

Thai Agro Energy Public Company Limited  
Review report and interim financial information  
For the three-month period ended 31 March 2021

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Thai Agro Energy Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Agro Energy Public Company Limited as at 31 March 2021, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Patcharawan Koonarangsri  
Certified Public Accountant (Thailand) No. 6650

EY Office Limited  
Bangkok: 11 May 2021

**Thai Agro Energy Public Company Limited****Statement of financial position****As at 31 March 2021**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		21,705	26,502
Trade and other receivables	4	274,994	179,079
Inventories		358,353	124,556
Advance payments for purchase of goods		228,460	181,176
Current tax assets		5,153	5,153
Other current financial asset		1,066	1,065
Other current assets		<u>15,020</u>	<u>9,482</u>
<b>Total current assets</b>		<u>904,751</u>	<u>527,013</u>
<b>Non-current assets</b>			
Biological assets		8,450	6,459
Property, plant and equipment	5	2,767,635	2,784,448
Right-of-use-assets	6	31,324	33,306
Intangible assets		1,052	1,246
Deferred tax assets		3,559	4,734
Other non-current financial assets		<u>796</u>	<u>769</u>
<b>Total non-current assets</b>		<u>2,812,816</u>	<u>2,830,962</u>
<b>Total assets</b>		<u><u>3,717,567</u></u>	<u><u>3,357,975</u></u>

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

**Thai Agro Energy Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2021**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	7	1,261,868	915,330
Trade and other payables	8	85,303	124,856
Current portion of long-term loans	9	143,834	143,834
Current portion of liabilities lease agreements		7,272	7,244
Income tax payable		5,444	-
Provision for short-term employee benefits		2,406	3,126
Other current liabilities		<u>7,389</u>	<u>15,156</u>
<b>Total current liabilities</b>		<u>1,513,516</u>	<u>1,209,546</u>
<b>Non-current liabilities</b>			
Long-term loans - net of current portion	9	316,488	316,447
Liabilities under agreements - net of current portion		24,564	26,214
Provision for long-term employee benefits		<u>7,356</u>	<u>7,076</u>
<b>Total non-current liabilities</b>		<u>348,408</u>	<u>349,737</u>
<b>Total liabilities</b>		<u>1,861,924</u>	<u>1,559,283</u>

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

**Thai Agro Energy Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2021**

(Unit: Thousand Baht)

	<u>31 March 2021</u>	<u>31 December 2020</u>
	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>		
Share capital		
Registered		
1,000,000,000 ordinary shares of Baht 1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up		
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000
Share premium	188,796	188,796
Capital reserve for share-based payment transactions	556	556
Retained earnings		
Appropriated - statutory reserve	100,000	100,000
Appropriated - general reserve	192,000	192,000
Unappropriated	<u>374,291</u>	<u>317,340</u>
<b>Total shareholders' equity</b>	<u>1,855,643</u>	<u>1,798,692</u>
<b>Total liabilities and shareholders' equity</b>	<u>3,717,567</u>	<u>3,357,975</u>
	-	-

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

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Directors  
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(Unaudited but reviewed)

**Thai Agro Energy Public Company Limited**  
**Statement of comprehensive income**  
**For the three-month period ended 31 March 2021**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales		683,030	738,062
Other income		<u>4</u>	<u>534</u>
<b>Total revenues</b>		<u>683,034</u>	<u>738,596</u>
<b>Expenses</b>			
Cost of sales		589,759	621,401
Selling and distribution expenses		4,697	4,124
Administrative expenses		<u>16,139</u>	<u>15,265</u>
<b>Total expenses</b>		<u>610,595</u>	<u>640,790</u>
<b>Operating profit</b>		72,439	97,806
Finance income		10	20
Finance cost		<u>(8,879)</u>	<u>(12,239)</u>
<b>Profit before income tax expenses</b>		63,570	85,587
Income tax expenses	10	<u>(6,619)</u>	<u>(1,929)</u>
<b>Profit for the period</b>		<u>56,951</u>	<u>83,658</u>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>56,951</u>	<u>83,658</u>
<b>Earnings per share</b>	11		
Basic earnings per share			
Profit (Baht)		<u>0.06</u>	<u>0.08</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,000,000</u>	<u>1,000,000</u>

