

# MACQUARIE KOREA INFRASTRUCTURE FUND 2007 4<sup>TH</sup> QUARTER ASSET MANAGEMENT REPORT



Name : Macquarie Korea Infrastructure Fund (MKIF)

Period : Quarter 4 (1 October 2007 ~ 31 December 2007)

Prepared by Macquarie Shinhan Infrastructure Asset Management Co., Ltd (MSIAM)

Fund code: 35801

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### **Important Notice**

Under the Indirect Investment Asset Management Business Act (the "Act"), Macquarie Korea Infrastructure Fund ("MKIF") is required to provide an Asset Management Report to its shareholders in the form, and containing the specific information, set out in the Act on a quarterly basis. This Asset Management Report has been prepared by MKIF in compliance with its statutory obligations.

### **Disclaimer**

MKIF and Macquarie Shinhan Infrastructure Asset Management Co., Ltd. ("MSIAM"), are not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of MKIF/ MSIAM.

### **General advice warning**

The contents of this report do not constitute an offer, invitation or recommendation for the subscription or purchase of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MKIF, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

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## CONTENTS

<b>I. GENERAL REPORT .....</b>	<b>4</b>
1. Net Asset Value of MKIF .....	4
2. Management Performance.....	5
3. Asset Portfolio .....	5
<b>II. DETAILS OF REPORT .....</b>	<b>6</b>
1. Macquarie Korea Infrastructure Fund (MKIF) Summary.....	6
2. MKIF's Asset Portfolio details.....	7
3. Equity Transactions and Loan Facility Injections .....	9
4. Loan Facility Drawdowns .....	9
5. Registered Asset Managers .....	11
6. Trading amount and Brokerage .....	12
7. Related Party Transactions .....	12
8. Details of Voting Rights Exercised on Stockholdings .....	12
9. Distribution Payment.....	12
10. Notice.....	12
<b>APPENDIX I. MKIF BOARD OF DIRECTORS .....</b>	<b>13</b>
<b>APPENDIX II. SUMMARY OF FINANCIAL STATEMENTS.....</b>	<b>14</b>

## I. GENERAL REPORT

### 1. Net Asset Value

- Under the Indirect Investment Asset Management Business Act (**the Act**), MKIF is required to report the net asset value per share (**NAV per share**) of its portfolio.
- The total net asset value of MKIF's portfolio is calculated as the sum of the asset value of each asset in MKIF's portfolio. MKIF's assets include its equity and debt investments in concession companies, other investment securities, cash and deposits. The composition of MKIF's asset portfolio is described further below. The net asset value per share of MKIF is calculated by dividing total net asset value by the number of shares on issue.
- For its equity and debt investments in concession companies (other than its convertible bond investment into the Daegu-Busan Expressway Company (DBEC), and as allowed under the Act and Korean general accounting principles (KGAAP), MKIF has adopted a valuation policy where all investments are held at their original cost. The Act and KGAAP require that MKIF's convertible bond investment in DBEC and short term certificates of deposit held by it are revalued on a quarterly basis.
- Accordingly, the total net asset value of MKIF and, as a result, the NAV per share does not reflect any revaluation of MKIF's assets (with the exception of its investment in DBEC and short term certificates of deposit), nor does it reflect the value of future income from these assets, as may be judged by the market or an independent purchaser.
- As a result, it is not anticipated that the MKIF NAV per share will vary greatly from quarter to quarter and, as a consequence, MKIF's NAV per share does not accurately reflect changes in the underlying value of MKIF's equity and debt investments in concession companies.
- The calculation of the NAV per share of MKIF is set out in the table below. For the purposes of this calculation, asset and liability information is based on the balance sheet of MKIF, which is attached as Appendix II.

