Macquarie Korea Infrastructure Fund

Financial Statements
December 31, 2020 and 2019

Macquarie Korea Infrastructure Fund
Index
December 31, 2020 and 2019

Page(s)

Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Macquarie Korea Infrastructure Fund

Opinion

We have audited the accompanying financial statements of Macquarie Korea Infrastructure Fund (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Macquarie Korea Infrastructure Fund as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Korean Accounting Standards 5003 (collective investment vehicle)

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation of recoverable amount of investment assets

We focused on recoverable amounts of investment assets due to the significant size of the assets (₩2,254,945 million as at December 31, 2020), and because the assessment of the recoverable amounts of the assets involves management's judgements about growth rates and discount rates applied to future cash flow forecast. See Note 2 of the financial statements for the related accounting policies.

How our audit addressed the Key Audit Matter

We have performed the following audit procedures for the key audit matter.

- We assessed the appropriateness of valuation model used by management for the estimation of recoverable amounts.
- We understood and assessed the procedures and controls in relation to estimation of recoverable amounts of management.
- We confirmed whether the estimates of recoverable amounts are approved by the Chief Executive Officer and reported to the Board of Directors.
- We compared the actual performance of the current period with the estimates of the prior period to ensure whether the estimates included optimistic assumptions.
- We assessed the reasonableness of the key assumptions used in the estimations of future cash

flows.

- Consistency of the sales growth rate, operation margin and investment forecasts of cash-generating unit with the past performance and market conditions.
- Compared the inflation rate applied independently with the inflation rate of the Company.
- Compared the discount rate computed independently using the observable information with the discount rate applied by management.
- Reviewd completeness and accuracy in the concession agreements used in the estimations.

- We assessed the results of a sensitivity analysis on discount rate and growth rate used by management in order to assess the impact of changes in key assumptions on the evaluation of recoverable amounts.
- We compared the recoverable amounts computed with the book amounts.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 2.11 to the financial statements. Note 2.11 to the financial statements describes management's view on uncertainty relating to the impact of Coronavirus disease 2019 ("COVID-19") on the Company's investing activities and recoverability of investments.

Other Matter
Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, financial performance and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Korean Accounting Standards 5003 (collective investment vehicle), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hwi-Chul Jin, Certified Public Accountant.

Samil PricewaterhouseCoopers

Seoul, Korea
January 29, 2021

This report is effective as of January 29, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Macquarie Korea Infrastructure Fund
Statements of Financial Position
December 31, 2020 and 2019

MACQUARIE KOREA INFRASTRUCTURE FUND
Statements of Financial Position
December 31, 2020 and 2019

(Unit : in Korean Won)

	2020	2019
Assets		
Invested assets:		
Cash and deposits (Note 3)	₩ 71,362,074,797	₩ 28,240,952,348
Loans (Note 4, 7, 19)	1,265,760,837,361	1,197,031,783,708
Equity securities (Note 5, 7, 9, 19)	463,909,693,779	442,617,445,752
Total invested assets	1,801,032,605,937	1,667,890,181,808
Other assets:		
Interest receivable (Note 7)	525,281,490,381	422,582,065,003
Other receivables	2,347,967,260	2,673,849,055
Advance payments	1,958,829,606	1,873,819,226
Prepaid Expenses (Note 6)	3,267,256,301	3,954,497,916
Total other assets	532,855,543,548	431,084,231,200
Total assets	₩ 2,333,888,149,485	₩ 2,098,974,413,008
Liabilities:		
Operating liabilities		
Corporate bond (Note 11)	₩ 199,644,336,218	₩ 199,535,454,235
Long-term debt (Note 10)	-	20,009,464,382
Other liabilities (Note 12)		
Fees payable (Note 8)	8,595,403,266	9,316,723,514
Accrued expense	2,410,808,365	520,266,965
Advance receipt	6,110,776,103	5,842,415,649
Other payable	2,849,190	1,817,970
Total liabilities	216,764,173,142	235,226,142,715
Shareholders' equity:		
Share capital (Note 13)	2,057,517,050,278	1,815,614,802,841
Retained earnings (Note 13) (Total shares 2020: 372,192,485 shares 2019: 349,044,366 shares) (Net asset value per share in Korean Won 2020: ₩5,688 2019: ₩5,340)	59,606,926,065	48,133,467,452
Total shareholders' equity	2,117,123,976,343	1,863,748,270,293
Total liabilities and shareholders' equity	₩ 2,333,888,149,485	₩ 2,098,974,413,008

The above statements of financial position should be read in conjunction with the accompanying notes.

MACQUARIE KOREA INFRASTRUCTURE FUND
Statements of Profit or Loss
For the years ended December 31, 2020 and 2019

(Unit : in Korean Won)

		2020		2019
Revenue:				
Interest income (Note 4,7)	₩	205,729,974,699	₩	198,934,761,586
Dividend income (Note 5,7)		98,470,868,877		93,720,878,055
Other income (Note 4)		195,010,000		2,548,726,233
Total Income	₩	304,395,853,576	₩	295,204,365,874
Expenses:				
Management fees (Note 8)		33,683,575,627		36,086,893,631
Custodian fees (Note 8)		373,196,739		369,555,233
Administrator fees (Note 8)		233,247,961		230,972,020
Interest expense		8,376,822,142		7,942,174,006
Other expenses (Note 7, 15)		2,434,073,934		2,286,980,731
Total expenses		45,100,916,403		46,916,575,621
Profit for the period (Note 18)	₩	259,294,937,173	₩	248,287,790,253
Earnings per share (Note 18)	₩	742	₩	711

The above statements of profit or loss should be read in conjunction with the accompanying notes.