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

(Unaudited but reviewed)

**Thai Agro Energy Public Company Limited**

**Statement of cash flows**

**For the three-month period ended 31 March 2021**

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Profit before tax	63,570	85,587
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	42,046	43,769
Unrealised gain on change in value of other current financial assets	(1)	(3)
Provision for long-term employee benefits	280	165
Finance income	(10)	(20)
Finance cost	8,910	12,268
Profit from operating activities before changes in operating assets and liabilities	114,795	141,766
Operating assets (increase) decrease		
Trade and other receivables	(95,905)	(66,386)
Inventories	(233,797)	(311,072)
Advance payments for purchase of goods	(47,284)	406,736
Other current assets	(5,538)	20,169
Other non-current financial assets	(27)	-
Operating liabilities decrease		
Trade and other payables	(38,716)	(63,936)
Other current liabilities	(8,689)	(10,579)
Employee benefit paid	(720)	-
Cash from operating activities	(315,881)	116,698
Cash received from interest income	-	10
Cash paid for interest expenses	(7,774)	(12,534)
<b>Net cash from (used in) operating activities</b>	<u>(323,655)</u>	<u>104,174</u>

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

(Unaudited but reviewed)

**Thai Agro Energy Public Company Limited**  
**Statement of cash flows (continued)**  
**For the three-month period ended 31 March 2021**

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities</b>		
Acquisitions of Mangium sprout and planting cost	(1,991)	(1,197)
Acquisitions of property, plant and equipment	(23,875)	(35,100)
Acquisitions of intangible assets	(19)	-
<b>Net cash used in investing activities</b>	<u>(25,885)</u>	<u>(36,297)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans from financial institutions	346,538	(63,730)
Cash paid for principal of lease liabilities	(1,622)	(1,628)
Cash paid for interest expense of lease liabilities	(173)	(138)
<b>Net cash from (used in) financing activities</b>	<u>344,743</u>	<u>(65,496)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,797)	2,381
Cash and cash equivalents at beginning of period	<u>26,502</u>	<u>25,441</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>21,705</u></u>	<u><u>27,822</u></u>
<b>Supplementary cash flows information</b>		
Non-cash related transactions from investing activities		
Account payables from purchases of plant and equipment and intangible assets	1,614	7,869
Acquisitions of right-of-use assets under lease agreements	-	6,150

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

(Unaudited but reviewed)

**Thai Agro Energy Public Company Limited**  
**Statement of changes in shareholders' equity**  
**For the three-month period ended 31 March 2021**

(Unit: Thousand Baht)

	Issued and fully paid up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Unappropriated	Total
				Statutory reserve	General reserve		
<b>Balance as at 1 January 2020</b>	1,000,000	188,796	556	100,000	192,000	454,475	1,935,827
Profit for the period	-	-	-	-	-	83,658	83,658
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	83,658	83,658
<b>Balance as at 31 March 2020</b>	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>538,133</u>	<u>2,019,485</u>
<b>Balance as at 1 January 2021</b>	1,000,000	188,796	556	100,000	192,000	317,340	1,798,692
Profit for the period	-	-	-	-	-	56,951	56,951
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	56,951	56,951
<b>Balance as at 31 March 2021</b>	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>374,291</u>	<u>1,855,643</u>

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

**Thai Agro Energy Public Company Limited**

**Notes to interim financial statements**

**For the three-month period ended 31 March 2021**

**1. General information**

**1.1 Corporate information**

Thai Agro Energy Public Company Limited (“the Company”) was incorporated as a limited company and domiciled in Thailand and was transformed to be a public limited company under Thai laws on 18 October 2007. Its parent company is Lanna Resources Public Co., Ltd., which is a public limited company incorporated in Thailand. The Company operates in Thailand and is principally engaged in production and distribution of ethanol for fuel. The registered office of the Company is at 888/114, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**1.3 Basis of preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**1.4 New financial reporting standards****a) Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