	Q3 2007	Q4 2007	(Unit: KRW, Share) % Change
Total Assets(A)	1,733,412,318,291	1,824,990,618,792	5.28%
Total Liabilities(B)	54,095,324,411	122,292,216,688	126.07%
Net Asset Amount(C=A-B)	1,679,316,993,880	1,702,698,402,104	1.39%
Shares(D)	323,490,204	323,490,204	0
NAV per share(E=C/D)	5,191.25	5,263.52	1.39%

## 2. Management Performance

The table below sets out the historical NAV (including the distribution paid) for MKIF. As explained above and given that the majority of MKIF's assets are held at their original cost, the net asset value is not representative of changes in the value of the MKIF portfolio. The historical NAV per share in each historical period is compared with the NAV per share of MKIF determined.

### A. Performance over periods

	1 Month	3 Month	6 Month	9 Month	1 Year
MKIF	0.31	1.15	2.47	2.09	4.15
Comparative Index <sup>+</sup>	N/A				

+There is no comparison index available because MKIF is the only listed infrastructure fund in Korea with publicly available NAV data.

### B. Performance over Annual Average

	1 Year	2 Year	3 Year	4 Year
MKIF	4.15	4.28	5.28	5.15
Comparative Index <sup>+</sup>	N/A			

+There is no comparison index available because MKIF is the only listed infrastructure fund in Korea with publicly available NAV data.

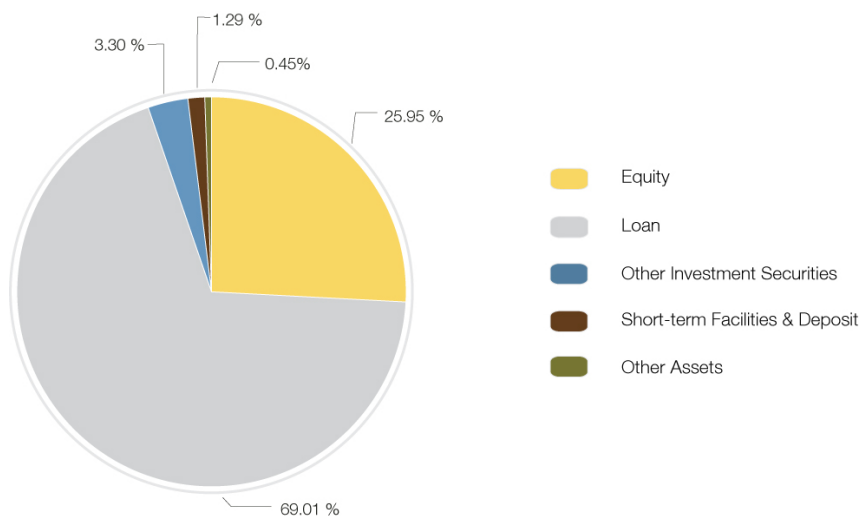
## 3. Asset Portfolio

MKIF's investment portfolio consists of equity, debt and other investments in concession companies (described in the table below as investment securities), other investment securities (in the form of short term certificates of deposit), cash and deposits and other assets.

Type	Investment Securities			Derivatives		Real Estate	Goods	Special Asset		Short-term Facilities & deposit	Other Assets <sup>^</sup>	Total Assets
	Equity	Loan <sup>+</sup>	Others	Market	OCT			Indirect Investment Securities	Others			
KRW	473,504	1,259,511	60,168	0	0	0	0	0	0	23,600	8,208	1,824,991
Composition Ratio	25.95	69.01	3.30	0	0	0	0	0	0	1.29	0.45	100

+ Includes convertible bond investment and capitalised interest which was classified to Other Assets in the previous quarter.

<sup>^</sup> Other Assets: prepaid expenses, prepayment, prepaid tax and other receivables.



