

Speed Medical Co. (S. A. E.)

Speed Medical Co.
(Egyptian Joint-Stock Company)
Independent Financial Statements
For Fiscal Period from 1 January 2021 to 31 March 2021
And Auditor's Report (Limited Auditing)

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Rizk Shendy

Chartered Accountant and Tax Expert

Fellow of the Egyptian Tax Association

Report on Limited Auditing of Regular Financial Statements
To M/s. Members of Board of Speed Medical Co. S.A.E.

Introduction

We conducted the limited auditing on the statements of financial position attached hereto relating to Speed Medical Co. "S.A.E - Egyptian Joint Stock Company" on March ٣١, ٢٠٢١ in addition to collective statements of income and comprehensive income, change in property rights and cash flow for the period ending on the said date summarizing the significant accounting policies and other supplementary notes. The Board shall be responsible for preparation and fair and clear presentation of the financial statements in accordance with the rules of preparation and presentation of the financial statements of the companies in addition to the principles of recognition under the respective Egyptian laws and regulations. Our responsibility shall be limited to presentation of conclusion in relation with the financial statements in accordance with our limited auditing.


Scope of Limited Auditing

We conducted our limited auditing in accordance with the Egyptian Standard on Limited Auditing No. <٢٤١> "Limited Auditing of Financial Statements of the Company by the Auditors". The limited auditing of the collective financial and accounting statements and application of analysis procedures in addition to other limited auditing procedures. The scope of the limited auditing shall be decreased substantially than the process of audit in accordance with the Egyptian Audit Standards. Therefore, we cannot make sure that we know all significant matters that were discovered during audit. Thereupon, we will not express an opinion of audit in relation with these collective financial statements.

Conclusion

In respect of our limited auditing, we have not noted that there is something that can make us believe that the attached financial statements are not fairly and clearly presented in all significant aspects on the financial position of the Company on March ٣١, ٢٠٢١ in addition to its financial performance and collective cash flow for the three months ending on the said date in accordance with the Egyptian Accounting Standards.




Rezk Shendy Abdel Maseh
Chartered Accountants and Consultants
[Signed and Stamped]

Cairo, May ٣, ٢٠٢١

Speed Medical Co.
(Egyptian Joint-Stock Company)
Independent Statement of Financial Position
On 31 March 2021


(All amounts are in Egyptian Pounds)	Note	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Assets			
Non-Current Assets			
Net Fixed Assets	4	91,566,134	81,099,022
Projects in Progress	3	10,157,857	8,986,388
Investments in Affiliated Companies	5	128,404,160	47,625,500
Investments in Sister Companies	23	3,300,000	3,300,000
Total Non-Current Assets		233,428,151	141,010,910
Current Assets			
Inventory	12	15,589,212	16,686,524
Clients	13	23,856,937	18,465,757
Related Party Transactions	24	38,348,109	26,639,200
Deposits	14	75,501,000	150,501,000
Debtors and Other Debit Balances	7	6,332,081	8,566,001
Cash in Fund and Banks	6	44,875,032	52,468,757
Total Current Assets		204,502,372	273,327,239
Total Assets		437,930,523	414,338,148
Equities and Liabilities			
Equities			
Paid Capital	19	221,828,895	221,828,895
Legal Reserve		5,947,404	5,947,404
Deferred Profits		91,521,452	17,126,690
Net Profit for the period		40,924,496	74,394,762
Total Equities		360,222,247	319,297,751
Non-Current Liabilities			
Non-Operating Loan Portion	10	18,839,912	18,839,912
Appropriations	2 / 11	4,871,569	4,871,569
Deferred Tax Liabilities		6,626,968	6,626,968
Total Non-Current Liabilities		30,338,449	30,338,449
Current Liabilities			
Overdraft Bank	11	18,114,507	33,058,209
Suppliers and Notes Payable	8	7,929,478	7,078,978
Creditors and Other Credit Balances	9	3,381,735	4,887,321
Operating Loan Portion	10	5,629,762	7,363,095
Payable Income Tax		12,314,345	12,314,345
Total Current Liabilities		47,369,827	64,701,949
Total Equities and Liabilities		437,930,523	414,338,148

. Attached notes are considered an integral part of independent financial statements and shall be read with them

Financial Director

Adel Khalil

Cairo on 3 May 2021 AD



Chairman

Stakeholder/ Mahmoud Lasheen




Speed Medical Co. (S. A. E.)

**Speed Medical Co.
Independent Income Statement
For Fiscal Period from 1 January 2021 to 31 March 2021 A.D.**

		<u>For Fiscal Period from 1 January 2021 to 31 March 2021</u>	<u>For Fiscal Period from 1 January 2020 to 31 March 2020</u>
(All amounts are in Egyptian Pounds)			
Activity Revenues	15	65,365,185	25,117,555
Revenue Acquisition Cost	18	<u>(30,636,201)</u>	<u>(12,164,625)</u>
Total Profit		34,728,984	12,952,930
Marketing and Selling Expenses	16	(4,353,780)	(317,995)
Administrative and General Expenses	17	(5,056,423)	(1,402,376)
Fixed Assets Depreciation	4	(3,132,485)	(2,558,022)
Other Revenues		<u>2,547,664</u>	
Operating Activities Outputs		24,733,961	8,674,537
Financing Costs (Net)		<u>(1,692,023)</u>	<u>(1,498,632)</u>
Net Profit for the Period before Income Taxes		23,041,938	7,175,905
Profits Resulting From Continuous Operations		23,041,938	7,175,905
Profits from Sister Companies Investments		<u>17,882,558</u>	<u>-</u>
Profits/Losses from Non-Continuous Operations after Deducting Income Tax		<u>-</u>	<u>-</u>
Net Profit for the period		<u><u>40,924,496</u></u>	<u><u>7,175,905</u></u>

Attached notes are considered an integral part of periodic independent financial statements and shall be read with them

Speed Medical Co.
(Egyptian Joint-Stock Company)
Independent Comprehensive Income Statement
For Fiscal Period from 1 January 2021 to 31 March 2021 A.D.

