

Thailand Future Fund
Report and financial statements
30 September 2021

Independent Auditor's Report

To the Unitholders of Thailand Future Fund

Opinion

I have audited the accompanying financial statements of Thailand Future Fund (the Fund), which comprise the statement of financial position, including the details of investments as at 30 September 2021, the related statements of comprehensive income, change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thailand Future Fund as at 30 September 2021, and its financial performance, changes in net assets, and cash flows for the year then ended in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Fund in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Measurement of Investment in the Revenue Transfer Agreement

As described in Note 6 to the financial statements, the Fund presented the investment in the Revenue Transfer Agreement on the statement of financial position as at 30 September 2021 at its fair value of Baht 52,877 million, representing 99.4% of total assets. Since the investment is not traded in an active market and a quoted price is not available for the same or similar investments, the Fund's management determined its fair value based on the appraisal value calculated by an independent appraiser using the income approach. The management had to exercise significant judgement with respect to the projection of future cashflows that the Fund will receive from the investment, including the determination of an appropriate discount rate. For the current year, the management engaged an independent traffic consultant to project the traffics and tolls of the relevant expressways for the remaining period to the end of the agreement. Therefore, I addressed the importance of the audit of the measurement of the investment's value.

I have gained an understanding of the calculation of the fair value of the investment in the Revenue Transfer Agreement by making inquiries of the management and reading the report on forecasted traffics and tolls of the relevant expressways and the fair value appraisal report for the investment in the Revenue Transfer Agreement. I also considered the scope and objectives of the traffic and toll forecast and the fair value measurement and evaluated the techniques and financial models applied by the independent appraiser to measure the fair value. Moreover, I have evaluated the competence and the independence of the independent appraiser and consultant, reviewed the key information and the reasonableness of key assumptions used in the traffics and tolls forecast and the measurement of the fair value, including the discount rate and tested the fair value calculation in accordance with the above financial models and assumptions. I reviewed the information disclosure relating to the fair value measurement of the investment in the Revenue Transfer Agreement in the notes to the financial statements.

Income from the investment in the Revenue Transfer Agreement

The income from the investment in the Revenue Transfer Agreement (RTA) is significant to the statement of income and is one of the key indicators of business performance of the Fund, on which the users of financial statements focus. Therefore, I addressed the importance of the audit of such income.

To audit the income from the investment, I gained an understanding of the key provisions of the RTA. I assessed the appropriateness of the accounting policy on the recognition of the investment income, which was set by the management, tested the calculation of the income recognised in accordance with the conditions stipulated in the agreement, tested, on a sampling basis, the income earned and received by examining supporting documents, such as the tolls report prepared by the counterparty to the agreement and bank statements. I also tested the outstanding balance of the accounts receivable arising from the investment in the RTA as at the year-end date. In addition, I tested the tolls of the relevant expressways by assessing and testing the IT system and the internal controls with respect to the counterparty's toll reporting process and applied a sampling method to select and test the toll transactions occurring in the year.

Other Information

The Fund's management is responsible for the other information. The other information comprise the information included in annual report of the Fund, but does not include the financial statements and my auditor's report thereon. The annual report of the Fund is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Fund, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the Fund's management for correction of the misstatement

Responsibilities of Management for the Financial Statements

The Fund's management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand, and for such internal control as the Fund's 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, the Fund's management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

The Fund's management is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai 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 Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's management.
- Conclude on the appropriateness of the Fund's 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 Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund 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.

I communicate with the Fund's management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Fund's management with a statement that I 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 my independence, and where applicable, related safeguards.

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

I am responsible for the audit resulting in this independent auditor's report.



Suchada Tantioran

Certified Public Accountant (Thailand) No. 7138

EY Office Limited

Bangkok: 16 November 2021

Thailand Future Fund
Statement of financial position
As at 30 September 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Assets			
Investment in the Revenue Transfer Agreement			
at fair value (At cost: Baht 44,811 million)	6	52,876,960,000	52,907,000,000
Investments in securities at fair value			
(At cost: Baht 223.5 million (2020: Baht 376.0 million))	6	223,818,952	376,570,959
Cash at bank	7	77,177,867	90,778,291
Accounts receivable			
Revenue Transfer Agreement	8	9,128,441	12,438,319
Interest receivables		35,582	61,086
Prepaid expenses		5,313,107	5,178,148
Deferred unit issuance costs	9	22,543,005	316,407,611
Total assets		<u>53,214,976,954</u>	<u>53,708,434,414</u>
Liabilities			
Account payable - purchase of investment in security		14,997,436	-
Accounts payable and accrued expenses		16,073,914	12,318,047
Total liabilities		<u>31,071,350</u>	<u>12,318,047</u>
Net assets		<u>53,183,905,604</u>	<u>53,696,116,367</u>
Net assets			
Fund registered			
4,570,000,000 units of Baht 9.9569 each		45,503,033,000	45,503,033,000
Capital from unitholders		45,503,033,000	45,503,033,000
Retained earnings	10	7,680,872,604	8,193,083,367
Net assets		<u>53,183,905,604</u>	<u>53,696,116,367</u>
Net asset value per unit (Baht)		11.6376	11.7497
Number of units issued at the end of year (units)		4,570,000,000	4,570,000,000