MACQUARIE KOREA INFRASTRUCTURE FUND
Statements of Changes in Equity
For the years ended December 31, 2020 and 2019

(Unit : in Korean won)

	Share capital	Retained earnings	Total
Balance at January 1, 2019	₩1,815,614,802,841	₩ 30,913,027,631	₩1,846,527,830,472
Profit for the period	-	248,287,790,253	248,287,790,253
Cash distribution (Note 14)	-	(231,067,350,432)	(231,067,350,432)
Balance at December 31, 2019 (Total shares: 349,044,366 shares, Net asset value per share in Korean Won : ₩5,340) (Note 13)	₩1,815,614,802,841	₩ 48,133,467,452	₩1,863,748,270,293
Balance at January 1, 2020	₩1,815,614,802,841	₩ 48,133,467,452	₩1,863,748,270,293
Paid-in capital increase (Note 13)	244,212,971,950	-	244,212,971,950
Stock issuance cost (Note 13)	(2,310,724,513)	-	(2,310,724,513)
Profit for the period	-	259,294,937,173	259,294,937,173
Cash distribution (Note 14)	-	(247,821,478,560)	(247,821,478,560)
Balance at December 31, 2020 (Total shares: 372,192,485 shares, Net asset value per share in Korean Won : ₩5,688) (Note 13)	₩2,057,517,050,278	₩ 59,606,926,065	₩2,117,123,976,343

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

MACQUARIE KOREA INFRASTRUCTURE FUND
Statements of Cash Flows
For the year ended December 31, 2020 and 2019

(Unit : in Korean Won)

Cash flows from operating activities:	2020	2019
Cash inflows from operating activities	₩ 238,303,301,858	₩ 352,547,367,003
Collection of loans	13,000,000,000	70,913,818,702
Interest income	125,688,551,186	185,387,341,392
Dividend income	98,470,868,877	93,720,878,055
Other income	520,881,795	2,525,328,854
Advance received	623,000,000	-
Cash outflows from operating activities:	(162,879,847,675)	(38,997,946,504)
Purchase of equity securities	(21,292,248,027)	-
Purchase of loans	(81,776,253,091)	-
Purchase of interest receivable	(22,965,441,973)	
Prepayment	(85,010,380)	(457,202,000)
Management fee	(34,401,516,772)	(36,537,033,703)
Custodian fee	(371,620,802)	(368,733,597)
Administrator fee	(232,263,001)	(230,458,497)
Payment of deferred costs	(48,531,230)	(38,325,000)
Other expenses	(1,706,962,399)	(1,366,193,707)
Net cash inflow from operating activities	75,423,454,183	313,549,420,499
Cash flows from financing activities:		
Cash inflows from financing activities	494,212,971,950	183,000,000,000
Proceeds from long-term debt	250,000,000,000	183,000,000,000
Proceeds from capital increase	244,212,971,950	-
Cash outflows from financing activities	(526,515,303,684)	(487,417,383,718)
Repayment of long-term debt	(270,984,546,812)	(245,633,966,418)
Interest expense	(7,350,028,753)	(7,886,066,868)
Stock issuance cost	(279,249,559)	-
Incidental expenses for borrowings	(80,000,000)	(2,830,000,000)
Distribution	(247,821,478,560)	(231,067,350,432)
Net cash outflow from financing activities	(32,302,331,734)	(304,417,383,718)
Net increase in cash and cash equivalents	43,121,122,449	9,132,036,781
Cash and cash equivalents at the beginning of the year	28,240,952,348	19,108,915,567
Cash and cash equivalents at the end of the Year	₩ 71,362,074,797	₩ 28,240,952,348

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. Organization and Description of Business

Macquarie Korea Infrastructure Fund (the "Company") was incorporated on December 12, 2002, under the Securities Investment Company Act (the "SICA") and the Act on Public-Private Participation in Infrastructure (the "PPIA"). The Company is an investment company that operates by investing in entities that have entered into infrastructure developments with central, provincial and city governments in Korea implemented under the framework of the PPIA. The Company, which was classified as an investment company under the Indirect Investment Asset Management Business Act ("IIAMBA"), was registered as an investment company under the Financial Investment Services and Capital Markets Act (the "the FSCMA") on April 30, 2009 and amended its Articles of Incorporation on June 15, 2009.

Under the Article 184 of the the FSCMA, the Company shall not have any employees and full-time directors. Instead, the Company is required under the the FSCMA to appoint a manager, custodian, administrator and sales agents. Macquarie Korea Asset Management Co., Ltd. (Former, Macquarie Shinhan Infrastructure Asset Management Co., Ltd.) is the Company's asset manager. Macquarie Korea Asset Management Co., Ltd. (the "Manager") had been a joint venture between the Macquarie Group and Shinhan Financial Group and Shinhan Financial Group transferred its total share to Macquarie Group and changed its name to Macquarie Korea Asset Management Co., Ltd. on February 28, 2012.

In November 2005, the Manager was licensed as an infrastructure fund asset management company under the IIAMBA and on February 4, 2009, the Manager was re-licensed as an infrastructure fund asset management company under the the FSCMA. On June 24, 2010, the Manager was authorized as the manager of special asset collective investment vehicle under the the FSCMA. Also on November 27, 2013, the Manager was authorized as the manager of real estate collective investment vehicle under the the FSCMA and expanded it business scope. On October 26, 2015, the Company additionally completed registration of professional private collective investment business according to revision of the FSCMA.

The Company listed its Depository Receipts ("DR") on the London Stock Exchange Professional Securities Market on March 14, 2006 and listed its ordinary share on the Korea Stock Exchange on March 15, 2006. Also, the Company delisted from the London Stock Exchange Professional Securities Market on March 24, 2016.

2. Summary of Significant Accounting Policies and Basis of Presenting Financial Statements

The Company maintains its accounting records in Korea and prepares financial statements in conformity with the the FSCMA, the Statement of Accounting Standards ("SAS") No. 5003, "Collective Investment Vehicle".

