

MACQUARIE KOREA INFRASTRUCTURE FUND
2008 1st QUARTER ASSET MANAGEMENT REPORT



MACQUARIE

Name : Macquarie Korea Infrastructure Fund (MKIF)

Period : Quarter 1 (1 January 2008 ~ 31 March 2008)

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

Fund code: 35801

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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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 loan investments in concession companies 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 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 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.

	Q4 2007	Q1 2008	(Unit: KRW, Share) % Change
Total Assets(A)	1,824,990,618,792	2,018,210,238,217	10.59%
Total Liabilities(B)	122,292,216,688	283,246,256,174	131.61%
Net Asset Amount(C=A-B)	1,702,698,402,104	1,734,963,982,043	1.90%
Shares(D)	323,490,204	323,490,204	0%
NAV per share(E=C/D)	5,263.52	5,363.27	1.90%

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. Short-term performance

	(Unit: %)				
	1 Month	3 Month	6 Month	9 Month	1 Year
MKIF	2.97	5.04	6.26	7.64	7.24
Comparative Index+	N/A				

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

B. Long-term performance

	(Unit: %)			
	1 Year	2 Year	3 Year	4 Year
MKIF	7.24	7.78	6.67	6.17
Comparative Index+	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

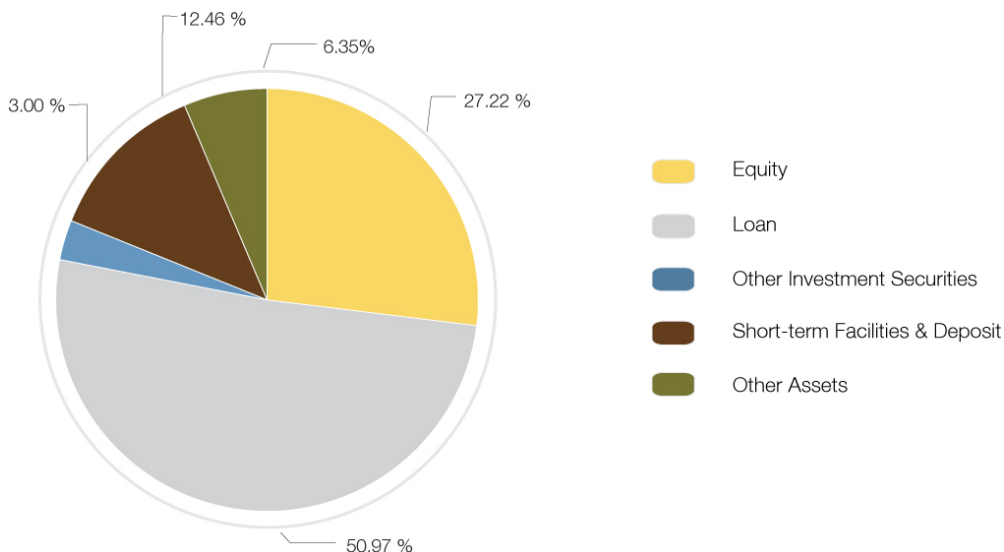
MKIF's investment portfolio consists of equity, loan and other investment securities (in the form of certificates of deposit), cash and deposits and other assets.

Type	Investment Securities			Derivatives		Real Estate	Goods	Special Asset		Short-term Facilities & deposit	Other Assets ^	Total Assets
	Equity	Loan+	Others*	Market	OTC			Indirect Investment Securities	Others			
KRW	549,319	1,028,695	60,363	0	0	0	0	0	0	251,584	128,249	2,018,210
Composition Ratio	27.22	50.97	3.00	0	0	0	0	0	0	12.46	6.35	100

+ Includes loans to concession companies.

* Certificates of Deposit.

^ Other Assets: interest receivable, other receivables and prepayment.