## II. DETAILS OF REPORT

### 1. Overview

Fund Code*	35801
Date of Incorporation	12 December 2002
Date of Registration	26 December 2002
Date of Listing	15 March 2006
Financial Year End	31 December 2007
Asset Manager	Macquarie Shinhan Infrastructure Asset Management Co., Ltd. <b>(MSIAM)</b>
Sales Agents	Goodmorning Shinhan Securities Co., Ltd., Samsung Securities Co., Ltd., Macquarie Securities Korea, Ltd., Hanwha Securities Co., Ltd., Kyobo Securities Co., Ltd., Tongyang Investment Bank Co., Ltd.
Custodian	Korea Securities Finance Corporation
Fund Administrator	Korea Exchange Bank Investor Service Co., Ltd.
Board of Directors +	Corporate Director: Macquarie Shinhan Infrastructure Asset Management Co., Ltd. Supervisory Directors: Dae Yun Cho, Kyung Soon Song
Key Staff of MSIAM +	Chul Hum Paik (CEO) Jae Lee (COO) Jason Pak (Investor Relations) Kwangseob Jung (CFO) Johnno Kim (Asset Management) Jinwook Park (Compliance)
MKIF Profile	<p>MKIF is a leading private sector infrastructure investor in Korea and has largest portfolio of infrastructure assets in Korea that have been, or being, constructed under the Private Participation in infrastructure Act (PPI Act).</p> <p>MKIF was established in December 2002 with a mandate to invest in concession companies that construct or operate infrastructure assets such as toll roads, bridges and tunnels in Korea. MKIF invests in these concession companies through equity, debt and hybrid instruments (such as convertible bonds). MKIF is focused on generating profits from its investments and distributing these profits to its shareholders. MKIF is proud to be making a significant contribution to Korea's infrastructure development.</p> <p>MKIF is managed by MSIAM. MSIAM is a joint venture between Macquarie Capital Funds (Europe) Limited, a member of the Macquarie Group Limited, and Shinhan Bank and Shinhan Capital, which are members of the Shinhan Financial Group.</p>

\* Fund code generated by Asset Management Association of Korea

+ See Section 5 Registered Asset Managers and Appendix I Board of Directors for more information

## 2. MKIF's Asset Portfolio details

### - Equity Investments

Name	No. of Shares	Percentage Interest	Acquisition Value (A)	Appraisal Value (B) +	(Unit: Share, KRW million, %)	
					Gain/ Loss (B)-(A)	Composition Ratio ^
Kwangju Beltway Investment Co., Ltd.	2,610,000	100%	13,050	13,050	0	0.72
Woomyunsan Infraway Co., Ltd.	3,830,400	36%	21,876	21,876	0	1.20
New Airport Hiway Co., Ltd.	10,594,360	24.1%	59,880	59,880	0	3.28
Baekyang Tunnel Ltd.	99,200	99.2%	992	992	0	0.05
MCB Co., Ltd.	4,357,800	45.0%	21,941	21,941	0	1.20
Kwangju Ring Road Co., Ltd.	5,775,000	75%	29,495	29,495	0	1.62
Soojungsan Investment Co., Ltd.	1,114,880	100%	47,248	47,248	0	2.59
Cheonan-Nonsan Expressway Co., Ltd.	17,550,000	60%	93,815	93,815	0	5.14
Private Infrastructure Investment Korea	7,450,425	100%	42,807	42,807	0	2.35
Korea Road Infrastructure Investment Co., Ltd.	5,610,000	85%	57,552	57,552	0	3.15
Seoul-Chuncheon Highway Co., Ltd.	9,714,000	15%	49,439	49,439	0	2.71
Busan New Container Terminal Co., Ltd. *	3,900	39%	19	19	0	0.00
Gyeongsu Expressway Co., Ltd.	6,955,619	28.6%	35,390	35,390	0	1.94
BYT Securitization Specialty Co., Ltd **	5	0.5%	0	0	0	0.00
<b>Total</b>	<b>75,665,589</b>		<b>473,504</b>	<b>473,504</b>	<b>0</b>	<b>25.95</b>

+ Under KGAAP and in accordance with the Act, MKIF records the value of its equity investments in concession companies at their acquisition cost.

^ Ratio refers to the contribution to Total Assets represented by Appraisal Value.

\* As at 31 December 2007, MKIF entered into a commitment agreement for 30% of equity investment by an additional investment of KRW66,400million in the equity.