(All amounts are in Egyptian Pounds)	<u>For Fiscal</u> <u>Period from 1</u> <u>January 2021 to</u> <u>31 March 2021</u>	<u>For Fiscal</u> <u>Period from 1</u> <u>January 2020 to</u> <u>31 March 2020</u>
Net Profits for the period	40,924,496	7,175,905
Latest Comprehensive Income	-	-
Total Comprehensive Income for the period	40,924,496	7,175,905

. Attached notes are considered an integral part of consolidated financial statements and shall be read with them

Speed Medical Co.
(Egyptian Joint-Stock Company)
Independent Cash Flow Statement
For Fiscal Period from 1 January to 31 March 2021 A.D.

(All amounts are in Egyptian Pounds)	Note	<u>For Fiscal Period from 1 January 2021 to 31 March 2021</u>	<u>For Fiscal Period from 1 January 2020 to 31 March 2020</u>
<u>Cash Flows From Operating Activities</u>			
Net Profit before Taxes		23,041,938	7,175,905
Settlement of Extraordinary Items			
Depreciation and Consumption	4	3,132,485	2,558,022
Company's share in sister companies net profits		17,882,558	-
<u>Settlement of Changes in Inventory Balances and Debit and Credit Accounts</u>		-	
Decrease (or increase) in the inventory	12	1,097,312	322,239
Decrease (increase) in the customers		(5,391,181)	(510,070)
Decrease (or increase) in the deposits	14	75,000,000	-
Decrease (or increase) in transactions with related parties	24	(11,708,909)	-
Decrease (or increase) in Debtors and Other Debit Balances	7	2,233,920	(12,018,777)
Decrease (or increase) in Suppliers and Notes Payable	8	850,500	1,126,984
Decrease (or increase) in Creditors and Other Credit Balances	9	(1,505,587)	(1,882,617)
Total Settlements		<u>63,708,541</u>	<u>(10,404,219)</u>
Net Cash Flows from Operating Activities		<u>104,633,037</u>	<u>(3,228,314)</u>
<u>Cash Flows from Investment Activities</u>			
Purchase of Fixed Assets	4	(13,599,597)	(533,225)
Amounts paid for investment in affiliated companies		(80,778,660)	-
Paid Amounts for Projects in Progress	3	(1,171,469)	452,712
Net Cash Flows from Investment Activities		<u>(95,549,726)</u>	<u>(80,513)</u>
<u>Cash Flows from Financing Activities</u>			
Paid Amounts of Loans	10	(1,733,334)	(1,689,597)
Overdraft	11	(14,943,702)	(12,713)
Net Cash Flows from Financing Activities		<u>(16,677,036)</u>	<u>(1,702,310)</u>
Change in Cash Flow Through the Fiscal Period	6	(7,593,725)	(5,011,138)
Cash Balance and Equivalent at the Beginning of Fiscal Period		52,468,757	14,205,085
Cash Balance and Equivalent at the End of Fiscal Period		<u><u>44,875,032</u></u>	<u><u>9,193,947</u></u>

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Speed Medical Co. (S. A. E.)

Speed Medical Co.
(Egyptian Joint-Stock Company)

Independent Equity Change Statement

For Fiscal Period from 1 January to 31 March 2021 AD.

(All Amounts are in Egyptian Pounds)	Note	Capital	Legal Reserve	Year's Net Profits	Deferred Profits	Currency Translation	Cash Flow Coverage	Treasury stocks	Total	Non-Controlling Equities	Total Equities
Balance on 1 January 2020	18	52,000,000	42,165	17,090,644	22,605,402	-	-	-	91,738,211	-	91,738,211
Converted to Deferred Profits		-	-	(17,090,644)	17,090,644	-	-	-	-	-	-
Capital Increase		169,828,895		-	(19,327,619)	-	-	-	150,501,276	-	150,501,276
Converted to Legal Reserve		-	5,905,238	-	(1,090,218)	-	-	-	4,815,020	-	4,815,020
fiscal Period Net Profit (distributable)		-		74,394,763	-	-	-	-	74,394,763	-	74,394,763
Employees Distributions		-	-		(2,151,519)	-	-	-	(2,151,519)	-	(2,151,519)
Balance on 31 December 2020		221,828,895	5,947,403	74,394,763	17,126,690	-	-	-	319,297,751	-	319,297,751
Balance on 1 January 2021	18	221,828,895	5,947,403	74,394,763	17,126,690	-	-	-	319,297,751	-	319,297,751
Converted to Deferred Profits		-	-	(74,394,763)	74,394,763	-	-	-	-	-	-
Capital Increase		-		-	-	-	-	-	-	-	-
Converted to Legal Reserve		-	-	-	-	-	-	-	-	-	-
fiscal Period Net Profit (distributable)		-		40,924,496	-	-	-	-	40,924,496	-	40,924,496
Employees Distributions		-	-		-	-	-	-	-	-	-
Balance on 31 March 2021		221,828,895	5,947,403	40,924,496	91,521,453	-	-	-	360,222,247	-	360,222,247

. Attached notes are considered an integral part of independent financial statements and shall be read with them

Speed Medical Co.