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. (MSIAM)
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, Tae Hee Yoon
Key Staff of MSIAM +	Chul Hum Paik (CEO) Jae Lee (CFO) Johnno Kim (Asset Management) Jason Pak (COO) Jong Hyuk Park (Asset Acquisition) Kwangseob Jung (Finance) 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 and debt. 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	0.65
Woomyunsan Infraway Co., Ltd.	3,830,400	36%	21,876	21,876	0	1.08
New Airport Hiway Co., Ltd.	10,594,360	24.1%	59,880	59,880	0	2.97
Baekyang Tunnel Ltd.	100,000	100%	1,231	1,231	0	0.06
MCB Co., Ltd.	4,565,000	45.2%	22,977	22,977	0	1.14
Kwangju Ring Road Co., Ltd.	5,775,000	75%	29,495	29,495	0	1.46
Soojungsan Investment Co., Ltd.	1,114,880	100%	47,248	47,248	0	2.34
Cheonan-Nonsan Expressway Co., Ltd.	17,550,000	60%	93,815	93,815	0	4.65
Private Infrastructure Investment Korea	7,860,425	100%	44,857	44,857	0	2.22
Korea Road Infrastructure Investment Co., Ltd.	5,610,000	85%	57,552	57,552	0	2.85
Seoul-Chuncheon Highway Co., Ltd.	9,714,000	15%	49,439	49,439	0	2.45
Busan New Container Terminal Co., Ltd.	3,142,530	30%	16,891	16,891	0	0.84
Gyeongsu Expressway Co., Ltd.	9,849,685	33.6%	49,860	49,860	0	2.47
BYT Securitization Specialty Co., Ltd.	5	0.5%	0	0	0	0.00
Seoul Metro Line 9 Co., Ltd.	8,197,309	24.5%	41,148	41,148	0	2.04
Total	90,513,594		549,319	549,319	0	27.22

+ 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.

– Loans to Concession Companies

Name	Acquisition Value	Interest Receivable +	Interest Rate	Issued Date	Maturity Date	Guarantee	Credit Rating	(Unit: KRW million, %)	
								Composition Ratio ^	
Kwangju Beltway Investment Co., Ltd. (Senior)	142,000	1,980	10.00	25/11/2004	30/09/2024	N/A	N/A	7.04	
Kwangju Beltway Investment Co., Ltd. (Sub)	31,950	30,954	20.00	21/03/2003	30/09/2026	N/A	N/A	1.58	
Kwangju Beltway Investment Co., Ltd. (Working capital)	3,261	962	15.00	19/12/2003	31/12/2027	N/A	N/A	0.16	
New Airport Highway Co., Ltd. (Sub)	51,670	1,220	13.90	30/01/2004	30/01/2017	N/A	N/A	2.56	
Baekyang Tunnel Ltd. (Senior)	1,743	123	15.00	10/03/2004	10/03/2024	N/A	N/A	0.09	
MCB Co., Ltd. (Sub)	50,064	796	20.00	01/06/2004	01/06/2029	N/A	N/A	2.48	
Kwangju Ring Road Co., Ltd. (Senior)	73,355	347	7.85	08/12/2004	08/12/2019	N/A	N/A	3.63	
Soojungsan Investment Co., Ltd. (Senior)	70,151	702	8.50	23/03/2005	16/11/2018	N/A	N/A	3.48	
Soojungsan Investment Co., Ltd. (Sub)	19,261	454	20.00	16/02/2005	16/05/2017	N/A	N/A	0.95	
Cheonan-Nonsan Expressway Co., Ltd. (Sub)	182,250	67,249	8.00	20/05/2005	20/05/2029	N/A	N/A	9.03	
Daegu East Circulation Road Co., Ltd. (Sub)	32,045	224	17.00	14/03/2006	15/09/2024	N/A	N/A	1.59	
Incheon Bridge Co., Ltd (Senior)	93,742	883	8.00	12/04/2006	18/07/2024	N/A	N/A	4.64	
Incheon Bridge Co., Ltd (Sub)	48,008	679	12.00	12/04/2006	18/07/2026	N/A	N/A	2.38	
Seoul Chuncheon Highway Co., Ltd. (Sub)	87,450	1,367	11.00	02/11/2006	28/05/2031	N/A	N/A	4.33	
Gyeongsu Expressway Co., Ltd. (Sub)	64,500	896	13.00	22/02/2007	22/05/2034	N/A	N/A	3.20	
Kyunggi Highway Co.,Ltd. (Sub)	31,555	529	9.00	24/04/2007	29/10/2029	N/A	N/A	1.56	
Seoul Metro Line 9 Co., Ltd. (Sub)	33,460	591	15.00	25/01/2008	17/08/2035	N/A	N/A	1.66	
Busan New Container Terminal Co., Ltd. (Sub)	12,230	89	10.00	25/02/2008	25/11/2032	N/A	N/A	0.61	
Total	1,028,695	110,045						50.97	

+ These values are the accumulated interest.