\*\* In relation to the securitisation of the loan of Baekyang Tunnel Ltd., MKIF acquired Class 2 share of BYT Securitization Specialty Co., Ltd., on 31 December 2007

### - Loans to Concession Companies

Name	Acquisition Value	Appraisal Value +	Interest Rate	Issued Date	Maturity Date	Guarantee	(Unit: KRW million, %)	
							Credit Rating	Composition Ratio ^
Daegu-Busan Expressway Co., Ltd (CB)	32,000	55,339	9.0	30/09/2003	30/09/2008	N/A	N/A	3.03
Daegu East Circulation Road Co., Ltd. (Sub)	32,045	32,269	17.0	14/03/2006	15/09/2024	N/A	N/A	1.77
Baekyang Tunnel Ltd. (Senior)	124,408	147,546	13.0	10/03/2004	10/03/2024	N/A	N/A	8.08
Cheonan-Nonsan Expressway Co., Ltd. (Sub)	182,250	242,845	6.0	20/05/2005	20/05/2029	N/A	N/A	13.31
Soojungsan Investment Co., Ltd. (Senior)	70,151	70,903	8.5	23/03/2005	16/11/2018	N/A	N/A	3.88
Soojungsan Investment Co., Ltd. (Sub)	19,261	21,098	20.0	16/02/2005	16/05/2017	N/A	N/A	1.16
MCB Co., Ltd. (Sub)	46,715	47,457	20.0	01/06/2004	01/06/2029	N/A	N/A	2.60
New Airport Highway Co., Ltd. (Sub)	51,670	52,910	13.9	30/01/2004	30/01/2017	N/A	N/A	2.90
Kwangju Beltway Investment Co., Ltd. (Senior) *	142,000	151,422	10.0	25/11/2004	30/09/2024	N/A	N/A	8.30
Kwangju Beltway Investment Co., Ltd. (Sub) *	31,950	60,484	20.0	21/03/2003	30/09/2026	N/A	N/A	3.31
Kwangju Beltway Investment Co., Ltd. (Working capital) *	3,261	4,071	15.0	19/12/2003	31/12/2027	N/A	N/A	0.22
Kwangju Ring Road Co., Ltd. (Senior)	73,355	76,354	7.85	08/12/2004	08/12/2019	N/A	N/A	4.18
Incheon Bridge Co., Ltd (Senior)	88,015	88,845	8.0	12/04/2006	18/07/2024	N/A	N/A	4.87
Incheon Bridge Co., Ltd (Sub),	45,506	46,149	12.0	12/04/2006	18/07/2026	N/A	N/A	2.53
Seoul Chuncheon Highway Co., Ltd. (Sub)	87,450	88,741	11.0	02/11/2006	28/05/2031	N/A	N/A	4.86
Gyeongsu Expressway Co., Ltd. (Sub)	41,300	41,888	13.0	22/02/2007	22/05/2034	N/A	N/A	2.30
Kyunggi Highway Co., Ltd. (Sub)	30,955	31,190	9.0	24/04/2007	29/10/2029	N/A	N/A	1.71
<b>Total</b>	<b>1,102,292</b>	<b>1,259,511</b>						<b>69.01</b>

+ These values are the sum of acquisition cost and accumulated interest, except for MKIF's convertible bond investment into Daegu-Busan Expressway Co., Ltd. This investment has been valued based on a market valuation, as required under the Act.

^ Ratio refers to the contribution to Total Assets represented by Appraisal Value.

\* As of 27 December 2007, the repayment schedule and the maturity date has been changed. Previously, the maturity date of the senior debt was on 31 March 2018 and that of the subordinated debt and working capital was on 30 June 2018

### - Other Investment Securities

MKIF has invested securities comprise short-term certificates of deposit (CD). Details are set out in the table below.

(Unit: KRW million, %)

Name	Face Value	Appraised Value *	Interest Rate	Issued Date	Maturity Date	Credit Ratings+	Composition Ratio ^
CD (Nonghyup)	20,000	20,056	5.67	14/12/2007	14/02/2008	A1	1.10
CD (Nonghyup)	20,000	20,056	5.67	14/12/2007	14/02/2008	A1	1.10
CD (Nonghyup)	20,000	20,056	5.67	14/12/2007	14/02/2008	A1	1.10
Total	60,000	60,168					3.30

\* The Act and KGAAP require MKIF to value these certificates of deposit based on a market value.