An Egyptian Joint-Stock Company Established As Per the Provisions of Law No. 159 of the Year 1981

Supplementary Notes to Independent Financial Statements For the Period from 01-01-2021 to 31-03-2021 A.D.

(All amounts stated in Notes are in Egyptian Pounds unless mentioned otherwise.)

1- Legal Entity and Activity:

a- About the Company:

The General Authority for Investment and Free Zones (GAFI) approved the establishment of an Egyptian joint-stock company governed by the provisions of Law No. 159 of the Year 1981, which was amended by Law No. 3 of the Year 1998, and executive regulations thereof, with the name "Speed Lab Medical Co.", with the purpose of establishment, operation and management of medical laboratories and import of medical laboratories' supplies and equipment, provided that Company's term shall be Twenty-Five years commencing from Company's acquisition of its legal personality. Company's headquarters is located in Flat No. 14, 1st Floor above mezzanine, Bldg. No. 25, Othman Ibn Affan St., Salah El Din Square, Masr El Gedida, Cairo. Company's licensed capital was 15,000,000 EGP (Fifteen Million Egyptian Pounds) and Company's issued capital was determined to be 1,500,000 EGP (One Million and Five Hundred Thousand Egyptian Pounds), to be divided on 15,000 shares (Fifteen Thousand shares), so that the value of each share shall be 100 EGP (One Hundred Egyptian Pounds). 10% of issued capital value, which was equivalent to 150,000,000 EGP (One Hundred and Fifty Thousand Egyptian Pounds) was paid, and Company was registered in the commercial register at the Commercial Registry of GAFI in Cairo, under No. 89324.

- By virtue of the minutes of Board of Directors' meeting held on 18-04-2016, which were approved by GAFI on 20-04-2016, the remaining amount of one quarter of Company's issued capital was paid, and this action was recorded in the commercial register on 21-04-2016.
- By virtue of the minutes of Board of Directors' meeting held on 26-09-2016, which were approved by GAFI on 12-10-2016, the remaining amount of Company's issued capital was fully paid, so that it amounted to 1,500,000 EGP, and this action was recorded in the commercial register on 12-10-2016.
- By virtue of the minutes of the Extraordinary General Assembly meeting held on 13-10-2016, which were approved by GAFI on 01-11-2016, and contract amendment authorized by GAFI's Authorization Office, under No. 2592/N of the Year 2016, Article 3 of Company's Articles of Association was amended by adding "establishment, operation and management of specialized, or complementary, or public hospitals and the included treatment, diagnostic and medical internal activities". In addition, Article 6 of Company's Articles of Association was amended by

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increasing Company's licensed capital, with the amount of 41,500,000 EGP (Forty-One Million and Five Hundred Thousand Egyptian Pounds) and Company's issued capital was determined to be 4,150,000 EGP (Four Million and One Hundred Fifty Thousand Egyptian Pounds), to be divided on 41500 shares (Forty-One Thousand and Five Hundred shares), each share with the value of 100 EGP (One Hundred Egyptian Pounds). Moreover, Articles 7, 21, 32 and 53 of Company's Articles of Association were amended and all these actions were recorded in the commercial register on 02-11-2016.

- By virtue of the minutes of the Board of Directors' meeting held on 18-01-2017, which were approved by GAFI on 22-01-2017, one quarter of the amount added to Company's issued capital was paid, and Company's branch located at 22 Nihro St., Merryland, Masr El Gedida, Cairo was added, and these actions were recorded in the commercial register on 23-01-2017.
- By virtue of the minutes of the Board of Directors' meeting held on 27-04-2017, which were approved by GAFI on 30-04-2017, full amount added to Company's issued capital was paid to be 4,150,000 EGP and this action was recorded in the commercial register on 02-05-2017.
- By virtue of the minutes of the Extraordinary General Assembly meeting held on 29-04-2017, which were approved by GAFI on 14-05-2017, and contract amendment authorized by GAFI's Authorization Office, under No. 2014/C of the Year 2017, Article 2 of Company's Articles of Association was amended to be "Speed Medical". In addition, Article 6 of Company's Articles of Association was amended by increasing Company's licensed capital, with the amount of 520,000,000 EGP (Five Hundred and Twenty Million Egyptian Pounds) and Company's issued capital was determined to be 52,000,000 EGP (Fifty-Two Million Egyptian Pounds), to be divided on 52,000,000 shares (Fifty-Two Million shares), each share with the value of 1 EGP (One Egyptian Pound). Moreover, Article 7 of Company's Articles of Association was amended to be "10% of Company's issued capital increase value was paid" and all the above actions were recorded in the commercial register on 15-05-2017.
- By virtue of the minutes of the Board of Directors' meeting held on 16-05-2017, which were approved by GAFI on 18-05-2017, 39% of Company's issued capital increase value was paid, so that paid amount became 27,596,500 EGP, and this action was recorded in the commercial register on 21-05-2017.

