, based on the Company's credit rating system

Credit Quality

	Investment Grade £ '000	Total £ '000
Cash at Bank		
- Macquarie Bank Limited	142,039	142,039
- Other financial institutions	60,000	60,000
Total	202,039	202,039

Financial assets whose terms have been renegotiated

No financial assets have been renegotiated where they would have otherwise been classified as past due or impaired

A facility is considered to be past due when a contractual payment falls overdue by more than one day

(b) Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations associated with financial liabilities. Liquidity risk within the Company is managed within established limits by the Risk Management Group and approved by the Board of Directors. The Company's management of its liquidity risk is within the Group-wide risk management framework.

Contractual undiscounted cash flows

The table summarises the maturity profile of the Company's financial liabilities as at 31 March 2008 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. The Company expects that counterparties will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cash flows.

	Less than 3 months £ '000	Total £ '000
Other Liabilities	(193)	(193)
Total undiscounted cash flows	(193)	(193)

MACQUARIE BANK INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008 (CONTINUED)

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the exposure to adverse changes in the Company's financial position as a result of changes in market prices or market volatility. The only market risk the Company is exposed to is

- *interest rates* changes in the level, shape and volatility of yield curves

and to the correlation of market prices and rates within and across markets

Market risks of the Company are managed within set limits by the Risk Management Group

Interest Rate Risk

The Company has exposure to non-traded interest rate risk generated by changes in interest rates for financial assets held. The sensitivity of profit before tax has been calculated by determining the annual change in interest income as a result of an estimated basis point movement in interest rates

		2008
	Movement in interest rates	Sensitivity of profit before tax
		£ '000
Australia	+50 bps	710
	- 50 bps	(710)
Europe	+50 bps	300
	- 50 bps	(300)

10. SHARE CAPITAL

	2008 £ '000
AUTHORISED	
400,000,000 ordinary shares of £1 each	400,000
	<u>400,000</u>
ALLOTTED, CALLED UP AND FULLY PAID	
200,000,000 ordinary shares of £1 each	200,000
	<u>200,000</u>

MACQUARIE BANK INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 JULY 2007 TO 31 MARCH 2008 (CONTINUED)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2008 £ '000
Shares issued	200,000
Retained profit for the period	1,281
Closing shareholders' funds	<u>201,281</u>

12. ULTIMATE PARENT UNDERTAKING

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

13. RELATED PARTY TRANSACTIONS

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Group Limited, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of Macquarie Group Limited, within which the Company is included, can be obtained from the address given in Note 12.

14. CONTINGENT LIABILITIES AND ASSETS

The Company has no commitments or contingent assets/liabilities which are material and have not been disclosed.

15. CASH FLOW STATEMENT

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

16. POST BALANCE SHEET DATE EVENTS

On 18 April 2008, the Company entered into its first structured equity swap transaction. The market and credit risks associated with this transaction are transferred from Macquarie Bank International Limited to Macquarie Bank Limited, via the establishment of risk transfer agreements.