+ Domestic credit-rating agencies' ratings.

^ Ratio refers to the contribution to Total Assets represented by Appraisal Value.

### - Short term Deposits

MKIF has also invested a proportion of its cash reserves in short-term deposits. A summary of the short-term deposit investments MKIF has made are set out in the table below.

(Unit: KRW million, %)

Name	Banks	Appraised Value +	Date of Deposit	Maturity Date	Interest	Composition Ratio ^
MMDA	SC First Bank	22,271	18/09/2006	N/A	65	1.22
MMDA	SC First Bank	1,329	17/05/2007	N/A	5	0.07
Total		23,600			70	1.29

+ This value is the sum of principal and interest.

^ Ratio refers to the contribution to Total Assets represented by Appraisal Value.

### - Other Assets

The Other Assets on MKIF's balance sheet are set out in the table below and consist of accrued income, fee receivables and pre-paid expense.

(Unit: KRW million, %)

Type	Amount	Composition Ratio +
Other Receivable^	55	0.00
Prepaid expense	6,432	0.35
Prepayment	1,721	0.10
Total	8,208	0.45

^ Ratio refers to the contribution to Total Assets.

^ Other Receivable mainly represents commitment fee receivable in relation to loans.

### 3. Equity Transactions and Loan Facility Injections

#### - Equity Transactions

During the Quarter, MKIF acquired equity securities in concession companies or holding companies (which hold an interest in an underlying concession company). These acquisitions represented new investment to class 2 shares of BYT Securitisation Specialty Co., Ltd., and drawdowns for existing investments (in accordance with the schedule in the relevant shareholders agreement) and are summarised in the table below.

During the Quarter, MKIF did not dispose of any equity interests in the concession companies in which it has invested.

(Unit: Shares, KRW million, %)

Name	Buy		Sell		Turnover Ratio
	Shares	Amount	Shares	Amount	
MCB Co., Ltd.	327,600	1,638	0	0	N/A
Private Infrastructure Investment Korea	570,000	2,850	0	0	N/A
Gyeongsu Highway Co., Ltd.,	1,390,746	6,954	0	0	N/A
BYT Securitization Specialty Co., Ltd.	5	0	0	0	N/A
Total	2,288,351	11,442	0	0	N/A

#### - Loan Facility Injections

(Unit KRW million)

Name	Type	Date	Amount
MCB Co., Ltd.	Subordinated Loan Injection	01/10/2007	331
MCB Co., Ltd.	Subordinated Loan Injection	01/11/2007	601
MCB Co., Ltd.	Subordinated Loan Injection	03/12/2007	2,003
Incheon Bridge Co., Ltd.	Senior Loan Injection	19/11/2007	14,409
Incheon Bridge Co., Ltd.	Subordinated Loan Injection	19/11/2007	4,411
Gyeongsu Highway Co., Ltd.	Subordinated Loan Injection	07/11/2007	11,200
Kyunggi Highway Co.,Ltd.	Subordinated Loan Injection	24/10/2007	3,500
Kyunggi Highway Co.,Ltd.	Subordinated Loan Injection	27/12/2007	18,500
Total			54,955

#### - Loan Facility Drawdowns

(Unit KRW million)

Name	Limit of the Facility	Drawdown amount		
		Accumulative to Q3 2007	Q4 2007	Accumulative to Q4 2007
Shinhan Bank	140,000	12,664	18,978.5	31,642.5
National Agricultural Cooperative Federation (NACF)	140,000	12,664	18,978.5	31,642.5
Woori Bank	110,000	9,950	14,912	24,862
Samsung Life Insurance	110,000	9,950	14,912	24,862
Total	500,000	45,228	67,781	113,009

#### 4. Asset Management Overview & Profit/Loss Summary

##### - Asset Management Overview

The Profit & Loss statements (P&L) and Balance Sheets for the Quarter are attached in Appendix II.

In accordance with the Act, MKIF has valued its convertible bond investment in DBEC and its investments in short term certificates of deposit based on a market value, assessed as at December 31 2007.