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- By virtue of the minutes of the Board of Directors' meeting held on 23-05-2017, which were approved by GAFI on 24-05-2017, 37% of Company's issued capital increase value was paid, so that paid amount became 45,301,000 EGP, and this action was recorded in the commercial register on 25-05-2017.
- By virtue of the minutes of the Board of Directors' meeting held on 28-05-2017, which were approved by GAFI on 29-05-2017, full amount added to Company's issued capital was paid to be 52,000,000 EGP and this action was recorded in the commercial register on 31-05-2017.
- By virtue of the minutes of the Board of Directors' meeting held on 27-04-2019, which were approved by GAFI on 30-07-2019 A.D., and the decision of Company's Extraordinary General Assembly issued on 25-05-2019 A.D., it was decided to decrease share's nominal value from 1 EGP (One Egyptian Pound Only) to 20 Piasters (Twenty Piasters Only) and this action was recorded in the commercial register on 23-06-2019 A.D.
- By virtue of the minutes of the Extraordinary General Assembly meeting held on 19-09-2019 A.D., it was approved to increase Company's capital by an amount of EGP 19,327,619 (Nineteen Million, Three Hundred and Twenty-Seven Thousand, Six Hundred and Nineteen Egyptian Pounds Only) financed by the profits brought forward so that paid issued capital shall amount to EGP 71,727,619 (Seventy-One Million, Seven Hundred and Twenty-Seven Thousand, Six Hundred and Nineteen Egyptian Pounds Only).
- By virtue of the minutes of the Extraordinary General Assembly meeting held on 31/03/2021 A.D., it was approved to increase Company's capital from EGP 71,327,619 to EGP 221,828,895 with a cash increase of EGP 150,501,276.

b- Company's Activity:

Company's objectives are establishment, operation and management of medical laboratories; import of medical laboratories' supplies and equipment; and establishment, operation and management of specialized, or complementary, or public hospitals and the included treatment, diagnostic and medical internal activities.

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Supplementary Notes to Independent Financial Statements For the Period from 01-01-2021 to 31-03-2021 A.D.

(All amounts stated in Notes are in Egyptian Pounds unless mentioned otherwise.)

2- Accounting Policies:

The following are the most important accounting policies used in preparation of financial statements:

2/1 Basis of Financial Statement Preparation:-

The financial statements have been prepared in accordance with the Egyptian Accounting Standards and the related laws, and based on historical cost, except for assets that are re-evaluated at fair value. The Egyptian Accounting Standards require reference to the International Financial Reporting Standards when there is no Egyptian accounting standard or legal requirements explaining how to treat certain balances and transactions. Preparing the financial statements in accordance with the Egyptian Accounting Standards requires the use of estimates and assumptions that affect the values of assets and liabilities included in the budget and the disclosure of potential assets and liabilities at the date of preparing the financial statements, as well as on revenues and expenditures during the fiscal year, although such estimates are prepared according to the best available information for management based on current conditions and events. However, the final product may differ from such estimates.

2/2 Foreign Currency Translation:-

- The financial statements are prepared and presented in Egyptian pound, the Company's dealing currency.
- Foreign currency transactions are initially recognized using the exchange rate prevailing at the date of transaction.
- Assets and liabilities of a monetary nature are translated into foreign currencies using the exchange rate prevailing at the date of the financial position. All differences are included in the statement of profits and losses.
- Non-monetary assets and liabilities in foreign currencies that are measured at historical cost are translated using the exchange rates prevailing at the date of initial recognition.
- Non-monetary assets and liabilities in foreign currencies that are measured at fair value are translated using the exchange rates prevailing on the date on which the fair value is determined.

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2/3 Fixed Assets:

Fixed assets appear in historical cost minus accumulated depreciation and historical cost includes all expenses related to owning the asset and making it valid for use for the purpose of preparation. Straight-line method of depreciation shall be used, so that asset value shall be decreased to salvage value through the estimated productive life, except for lands that are not considered depreciable assets.

The following are applied fixed assets depreciation rates:

<u>Description</u>	<u>Depreciation Rate</u>
Medical appliances and equipment	10%
Furnishings and decorations	12.50%
Electric appliances	20%
Computers	25%
Office furniture	6%
Software	20%
Deferred revenue expenditure	20%

2/4 Impairment:

2/4-1 Impairment of financial assets:

The company determines, at the date of each financial position, whether there is objective evidence to the impairment of a financial asset under the amortized cost model or a group of financial assets. A financial asset or a group of financial assets is considered to have impaired if, and only if there is objective evidence of impairment caused by the occurrence of one or more events after the initial recognition of the asset and the effect on the estimated cash flows of a financial asset or group of financial assets that can be estimated reliably.

2/4-2 Impairment of non-financial assets:

The company determines, at the date of each financial position, whether there is an indication that an asset has impaired when the book value of the asset or a cash-generating unit exceeds its

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recoverable value. In such case the asset is considered impaired and, therefore, it is reduced to its recoverable value, and the impairment loss is recognized in the statement of profit or loss.

The loss resulting from the impairment of value that was previously recognized shall be refunded only if there has been a change in the assumptions used to determine the asset's recoverable value since the last loss resulting from the impairment was recognized. The refund of the loss resulting from the impairment is limited so that the book value of the asset does not exceed the recoverable amount or the book value that would have been determined if the loss resulting from impairment of the asset had not been recognized in previous years. The refund of the loss resulting from impairment of value is recognized in the statement of profit or loss.

2/5 Trade Debtors:

Trade debtors are proven with invoices' original sum minus any decrease or decline in such debtors' values. Such decrease or decline in debtors' values is established, when there is objective evidence that the Company will not be able to collect all due amounts, according to the original contractual conditions. Such decrease or decline represents the difference between book value and recoverable value and is represented in expected cash flows. Cash flows are deducted by using market interest rate for similar debtors if this is effective.

2/6 Cash and Equivalent:

Cash and equivalent are represented in cash in treasury and banks for the purposes of presentation of cash flows' statement. Cash and equivalent include cash in treasury and current accounts at banks. Indirect method was used to prepare cash flows' statement.

2/7 Revenue Recognition:

Revenue is recognized and proven when providing service for the client.