(1) Revenue Recognition

Revenue is recognized when the Company's revenue-earning activities have been substantially completed, the amount of revenue can be measured reliably, and it is highly probable that the economic benefits associated with the transaction will flow to the Company.

Interest income on loans is recognized on an accrual basis. In principle, the Company recognizes interest income using the effective interest rate method over the term of the loan. Dividend income due to the liquidation of special purpose company is recognized when it is received.

(2) Cash and Deposits

The Company considers cash and deposits to include funds deposited in cash and cash equivalent, deposits and time deposits.

(3) Loans Receivable

The acquisition costs of loans receivable are initially carried at cost. The costs and revenues related to loan acquisitions are deferred and amortized over the term of the respective loan.

According to the regulations on Financial Investment Business established by the Financial Services Commission, the Company assesses the potential impairment of loans receivable when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. The carrying value of the asset is reduced to its estimated realizable value by recording an impairment loss charged to current operations and presenting it as a reduction from the said carrying value.

(4) Investment Securities

Under the SAS No. 5003, "Collective Investment Vehicle", investment securities are initially recognized and carried at cost, including incidental expenses. Investment securities in accordance with SAS No. 5003 are classified into equity securities, debt securities, beneficiary certificates and other securities.

Investment securities are subsequently measured at fair value and changes in the fair values of the securities are recognized in the profit(loss) for the period. Under SAS No. 5003, the fair value is determined by valuation methodologies stipulated in the FSCMA.

Under the provision of the FSCMA and its presidential decree, when a reliable market price is not readily determinable at the assessment date, investment securities are measured at fair value which is the price determined by the Collective Investment Property Appraisal Committee ("Appraisal Committee") of Macquarie Korea Asset Management Co., Ltd. In this case, the Appraisal Committee should determine the price of unlisted and non-marketable securities considering, amongst other things, the acquisition cost, transaction price and third party valuation. As at December 31, 2020, the Appraisal Committee has chosen to adopt acquisition cost as its fair value for the unlisted equity securities.

Investment securities shall be assessed at each statement of financial position date to determine whether there is any objective evidence of impairment. When such evidence exists, and unless there is clear counter evidence that recognition of impairment is unnecessary, the Company shall estimate the recoverable amount of the impaired security and recognize any impairment loss in current operations.

(5) Distributions

Distributions are declared and recorded upon approval by the Company's board of directors as defined under the Company's Articles of Incorporation.

(6) Provisions

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements. In addition, when the difference in value is important between the present value and current nominal value of provision, the Company values the provision at the present value of the expenditures expected to fulfill the obligation.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement shall be treated as a separate asset and the corresponding income is offset against the related recognized expense due to the recognition of provision.

(7) Net Asset Value per Share

Net asset value per share is calculated as the carrying value of net assets of the Company divided by the outstanding numbers of shares.

(8) Earnings per Share

Earnings per share is calculated by dividing profit for the period by the weighted-average numbers of shares outstanding during each period.

(9) Income Taxes

As described in Note 1, the Company is an investment company under the the FSCMA, which is defined as a collective investment vehicle established in the form of a corporation under the Korean Commercial Code to distribute to its shareholders the profits made by managing investments. Accordingly, for Korean corporate income tax purposes, the Company, as an investment company under the the FSCMA, is entitled to deduct from its taxable income (up to an amount equal to its taxable income) for any fiscal year the amount of distributions the Company declares in the same year as long as such amount is equal to 90% or more of the Company's distributable income for such year.

(10) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Therefore, actual results could differ from those estimates. The recoverable amounts are calculated in accordance with historical experience of the Company, current market trend, future forecast information which are the key factors considered in future cashflow assumptions and valuation model. The preparation of financial statements requires making estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

Financial instrument	Valuation Methodology	Input factor
Loan	DCF	CPI, discount rate, growth rate
Equity		

(11) COVID-19

With the spread of COVID-19 around the world, governments around the world are implementing measures such as factory closures, self-isolation, entry restrictions and travel bans to control this. The ultimate impact of the COVID-19 pandemic on our operations is still unknown and will depend on future developments.
The duration and severity of COVID-19 are very uncertain and unpredictable, and the government's protective measures may result in decrease in investment activity. The financial impact of this cannot be estimated reasonably, but management expects that the impact on the recoverability of the investment assets will be limited. The extent and duration of the impact of COVID-19 on our business cannot yet be determined.

(12) Approval of Financial Statements

The financial statements 2020 of the Company were approved by the board of directors on January 29, 2021.

3. Cash and Deposits

Cash and deposits as at December 31, 2020 and 2019 are as follows:

	(in thousands of Korean Won)	
	2020	**2019**
Money Market deposit accounts ("MMDA")		
Standard Chartered Bank(*1)	71,358,727	28,238,867
Standard Chartered Bank(*2)	3,348	2,085
Total	71,362,075	28,240,952

(*1) As at December 31, 2020, interest rate on MMDA is 0.10%.
(*2) As at December 31, 2020, interest rate on MMDA is 0.10%.