##### - Profit / Loss Summary

MKIF is required under the Act to reflect any revaluation gain or loss as part of its P&L. The table below sets out the gains/losses incurred by MKIF in its P&L during the Quarter, in comparison with any gain or loss from the previous quarter.

(Unit: KRW million, %)

Type	Investment Securities			Derivatives		Real Estate	Goods	Special Asset		Short-term Facilities & deposit	Other Asset <sup>+</sup>	Total Profit (Loss) <sup>^</sup>
	Equity	Debt*	Others**	Market	OCT			Indirect Investment Securities	Others			
Q4 2007	0	32,581	167	0	0	0	0	0	0	848	118	33,714
Q3 2007	0	34,419	282	0	0	0	0	0	0	965	145	35,811

\* DBEC convertible bond investment

\*\* Certificates of Deposit

+ Other Assets: other receivables, prepaid expense, prepayment and prepaid tax

<sup>^</sup> Performance of asset portfolio

##### - Fees to Third Party Service Providers

The table below sets out fees paid by MKIF to its service providers.

(Unit: KRW million, %)

Type	Q3 2007		Q4 2007		Remarks
	Amount	Ratio	Amount	Ratio <sup>+</sup>	
Management fee	8,110	0.48	8,138	0.48	
Performance fee to the manager	0	0	0	0	
Sales Agent fee	0	0	0	0	
Custodian fee	126	0.01	128	0.01	
Fund Administrator fee	74	0	75	0	
Total	8,310	0.49	8,341	0.49	

+Ratio refers to fees as a proportion of Net Asset Value.

##### - Fee expense Ratio

The table below sets out the ratio of total ordinary expenses incurred by MKIF in the Quarter, divided by the average NAV during the Quarter. Total ordinary expenses do not include any performance fees nor fees and expenses related to MKIF's debt facility.

(Unit: %)

Type	Q3 2007	Q4 2007
Total expense ratio	2.079	2.115
Commission ratio	0	0

## 5. Registered Asset Managers

MSIAM is licensed under the Act to carry out asset management activities for MKIF. As part of its licensing requirements, MSIAM is required to employ at least three asset management professionals who meet certain qualifications. The following is the list of MSIAM's asset management professionals who have been registered to the Asset Management Association of Korea (AMAK).

Name (AMAK Registration Number)	Age	Position	Operation Status		Career
			Number of Fund(s)	Size	
Jae Lee (06-02323-0002)	1964	Chief Operating Officer	N/A	N/A	Mr Lee has over 17 years experience with Shinhan Bank, including 14 years with the International Banking Division, NY Branch (Investment Banking) - Shinhan Bank (Investment Banking department at Seoul and New York branch) - Sejong Research Institute (previously, Il-Hae) (Economic and Social Research) - Managing MKIF since June 2003
Johnno Kim (06-02323-0004)	1962	Division Director	N/A	N/A	Mr Kim has over 20 years experience in asset management and his previous experience includes: - Connell Wagner Group (consulting on major road projects) - Mott Macdonald Group (Project Engineer in UK) - BHP Engineering (Industrial & Commercial Development – Project Manager) - Egis Consulting/GHD (PF & Toll Road Management Consulting Company) - Managing MKIF since August 2004
Beom Shick Won (06-02323-0001)	1967	Senior Manager	N/A	N/A	Mr Won has over 13 years experience in asset management and his previous experience includes: - Doosan Construction Co (PF management for Daejun-Chunbyun Expressway) / - Management of O&M (operations and maintenance) company, Sub-Contracting Management - Managing MKIF since January 2005
Jung-Suk Lee (06-02323-0003)	1973	Manager	N/A	N/A	Mr Lee has over 12 years experience in construction and asset management and his previous experience includes: - Parsons, Brinckerhoff, Quade & Douglas Co., Ltd (Design/Construction) - Parsons, Brinckerhoff Asia Co., Ltd (Contract Management, Due diligence, Supervision) - Managing MKIF since December 2004

## 6. Trading amount and Brokerage

### Stock trading

(Unit: KRW million)