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

– Other Investment Securities

MKIF has invested a proportion of its cash reserves in certificates of deposit (CD). Details are set out in the table below.

							(Unit: KRW million, %)	
Name	Face Value	Appraisal Value *	Interest Receivable	Interest Rate	Issued Date	Maturity Date	Credit Ratings+	Composition Ratio ^
CD (Nonghyup)	10,000	10,110	173	7.18	04/01/2008	04/02/2009	A1	0.50
CD (Nonghyup)	10,000	10,110	173	7.18	04/01/2008	04/02/2009	A1	0.50
CD (Nonghyup)	10,000	10,110	173	7.18	04/01/2008	04/02/2009	A1	0.50
CD (Woori)	10,000	10,011	76	5.90	14/02/2008	13/02/2009	A1	0.50
CD (Woori)	10,000	10,011	76	5.90	14/02/2008	13/02/2009	A1	0.50
CD (Woori)	10,000	10,011	76	5.90	14/02/2008	13/02/2009	A1	0.50
Total	60,00	60,363	747					3.00

* The Act and KGAAP require MKIF to value these certificates of deposit based on a market value. The interest receivable was excluded.

+ 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 term deposits. A summary of the term deposit investments MKIF has made are set out in the table below.

							(Unit: KRW million, %)	
Name	Banks	Deposit amount +	Date of Deposit	Maturity Date	Interest Receivable	Composition Ratio ^		
MMDA	SC First Bank	120,600	18/09/2006	N/A	101	5.975		
MMDA	SC First Bank	984	17/05/2007	N/A	6	0.05		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/02/2009	173	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/02/2009	173	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/02/2009	173	0.495		
Term Deposit	Kookmin Bank	10,000	04/01/2008	04/02/2009	173	0.495		
Term Deposit	Woori Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Woori Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Woori Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Term Deposit	Woori Bank	10,000	04/01/2008	04/08/2008	160	0.495		
Total		251,584			2,252	12.46		

+ This value is the principal.

^ Ratio refers to the contribution to Total Assets represented by Deposit amount.

– 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 ^	
Interest Receivable	113,044	5.60	
Other Receivable+	2,424	0.12	
Prepaid expense	9,565	0.47	
Prepayment	981	0.05	
Prepaid Withholding Taxes	2,235	0.11	
Total	128,249	6.35	

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

^ Ratio refers to the contribution to Total Assets.

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 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.

Name	Buy		Sell		Turnover Ratio
	Shares	Amount	Shares	Amount	
MCB Co., Ltd.	207,200	1,036	0	0	N/A
Gyeongsu Highway Co., Ltd.	2,894,066	14,470	0	0	N/A
Baekyang Tunnel Ltd.	800	239	0	0	N/A
Private Infrastructure Investment Korea	410,000	2,050	0	0	N/A
Busan New Container Terminal Co., Ltd.	3,138,630	15,693	0	0	N/A
Seoul Metro Line 9 Co., Ltd.	8,197,309	40,987	0	0	N/A
Total	14,848,005	74,475	0	0	N/A

(Unit: Shares, KRW million, %)

– Sale of loan and convertible bond

Name	Type	Date	Sales amount	Gain on sales
Baekyang Tunnel Ltd.	Senior Loan	04/01/2008	172,000	24,454
Daegu-Busan Expressway Co., Ltd.	Convertible bond	28/03/2008	108,319	54,946
Total				79,400

(Unit KRW million)

– Loan Facility Injections

Name	Type	Date	Amount
MCB Co., Ltd.	Subordinated Loan Injection	02/01/2008	412
MCB Co., Ltd.	Subordinated Loan Injection	01/02/2008	476
MCB Co., Ltd.	Subordinated Loan Injection	03/03/2008	1,286
Incheon Bridge Co., Ltd.	Senior Loan Injection	18/02/2008	5,727
Incheon Bridge Co., Ltd.	Subordinated Loan Injection	18/02/2008	2,502
Gyeongsu Highway Co., Ltd.	Subordinated Loan Injection	31/01/2008	23,200
Kyunggi Highway Co., Ltd.	Subordinated Loan Injection	24/01/2008	600
Baekyang Tunnel Ltd.	Senior Loan Injection	08/01/2008	1,754
Busan New Container Terminal Co., Ltd.	Subordinated Loan Injection	25/02/2008	8,155
Busan New Container Terminal Co., Ltd.	Subordinated Loan Injection	24/03/2008	4,075
Seoul Metro Line 9 Co., Ltd.	Subordinated Loan Injection	25/01/2008	33,460
Total			81,647