The accompanying notes are an integral part of the financial statements.

Thailand Future Fund

Details of investments

As at 30 September 2021

Details of investments classified by asset categories

	2021			2020		
	Cost	Fair value	Percentage of investment	Cost	Fair value	Percentage of investment
	(Baht)	(Baht)	(%)	(Baht)	(Baht)	(%)
Investment in the infrastructure business						
Investment in the Revenue Transfer Agreement (Note 6)	44,811,000,000	52,876,960,000	99.58	44,811,000,000	52,907,000,000	99.29
Investment in the Revenue Transfer Agreement (the "RTA") with the Expressway Authority of Thailand ("EXAT") is the right to receive revenue at the rate of 45% of the actual amount of tolls EXAT collected from motorists using Chalong Rat Expressway and Burapha Withi Expressway, after deducting an amount equivalent to the VAT then applicable, but in any case a minimum of 10% of tolls collected for a period of 30 years from the effective date of the RTA (29 October 2018)						
Total investment in the infrastructure business	44,811,000,000	52,876,960,000	99.58	44,811,000,000	52,907,000,000	99.29

	Face value	Yield to maturity	Percentage of investment	Face value	Percentage of investment
	(Baht)	(% per annum)	(%)	(Baht)	(%)
Investments in debt securities (Note 6)					
Bond					
Bank of Thailand Bond CB20O01C	-	0.4430	-	30,000,000	0.06
Bank of Thailand Bond CB20O02A	-	0.9509	-	11,496,957	0.02
Bank of Thailand Bond CB20N12A	-	0.5130	-	69,961,806	0.13
Bank of Thailand Bond CB20N19B	-	0.4900	-	49,967,131	0.09
Bank of Thailand Bond CB20D24A	-	0.5200	-	24,972,988	0.05
Bank of Thailand Bond CB21107A	-	1.1225	-	32,957,746	0.06
Bank of Thailand Bond CB21121A	-	0.4930	-	17,972,701	0.03

The accompanying notes are an integral part of the interim financial statements.

Thailand Future Fund

Details of investments (Continued)

As at 30 September 2021

Details of investments classified by asset categories

	2021				2020				
	Maturity date	Yield to maturity (% per annum)	Percentage of investment		Face value (Baht)	Fair value (Baht)	Percentage of investment (%)		
			(Baht)	(%)					
Investments in debt securities (Note 6) (continued)									
Bond									
Bank of Thailand Bond	CB21204A	4 February 2021	1.1220	-	-	39,000,000	38,934,143	0.07	
Bank of Thailand Bond	CB21204B	4 February 2021	0.4001	-	-	30,000,000	29,949,599	0.06	
Bank of Thailand Bond	BOT212A	18 February 2021	1.8785	-	-	500,000	502,307	0.00	
Bank of Thailand Bond	CB21304A	4 March 2021	0.9690	-	-	30,000,000	29,938,106	0.06	
Bank of Thailand Bond	CB21304B	4 March 2021	0.5130	-	-	40,000,000	39,917,475	0.08	
Bank of Thailand Bond	CB21014A	14 October 2021	0.4800	15,000,000	0.03	-	-	-	
Bank of Thailand Bond	CB21014A	14 October 2021	0.3840	30,000,000	0.06	-	-	-	
Bank of Thailand Bond	CB21028A	28 October 2021	0.4100	30,000,000	0.06	-	-	-	
Bank of Thailand Bond	CB21028A	28 October 2021	0.4200	30,000,000	0.06	-	-	-	
Bank of Thailand Bond	CB21N18A	18 November 2021	0.4100	20,000,000	0.03	-	-	-	
Bank of Thailand Bond	CB21D16A	16 December 2021	0.4800	10,000,000	0.02	-	-	-	
Bank of Thailand Bond	CB22106A	6 January 2022	0.4750	13,000,000	0.02	-	-	-	
Bank of Thailand Bond	CB22203A	3 February 2022	0.4850	61,000,000	0.11	-	-	-	
Treasury bill									
Treasury bill	TB21N10A	10 November 2021	0.4388	5,000,000	0.01	-	-	-	
Treasury bill	TB22119A	19 January 2022	0.4880	10,000,000	0.02	-	-	-	
Total investments in debt securities				224,000,000	223,818,952	0.42	377,000,000	376,570,959	0.71
Total investments					53,100,778,952	100.00		53,283,570,959	100.00

The accompanying notes are an integral part of the financial statements.