Classification	07-10-01 ~ 07-10-31			07-11-01 ~ 07-11-30			07-12-01 ~ 07-12-31		
	Trading amount (Ratio)	Fee		Trading amount (Ratio)	Fee		Trading amount (Ratio)	Fee	
		Amount (Ratio)	% Fee		Amount (Ratio)	% Fee		Amount (Ratio)	% Fee
N/A									

### Others

(Unit: KRW million)

Classification	07-10-01 ~ 07-10-31			07-11-01 ~ 07-11-30			07-12-01 ~ 07-12-31		
	Trading amount (Ratio)	Fee		Trading amount (Ratio)	Fee		Trading amount (Ratio)	Fee	
		Amount (Ratio)	% Fee		Amount (Ratio)	% Fee		Amount (Ratio)	% Fee
N/A									

### Derivatives

(Unit: KRW million)

Classification	07-10-01 ~ 07-10-31			07-11-01 ~ 07-11-30			07-12-01 ~ 07-12-31		
	Trading amount (Ratio)	Fee		Trading amount (Ratio)	Fee		Trading amount (Ratio)	Fee	
		Amount (Ratio)	% Fee		Amount (Ratio)	% Fee		Amount (Ratio)	% Fee
N/A									

## 7. Related Party Transactions

Under the Act, MKIF is required to report to the Financial Supervisory Commission (FSC) transactions with related parties that relate the investment and management activities of MKIF and MSIAM. During the Quarter the transaction has not incurred.

(Unit: KRW million)

Related Party		Type of trade	Type of asset	Amount
Name	Party Affiliations			
N/A				

## 8. Details of Voting Rights Exercised on Stockholdings

MKIF is not required to report its voting decisions as a shareholder in concession companies as the relevant provision (Article 94) of the Act does not apply to MKIF by virtue of Article 44 of the Private Participation in Infrastructure Act.

## 9. Distribution Payment

Date of Payment	Distribution Amount (KRW Million)	Balance after Payment (Shares)	NAV per share		Remarks
			Before Payment	After Payment	
N/A					

## 10. Notice

For more detailed information on the investing activities of MKIF, please refer to the Investor Centre on MKIF's website. ([www.macquarie.com/mkif](http://www.macquarie.com/mkif))

## APPENDIX I. MKIF BOARD OF DIRECTORS

### Supervisory Directors

Name	Career
Dae Yun Cho	<p>Appointed as MKIF Supervisory Director in March 2007 (Initially appointed in December 2002)</p> <ul style="list-style-type: none"> <li>- Practicing law at the law offices of Kim &amp; Chang in Seoul since 1979 (Senior Partner)</li> <li>- Acted as a consultant for various Korean Ministries, including the Ministry of Finance and Economy and the Ministry of Commerce, Industry and Energy</li> <li>- Former senior adviser to the Korea International Trade Law Association, the arbitrator of the Korean Commercial Arbitration Board</li> <li>- Panel member of the WTO's Subsidies and Countervailing Duties Committee</li> </ul>
Kyung Soon Song	<p>Appointed as MKIF Supervisory Director in March 2005</p> <ul style="list-style-type: none"> <li>- Founding Representative Director of Korea Expert Consulting Group (KECG)</li> <li>- Visiting Professor at the Graduate School of International Studies of Seoul National University since 2003</li> <li>- Former senior staff member of World Bank</li> <li>- Former chief operating officer of Nomura Project Finance International Limited.</li> </ul>