4. Loans Receivable

Loans receivable as at December 31, 2020 and 2019 are as follows:

	Maturity Date	Annual interest rate (%)	(In thousands of Korean Won) 2020	2019
Senior loans:				
Kwangju Beltway Investment Co., Ltd.(*1)	2024	10	74,325,000	87,325,000
Woomyunsan Infraway Co., Ltd.(*2)	2032	12	14,976,000	14,976,000
Baekyang Tunnel Ltd.	2024	13~15	1,142,110	1,189,310
Subordinated loans:				
Kwangju Beltway Investment Co., Ltd.	2026	10.5~20	81,950,000	81,950,000
MCB Co., Ltd. (*3)	2035	11.38	79,000,000	79,000,000
New Airport Hiway Co., Ltd.	2028	13.5	51,670,400	51,670,400
Cheonan Nonsan Expressway Co., Ltd. (*4)	2029	6~20	182,250,000	182,250,000
Incheon Bridge Co., Ltd. (*5)	2037	12	241,000,000	241,000,000
Seoul Chuncheon Highway Co., Ltd (*6)	2038	11~13.9	161,777,000	161,777,000
Gyungsu Highway Co., Ltd	2039	15.5	99,633,333	99,633,333
BNCT Co., Ltd. (*7)	2032	10~12	193,000,000	193,000,000
Busan New Port the 2nd Rear Road Co., Ltd. (*8)	2046	10	69,226,253	-
Dongbuk LRT Co., Ltd. (*9)	2055	9~14	12,550,000	-
Working capital loan:				
Kwangju Beltway Investment Co., Ltd.	2027	15	3,260,741	3,260,741
			1,265,760,837	1,197,031,784

(*1) In 2020, the Company collected part of its senior loan amounting to ₩13,000 million from Kwangju Beltway Investment Co., Ltd. and received prepayment fee amounting to ₩195 million.

(*2) In January 2016, the Company entered into definitive agreements to restructure capital of Woomyunsan Infraway Co., Ltd. ("WIC refinancing"). Under the agreements, the Company collected early repayment of all of its senior loan, interests receivable amounting to ₩2,555 million and prepayment fee amounting to ₩8,618 million. Also, the Company invested ₩14,976 million into a new shareholder loan of which interest rate per annum is 12%.

(*3) The business restructuring of MCB Co., Ltd. completed in January 2017. Despite the restructuring, the amount of loans and equity securities in the MCB Co., Ltd. invested by the Company remains unchanged

(*4) Interest rates of loans per annum are as follows: 6% from 2005 to 2007, 8% for 2008, 16% from 2009 to 2012 and 20% from 2013 to maturity of 2029, and an effective interest rate of 11.58% is used to recognize interest income.

(*5) In August 2017, the Company entered into definitive agreements to restructure capital of Incheon Bridge Co., Ltd. ("IBC refinancing"). Under the agreements, the Company collected early repayment of all of its subordinated loan amounting to ₩89,378 million. Also, the Company invested ₩241,000 million into a new subordinated loan of which interest rate per annum is 12%.

(*6) The interest rates of subordinated loans during the construction period was 11% per annum and it increases to 11.59% per annum from the commencement of operation (August 12, 2009). In August 2018, the Company entered into definitive agreements to restructure capital of Seoul-Chuncheon Expressway Co.,Ltd ("SCE"). Under the agreement, the Company invested ₩74,327 million in a new subordinated loan of which interest rate per annum is 13.9%. In December 2020, SCE signed the Amended Concession Agreement with the MOLIT. There is no change in the shareholding structure and the amount and terms of investment in SCE.

(*7) The interest rates of loans during the construction period was 10% per annum and thereafter increases to 12% per annum from the commencement of operation (December 24, 2011). In 2013, the Company entered into a junior subordinated loan agreement (fixed rate of 14% per annum) with a total commitment of ₩50,000 million and by refinancing in 2019, all of junior subordinated loan amounting to ₩44,600 million has been repaid. As at December 31 2019, subordinated loan amounting to ₩193,000 million has been drawn down.

(*8) In September 2020, the company made investment in Busan New Port the 2nd Rear Road Co., Ltd.("B2RR") to purchase subordinated loan and interest receivable amounting to ₩69,226 million and ₩22,965 million, respectively.

(*9) In December 2020, the company invested ₩12,550 million in subordinated loan out of committed amount of ₩47,300 million to Dongbuk LRT Co., Ltd.("DBR") of which interest rate per annum is 9% during construction period and 14% afterward the operation commencement.

5. Equity Securities

Equity securities as at December 31, 2020 and 2019 are as follows:

	Owner-ship (%)	(In thousands of Korean Won)	
		2020	**2019**
Kwangju Beltway Investment Co., Ltd. (*1)	100	33,050,000	33,050,000
Kwangju Ring Road Co., Ltd. (*2)	75	29,494,767	29,494,767
MCB Co., Ltd. (*3)	70	33,925,039	33,925,039
New Airport Hiway Co., Ltd. (*4)	24.1	25,234,813	25,234,813
Baekyang Tunnel Ltd. (*5)	100	1,231,000	1,231,000
Soojungsan Investment Co., Ltd. (*6)	100	47,247,830	47,247,830
Cheonan-Nonsan Expressway Co., Ltd. (*7)	60	93,815,060	93,815,060
Woomyunsan Infraway Co., Ltd. (*8)	36	-	-
Incheon Bridge Co., Ltd. (*9)	64.05	58,052,970	58,052,970
Seoul-Chuncheon Expressway Co., Ltd.(*10)	15.8	1,422,597	1,422,597

BNCT Co.,Ltd.(*11,14)	30	67,048,056	67,048,056
Gyungsu Highway Co., Ltd (*12,14)	43.75	52,095,263	52,095,263
BYT Securitization Specialty Co., Ltd. (*13,14)	0.5	50	50
Busan New Port the 2nd Rear Road Co., Ltd. (*15)	47.56	18,873,248	-
Dongbuk LRT Co., Ltd. (*16)	4.65	2,419,000	-
		463,909,693	442,617,445

All of the above equity securities are non-marketable securities.

(*1) Kwangju Beltway Investment Co., Ltd. ("KBICL") operates the Kwangju Second Beltway, Section 1 and collects toll revenues generated by the beltway under the concession agreement with the Kwangju Metropolitan City.

(*2) Kwangju Ring Road Co., Ltd. ("KRRCL") operates the Kwangju Second Beltway, Section 3-1 and collects toll revenues generated by the beltway under the concession agreement with the Kwangju Metropolitan City.