Thailand Future Fund

Statement of comprehensive income

For the year ended 30 September 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Investment income			
Income from the Revenue Transfer Agreement		1,545,295,118	1,909,029,983
Interest income and other income		4,233,176	8,179,193
Total income		<u>1,549,528,294</u>	<u>1,917,209,176</u>
Expenses			
Management fee	12	45,720,215	46,354,005
Fund supervisor fee	12	7,429,535	7,532,526
Registrar fee	12	4,694,799	4,605,050
Professional fee		7,373,307	2,335,629
Amortisation of deferred units issuance costs	9	293,864,606	294,669,715
Other expenses	14	34,856,449	36,352,437
Total expenses		<u>393,938,911</u>	<u>391,849,362</u>
Net investment income		<u>1,155,589,383</u>	<u>1,525,359,814</u>
Net gains (losses) from investments			
Net realised gains from investments		26,698	379,454
Losses on change in fair value of investments		(30,085,053)	(259,205,231)
Total net losses from investments		<u>(30,058,355)</u>	<u>(258,825,777)</u>
Increase in net assets resulting from operations		<u><u>1,125,531,028</u></u>	<u><u>1,266,534,037</u></u>

The accompanying notes are an integral part of the financial statements.

Thailand Future Fund

Statement of changes in net assets

For the year ended 30 September 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Increase (decrease) in net assets resulting			
from operations during the year			
Net investment income		1,155,589,383	1,525,359,814
Net realised gains from investments		26,698	379,454
Losses on change in fair value of investments		(30,085,053)	(259,205,231)
Increase in net assets resulting from operations		<u>1,125,531,028</u>	<u>1,266,534,037</u>
Distributions of income to unitholders during the year	11	(1,637,741,791)	(1,901,567,512)
Decrease in net assets during the year		<u>(512,210,763)</u>	<u>(635,033,475)</u>
Net assets at the beginning of year		<u>53,696,116,367</u>	<u>54,331,149,842</u>
Net assets at the end of year		<u><u>53,183,905,604</u></u>	<u><u>53,696,116,367</u></u>

The accompanying notes are an integral part of the financial statements.

Thailand Future Fund

Statement of cash flows

For the year ended 30 September 2021

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets resulting from operations	1,125,531,028	1,266,534,037
Adjustments to reconcile the increase in net assets from operations to net cash from operating activities:		
Purchases of investments in securities	(1,801,688,687)	(2,296,406,121)
Sales of investments in securities	1,955,342,503	2,407,902,747
Net purchase and sale of investments in securities	153,653,816	111,496,626
Decrease in the accounts receivable from the Revenue Transfer Agreement	3,309,878	13,768,693
Decrease in accounts receivable from interest	25,504	131,272
Decrease (increase) in prepaid expenses	(134,959)	228,381
Amortisation of deferred units issuance costs	293,864,606	294,669,715
Increase in account payable - purchase of investment in security	14,997,436	-
Increase (decrease) in accounts payable and accrued expenses	3,755,867	(2,400,606)
Amortisation of discounts on investments	(920,164)	(5,090,452)
Net realised gains from investments	(26,698)	(379,454)
Losses on change in fair value of investments	30,085,053	259,205,231
Net cash from operating activities	<u>1,624,141,367</u>	<u>1,938,163,443</u>
Cash flows used in financing activities		
Distributions of income to unitholders	(1,637,741,791)	(1,901,567,512)
Net cash used in financing activities	<u>(1,637,741,791)</u>	<u>(1,901,567,512)</u>
Net increase (decrease) in cash at bank	<u>(13,600,424)</u>	<u>36,595,931</u>
Cash at bank at the beginning of year	90,778,291	54,182,360
Cash at bank at the end of year	<u><u>77,177,867</u></u>	<u><u>90,778,291</u></u>

The accompanying notes are an integral part of the financial statements.

