Report to Investors

for the year ended 30 June 2007

ARSN: 096 054 698

MACQUARIE FLEXIBLE CASH TRUST

Macquarie Investment Management Limited
ABN 66 002 867 003
The responsible entity's registered office is Level 7, 1 Martin Place, SYDNEY NSW 2000

MACQUARIE FLEXIBLE CASH TRUST

Income statement for the year ended 30 June 2007

	Notes	Year ended 30 June 2007 $	Year ended 30 June 2006 $
Investment income			
Interest income	3	189,538	1,809,376
Total investment income/(loss)		**189,538**	**1,809,376**
Expenses			
Other operating expenses	4	1,316	8,381
Total Operating expenses		1,316	8,381
Operating profit/(loss)		**188,222**	**1,800,995**
Financing costs attributable to unitholders from operations			
Distributions to unitholders	7	188,222	1,800,995
Increase/(decrease) in net assets attributable to unitholders	6	-	-
Profit/(loss) for the year		**-**	**-**

The above income statement should be read in conjunction with the accompanying notes.

MACQUARIE FLEXIBLE CASH TRUST

Balance sheet as at 30 June 2007

	Notes	30 June 2007 $	30 June 2006 $
Assets			
Cash and cash equivalents	8	16,402	25,972,488
Application clearing account		-	202,685
Interest receivable		-	17,172
Coupons receivable		-	1,387
Other accrued income and prepaid expenses		-	16,586
Financial assets held at fair value through profit or loss	9	-	6,879,831
Total assets		**16,402**	**33,090,149**
Liabilities			
Redemption clearing account		-	127,720
Responsible entity fee payable		103	8,977
Payables		16,299	38,991
Total liabilities (excluding net assets attributable to unitholders)		**16,402**	**175,688**
Net assets attributable to unitholders - liability	6	**-**	**32,914,461**

The above balance sheet should be read in conjunction with the accompanying notes.

MACQUARIE FLEXIBLE CASH TRUST

Statement of changes in equity for the year ended 30 June 2007

	Year ended	
	30 June 2007 $	30 June 2006 $
Total equity at the beginning of the financial year	-	38,082,128
Adjustment on adoption of AASB132 and AASB139	-	(38,082,128)
Total equity at the beginning of the financial year (restated)	-	-
Profit/(loss) for the year	-	-
Total recognised income and expense for the year	-	-
Transactions with equity holders in their capacity as unitholders	-	-
Distributions to equity holders	-	-
Total equity at the end of the financial year	-	-

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

MACQUARIE FLEXIBLE CASH TRUST

Cash flow statement for the year ended 30 June 2007

	Notes	Year ended 30 June 2007 $	Year ended 30 June 2006 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		4,415,994	36,052,326
Purchase of financial instruments held at fair value through profit or loss		(7,599,573)	(172,702,040)
Maturity of securities		10,000,000	135,316,684
Interest received		206,710	1,827,822
Payment of other expenses		(2,776)	(7,747)
Net cash inflow/(outflow) from operating activities	12(a)	**7,020,355**	**487,045**
Cash flows from financing activities			
Proceeds from applications by unitholders		24,585,830	234,934,795
Payments for redemptions by unitholders		(57,500,291)	(241,155,837)
Distributions paid		(97)	-
Expenses paid on behalf of unitholders		(61,883)	(178,959)
Net cash inflow/(outflow) from financing activities		**(32,976,441)**	**(6,400,001)**
Net increase/(decrease) in cash and cash equivalents		**(25,956,086)**	**(5,912,956)**
Cash and cash equivalents at beginning of the year		25,972,488	31,885,444
Cash and cash equivalents at the end of the year	8	**16,402**	**25,972,488**
Non - cash financing activities	12(b)	-	1,542,428

The above cash flow statement should be read in conjunction with the accompanying notes.

MACQUARIE FLEXIBLE CASH TRUST

Notes to the financial statements for the year ended 30 June 2007

1 General information

This financial report covers Macquarie Flexible Cash Trust ("the Trust") as an individual entity. The Trust was constituted on 6 March 2001. The Trust ceased operations on 29 September 2006 and is in the process of being deregistered.