Revenue is proven according to the following:

- (a) Revenue value can be measured accurately.
- (b) It is highly expected that the economic benefits associated with the transaction will flow to the entity.
- (c) The degree of completion of the process can be measured accurately in the date of the budget.
- (d) The costs incurred in the process, as well as the costs required to complete the same, can be accurately measured.

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2/8 Reserves:

2/8/1 Statutory Reserve:

According to Company's Articles of Association, 5% of net profit is put aside to establish the statutory reserve. Such percentage is no longer put aside, if such reserve reaches 50% of Company's issued capital. Whenever such reserve decreases, deduction shall be reapplied.

2/9 Income Taxes:

Income tax shall be calculated according to the Egyptian Tax Law No. 91 of the Year 2005 and executive regulations thereof. Income tax for period's profits and losses shall include both the global tax and the deferred tax. It shall be proven in income statement, except for income tax related to equity items, which shall be proven directly within equity. Income tax on net taxable profit shall be proven, using tax rates applicable on financial statements preparation date, in addition to tax differences in past years.

2/10 Deferred Taxes:

Deferred tax resulting from temporary time differences between assets' book value and liabilities, according to accounting base and its value according to tax base shall be recognized. Deferred tax value shall be determined based on the expected method used to achieve or settle assets' values and liabilities, using tax rates applicable on balance sheet preparation date. Resulting deferred tax assets shall be recognized, when there is a great potential for gaining profits that could be taxable in future through which such asset can be beneficial. Deferred tax assets value decrease shall be equivalent to the value of the portion through which the expected tax benefit shall not be achieved through the coming years.

2/11 Appropriations:

Appropriation is recognized when there is a current legal or deductive liability because of prior events and it is likely that such matter requires using resources to settle such liabilities, with the possibility of establishing a reliable estimation of such liability's value. When it is expected to recover such appropriation or portion thereof as in such case when there is an insurance coverage, the value expected to be recovered shall be recorded as an independent asset only if such recovery

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is highly confirmed. On the date of each balance sheet, the previously established appropriations shall be examined and settled to reflect the best current estimation. If it is unlikely that there shall be outflow including economic benefits to settle the liability, the appropriation shall be repaid. The provisions reached an amount of EGP 4,871,569 (Only Four million eight hundred seventy-one thousand five hundred and sixty-nine pounds). They represent provisions for potential liabilities with expected claims from some bodies and agencies regarding the company's activities. The information normally published in accordance with the Egyptian Accounting Standards has not been disclosed, because the management believes that doing so may severely affect the outcome of negotiations with these bodies and agencies. The management reviews these provisions annually and the amount provided is prepared according to the latest updates, discussions and agreements with these bodies and agencies.

2/12 Fiscal Year:

Fiscal year commences in January and ends in December, except for Company's initial term which commences from 28-12-2015 to 31-12-2016.

2/13 Creditors and Receivables:

Creditors are proven by nominal value and liabilities are recognized (receivables of values to be paid in future for the received services).

2/14 Expenses:

All activity expenses are recognized, including administrative and general expenses, and they shall be inserted in income statement for the fiscal term in which such expenses were incurred, based on the principle of accrual.

2/15 Employee Benefits:

1. Insurance and Pension System:

Company shall be obliged to pay its subscription fees to General Pension and Social Security Authority according to rules stated in Social Insurance Law. Company shall not be accountable for any other liabilities once it fulfills its liabilities. Conventional subscriptions shall be recognized as periodical costs in their maturity periods and shall be inserted within employment costs.

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(All amounts stated in Notes are in Egyptian Pounds unless mentioned otherwise.)

2. Employee Profit Share:

Group companies governed by the Egyptian Companies Law shall pay employee profit share, which is equivalent to 10% of distributed cash profits. Employee profit quota shall be recognized as a portion of equity profit distributions and as liabilities when being approved by General Assembly for each company's stakeholders.

2/16 Loans and Advances:

Loans are first proven by collected amounts minus loan acquisition cost. The loans are subsequently shown at the amortized cost using the effective interest rate method, and the income statement is converted by the difference between the amounts received (less the cost of obtaining the loan) and the value that will be fulfilled over the course of the borrowing period. The fair value is determined for the part that represents a liability for the convertible loan. Such liabilities are initially recognized for this value. Liabilities are shown subsequently at the amortized cost using the effective interest rate method until the loan conversion date or maturity date, whichever is earlier. The difference between the received amounts and the fair value of the part that represents a liability, as part of the equity. Loans and advances are classified as current liabilities unless the group has an unconditional right to delay the settlement of those liabilities for a period of no less than 12 months after the date of the financial statements.

2/17 Cash Flow Statement:

The cash flow statement is prepared using the indirect method. For the purposes of preparing the cash flow statement, the item of cash and cash equivalents includes balances of cash, current accounts, and deposits with banks, which mature within three months.

2/18 Inventory:

The inventory is evaluated at the cost or net recoverable value, whichever is less. The cost includes all the costs and expenses that the company incurs to bring the inventory to its normal status. The net recoverable value is the estimated price for sale through the normal activity less any cost required for the completion the sale process. The cost is determined according to the basis of the weighted average.

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2/19 Investments:

2/19/1 Investments in Affiliated Companies:

Investments in affiliated companies are such investments in companies where the company has control. Control is presumed to exist when the holding company, whether directly or indirectly through the affiliated companies, controls the investee company with its ability to control the financial and operational policies of the company, in order to obtain benefits from its activities, except for those exceptional cases in which it is clearly apparent that such ownership does not represent control.

Investments in affiliated companies are accounted for in the independent periodic financial statements at cost, including the cost of acquisition. In case of impairment of those investments, the book value is adjusted for the value of this impairment and it is included in the statement of profit or loss for each investment separately.