(*3) MCB Co., Ltd. ("MCB") holds the concession right to operate Machang Bridge under a concession agreement with the Gyeongsangnam-do Province.

(*4) New Airport Hiway Co., Ltd. ("NAHC") operates the Incheon International Airport Expressway under a concession agreement with the Ministry of Land, Infrastructure and Transport ("MOLIT").

(*5) Baekyang Tunnel Ltd. ("BYTL") operates and manages Baekyang Tunnel under a concession agreement with the Busan Metropolitan City. In January 2019, the Supreme Court has remanded the overdue support payment lawsit filed by BYTL to Busan High Court. In March 2019, the Supreme Court has ruled in favour of BYTL regarding the lawsuit against the supervisory ordinance of Busan Metropolitan City (August 2013) which demands BYTL to restore its capital structure. The parties duly assessed the considerations raised by the Supreme Court and signed an agreement on April 2020 stipulating that a change in the corporate tax rate in Korea during the concession period is a legitimate cause for adjusting the real toll fare of Baekyang Tunnel. Busan High Court rendered a decision on May 2020, recommending a reconciliation of the dispute.

(*6) Soojungsan Investment Co., Ltd. ("SICL") operates Soojungsan Tunnel under a concession agreement with the Busan Metropolitan City. In January 2019, the Supreme Court has ruled in favour of SICL regarding the lawsuit that SICL had filed to claim overdue support payment from Busan Metropolitan City. In March 2019, the Supreme Court has ruled in favour of SICL regarding the lawsuit against the supervisory ordinance of Busan Metropolitan City (August 2013) which demands SICL to restore its capital structure.

(*7) Cheonan-Nonsan Expressway Co., Ltd. ("CNEC") operates Cheonan-Nonsan Expressway under a concession agreement with the MOLIT. In December 2019, CNEC entered into the amendment of the Concession Agreement to reduce toll fare and Korea expressway Corporation ("KEC") to fully compensate toll revenue loss and minimum revenue guarantee. Labors hired by a toll collection service provider company (the "Service Provider") who are dispatched to CNEC in accordance with the toll collection service agreement by and between the Service Provider and CNEC filed lawsuits against CNEC, two times in February and March 2020, seeking for a declaratory judgment as to the confirmation of his/her legal status of labors hired by CNEC along with his/her unpaid salary payments, and the lawsuits are currently pending in the first instance court.

(*8) Woomyunsan Infraway Co., Ltd. ("WIC") operates Woomyunsan Tunnel under a concession agreement with the Seoul Special City. In 2016, the Company entered into definitive agreements to restructure capital of WIC and WIC reduced its capital according to the refinancing agreement. Therefore, the number of respective holding shares declined from 1,915,200 to 835,200 shares and the Company received ₩12,852 million as capital reduction cost. As received capital reduction exceeds the acquisition cost, book value as at December 31, 2019 is ₩0.

(*9) The Company received ₩834 million in cash and 7,826,100 IBC shares from liquidation of Private Infrastructure Investment Korea ("PIIK"). As a result, the Company directly holds IBC shares. IGB has submitted a request for arbitration to the International Chamber of Commerce (the "ICC") to seek ICC's declaration on the interpretation of the non-competition provision under the Concession Agreement. In June 2020, ICC has rendered an arbitral award that MOLIT's Interpretation is without basis, and that MOLIT's compensation obligation under the Non-Compete Provision shall be triggered in the event that a new competing road causes IGB's traffic volume to decline by mere 5% or more.

(*10) Seoul-Chuncheon Expressway Co., Ltd. ("SCE") has the right to operate and manage Seoul-Chuncheon Expressway under a concession agreement with MOLIT. The Company acquired additional 2,350,381 shares of SCE from third parties at purchase price of ₩15,429 million in July 2018. SCE implemented capital decrease in August 2018 and the number of shares held by the Company decreased from 12,064,381 shares to 3,128,435 shares. For capital decrease, the Company received ₩63,445 million which was invested in a new subordinated loan to SCE.

(*11) Busan New Container Terminal Co., Ltd. ("BNCT") has been granted a concession from Ministry of Oceans and Fisheries to construct, operate and manage Busan New Port Phase 2-3.

(*12) Gyungsu Highway Co., Ltd. ("YSE") has the right to operate and manage Yongin-Seoul Expressway under the concession agreement with MOLIT.

(*13) In December 2007, the Company acquired 0.5% of the shares of BYT SPC.

(*14) The Company provided this equity shares as collaterals for the invested company's long-term debts (Note 9).

(*15) In September 2020, the Company invested ₩18,873 million for equity securities of in B2RR which operates Busan New Port the 2nd Rear Road under concession agreement with MOLIT.

(*16) In December 2020, the Company invested ₩2,419 million out of committed amount of ₩35,383 million for equity securities of in DBR which operates Dongbuk Light Rail Transit under concession agreement with Seoul metropolitan city.

6. Prepaid Expenses

Prepaid expenses as at December 31, 2020 and 2019 are as follows

(In thousands of Korean Won)

	2020	2019
Costs deferred on investments prior to acquisition	1,546,416	1,683,660
Others (*1)	1,720,840	2,270,838
	3,267,256	3,954,498

(*1) Insurance expense, arrangement fee for long term debt and etc.