Thailand Future Fund

Notes to financial statements

For the year ended 30 September 2021

1. General information

1.1 Description of Thailand Future Fund

Thailand Future Fund ("the Fund") was established and registered on 24 November 2016 as a mutual closed-end infrastructure fund with no project life stipulated. The Fund raised funds from the public and general investors, with main objective of utilising the proceeds from such fundraising to invest in infrastructure businesses. The Fund made an initial public offering of its units which was completed in October 2018 and made an initial investment in infrastructure business. The Fund may also engage in activities within the scope allowed under the Securities and Exchange Commission of Thailand's regulations and other relevant regulations, with a view to generate income and returns for the Fund and the unitholders. This may include investment in other securities and/or deriving benefits from other means as prescribed by securities laws and/or other relevant laws.

On 31 October 2018, the Stock Exchange of Thailand approved the listing of the Fund's units and permitted their trading in the Stock Exchange of Thailand on the same date.

The Fund is jointly managed by Krungthai Asset Management Public Company Limited ("KTAM") and MFC Asset Management Public Company Limited ("MFC") (together "the Management Companies") and its trustee is Kasikornbank Public Company Limited.

As at 30 September 2021, the Fund's major unitholder is Ministry of Finance, holding 10% of the Fund's units issued.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic has resulted in an economic slowdown and adversely impacting most businesses and industries. This situation brought uncertainties and had an impact on the overall environment in which the Fund operates. The Fund's management has continuously monitored ongoing developments and assessed the financial impact on the Fund and has used estimates and judgement in respect of various issues as the situation has evolved in order to prepare these financial statements. These judgments and estimates affect reported amounts and disclosures and actual results could differ.

2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

The financial statements in Thai language are the official statutory financial statements of the Fund. The financial statements in English language have been translated from the Thai language financial statements.

2.1 The Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts adopted in the current year

Prior to the current year, the Fund prepared its financial statements in accordance with Thai financial reporting standards enunciated under the Accounting Professions Act B.E. 2547 (TFRSs) and in accordance with the basis and format specified in Accounting Standard No.106 “Accounting for Investment Business”. However, as TFRSs related to financial instruments are effective for accounting periods beginning on or after 1 January 2020, TAS 106 “Accounting for Investment Business” is cancelled. The Association of Investment Management Companies has, therefore, issued the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts (“the Accounting Guidance”), which has been approved by the Securities and Exchange Commission of Thailand (“SEC”), to be adopted by property funds, real estate investment trusts, infrastructure funds and infrastructure trusts established under the SEC’s regulations. The Accounting Guidance stipulates that an entity adopting the guidance not refer to other financial reporting standards promulgated by the Federation of Accounting Professions of Thailand (“TFAC”) in respect of matters covered by the Accounting Guidance, while for those matters not covered by the Accounting Guidance, the entity is to follow the financial reporting standards issued by TFAC that are effective in that financial reporting period.

The Accounting Guidance stipulates accounting principles regarding the classification and measurement of various transactions and balances, including investment properties, leases, consolidated financial statements, revenue and expenses, as well as financial instruments. It requires all financial assets to be measured at fair value through profit or loss and that the costs attributable to issuing equity be deducted from owners’ equity. In addition, the Accounting Guidance specifies the components of the financial statements and their presentation format, as well as the notes to the financial statements. The Accounting Guidance contains certain different requirements from those of the previous financial reporting standards that the entity had adopted. Upon initial application, the entity can either adopt the change retrospectively, or adjust the cumulative effect of the change against

retained earnings on the initial application date, with no requirement to restate the comparative information. In addition, any costs of issuing equity previously recorded as deferred expense and being amortised over a period of no longer than 5 years, in accordance with TAS 106, can alternatively continue to be amortised over the remaining period.

The adoption of the new Accounting Guidance in this period has no significant impact on the Fund's financial statements, except as follows:

- The Fund is not required to present certain financial information, such as financial ratios, in the format previously prescribed by TAS 106.
- The Fund elected to continue amortising costs of issuing equity related to transactions occurring before 1 October 2020. The outstanding balance of deferred costs of issuing equity as at 1 October 2020 was Baht 316 million, with a remaining amortisation period of 1 year and 1 month. However, any costs of issuing equity related to transactions occurring after 1 October 2020 are to be presented as deductions from the capital from unitholders.

2.2 Discontinued application of Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in the Response to the Impact of the Covid-19 Pandemic in the current year

In 2020, the Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. It is effective for the of financial statements prepared for reporting periods ended between 1 January 2020 and 31 December 2020.

As previously disclosed in the interim financial statements and financial statements for the year ended 30 September 2020, the Fund adopted the accounting guidance on temporary relief measures on accounting alternatives in preparing such financial statements related to the measuring of the fair value of investment in the Revenue Transfer Agreement. For the current period, the Fund has decided to discontinue application of such temporary relief measures on accounting alternatives with no significant impact on the Fund's financial statements.