2/19/2 Investments in Sister Companies:

Investments in sister companies are such investments in companies where the company has effective influence, but it is not an affiliated company or a share in a joint venture. Effective influence is assumed when the company owns, either directly or indirectly through its affiliated companies, 20% or more of the voting rights in the investee company, except in those cases in which it is clear that such ownership does not represent effective influence.

Investments in sister companies are accounted for in the independent periodic financial statements at cost, including the cost of acquisition. In case of impairment of those investments, the book value is adjusted for the value of this impairment and it is included in the statement of profit or loss for each investment separately.

2/20 Related Party Transactions:

Related Parties are represented in sister companies, major shareholders, directors, and the top management of the company. They also represent the companies controlled or subject to joint

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control or effective influence by such related parties. The terms and pricing policies for transactions with related parties are approved by the Board of Directors.

2/21 New Publications and Amendments to Egyptian Accounting Standards:

On 28 March 2019, the Minister of Investment issued Decision No. 69 of 2019 amending some provisions of the Egyptian Accounting Standards, which include some new accounting standards and amendments to some existing standards. Such amendments were published in the Official Gazette on 7 April 2019. The Group has applied the following standards, amendments and interpretations for the first time during its annual reporting periods, as of January 1, 2019:

Activated Issues:

- Egyptian Accounting Standard No. (22) - "Earnings Per Share" - All establishments that apply Egyptian Accounting Standards must calculate and present the earnings per share, in accordance with the Egyptian Accounting Standard No. (22)
- Egyptian Accounting Standard No. (49) - "Lease Contracts" - Phase 1 (lease contracts subject to Law No. 95 of 1995 (the usufructuary right of the leased asset) and a financial obligation to pay the rent installments are recognized in the Statement of Financial Position. Short-term and small-value lease contracts are excepted)

Inactivated Issues:

- Some new and amended accounting standards that are not mandatory for financial statements for the fiscal years starting on or after January 1, 2020 have been published on April 12, 2020. The Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards on Periodic Financial Statements and limit the same to the Annual Financial Statements until the end of 2020.

Name of the Standard Egyptian Accounting Standard No. 47 "Financial Instruments"

Nature of the Change

- Egyptian Accounting Standard No. 47 deals with classification, measurement and elimination of recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and the new impairment model for financial assets.
- The Group reviewed its assets and financial liabilities. It expects the below effect after applying the new Standard on 1 January 2020. On 12 April 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards on Periodic Financial Statements and limit the same to the Annual Financial Statements until the end of 2020.
- The company's financial assets consist of the following:
 - Trade Receivables
 - Term Deposits
 - Cash and Cash Equivalents
 - Related Parties

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Impact	<ul style="list-style-type: none">• Trade receivables, amounts owed from related parties and balances with banks are debt instruments that are currently classified as loans and receivables and are measured at amortized cost in accordance with Egyptian Accounting Standard No. 26. The Group has estimated that it meets the conditions of classification at amortized cost according to the Egyptian Accounting Standard No. 47, as they are cash flows from the original payments and interest only. The company's business model is to hold and collect debt instruments.• There will be no effect on the Group's recognition of financial liabilities, as the new requirements affect the recognition of financial liabilities recognized at fair value through profit or loss, and the Group does not have any of these liabilities. The rules for de-recognition have been transferred from the Egyptian Accounting Standard No. 26 "Financial Instruments": "Measurement and recognition" and have not been changed.• The new impairment model requires recognition of impairment provisions based on expected credit losses instead of only incurred credit losses, as is the case according to Egyptian Accounting Standard No. 26. It applies to financial assets classified at amortized cost and debt instruments measured at fair value through other comprehensive income and the assets of the contract according to the Egyptian Accounting Standard No. 48 "Revenue from contracts concluded with the customers", rent debit balances, assignment of assumptions and some financial guarantee contracts, based on the evaluations carried out to date.• The new standard also introduces expanded terms of disclosure and changes in presentation. It is expected that they will change the nature and size of the group's disclosures regarding its financial instruments, especially in the year in which the new standard is applied.• The management has not yet completed the evaluation of the effects of applying the Standard on the Group's financial statements.
Date of mandatory application/ Date of implementation by the Group	<ul style="list-style-type: none">• It applies for the fiscal periods that start on or after 1 January 2020. The Group will apply the new rules retrospectively with effect from January 1, 2020 taking practical measures permitted under the Standard. Comparative figures for 2019 will not be modified
<u>Name of the Standard</u>	<u>Egyptian Accounting Standard No. 48 "Revenue from contracts concluded with the customers."</u>
Nature of the	<ul style="list-style-type: none">• A new standard has been issued for recognition of revenue, to replace