7. Transactions with Invested Companies

(1) Details of invested companies as at December 31, 2020 are as follows:

Significant invested companies (*1)	Ownership (%)	Principal business
Kwangju Beltway Investment Co., Ltd.	100	Operation of toll road
Kwangju Ring Road Co., Ltd.	75	Operation of toll road
MCB Co., Ltd.	70	Operation of toll road
New Airport Hiway Co., Ltd.	24.1	Operation of toll road
Baekyang Tunnel Ltd.	100	Operation of tunnel
Cheonan-Nonsan Expressway Co., Ltd.	60	Operation of toll road
Soojungsan Investment Co., Ltd.	100	Operation of tunnel
Woomyunsan Infraway Co., Ltd.	36	Operation of tunnel
Gyungsu Highway Co., Ltd	43.75	Operation of toll road
Incheon Bridge Co., Ltd. (*2)	64.05	Operation of toll road
Seoul-Chuncheon Expressway Co., Ltd.	15.83	Operation of toll road
Busan New Container Terminal Co., Ltd.	30	Operation of port
Busan New Port the 2nd Rear Road Co., Ltd.	47.56	Operation of toll road
Dongbuk LRT Co., Ltd.	4.65	Operation of urban railway

(*1) The Company invests to social overhead capital entities in accordance with the PPIA. Majority portion of the business of these entities is operated in limited scale in accordance with shareholders' agreements and government concessions.

(*2) PIIK was liquidated in 2017, the Company received IBC shares, due to the distribution of remaining asset. With this transaction, the Company directly owns IBC shares (Note 5).

(2) Income from the invested companies for the periods ended December 31, 2020 and 2019 are summarized as follows:

(in thousands of Korean Won)	2020		2019	
	Interest income	Dividend income	Interest income	Dividend income
Kwangju Beltway Investment Co., Ltd.	20,311,369	-	21,899,693	-
Kwangju Ring Road Co., Ltd.	-	4,875,000	511,104	-
MCB Co., Ltd.	12,199,394	-	11,946,128	-
New Airport Hiway Co., Ltd.	7,053,176	31,334,419	7,033,905	34,948,378
Baekyang Tunnel Ltd.	253,766	-	234,776	-
Cheonan-Nonsan Expressway Co., Ltd.	25,301,380	45,261,450	25,530,475	51,772,500
Soojungsan Investment Co., Ltd.	-	17,000,000	-	7,000,000
Woomyunsan Infraway Co., Ltd.	1,797,133	-	1,797,120	-
Gyungsu Highway Co., Ltd	20,881,739	-	19,335,070	-
Incheon Bridge Co., Ltd.	31,423,440	-	29,441,089	-
Seoul-Chuncheon Expressway Co., Ltd.	20,496,706	-	20,421,920	-
Busan New Container Terminal Co., Ltd.	63,570,191	-	60,395,643	-

Busan New Port the 2nd Rear Road Co., Ltd.	2,380,418	-	-	-
Dongbuk LRT Co., Ltd.	3,095	-	-	-
Total	205,671,807	98,470,869	198,586,923	93,720,878

(3) Loans related balances with the invested companies as at the periods ended December 31, 2020 and 2019 are summarized as follows:

(in thousands of Korean Won)	2020		2019	
	Loans	Interest receivable	Loans	Interest receivable
Kwangju Beltway Investment Co., Ltd.	159,535,741	53,593	172,535,741	57,155
Kwangju Ring Road Co., Ltd.	-	-	-	-
MCB Co., Ltd.	79,000,000	30,081,02	79,000,000	26,482,008
New Airport Hiway Co., Ltd.	51,670,400	668,884	51,670,400	668,884
Baekyang Tunnel Ltd.	1,142,110	1,118,750	1,189,309	969,785
Cheonan-Nonsan Expressway Co., Ltd.	182,250,000	31,989,939	182,250,000	43,238,422
Woomyunsan Infraway Co., Ltd.	14,976,000	4,924	14,976,000	4,924
Gyungsu Highway Co., Ltd	99,633,333	42,274,469	99,633,333	32,137,887
Incheon Bridge Co., Ltd.	241,000,000	36,394,700	241,000,000	5,150,128
Seoul-Chuncheon Expressway Co., Ltd.	161,777,000	453,129	161,777,000	548,413
Busan New Container Terminal Co., Ltd.	193,000,000	356,892,106	193,000,000	313,321,915
Busan New Port the 2nd Rear Road Co., Ltd.	69,226,253	25,339,694	-	-
Dongbuk LRT Co., Ltd.	12,550,000	3,095	-	-
Total	1,265,760,837	525,274,684	1,197,031,784	422,579,521

(4) Cash transactions with the invested companies for the periods ended December 31, 2020 and 2019 are summarized as follows:

(in thousands of Korean Won)	2020			
	Equity		Loan	
	Investment	Collection	Investment	Collection
Kwangju Beltway Investment Co., Ltd.	-	-	-	13,000,000
Busan New Port the 2nd Rear Road Co., Ltd. (*1)	18,873,248	-	92,191,695	-
Dongbuk LRT Co., Ltd.	2,419,000	-	12,550,000	-
Total	21,292,248	-	104,741,695	13,000,000

(*1) Loan investment includes interest receivable of KRW 22,965 million.

(in thousands of Korean Won)	2019			
	Equity		Loan	
	Investment	Collection	Investment	Collection
Kwangju Beltway Investment Co., Ltd.	-	-	-	17,000,000
Kwangju Ring Road Co., Ltd.	-	-	-	9,313,819
Busan New Container Terminal Co., Ltd.	-	-	-	44,600,000
Total	-	-	-	70,913,819

(5) As at December 31, 2020, the Company provides collaterals to the invested companies (Note 9).

(6) Compensation for the supervisory directors for the periods ended December 31, 2020 and 2019 consist of:

(In thousands of Korean Won)	2020	2019
Salaries (*1)	192,774	194,000

(*1) In March 2020, one supervisory director resigned due to the expiration of his term, and a new supervisory director was appointed through an extraordinary general shareholders' meeting in July 2020.

8. Related Party Transactions and Balances with the Manager and its Related of Parties

(1) On December 13, 2002, the Company appointed Macquarie Korea Asset Management Co., Ltd. as the Company's Manager. The management agreement was amended and restated on February 8, 2019 (the "Management Agreement"). Pursuant to the amended Management Agreement, the Company paid management fees and performance fees to the Manager on the following basis:

(i) Management Fees:

Management fee is calculated by following methodology.