The responsible entity of the Trust is Macquarie Investment Management Limited ("MIML"). The responsible entity's registered office is Level 7, 1 Martin Place, Sydney, NSW 2000.

From 1 July 2006 to 29 September 2006, the Trust invested funds in accordance with target asset allocations as set out in the current offer document and in accordance with the provisions of the Trust Constitution.

The financial statements were authorised for issue by the directors on 13 August 2007.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001 in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with International Financial Reporting Standards (IFRS)
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Trust, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

(b) Financial instruments

(i) ***Classification***

The Trust's investments are categorised as at fair value through profit or loss category, which is comprised of:

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in bank bills, negotiable certificates of deposits, floating rate notes, select contracts, and bank bill futures.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the responsible entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and receivables/payables comprise amounts due to or from the Trust.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) ***Recognition / derecognition***

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cashflows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

(iii) ***Measurement***

(a) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit and loss are measured initially at fair value. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

- Fair value in an active market

  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

(b) Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Trust at any time for cash equal to a proportionate share of the Trust's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to put the units back to the Trust. Because the Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a separate component of net assets attributable to unitholders. Changes in the value of this financial liability are recognised in the income statement as they arise.

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Application/redemption clearing account includes overnight applications and redemptions received on the last day of the financial year, which have not been transacted to the Trust's cash accounts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

(e) Investment income

Interest and discount income and expense are recognised in the income statement for all debt instruments using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(f) Expenses

All expenses, including responsible entity's fees, are recognised in the income statement on an accruals basis.

(g) Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

(h) Distributions

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income to unitholders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unitholders.

2 Summary of significant accounting policies (continued)

(i) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

(j) Receivables

Receivables may include amounts for interest and securities sold where settlement has not yet occurred. Interest is accrued at the reporting date from the time of last payment inaccordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

(k) Payables

Payables includes liabilities and accrued expenses owing by the Trust which are unpaid as at balance date.

Trades are recorded on trade date. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income as at 30 June 2007 under the Trust's Constitution.

(l) Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

(m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees, custodial services and investment management fees, have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet . Cash flows relating to GST are included in the cash flow statement on a gross basis.

(n) Use of estimates

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Summary of significant accounting policies (continued)

(o) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set below:

(i) AASB 7, Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005 - 10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Trust has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Trust's financial instruments.

(ii) Revised AASB 101 *Presentation of Financial Statements* (issued in October 2006)
The Revised AASB 101 is applicable to annual reporting periods beginning on or after 1 January 2007. The Trust has not adopted this standard early. Application of this standard will not have any impact on the information presented in the financial statements.

(iii) AASB 8 *Operating Segments* and AASB 2007 - 3 *Amendments to Australian Accounting Standards arising from AASB 8* [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]

AASB 8 and AASB 2007 - 3 are applicable to annual reporting periods beginning on or after 1 January 2009. The Trust has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will affect the segment disclosures provided in Note 13.

(iv) AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038].

AASB 2007-4 is applicable to annual reporting periods beginning on or after 1 July 2007. The Trust has not adopted this standard early. The amendments introduce a number of options that existed under IFRS but had not been included in the original Australian equivalents to IFRS and remove many of the additional Australian disclosure requirements, other than those now considered particularly relevant in the Australian reporting environment. Application of this standard will not affect any of the amounts recognised in the financial statements as none of the options introduced are relevant to the Trust, but it may remove some of the disclosures that are currently required.

(p) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

3 Interest income

	Year ended					
	30 June 2007			30 June 2006		
	Average balance $	Interest $	Average rate %	Average balance $	Interest $	Average rate %
Cash and deposits	3,226,179	189,538	5.88	3,300,342	183,499	5.56
Money market securities	-	-		22,838,579	1,315,501	5.76
Fixed interest securities	-	-		9,101,926	310,376	3.41
		189,538			**1,809,376**	

This table shows the average balance for each of the major categories of interest-bearing assets, the amount of interest revenue and the average interest rate. The average balances are calculated using daily balances.

4 Other operating expenses

	Year ended	
	30 June 2007 $	30 June 2006 $
Sundry	1,316	8,381
	1,316	**8,381**

5 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	Year ended	
	30 June 2007 $	30 June 2006 $
Audit services - PricewaterhouseCoopers Australian Firm		
Audit and review of financial reports	7,453	6,838
Other	465	425
Total remuneration for assurance services	**7,918**	**7,263**

Audit fees are paid out of the Responsible Entity's own resources. All other expenses are paid by the Trust.