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Change	<p>the Egyptian Accounting Standard No. 11, which covers contracts for the sale of goods and services, and the Egyptian Accounting Standard No. 8, which covers construction contracts.</p> <ul style="list-style-type: none">• The new standard is based on the principle of revenue recognition when transferring control of goods or services to a customer.
Impact	<ul style="list-style-type: none">• The management has not finished evaluating the effects of applying the new standard on the Group's financial statements and measuring the revenue for all existing contracts under the model of the Egyptian Accounting Standard No. 48, consisting of five steps.
Date of mandatory application/ Date of implementation by the Group	<ul style="list-style-type: none">• Mandatory for the fiscal years that start on or after 1 January 2020 The company intends to apply the new Standard by using a modified approach by applying retrospectively. This means that the cumulative effect of the application will be recognized in the retained earnings as of January 1, 2020, and that the comparative figures will not be modified on April 12, 2020. The Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards on the Periodic Financial Statements and limit the same to the Annual Financial Statements until the end of 2020.
<u>Name of the Standard</u>	<u>Egyptian Accounting Standard No. 49 "Lease Contracts": Phase 2 (Lease Contracts) except for those that were subject to Law No. (95) of 1995</u>
Nature of the Change	<ul style="list-style-type: none">• Egyptian Accounting Standard No. (49) on Lease Contracts was issued, requiring application on two phases. Phase 1 is related to lease contracts that were subject to Law No. (95) of 1995 and is applicable during the fiscal periods starting on or after 1 January 2020. The above note indicates the effect of applying Phase 1 on the financial statements. Phase 2 is related to lease contracts, except for those that were subject to Law No. (95) of 1995 and is applicable during the fiscal periods starting on or after 1 January 2020.
Impact	<ul style="list-style-type: none">• The Group formed a team for Standard application project, and it turned out that the Group has contracts that are subject to Phase 1. The application has been made and there is no effect on the earnings retained at the beginning of the period or the earnings of the year, because the contract subject to the Standard has been concluded in 2019. As for Phase 2 of Egyptian Accounting Standard No. (49), the team reviewed the lease arrangements except for those that were subject to Law No. 95 of 1995 in the Group, in the light of the new lease accounting rules.
Date of mandatory application/	<ul style="list-style-type: none">• The Group will apply Phase 2 of Egyptian Accounting Standard No. 49 to the operational lease contracts as of the mandatory date of implementation starting on January 1, 2020. The Group intends to use

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Date of implementation by the Group the practical means provided by the Standard, and the comparative figures of the year will not be modified before the initial application of the Standard. The assets of usufructuary right, which arise of the operational contracts, will be measured by the lease liability amount at the date of the initial application (amended by any advance or due lease expense). On 13 April 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards on the Periodic Financial Statements, and limit the same to the Annual Financial Statements until the end of 2020

3- Projects in Progress:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached an amount of **EGP 10,157,857** (Only Ten Million, One Hundred Fifty-Seven Thousand, Eight Hundred and Fifty-Seven Egyptian Pounds). These amounts were spent for equipping the new branches to be opened.

4- Fixed Assets:

	Medical Devices and Equipment	Equipment and Decorations	Computers	Electric appliances	Office furniture	Software	Deferred revenue expenditure	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost								
on 1 January 2021 AD	68,464,842	34,698,599	2,163,392	1,631,746	1,256,557	2,007,695	10,000	110,232,831
Additions	6,981,880	4,559,650	413,072	940,350	461,900	242,745	-	13,599,597
Exclusions	-	-	-	-	-	-	-	-
On 31 March 2021 AD	75,446,722	39,258,249	2,576,464	2,572,096	1,718,457	2,250,441	10,000	123,832,428
Depreciation								
Accumulated on 1 January 2021	16,528,909	9,301,711	1,371,659	780,325	176,382	967,624	7,200	29,133,810
Depreciation of the year	1,711,621	1,084,331	135,212	81,587	18,848	100,385	500	3,132,485
Additions Depreciation	-	-	-	-	-	-	-	-
Exclusions Depreciation	-	-	-	-	-	-	-	-
Total Depreciation of the Period	1,711,621	1,084,331	135,212	81,587	18,848	100,385	500	3,132,485
Accumulated On 31 March 2021 AD	18,240,531	10,386,042	1,506,871	861,912	195,231	1,068,008	7,700	32,266,294
Accumulated Depreciation - Exclusions 2021 AD	-	-	-	-	-	-	-	-
Net Accumulated Depreciation	18,240,531	10,386,042	1,506,871	861,912	195,231	1,068,008	7,700	32,266,294
Net Book Value on 31 March 2021	57,206,191	28,872,207	1,069,594	1,710,184	1,523,226	1,182,432	2,300	91,566,134

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- Fixed assets cost includes EGP 281.381 - fixed assets (Computer devices), as completely depreciated (in terms of book value) and still used.
- There are no mortgages or restrictions imposed on the ownership of fixed assets.
- There are not any contractual relationships for asset acquisition.

5- Investments in Affiliated Companies:

On October 12, 2017, the company's ordinary general assembly approved the purchase of 2083675 shares of Speed Hospitals Company shares with a value of EGP 41,673,500 (forty-one million, six hundred seventy-three thousand and five hundred pounds). The General Assembly also agreed to authorize the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors collectively or separately to conclude the commutative contracts for the purchase of 297600 shares of Speed Company's shares, with a value of EGP 5952000 - so the total investment amount in Speed Hospitals Company becomes EGP 47,625,500, which represents 80.25% of the share capital of Speed Hospitals Company. Based on the General Assembly resolution and in order to implement the future plan, the Speed Hospitals' capital was increased to EGP 128,404,160.00, of an increase of EGP 80,778,660 to complete the establishment and furnishing the hospital in Obour.