The net investment value of the Company ("Net Investment Value") is the aggregate of the market value of the Company plus the amount of any external borrowings of the Company minus cash or cash equivalents.

The management fee is calculated at the rate of 0.85% per annum of the net investment value where net investment value plus commitments.
If net debt (debt incurred by the Company less cash and cash equivalent) is greater than zero, the amount of net debt shall be deemed to be zero. Cash and cash equivalent include cash, deposits and certificate of deposit.

(ii) Termination of Management Agreement:

Under the terms of the Management Agreement, the Company may only terminate the agreement upon 90 days' prior written notice to the Manager and approval by the holders of more than 50% of the Company's shares. However, if the Company terminates the Management Agreement for reasons other than willful misconduct, gross negligence by the Manager or underperformance, the Company is required to pay the Manager an amount equal to the management fees paid to the Manager over the four quarters immediately preceding termination.

(2) As at December 31, 2020, the Company has the Korean Securities Finance Corporation and

Hana Investors Services Company as its Custodian and Administrator, respectively. The Company also has Shinhan Investment Corp., Hanwha Securities Co., Ltd., Samsung Securities Co., Ltd., Yuanta Securities Korea Co., Ltd., Kyobo Securities Co., Ltd. and NH Investment & Securities Co.,Ltd. as its Sales Agents. Pursuant to the relevant service provider agreements, the Company pays administrator fees, custodian fees and sales agent fees. The details are as follows:

(i) Custodian fees: 0.02% per annum of the average balance of the net asset value of the Company. This fee is paid in arrears on a quarterly basis.

(ii) Administrator fees: 0.0125% per annum of the average balance of the net asset value of the Company. This fee is paid in arrears on a quarterly basis.

(iii) Sales agent fees: According to sales agent agreements, no fee is payable.

(3) Significant transactions and account balances which occurred with the Manager and its related parties as at and for the periods ended December 31, 2020 and 2019 are summarized as follows

(In thousands of Korean Won)

		2020	2019
Transaction:			
Macquarie Korea Asset Management	Management fee	33,683,576	36,086,894
Macquarie UK Holdings Limited	Dividend	8,943,342	8,338,722
Macquarie Group Services Australia Pty Ltd	Dividend	25,312	79,964
Macquarie Bank Limited	Dividend	28,577	-
Assets and liabilities:			
Macquarie Korea Asset Management	Management fee payable	8,328,840	9,046,781

9. Pledged Assets and Guarantees Provided by Others

The following assets are pledged as collaterals for the invested company's long-term debts as at December 31, 2020:

(In thousands of Korean Won)

Asset	Lender	Borrower	Borrowing	Book value	Pledged
Equity securities					
BNCT Co., Ltd	Shinhan bank and others	BNCT Co., Ltd	620,577,101	67,048,056	820,690,000
Gyungsu Highway Co., Ltd	KDB and others	Gyungsu Highway Co., Ltd	354,894,000	52,095,263	500,110,000
BYT Securitization Specialty Co., Ltd.	Shinhan Bank	BYT Securitization Specialty Co., Ltd.	57,278,140	50	223,600,000
Total			1,032,749,241	119,143,369	1,544,400,000

The following assets are pledged as collaterals for the invested company's long-term debts as at December 31, 2019:

(In thousands of Korean Won)

Asset	Lender	Borrower	Borrowing	Book value	Pledged
Equity securities					
BNCT Co., Ltd	Shinhan bank and others	BNCT Co., Ltd	599,497,102	67,048,056	820,690,000
Gyungsu Highway Co., Ltd	KDB and others	Gyungsu Highway Co., Ltd	362,586,000	52,095,263	500,110,000
BYT Securitization Specialty Co., Ltd.	Shinhan Bank	BYT Securitization Specialty Co., Ltd.	70,718,688	50	223,600,000
Total			1,032,801,790	119,143,369	1,544,400,000

10. Long-term Debts

(1) As at December 31, 2020, the Company entered into a corporate credit facility agreement ("Facility") with Lenders for a limit of ₩250,000 million. Detail terms and conditions of the Facility are as follows:

	Long term debt
Lender	Shinhan Bank and others
Credit limit	₩250,000 million
Drawdown as at December 31, 2020	-
Interest rate (*1)	Base rate+1.8%
Maturity (*2)	January 28, 2024

(*1) The base rate is the arithmetic average of the 91-day negotiable certificate of deposit rates (provided by Korea Financial Investment Association) quoted on each of the three consecutive banking days immediately prior to the first day of each interest period. Interest accrued during each interest period may be paid or capitalized, at the election of the Company, on each interest payment date.

(*2) Related to the Facility, the Company and Lenders agreed to refinance the existing corporate credit facility with a new corporate credit facility agreement with the maturity date of January 28, 2024 and refinanced it on February 7, 2019. The Company paid the refinancing fees of 1.1% (₩2,750 million) of the facility limit to Lenders. The Company is able to make an early repayment of loan. Also, the Company is able to redraw at any time within the limit.