### Corporate Director – MSIAM

Name	Career
Chul Hum Paik	<p>Appointed as MSIAM Representative Director in December 2006</p> <ul style="list-style-type: none"> <li>- Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd.</li> <li>- Joined Shinhan Bank in 1993, with responsibilities for international banking and investment banking division</li> <li>- Headed the Financial Products division of Shinhan Macquarie Financial Advisory from 2001 to 2006</li> </ul>
Nick van Gelder	<p>Former Representative Director, appointed as MSIAM Director in December 2005</p> <ul style="list-style-type: none"> <li>- Head of Macquarie Capital Funds in Asia</li> <li>- Former Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd. from 2002 to 2006</li> <li>- Joined Macquarie Group in 1997 with responsibilities for infrastructure and real estate investment</li> <li>- Worked over 10 years in financial advisory and investment management prior to joining Macquarie Group</li> </ul>
Jae Lee	<p>Appointed as MSIAM Director in January 2006</p> <ul style="list-style-type: none"> <li>- Chief Operating Officer of Macquarie Shinhan Infrastructure Asset Management Co., Ltd.</li> <li>- Served for Shinhan Bank over 14 years (International Banking Division, NY Branch / Investment Banking Division)</li> <li>- Sejong Research Institute (Previously, Il-Hae) (Economic and Social Research)</li> </ul>
Seung Keun Oh	<p>Appointed as MSIAM Director in June 2007</p> <ul style="list-style-type: none"> <li>- Vice President at Shinhan Capital</li> <li>- Joined Shinhan Capital in 1991 and became a head of general affairs and IT department since 1997</li> <li>- Served for Shinhan Bank in 1983 with responsibilities for various department and business units.</li> </ul>
Chang Soo Oh	<p>Appointed as MSIAM Director November 2007</p> <ul style="list-style-type: none"> <li>- Head of Project Financing Team in Investment Banking Group of Shinhan Bank</li> <li>- Joined Shinhan Bank in 1981 with responsibilities for various transactions and investment banking division</li> </ul>

## APPENDIX II. SUMMARY OF FINANCIAL STATEMENTS

### Balance Sheets

As of 31 December 2007 and 30 September 2007

(Unit: KRW million)

	31 Dec 2007	30 Sep 2007
<b>Assets</b>		
<b>I . Invested Assets</b>	<b>1,668,493</b>	<b>1,593,400</b>
Cash & deposits	83,530	73,670
Loans	1,070,291	1,014,261
Equity securities	473,504	462,062
Debt securities	41,168	43,407
<b>II . Others</b>	<b>156,498</b>	<b>140,012</b>
Interest receivables	148,290	131,264
Other receivables	55	196
Deferred costs, net	8,153	8,552
<b>Total Assets</b>	<b>1,824,991</b>	<b>1,733,412</b>
<b>Liabilities</b>		
Payables	121	62
Manager fee payable	8,139	8,109
Other liabilities	1,024	696
Long-term debt	113,009	45,228
<b>Total Liabilities</b>	<b>122,293</b>	<b>54,095</b>
<b>Shareholders' Equity</b>		
<b>I . Issued Capital</b>	<b>1,652,985</b>	<b>1,652,985</b>
Common stock	1,652,985	1,652,985
<b>II . Retained Earnings (Losses)</b>	<b>49,713</b>	<b>26,332</b>
Current profit/(loss)	49,713	26,332
<b>Total Shareholders' Equity</b>	<b>1,702,698</b>	<b>1,679,317</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,824,991</b>	<b>1,733,412</b>

## Profit and Loss Statements

For the Quarter Ended 31 December 2007  
 The Quarter Ended 30 September 2007  
 And for the Year ended 31 December 2007

(Unit: KRW million)

	Quarter Ended 31 December 2007	Quarter Ended 30 September 2007	Year Ended 31 December 2007
<b>I . Revenue</b>	<b>33,714</b>	<b>35,811</b>	<b>150,480</b>
1. Interest income	35,835	35,774	140,363
2. Arrangement fee income	-	-	875
3. Dividend income	-	-	9,842
4. Gain(Loss) on valuation of debt securities	(2,239)	(107)	(3,786)
5. Other income	118	144	3,186
<b>II . Expenses</b>	<b>10,333</b>	<b>9,479</b>	<b>68,449</b>
1. Manager fee	8,138	8,110	32,139
2. Custodian fee	128	126	513
3. Administrator fee	75	74	300
4. Performance fees	-	-	27,341
5. Interest on borrowings	1,151	501	1,722
6. Other expenses	841	668	6,434
<b>III. Net Income</b>	<b>23,381</b>	<b>26,332</b>	<b>82,031</b>

## CORPORATE DIRECTORY

### Manager of MKIF

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### MKIF Custodian

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### MKIF Administrator

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