6 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

	30 June 2007 No.	30 June 2007 $	30 June 2006 No.	30 June 2006 $
Opening balance	32,914,462	32,914,461	38,082,128	38,082,128
Applications	24,585,829	24,585,830	234,934,795	234,934,795
Redemptions	(57,500,291)	(57,500,291)	(241,155,837)	(241,155,837)
Units issued upon reinvestment of distributions	-	-	1,542,428	1,542,428
Movements in units to be created	-	-	(568,409)	(568,409)
Movements in units to be redeemed	-	-	79,356	79,356
Closing balance	-	-	**32,914,462**	**32,914,461**

7 Distributions to unitholders

Timing of distributions

The distributions were paid/payable as follows:

	Year ended			
	30 June 2007 $	30 June 2007 CPU	30 June 2006 $	30 June 2006 CPU
Timing of distributions				
September	188,222	1.3836	554,093	1.42
December	-	-	479,650	1.42
March	-	-	368,241	1.38
June	-	-	398,971	1.42
	188,222	**1.3836**	**1,800,955**	**5.64**

8 Cash and cash equivalents

	30 June 2007 $	30 June 2006 $
Cash at bank	16,402	162,551
Deposits at call	-	6,978,235
Money market securities	-	18,831,702
	16,402	**25,972,488**
Money market securities		
Bank bills	-	9,902,879
Negotiable certificates of deposit	-	8,928,823
Total Money market securities	-	18,831,702

8 Cash and cash equivalents (continued)

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

	30 June 2007 $	30 June 2006 $
Balances as above	16,402	25,972,488
Bank overdrafts	-	-
Balances per cash flow statement	**16,402**	**25,972,488**

(b) Cash at bank and on hand

These accounts are non-interest bearing.

(c) Deposits at call

The deposits bear a floating interest rate between 5.75% and 6.25% (2006: between 5.50% and 5.75%).

9 Financial assets held at fair value through profit or loss

	30 June 2007 Fair value $	30 June 2006 Fair value $
Designated at fair value through profit or loss		
Money market securities	-	2,925,768
Fixed interest securities	-	3,954,063
Total Designated at fair value through profit or loss	**-**	**6,879,831**
Total financial assets held at fair value through profit or loss	**-**	**6,879,831**
Money market securities		
Negotiable certificates of deposit	-	2,925,768
Total Money market securities	**-**	**2,925,768**
Fixed interest securities		
Floating rate notes	-	3,954,063
Total Fixed interest securities	**-**	**3,954,063**
Total financial assets held at fair value through profit or loss	**-**	**6,879,831**

10 Financial risk management

The Trust is exposed to credit risk, interest rate risk, market price risk, and liquidity and cashflow risk arising from the financial instruments it holds. The risk management policies employed by the Trust to manage these risks are discussed below.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring the majority of transactions are undertaken on recognised exchanges.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

There were no significant concentrations of credit risk to counterparties at 30 June 2007 or 30 June 2006.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Trust's exposure to interest rate risk and the weighted average effective interest rate is set out in the following table:

			Fixed interest rate					
30 June 2007	**Weighted average interest rate (% pa)**	**Floating interest rate $**	**3 Months or less $**	**4 to 12 months $**	**1 to 5 years $**	**Over 5 years $**	**Non-interest bearing $**	**Total $**
Assets								
Cash and equivalents	-	-	-	-	-	-	16,402	16,402
Total assets		-	-	-	-	-	**16,402**	**16,402**
Liabilities								
Responsible entity fee payable		-	-	-	-	-	103	103
Payables		-	-	-	-	-	16,299	16,299
Total liabilities (excluding net assets attributable to unitholders)		-	-	-	-	-	**16,402**	**16,402**
Net assets attributable to unitholders - liability		-	-	-	-	-	-	-

10 Financial risk management (continued)

(b) Interest rate risk (continued)