**2. Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

**3. Related party transactions**

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods		Pricing policy
	ended 31 March		
	<u>2021</u>	<u>2020</u>	
<u>Transactions with related company</u>			
Purchase of goods	1,204	-	Market price

(Unaudited but reviewed)

The outstanding balances of the accounts as at 31 March 2021 and 31 December 2020 between the Company and related parties are as follows:

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
<u>Trade payables - related party (Note 8)</u>		
Related company (Related by common share holder)	-	399
Total trade payables - related party	-	399

Directors and management's benefits

During the three-month periods ended 31 March 2021 and 2020, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	4,736	5,051
Post-employment benefits	143	70
Total	4,879	5,121

**4. Trade and other receivables**

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
Trade receivables	265,995	169,915
Other receivables	8,989	9,164
Interest receivable	10	-
Total trade and other receivables	274,994	179,079

The outstanding balances of trade receivables as at 31 March 2021 amounting to Baht 266.0 million (31 December 2020: Baht 169.9 million) are undue trade receivables.

**5. Property, plant and equipment**

Movements in the property, plant and equipment account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	2,784,448
Acquisitions during the period - at cost	23,038
Depreciation for the period	<u>(39,851)</u>
Net book value as at 31 March 2021	<u><u>2,767,635</u></u>

As at 31 March 2021, the Company had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 382.9 million (31 December 2020: Baht 381.8 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 1.2 million were capitalised during the three-month period ended 31 March 2021 (31 December 2020: Baht 7.3 million). The weighted average rate of 2.3 percent per annum eligible for capitalisation (31 December 2020: 2.3 - 3.1 percent per annum).

The Company has mortgaged part of its land and construction thereon and machinery with net book value as at 31 March 2021 amounting to approximately Baht 1,389.4 million (31 December 2020: Baht 1,414.0 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 7 and 9.

**6. Right-of-use assets**

Movements of right-of-use assets for the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	33,306
Depreciation for the period	<u>(1,982)</u>
Net book value as at 31 March 2021	<u><u>31,324</u></u>

(Unaudited but reviewed)

## 7. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		31 March 2021	31 December 2020
	(percent per annum)			
	31 March 2021	31 December 2020		
Promissory notes	2.63 - 2.75	2.67 - 2.75	762,574	588,405
Trust receipts	2.60 - 2.80	2.24 - 2.68	499,294	326,925
Total			<u>1,261,868</u>	<u>915,330</u>

Movements in short-term loans from financial institutions during the three-month period ended 31 March 2021 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2021	915,330
Add: Increase during the period	981,110
Less: Repayment during the period	<u>(634,572)</u>
Balance as at 31 March 2021	<u>1,261,868</u>

Credit facilities from a financial institution are secured by the mortgage of part of the Company's land and construction thereon and machinery as discussed in Note 5.

As at 31 March 2021, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 798.1 million (31 December 2020: Baht 1,144.7 million).

## 8. Trade and other payables

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Trade payables - related party	-	399
Trade payables - unrelated parties	67,036	104,807
Other payables - unrelated parties	14,866	16,539
Dividend payables - unrelated parties	3,401	3,111
Total trade and other payables	<u>85,303</u>	<u>124,856</u>

(Unaudited but reviewed)

## 9. Long-term loans

(Unit: Thousand Baht)

No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	31 March 2021	31 December 2020
1	418.0	3M THBFIX reference rate + 1.95	The loan is repayable within 6 years and is repayable the first installment in the last day of the eighteenth month since the Company withdrew the loan (8 June 2018). The principal is payable in 10 semi-annually installments of Baht 42 million during the first to ninth installment, remaining balance is repayable in the tenth installment and interest is repayable every 3 months.	280,524	280,502
2	300.0	3M THBFIX reference rate + 1.95	The loan is repayable within 5 years and is repayable the first installment in the last day of the sixth month since the Company withdrew the loan (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	179,798	179,779
Total				460,322	460,281
Less: Current portion				(143,834)	(143,834)
Long-term loans, net of current portion				316,488	316,447

Movements in the long-term loans account during the three-month period ended 31 March 2021 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2021	460,281
Add: Amortisation of transaction costs during the period	41
Balance as at 31 March 2021	460,322

The loans are secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 5.