(Unit KRW million)

– Loan Facility Drawdowns

(Unit KRW million)

Name	Limit of the Facility	Drawdown amount		
		Accumulative to Q4 2007	Q1 2008	Accumulative to Q1 2008
Shinhan Bank	140,000	31,642.5	44,299.5	75,942
National Agricultural Cooperative Federation (NACF)	140,000	31,642.5	44,299.5	75,942
Woori Bank	110,000	24,862	34,807	59,669
Samsung Life Insurance	110,000	24,862	34,807	59,669
Total	500,000	113,009	158,213	271,222

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 investments in certificates of deposit based on a market value, assessed as at March 31 2008.

– 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 +	Total Profit (Loss) ^
	Equity	Loan*	Others**	Market	OTC			Indirect Investment Securities	Others			
Q1 2008	482	109,577	1,520	0	0	0	0	0	0	2,669	2,976	117,224
Q4 2007	0	32,581	167	0	0	0	0	0	0	848	118	33,714

* Includes sales gain of KRW 79,400 million on DBEC convertible bond and senior loan to Baekyang Tunnel

** Certificates of Deposit

+ Other Assets: loan arrangement fee income

^ Represents total revenue for the quarter

– Fees to Third Party Service Providers

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

(Unit: KRW million, %)

Type	Q4 2007		Q1 2008		Remarks
	Amount	Ratio ⁺	Amount	Ratio ⁺	
Management fee	8,138	0.48	7,584	0.44	
Performance fee to the manager	0	0	0	0	
Sales Agent fee	0	0	0	0	
Custodian fee	128	0.01	127	0.01	
Administrator fee	75	0	74	0	
Total	8,341	0.49	7,785	0.45	

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

– Fee / Expense

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	Q4 2007	Q1 2008
Total expense ratio	2.12	2.43
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 Financial Officer	N/A	N/A	Mr Lee has over 18 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	Head of Asset Management	N/A	N/A	Mr Kim has over 21 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
Jong Hyuk Park (08-02323-0005)	1967	Head of Asset Acquisition	N/A	N/A	Mr Park has over 15 years' experience with Kookmin Bank, including 10 years with Investment Banking Division. - Kookmin Bank (Project Manager for 3 port projects, 7 toll road projects and 2 property projects) - Worked as a member of advisory of PIMAC
Beom Shick Won (06-02323-0001)	1967	Senior Manager	N/A	N/A	Mr Won has over 14 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 13 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	08-01-01 ~ 08-03-31			08-01-01 ~ 08-03-31			08-01-01 ~ 08-03-31		
	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	08-01-01 ~ 08-03-31			08-01-01 ~ 08-03-31			08-01-01 ~ 08-03-31		
	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	08-01-01 ~ 08-03-31			08-01-01 ~ 08-03-31			08-01-01 ~ 08-03-31		
	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 within the meaning of the Act 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 PPI Act.

9. Distribution Payment

Date of Payment	Distribution Amount (KRW Million)	Balance after Payment (Shares)	NAV per share		Remarks
			Before Payment	After Payment	
29/02/2008	71,168	323,490,204	5,363.97	5,144.71	

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)

APPENDIX I. MKIF BOARD OF DIRECTORS

Supervisory Directors

Name	Career
Dae Yun Cho	<i>Appointed as MKIF Supervisory Director in March 2007 (Initially appointed in December 2002)</i>
	– Practicing law at the law offices of Kim & Chang in Seoul since 1979 (Senior Partner)
	– Acted as a consultant for various Korean Ministries, including the Ministry of Strategy and Finance and the Ministry of Knowledge Economy
	– Former senior adviser to the Korea International Trade Law Association, the arbitrator of the Korean Commercial Arbitration Board
Kyung Soon Song	<i>Appointed as MKIF Supervisory Director in March 2008 (Initially appointed in March 2005)</i>
	– Founding Representative Director of Korea Expert Consulting Group (KECG)
	– Visiting Professor at the Graduate School of International Studies of Seoul National University since 2003
	– Former senior staff member of World Bank
Tae Hee Yoon	<i>Appointed as MKIF Supervisory Director in March 2008 (Initially appointed in September 2004)</i>
	– Chairman, Lutronic Corporation Inc, Korea
	– Vice-Chairman, Financial Advisory Services, Pricewaterhouse Coopers
	– Chairman, Arirang International TV
	– Chairman, Korea Economic Intelligence, New York Wall Street