30 June 2006	Weighted average interest rate (% pa)	Floating interest rate $	Fixed interest rate: 1 Month or less $	Fixed interest rate: 2 to 12 months $	Fixed interest rate: 1 to 5 years $	Fixed interest rate: Over 5 years $	Non-interest bearing $	Total $
Assets								
Cash and equivalents	5.75	6,978,235	18,831,702	-	-	-	162,551	25,972,488
Application clearing account		-	-	-	-	-	202,685	202,685
Interest receivable		-	-	-	-	-	17,172	17,172
Coupons receivable		-	-	-	-	-	1,387	1,387
Other accrued income and prepaid expenses		-	-	-	-	-	16,586	16,586
Financial assets held at fair value through profit or loss								
Fixed interest securities	4.00	-	-	1,019,317	2,934,746	-	-	3,954,063
Money market securities	5.90	-	-	2,925,768	-	-	-	2,925,768
Total assets		**6,978,235**	**18,831,702**	**3,945,085**	**2,934,746**	**-**	**400,381**	**33,090,149**
Liabilities								
Redemption clearing account		-	-	-	-	-	127,720	127,720
Responsible entity fee payable		-	-	-	-	-	8,977	8,977
Payables		-	-	-	-	-	38,991	38,991
Total liabilities (excluding net assets attributable to unitholders)		-	-	-	-	-	**175,688**	**175,688**
Net assets attributable to unitholders - liability		**6,978,235**	**18,831,702**	**3,945,085**	**2,934,746**	**-**	**224,693**	**32,914,461**

(c) Market price risk

Market price risk is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis which includes the effect of derivatives.

(d) Liquidity and cash flow risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

(e) Fair values of financial assets and financial liabilities

The carrying amounts of all of the Trust's financial assets and financial liabilities at the balance sheet date approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

11 Related party transactions

Responsible entity

The responsible entity of Macquarie Flexible Cash Trust is MIML, a wholly owned subsidiary of Macquarie Bank Limited.

Key management personnel

Key management personnel comprises the responsible entity, MIML.

The following persons held office as Directors of Macquarie Investment Management Limited during the year or since the end of the year and up to the date of this report:

B N Terry
R W Fitzgibbon (resigned 3 November 2006)
B Bruck (appointed 6 November 2006)
N Roderick
P Maher
R Cartwright
V Malley

No directors of the Trust are directors of the ultimate parent entity.

Key management personnel unitholdings

At 30 June 2007 MIML held no units in the Trust (2006: Nil).

Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to MIML or its related entities at any time during the reporting period.

Responsible entity fees and other transactions

For the year ended 30 June 2007, in accordance with the Constitution, the responsible entity received a total fee of 0.45% per annum (2006: 0.45%).

For the year ended 30 June 2007, all expenses in connection with the preparation of accounting records and the maintenance of the register have been fully borne by the responsible entity.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Trust and the responsible entity were as follows:

	30 June 2007 $	30 June 2006 $
Management fees for the year by the Trust to the responsible entity	-	146,978
Aggregate amounts payable to the responsible entity at the reporting date	103	8,977

11 Related party transactions (continued)

Related party schemes' unitholdings

Parties related to the Trust (including MIML, its affiliates and other schemes managed by MIML), held no units in the Trust at 30 June 2007 (2006: Nil).

Investments

The Trust did not hold any investment in MIML or its affiliates during the year (2006: Nil).

Other transactions within the Scheme

Apart from those details disclosed in this note, no director has entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving director's interests subsisting at year end.

12 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	30 June 2007 $	30 June 2006 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
Distributions to unitholders	188,222	1,800,995
Maturity of securities	10,000,000	135,316,684
Proceeds from sale of financial instruments held at fair value through profit or loss (including net realised gains/(losses))	4,415,994	36,052,326
Purchase of financial instruments held at fair value through profit or loss and derivative financial instruments	(7,599,573)	(172,702,040)
Discount/premium on trading securities	(886)	16,279
Net change in accrued income and prepaid expenses	35,145	2,801
Net change in accounts payable and accrued liabilities	(18,547)	-
Net cash inflow/(outflow) from operating activities	**7,020,355**	**487,045**
(b) Non-cash financing and investing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	-	1,542,428

13 Segment information

The Trust is organised into one main business segment which operates solely in the business of investment management within Australia. Consequently, no segment reporting is provided in the Trust's financial statements.