The loan agreements contain covenants that, among other things, require the Company to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreements. As at 31 March 2021, the Company could maintain certain financial ratios as specified in the long-term loan agreements.

As at 31 March 2021, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 11.2 million (31 December 2020: Baht 11.2 million).

**10. Income tax**

Interim corporate income tax is calculated on profit before income tax for the periods, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>		
Interim corporate income tax charge	5,444	1,929
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<u>1,175</u>	<u>-</u>
<b>Income tax reported in the profit or loss</b>	<u><u>6,619</u></u>	<u><u>1,929</u></u>

**11. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**12. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is organised into business units based on its products and recognised revenue at the point in time. The Company has two reportable segments, which consist of ethanol segment and soil conditioner segment. However, at present the operation of soil conditioner segment is insignificant.

### 13. Commitments and contingent liabilities

#### 13.1 Capital commitments

As at 31 March 2021, the Company had capital commitments of approximately Baht 17.1 million relating to the construction of Vinasse Evaporation Plant and other projects (31 December 2020: Baht 13.7 million).

#### 13.2 Lease and service commitments

- a) The Company has entered into several leases of low-value assets, short-term lease agreements and other services. As at 31 March 2021 and 31 December 2020, the Company had future lease and other service payments as below.

	(Unit: Million Baht)	
	31 March 2021	31 December 2020
	<u>                    </u>	<u>                    </u>
Payable:		
In up to 1 year	6.9	1.9
In over 1 year and up to 5 years	0.2	0.3

- b) The Company entered into a power supply agreement with the Provincial Electricity Authority for a period of one year and being automatically renewed for every one-year period. The Company shall pay power supply at the rate as stipulated in the agreement.

#### 13.3 Guarantees

As at 31 March 2021, there were outstanding bank guarantees of approximately Baht 5.0 million issued by the bank on behalf of the Company to guarantee contracted performance under the agreement for using of electric to the Provincial Electricity Authority (31 December 2020: Baht 5.0 million).

### 14. Litigation

On September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case had been finished on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order that company to make payments for purchases of cassava chip that the Company paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2011 (the countersue date) until completion of payment. Now the execution of judgment is in process.

(Unaudited but reviewed)

In addition, on 18 May 2018, the Company sued that company for bankruptcy case. The Bankruptcy court passed the judgment on 29 May 2019 that the case was thrown out as that company has the right to claim with a debtor which is a government agency then that company has not become insolvent yet. The Company has already made attachment of the claim.

On 13 August 2019, the Company received partial payment of Baht 0.2 million. However, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

## 15. Financial Instrument

### 15.1 Fair value of financial instrument

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

### 15.2 Fair value hierarchy

As at 31 March 2021 and 31 December 2020, the Company had the financial asset that was measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	As at 31 March 2021		As at 31 December 2020	
	Level 2	Total	Level 2	Total
<b>Financial asset measured at fair value</b>				
Investment in open-end fund	1,066	1,066	1,065	1,065

During the period, there was no transfers within the fair value hierarchy.

## 16. Events after the reporting period

On 22 April 2021, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of dividend from retained earnings from BOI promoted operation to the Company's shareholders for 1,000 million shares of Baht 0.08 per share, or a total of Baht 80 million. The interim dividends were paid on 18 September 2020 of Baht 0.055 per share, amounting to Baht 55 million and there is remaining dividend of Baht 0.025 per share amounting to Baht 25 million. The Company will pay such dividend on 21 May 2021.

## 17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 11 May 2021.