3. Dividend policy

The Fund has a policy to pay dividends to the unitholders at least twice a year in the case that the Fund has a sufficient amount of accumulative profit. The Fund may make a dividend payment by cash and capital reduction according to the Fund management project and the securities law.

The dividend policy of the Fund is as follow.

- 1) Any proposed payment of dividend will be made to unitholders from the adjusted net profit, in aggregate for each financial year, at a rate of not less than 90% of the adjusted net profit.
- 2) In case that the Fund has retained earnings, management company may make a dividend payment to the unitholders from such retained earnings.
- 3) In case that the Fund has accumulated losses, management company shall not pay dividend neither out of the adjusted net profit as mentioned 1) nor the retained earnings as mentioned in 2).
- 4) In case that the Fund has excess liquidity, management company may make a dividend payment to the unitholders by capital reduction.

4. Significant accounting policies

4.1 Revenues and expenses recognition

Income from the Revenue Transfer Agreement is recognised on an accrual basis.

Interest income is recognised as revenue on an accrual basis based on the effective interest rate.

Premiums or discounts on debt instruments are amortised throughout the remaining term of the debt instruments, using the effective rate method, and included as part of interest income.

Gains or losses on sales of investments are recognised as income or expenses on the transaction dates.

Expenses are recorded on an accrual basis.

4.2 Measurement of investment value

Investments in financial assets are initially recognised at fair value on the date which the Fund has rights on investments. Subsequently, the investments are measured at fair value and gain or loss on measurement of such investments (if any) are presented as net unrealised gain or loss in the statement of income when incurred.

Investment in the Revenue Transfer Agreement

Investment in the Revenue Transfer Agreement is stated at fair value. The Management Companies measured the fair value as at the statement of financial position date using the latest appraisal value from the appraisal report or the review report by an independent appraiser approved by the Securities and Exchange Commission. An appraisal will be made when economic conditions change, but at least every 3 years after the latest valuation date and to be reviewed every year after the latest valuation.

Gains or losses on valuation of investment (if any) are presented as net unrealised gains or losses in the statement of income in the year they occur.

Investments in securities

Investments in debt securities are presented at fair value, based on the latest yield rate quoted by the Thai Bond Market Association as of the date on which the investments are valued, which the Management Companies consider to be the nearest equivalent to fair value. Gains or losses from the valuation of investments are recorded as net unrealised gains or losses in the statement of income. To determine the cost of investments which are disposed of, the average method is used.

Investments in cash at banks, bills of exchange and non-transferable promissory notes are presented using the sum of principal and accrued interest as of the date on which the investment is valued to determine fair value. Accrued interest is separately presented in the statement of financial position under the caption of "Accounts receivable - interest receivables".

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Accounts receivable from the Net Revenue Transfer Agreement

Accounts receivable from the Net Revenue Transfer Agreement are stated at the net realisable value (an approximate fair value).

4.5 Deferred units issuance costs

The costs directly associated with the issuance and offering of the investment units are capitalised as deferred assets and to be amortised to expense on a straight-line basis for a period of 3 years, starting from the completion of issuance and subscription of the investment units. However, any incremental costs that are directly related to issuing of equity occurring after 1 October 2020 are to be presented as deductions from the capital from unitholders.

4.6 Distribution of income to unitholders

Decreases in retained earnings are recognised on the date a dividend is declared.

4.7 Provisions

Provisions are recognised when the Fund has a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle obligation, and a reliable estimate can be made of the amount of the obligation.

4.8 Income tax

The Fund has no corporate income tax liability since it is not subject to corporate income tax in Thailand.

4.9 Related party transactions

Related parties of the Fund comprise individuals or enterprises that own voting interest of at least 10% in the Fund, control, or are controlled by, the Fund, whether directly or indirectly, or which are under common control with the Fund.

They also include the management companies, fund supervisor and their related parties and included associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Fund that gives them significant influence over the Fund, key management personnel and directors of the management companies with authority in the planning and directing the Fund's operations.

4.10 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Fund applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Fund measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Fund determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the Accounting Guidance at times requires the Management Companies to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows.