14 Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Trust disclosed in the balance sheet as at 30 June 2007 or on the results and cash flows of the Trust for the year ended on that date. The responsible entity is in the process of deregistering the Trust.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2007 and 30 June 2006.

Directors' declaration

In the opinion of the Directors of the responsible entity:

(a) the financial statements and notes set out on pages 2 to 17 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Trust's financial position as at 30 June 2007 and of its performance, for the financial year ended on that date.

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Roger Cartwright
Director

Sydney
13 August 2007

Directors' Report

The Directors of Macquarie Investment Management Limited (a wholly owned subsidiary of Macquarie Bank Limited), the responsible entity of Macquarie Flexible Cash Trust ("the Trust"), present their report together with the financial report of the Trust, for the year ended 30 June 2007.

Principal activities

From 1 July 2006 to 29 September 2006, the Trust continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

The Trust did not have any employees during the year.

The Trust ceased operations on 29 September 2006 and is in the process of being deregistered.

Directors

The following persons held office as Directors of Macquarie Investment Management Limited during the year or since the end of the year and up to the date of this report:

B N Terry
R W Fitzgibbon (resigned 3 November 2006)
B Bruck (appointed 6 November 2006)
N Roderick
P Maher
R Cartwright
V Malley

Review and results of operations

During the year, until cessation of operations, the Trust continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust

Results
The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2007 $	**30 June 2006 $**
Net operating profit/(loss)	188,222	1,800,995
Distributions		
Distribution paid and payable	188,222	1,800,955
Distribution (cents per unit)	1.38	5.64

Directors' Report (continued)

The table below demonstrates the performance of the Trust as represented by the total return, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return is shown for the past five years to 30 June 2007 and assumes that all distributions were re-invested during that period. These are calculated in accordance with IFSA Standard 6.0 Product Performance - calculation and presentation of returns.

	2007	2006	2005	2004	2003
	%	%	%	%	%
Capital growth	-	-	-	-	-
Distribution of income	1.38	5.76	5.66	5.40	4.95
Total return	**1.38**	**5.76**	**5.66**	**5.40**	**4.95**

Consistent with our statements in the governing documents of the Trust, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Management Expense Ratio (MER)

The MERs of the Trust for the past five years are shown in the following table:

2007	2006	2005	2004	2003
%	%	%	%	%
0.45	0.45	0.45	0.45	0.45

Significant changes in state of affairs

The Trust ceased operations on 29 September 2006 and is in the process of being deregistered.

Matters subsequent to the end of the financial year

No significant events have occurred since the balance sheet date which would impact on the financial position of the Trust disclosed in the balance sheet as at 30 June 2007 or the results and cash flows of the Trust for the year ended on that date. The responsible entity is in the process of deregistering the Trust.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Macquarie Investment Management Limited or the auditors of the Trust. So long as the officers of Macquarie Investment Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Fees paid to and interests held in the Trust by the responsible entity or its associates

Fees paid to the responsible entity and its associates out of Trust property during the year are disclosed in Note 11 of the financial statements.

No fees were paid out of Trust property to the Directors of the responsible entity during the year.

The number of interests in the Trust held by the responsible entity or its associates as at the end of the financial year are disclosed in Note 11 of the financial statements.

Directors' Report (continued)

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 6 of the financial statements.

The value of the Trust's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 2 of the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached.

This report is made in accordance with a resolution of the Directors.

Roger Cartwright
Director

Sydney
13 August 2007

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Independent auditor's report

to the unitholders of Macquarie Flexible Cash Trust

Report on the financial report

We have audited the accompanying financial report of Macquarie Flexible Cash Trust (the "Trust"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Macquarie Flexible Cash Trust.

Directors' responsibility for the financial report

The directors of Macquarie Investment Management Limited (the "responsible entity") are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit

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also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Macquarie Flexible Cash Trust is in accordance with the *Corporation Act 2001*, including:

(i) giving a true and fair view of the Trust's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the Trust's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Stafford
Partner

Sydney
13 August 2007

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Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Flexible Cash Trust for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit ; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Flexible Cash Trust.

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
13 August 2007

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