Corporate Director – MSIAM

Name	Career
Chul Hum Paik	<i>Appointed as MSIAM Representative Director in December 2006</i>
	– Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd.
	– Joined Shinhan Bank in 1993, with responsibilities for international banking and investment banking division
Nick van Gelder	– Headed the Financial Products division of Shinhan Macquarie Financial Advisory from 2001 to 2006
	<i>Appointed as MSIAM Director in December 2005</i>
	– Head of Macquarie Capital Funds in Asia
	– Former Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd. from 2002 to 2006
Jae Lee	– Joined Macquarie Group in 1997 with responsibilities for infrastructure and real estate investment
	– Worked over 10 years in financial advisory and investment management prior to joining Macquarie Group
	<i>Appointed as MSIAM Director in January 2006</i>
Seung Keun Oh	– Chief Financial Officer of Macquarie Shinhan Infrastructure Asset Management Co., Ltd.
	– Served for Shinhan Bank over 14 years (International Banking Division, NY Branch / Investment Banking Division)
	– Sejong Research Institute (Previously, Il-Hae) (Economic and Social Research)
Chang Soo Oh	<i>Appointed as MSIAM Director in June 2007</i>
	– Vice President at Shinhan Capital
	– Joined Shinhan Capital in 1991 and became a head of general affairs and IT department since 1997
	– Served for Shinhan Bank in 1983 with responsibilities for various department and business units
Chang Soo Oh	<i>Appointed as MSIAM Director November 2007</i>
	– Head of Project Financing Team in Investment Banking Group of Shinhan Bank
	– Joined Shinhan Bank in 1981 with responsibilities for various transactions and investment banking division

APPENDIX II. SUMMARY OF FINANCIAL STATEMENTS

Balance Sheet

As of 31 March 2008
31 December 2007 and
31 March 2007

(Unit: KRW million)

	31 March 2008	31 December 2007	31 March 2007
Assets			
I . Invested Assets	1,889,961	1,668,493	1,625,565
Cash & deposits	311,947	83,530	153,744
Loans	1,028,695	1,070,291	978,143
Equity securities	549,319	473,504	447,030
Debt securities	-	41,168	46,648
II . Others	128,249	156,498	115,995
Interest receivables	113,044	148,290	106,559
Other receivables	2,424	55	310
Deferred costs, net	12,781	8,153	9,126
Total Assets	2,018,210	1,824,991	1,741,560
Liabilities			
Payables	2,182	121	1,580
Manager fee payable	7,584	8,138	7,693
Other liabilities	2,258	1,025	332
Long-term debt	271,222	113,009	-
Total Liabilities	283,246	122,293	9,605
Shareholders' Equity			
I . Issued Capital	1,631,531	1,652,985	1,692,102
II . Retained Earnings (Losses)	103,433	49,713	39,853
Total Shareholders' Equity	1,734,964	1,702,698	1,731,955
Total Liabilities and Shareholders' Equity	2,018,210	1,824,991	1,741,560

Profit and Loss Statements

For the Quarter Ended 31 March 2008
 The Quarter Ended 31 December 2007
 And for the Quarter ended 31 March 2007

(Unit: KRW million)

	Quarter Ended 31 March 2008	Quarter Ended 31 December 2007	Quarter Ended 31 March 2007
I . Revenue	117,224	33,714	48,138
1. Interest income	36,925	35,835	33,787
2. Arrangement fee income	2,895	-	-
3. Dividend income	482	-	9,842
4. Gain(Loss) on valuation of debt securities	(2,922)	(2,239)	1,693
5. Gain on sale of loans	24,454	-	-
6. Gain on sale of debt securities	54,946	-	-
7. Other income	444	118	2,816
II . Expenses	13,791	10,333	8,285
1. Manager fee	7,584	8,138	7,693
2. Custodian fee	127	128	128
3. Administrator fee	74	75	75
4. Performance fees	-	-	-
5. Interest on borrowings	3,447	1,151	-
6. Other expenses	2,559	841	389
III . Net Income	103,433	23,381	39,853

CORPORATE DIRECTORY

Manager of MKIF

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MKIF Administrator

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