(2) Long-term debts as at December 31, 2020 and 2019 are as follows:

(In thousands of Korean Won)

	Commitment	Interest (%)	2020

Shinhan Bank	60,000,000	Base Rate + 1.8%	-
National Agricultural Cooperative Federation	30,000,000	Base Rate + 1.8%	-
Industrial and Commercial Bank of China	50,000,000	Base Rate + 1.8%	-
Samsung Fire and Marine Insurance Co.,Ltd.	50,000,000	Base Rate + 1.8%	-
Mirae Asset Life Insurance Co.,Ltd.	60,000,000	Base Rate + 1.8%	-
	250,000,000		-

(In thousands of Korean Won)

	Commitment	Interest (%)	2019
Shinhan Bank	60,000,000	Base Rate + 1.8%	4,802,271
National Agricultural Cooperative Federation	30,000,000	Base Rate + 1.8%	2,401,136
Industrial and Commercial Bank of China	50,000,000	Base Rate + 1.8%	4,001,893
Samsung Fire and Marine Insurance Co.,Ltd.	50,000,000	Base Rate + 1.8%	4,001,893
Mirae Asset Life Insurance Co.,Ltd.	60,000,000	Base Rate + 1.8%	4,802,271
	250,000,000		20,009,464

11. Bonds Issued

Bonds issued as at December 31, 2020 and 2019 are as follows:

(In thousands of Korean Won)

	Interest rate (%)	Maturity Date	2020	2019
Unsecured Bond Tranche 2-1 (5 year) (*1)	2.98	2023-06-11	100,000,000	100,000,000
Unsecured Bond Tranche 2-2 (7 year)(*2)	3.205	2025-06-11	100,000,000	100,000,000
			200,000,000	200,000,000
Bond issuance cost			(355,664)	(464,546)
			199,644,336	199,535,454

The principal amount will be repaid in full on the maturity date. The bond issuance cost, which is recognized as a bond discount, will be amortized until the maturity date.

(*1) The Company issued Tranche 2-1 unguaranteed general bonds of ₩100 billion by public offering on June 11, 2018.

(*2) The Company issued Tranche 2-2 unguaranteed general bonds of ₩100 billion by public offering on June 11, 2018.

(*3) The Company reports compliance status with bond covenant of the year to trust company under trustee agreement.

12. Other Liabilities

Other liabilities as at December 31, 2020 and 2019 are as follows:

(In thousands of Korean Won)

	2020	2019
Fee payable	8,595,403	9,316,723
Management fee payable	8,328,839	9,046,781
Administrator fee payable	59,117	58,132
Custodian fee payable	94,587	93,010
Other fee payable	112,860	118,800
Advance receipt (*1)	6,110,776	5,842,416
Accrued expenses	2,410,808	520,267
Accrued interest	360,792	417,963
Other accrued expense	2,050,017	102,304
Other payable (*2)	2,849	1,818
	17,119,837	15,681,224

(*1) In 2020, the Company received upfront fees of ₩623 million from Busan New Port the 2nd Rear Road Co., Ltd. as part of loan agreements. The amount was recognized as unearned revenue upon receipt and has been recognized as interest income on a amortized basis during the loan period in accordance with straight-line method.
(*2) Other payable inclusive of withholding tax for wage of supervisory directors, etc.

13. Paid-in Capital and Net Asset Value per Share

(1) As at December 31, 2020, the number of outstanding shares of the Company is 372,192,485.

(2) The Company issued 23,148,149 ordinary shares at ₩10,550 per share on December 22, 2020, and the new shares were listed on the Korea Exchange on January 4, 2021. Stock issuance cost of ₩2,311 million was deducted from capital.

(3) Net asset value per share as at December 31, 2020 and 2019 are as follows:

(In thousands of Korean Won)

	2020	2019
Total assets	2,333,888,149	2,098,974,413
Total liabilities	216,764,173	235,226,143
Net assets	2,117,123,976	1,863,748,270
Number of outstanding shares(*1)	372,192,485	349,044,336
Net asset value per share	5,688	5,340

(*1) Number of outstanding shares includes 23,148,149 new shares issued.

14. Distribution

The Company paid cash distributions amounting to ₩247,821 million and ₩231,067 million in

2020 and 2019, respectively.

15. Other Expenses

Other expenses for the periods ended December 31, 2020 and 2019 are as follows:

(In thousands of Korean Won)

	2020	2019
Amortization of deferred cost	181,104	171,549
Fees related to borrowing	1,145,122	1,236,723
Others	1,107,848	878,709
Total	2,434,074	2,286,981

16. Income Taxes

As described under Note 1, the Company operates its business under the FSCMA. As long as the Company distributes 90% or more of its distributable income in the form of a distribution to its shareholders, such distributions are deducted from taxable income under the Corporate Income Tax Law.

For the periods ended December 31, 2020 and 2019, the Company did not pay income taxes, because it deducted distributions from taxable income by distributing 90% or more of its distributable income.

17. Insurance

As at December 31, 2020, the Company carries directors and officers compensation liability insurance amounting to ₩20,000 million with Hyundai Marine & Fire Insurance Co., Ltd.

18. Earnings per Share

Earnings per share for the periods ended December 31, 2020 and 2019 are calculated by dividing profit for the period by the weighted-average number of shares outstanding as follows:

(In thousands of Korean Won)

	2020	2019
Profit for the period	259,294,937	248,287,790
Weighted-average number of shares outstanding(*1)	349,676,799	349,044,336
Earnings per share in Korean Won	742	711

(*1) The weighted average number of shares outstanding was calculated by weighted average the number of shares outstanding during the period.
① 2020 : ((349,044,336shares x 356days) + (372,192,485shares x 10days)) / 366days
② 2019 : (349,044,336shares x 365days) / 365days

19. Commitment

Commitment to the investments as at December 31, 2020 is as below.

(In thousands of Korean Won)

	Commitment	Invested	Commitment balance
Dongbuk LRT Co., Ltd – equity(*1)	35,382,600	2,419,000	32,963,600
Dongbuk LRT Co., Ltd - subordinated loan(*1)	47,300,000	12,550,000	34,750,000
Total	82,682,600	14,969,000	67,713,600

(*1) In December 26, 2019, the Company committed to invest a total of ₩82,683 million to acquire 30% equity (₩35,383 million) and 50% subordinated loan (₩47,300 million) in Dongbuk LRT Co,. Ltd. First drawdown of equity security and subordinated loan was made in December 30 and December 31, 2020 respectively. Commitment ₩67,714 million remains as at December 31, 2020.