Fair value of investment in the Revenue Transfer Agreement

The fair value of the investment in the Revenue Transfer Agreement (the RTA) is determined by reference to the appraise value from the appraisal report or the review report by an independent appraiser who uses income approach method. The determination of the fair value of the investment requires the use of estimates for the future cash flows that the Fund will receive under the agreement which is calculated at the rate of 45% of the amount of tolls Expressway Authority of Thailand collected from motorists using Chalong Rat Expressway and Burapha Withi Expressway, after deducting an amount equivalent to the VAT then applicable, but in any case a minimum of 10% of tolls collected for the remaining period of the RTA (expiry date 28 October 2048). An appropriate discount rate is used to discount the series of the projected cash flows to present value of which the aggregate amount equals the fair value of the investment. The assumptions are used in the valuation such as the traffics of the two expressways, average toll rate, growth rate of Consumer Price Index for Bangkok, transportation development plans, including road service implementation plans, number of days the government announced as toll-free day for Burapha Withi Expressway, and discount rate etc.

6. Investments at fair value

Movements of the investments at fair value for the year ended 30 September 2021 and 2020 are as follow.

(Unit: Thousand Baht)

	Investment in the Revenue Transfer Agreement	Investments in securities
Balance as at 1 October 2019	53,166,000	482,803
Add: Purchases	-	2,296,406
Amortisation of discounts on investments	-	5,090
Less: Disposals	-	(2,407,523)
Unrealised loss on investment valuation	(259,000)	(205)
Balance as at 30 September 2020	52,907,000	376,571
Add: Purchases	-	1,801,689
Amortisation of discounts on investments	-	920
Less: Disposals	-	(1,955,316)
Unrealised loss on investments valuation	(30,040)	(45)
Balance as at 30 September 2021	52,876,960	223,819

Investment in the Revenue Transfer Agreement

The Fund has engaged an independent appraiser to appraise the fair value of the investment in the Revenue Transfer Agreement as at 30 September 2021 using the income approach. The Fund revalued such investment to its new fair value amounting to Baht 52,877 million (2020: Baht 52,907 million), resulting in the unrealised loss from the revaluation of the investment for the year ended 30 September 2021 amounting to Baht 30 million (2020: unrealised loss from the revaluation of the investment Baht 259 million).

For the benefit of the investment valuation, the Fund will engage an independent traffic consultant to estimate the traffic volume at least every 3 years. For the year ended 30 September 2021, the Fund has engaged an independent traffic consultant to estimate the traffics and tolls for the period from 30 September 2021 to the end of the Revenue Transfer Agreement (28 October 2048), using a traffic engineering model which takes into account the macro socio-economic data such as population geography, employment rate, income per household, number of students etc., transportation development plans, including road service implementation plans, capacity of the linkage, alternative modes of transport, public transportation options, as well as the costs of other transportation options.

Key assumptions used in the valuation of investment are summarised below:

	2021 (per annum, except otherwise specified)	2020 (per annum, except otherwise specified)
Discount rate	6.36%	7.00%
Forecasted long-term growth rate of Consumer Price Index for Bangkok	2.00%	2.33%
Number of days for toll exemption - Burapha Withi Expressway	15 days	15 days
The maximum capacity		
• Chalong Rat Expressway	350,000 and 400,000 vehicles per day ^{a)}	350,000 vehicles per day
• Burapha Withi Expressway	360,000 vehicles per day	360,000 vehicles per day
Range of the growth rate of average daily traffics until maximum capacity is reached and the year in which the traffics will reach the maximum capacity		
• Chalong Rat Expressway	0.2% - 28% ^{b)} until 2045	1% - 13% ^{c)} until 2029
• Burapha Withi Expressway	0% - 33% ^{b)} until 2048	2% - 14% ^{c)} until 2035

a) As the third stage expressway development project (N1-N2 EW Corridor), which will comprise the toll road that will be linked to Chalong Rat Expressway, has been include in the government's development plan and has made certain progress since 2018, in the recent traffic forecast report by the traffic consultant, it is assumed that there will be more interchanges and these will provide additional traffic capacity to Chalong Rat Expressway in the long run. The forecast traffic will reach the adjusted maximum capacity in 2045 (In the previous traffic forecast, it was expected that the maximum capacity of 350,000 vehicles per day will be reached in 2029). Under the Revenue Transfer Agreement, any further investments made in connection with additional interchange are the responsibility of Expressway Authority of Thailand.

b) The growth rates of average daily traffic of the Chalong Rat Expressway and Burapha Withi Expressway from 2022 to 2024 are 8% to 33% per annum, after which the growth rates of average daily traffic are between 0.2% and 10.6% per annum.

c) The growth rates of average daily traffic of the Chalong Rat Expressway and Burapha Withi Expressway from 2021 to 2022 are between 12% and 14% per annum, which are higher than other years during the forecast period because in the base year 2020, the traffics were significantly affected by the measures to curb the spread of COVID-19.

An increase in the discount rate would cause the fair value of the investment to decrease. If taken in isolation, an increase in the forecasted long-term growth rate of Consumer Price Index for Bangkok would result in higher toll rates, which could cause the fair value of the investment to increase, and an increase in the growth rate of average traffics of each expressway would cause the fair value of the investment to increase.

The investments that were measured at fair value using different levels of inputs as at 30 September 2021 and 2020 are as follows.

(Unit: Million Baht)

	2021			
	Level 1	Level 2	Level 3	Total
Investment in the Revenue Transfer Agreement	-	-	52,877	52,877
Investments in securities	-	224	-	224

(Unit: Million Baht)

	2020			
	Level 1	Level 2	Level 3	Total
Investment in the Revenue Transfer Agreement	-	-	52,907	52,907
Investments in securities	-	377	-	377

During the current year, there were no transfers within the fair value hierarchy and no change in valuation technique.

7. Cash at bank

Bank	Principal (Million Baht)		Interest rate (% per annum)	
	2021	2020	2021	2020
Saving account				
Kasikornbank Public Company Limited	14.94	1.54	0.05	0.05
United Overseas Bank (Thai) Public Company Limited	53.39	60.04	0.15 - 0.25	0.20 - 0.30
Krung Thai Bank Public Company Limited	8.85	29.02	0.12	0.12
Total	77.18	90.78		

8. Accounts receivable from the Revenue Transfer Agreement

As at 30 September 2021 and 2020, the balances of accounts receivable from the Revenue Transfer Agreement were not yet due.

9. Deferred units issuance costs

The costs associated with the issuance of the investment units payable by the Fund include underwriting fees, audit fee, asset appraisal fee, traffic assessment professional fee, industrial consulting fee, technical consulting fee, legal advisor fee, financial advisor fee, travelling, marketing and media costs for selling the investment unit.

Movements of the deferred units issuance costs for the year ended 30 September 2021 and 2020 are as follows.

	(Unit: Thousand Baht)	
	2021	2020
Balance at the beginning of year	316,408	611,077
Less: Amortisation during the year	(293,865)	(294,669)
Balance at the end of year	22,543	316,408

As at 30 September 2021, the Fund has deferred unit issuance costs of Baht 22.5 million. If such deferred costs were recognised as a deduction from the capital from unitholders, the balance of net assets of the Fund would be Baht 53,161.4 million and the net asset value per unit would be Baht 11.6326 per unit.

10. Retained earnings

	(Unit: Thousand Baht)	
	For the year ended 30 September	
	2021	2020
Accumulated net investment income	3,248,007	1,722,647
Accumulated net realised losses on investments	(1,485)	(1,864)
Accumulated net unrealised gains on investments	8,096,190	8,355,395
Accumulated distributions of income to unitholders	(3,149,628)	(1,248,061)
Retained earnings at the beginning of year	8,193,084	8,828,117
Add: Increase in net assets resulting from operations during the year	1,125,531	1,266,534
Less: Distributions to unitholders during the year	(1,637,742)	(1,901,567)
Retained earnings at the end of year	7,680,873	8,193,084

11. Distribution to unitholders

Dividends declared during the years consisted of the following.

Declaration date	For the operations of the period	Per unit (Baht)	Total (Million Baht)
25 November 2020	1 July 2020 to 30 September 2020 and retained earnings	0.1014	464
17 February 2021	1 October 2020 to 31 December 2020 and retained earnings	0.1012	462
18 May 2021	1 January 2021 to 31 March 2021 and retained earnings	0.0873	399
17 August 2021	1 April 2021 to 30 June 2021 and retained earnings	0.0685	313
Total for 2021		0.3584	1,638

Declaration date	For the operations of the period	Per unit (Baht)	Total (Million Baht)
18 November 2019	1 July 2019 to 30 September 2019 and retained earnings	0.1195	546
17 February 2020	1 October 2019 to 31 December 2019 and retained earnings	0.1163	532
18 May 2020	1 January 2020 to 31 March 2020 and retained earnings	0.1032	471
17 August 2020	1 April 2020 to 30 June 2020 and retained earnings	0.0771	353
Total for 2020		0.4161	1,902

12. Fund expenses

The Management Companies calculate the management fee, fund supervisor fee and registrar fee as follows:

Management fee

The management fee is charged at the rate not more than 1.00% per annum of the net asset value of the Fund at the end of month. The minimum fee is Baht 10 million per annum (exclusive of VAT or other similar taxes).

Fund supervisor fee

The fund supervisor fee is calculated at the rate not more than 0.50% per annum of the net asset value of the Fund at the end of month (exclusive of VAT or other similar taxes).

Registrar fee

A registrar fee is calculated at a rate of 0.043% per annum of the Fund's registered capital (exclusive of VAT or other similar taxes). After the capital increase, a registrar fee is calculated at a rate of 0.023% per annum of the Fund's registered capital. The maximum charge is Baht 5 million per annum (excludes value added tax or any other similar tax).

13. Related party transactions

The below table presents relationships with enterprises and individuals that control, or are controlled by the Fund, whether directly or indirectly, or which are under common control with the Fund.

Name of entities	Nature of relationship
Ministry of Finance	Unitholder, holding 10% of the Fund's units
Krung Thai Asset Management Public Company Limited	The Fund's management company
MFC Asset Management Public Company Limited	The Fund's management company
Kasikornbank Public Company Limited	The Fund's fund supervisor
Krung Thai Bank Public Company Limited	The major shareholder of Krung Thai Asset Management Public Company Limited

During the year, the Fund had significant business transactions with related parties which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Fund and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the year ended		
	30 September		Transfer pricing policy
	2021	2020	
Krung Thai Asset Management Public Company Limited			
Management fee	22.86	23.28	As described in Note 12
MFC Asset Management Public Company Limited			
Management fee	22.86	23.18	As described in Note 12
Kasikornbank Public Company Limited			
Fund supervisor fee	7.43	7.53	As described in Note 12
Interest income	0.02	0.06	General deposit interest rate
Krung Thai Bank Public Company Limited			
Interest income	0.03	0.06	General deposit interest rate

The Fund had the following significant outstanding balances with its related companies.

	(Unit: Million Baht)	
	30 September 2021	30 September 2020
Krung Thai Asset Management Public Company Limited		
Accrued management fee	1.87	1.88
MFC Asset Management Public Company Limited		
Accrued management fee	1.87	1.88
Kasikornbank Public Company Limited		
Cash at bank	14.94	1.54
Accounts receivable from interest	-	0.01
Accrued fund supervisor fee	0.61	0.61
Krung Thai Bank Public Company Limited		
Cash at bank	8.85	29.20

14. Other expenses

Other expense for the year ended 30 September 2021 and 2020 are summarised as following.

	(Unit: Thousand Baht)	
	2021	2020
Insurance premium expenses	21,709	21,677
Expenses related to book closing for distributions to unitholders	6,428	5,102
Expenses related to unitholders' meeting	1,593	4,504
Others	5,126	5,069
Total	34,856	36,352

15. Information on investment purchase and sale transactions

The Fund's investment purchase and sale transactions for the year ended 30 September 2021, excluding investments in cash at bank and investments in promissory notes, amounted to Baht 3,757 million which is 7.03% of the average net asset value during the year (2020: Baht 4,704 million, represented 8.69%).

16. Commitments

The Fund is committed to pay service fees and other fees to counterparties as described in Note 12 to the financial statements.

17. Financial instruments

17.1 Financial risk management

The Fund's financial instruments comprise investment in the RTA, investments in securities, cash at bank, receivables from the RTA and accrued interest, accounts payable and accrued expenses. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Fund is exposed to credit risk primarily with respect to investments in the Revenue Transfer agreement, investment in the debt securities, and the accounts receivable from the RTA and interest receivable from cash at bank. The Fund concentrates in investing in the investments that the counterparty to the agreement or the issuer of the instruments are financially stable, the Fund therefore does not expect to incur material financial losses from credit in the short to the medium term. The maximum exposure to credit risk is the carrying amounts of the assets as stated in the statement of financial position.

Interest rate risk

The Fund's exposure to interest rate risk relates primarily to its investments in securities and cash at bank. However, most of the Fund's financial assets are short-term in nature and bear fixed interest rates which are close to the market rate. Therefore, the interest rate risk is expected to be minimal.

17.2 Fair values of financial instruments

The Fund measures its investments in the Revenue Transfer Agreement and the securities at fair value. Other major financial instruments held by the Fund are short-term in nature or carrying interest at rates close to market interest rate, the Fund therefore believe that fair value of financial instruments is not to be materially different from the amounts presented in the statement of financial position.

18. Capital management

The primary objectives of the Fund's financial management are to maintain its ability to continue as a going concern and to maintain an appropriate capital structure in order to provide returns for unitholders in accordance with the Fund's establishment objective.

19. Segment information

The Fund operates in a single business segment that is the investment in the infrastructure businesses and its operation is carried on only in Thailand. As a result, all of the revenues, operating profits (losses) and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

20. Approval of financial statements

These financial statements were authorised for issue by Krungthai Asset Management Public Company Limited and MFC Asset Management Public Company Limited as the Management Companies on 16 November 2021.