6- Cash in Hand and at Banks: -

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Cash on Hand	4,724,180	5,860,593
Cash in Bank	40,150,852	46,608,164
Total	44,875,032	52,468,757

7- Debtors and Other Debit Balances:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Deposits with third parties	431,240	369,240
Expense paid in advance	422,267	548,230
Commercial and Industrial Profit Tax	1,397,568	1,371,605
Advance payments to suppliers	1,528,697	1,309,600

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Trust under settlement in all branches	938,650	756,000
Miscellaneous Receivables and Other Advance Payments	1,613,659	3,471,453
Total	6,332,081	8,566,001

8 - Suppliers and Notes Payable:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March- 2021</u>	<u>On 31 December 2020</u>
Notes Payable	4,596,059	4,110,671
Supplier Balances	3,333,419	2,968,307
Total	7,929,478	7,078,978

9- Creditors and Other Credit Balances:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Accrued Expenses	2,015,848	3,613,634
Tax Authority - Less and Add	108,264	129,307
Creditors and accounts payable	1,257,622	1,144,380
Total	3,381,735	4,887,321

10- Loan:

These are loans from Qatar National Bank, with a total value of EGP 40,000,000 (only forty million Egyptian pounds) to finance the company's investment expansions. They are to be paid in monthly installments and such installments end in December 2024 at a loan rate of 2% above the rate announced by the Central Bank of Egypt, and its statement is as follows:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Net Loan Value	24,469,674	26,203,007
Current Part	(5,629,762)	(7,363,095)
Non-current Part	18,839,912	18,839,912

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11- Overdraft Bank

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
QNB Bank Account 24	18,114,507	18,157,297
National Bank of Kuwait	0	14,900,911
Total	18,114,507	33,058,209

12- Inventory at the end of the period:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Inventory	15,589,212	16,686,524
Total	15,589,212	16,686,524

13- Customers

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March- 2021</u>	<u>On 31 December 2020</u>
Clients	23,856,937	18,465,757
Total	23,856,937	18,465,757

14- Deposits:

The amount is linked with 8.6% interest for 3 months, and this item is as follows:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Short-term deposits (SAIB Bank)	75,501,000	150,501,000
Total	75,501,000	150,501,000

15- Activity Revenues:

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The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 March 2020</u>
Revenues of medical analysis laboratories branches	62,506,945	21,380,092
Revenues of the specialized clinics sector	2,858,240	2,812,337
Miscellaneous campaign revenues	-	925,126
Total	65,365,185	25,117,555

16- Sale and Marketing Expenses:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 March 2020</u>
Wages and Salaries	505,675	150,236
Advertising	3,848,104	167,759
Total	4,353,780	317,995

17- General and Administrative Expenses:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 March 2020</u>
Wages and Salaries	1,630,610	645,129
License Expenses	268,628	19,500
Insurance Expenses	84,990	43,739
Security and Guarding	63,233	25,582
Telephone Expenses	249,939	48,999
Electricity Expenses	170,575	66,666
Social Insurance	118,407	105,200
Uniform and Clothes	90,808	31,590
Administrative Rents	187,210	80,699
Administrative Publications	170,293	66,348
Stationary	181,371	75,333

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Hospitality and Reception	102,805	49,015
Cleaning materials and tools	125,960	62,770
Bank amounts, transportations, and others	1,611,595	81,806
Total	5,056,423	1,402,376

18- Revenue Acquisition Cost:-

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 March 2020</u>
Inventory at the beginning of the period	16,686,524	5,711,455
Procurements	8,785,607	6,529,060
Operational Expenses	20,753,282	5,313,326
End of the Period	(15,589,212)	(5,389,216)
Total	30,636,201	12,164,625

18-1 Operational Expenses:

The value of this item at the date of preparing the Statement of Financial Position on 31 March 2021 reached . This item is represented in the following:

<u>Description</u>	<u>On 31 March 2021</u>	<u>On 31 March 2020</u>
Wages and Salaries	9,026,772	3,203,340
Doctors' fees	2,310,424	865,643
Rents	1,610,101	465,001
Lab to Lab	771,495	246,231
Waste Expenses	203,931	25,932
Lab Supplies	2,141,086	93,125
Branch medical publications	286,107	39,993
Campaign expenses	-	98,160
Hospitality	245,321	15,635
Campaign devices rent	-	15,636
Branch home visits	3,702,502	122,320

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Branch Transfers	266,187	70,365
Branch Maintenance	189,357	51,945
Total	<u>20,753,282</u>	<u>5,313,326</u>

19- Capital Structure:

Authorized capital of EGP 520,000,000, "five hundred and twenty million" Egyptian pounds, and the capital of the issuer company was only EGP 221,828,895 (two hundred and twenty-one million, eight hundred and twenty-eight thousand, eight hundred and ninety-five pounds), divided into 1,109,144,475 shares " one billion, one hundred and nine million and one hundred forty-four thousand and four hundred and seventy-five shares", with a value of 20 piasters (twenty piasters) per share.

20- Financial Instruments and Related Risks:

The financial instruments of the Company are represented in the financial assets (cash in banks, receivables, and debit balances), in addition to the financial liabilities that include the balances of some creditors and other credit accounts.

20-1 Foreign Exchange Fluctuation Risk:

The foreign currency risk is represented in the fluctuation of the foreign currencies rate, which affects payments and receipts in foreign currencies, as well as the valuation of assets and liabilities in foreign currencies. The company does not have assets or liabilities of a monetary nature in foreign currencies at the date of preparing the financial statements.

20-2 Fair Value:

As for the valuation basis used for evaluating the assets and liabilities of the Company, the fair value of the financial instruments does not significantly differ from their book value at the balance sheet date.

21- Tax Position:

The Company prepares the tax returns for the competent tax office and submits them to the competent tax office within the legal time limits. The following is the Company's tax position:

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21-1 Tax on the Profits of Natural Persons:

The Company's activity was scheduled to start as of 28/12/2015. The company is subject to all kinds of taxes according to Law No. (91) of 2005. The Company was not held accountable or assessed, and there are not any tax dues owed by the Company.

21-2 Payroll tax and Equivalent:

Examination and payment were made from the beginning of the business until 2019, and the amount is being made now according to the law.

21-3 Stamp Tax:

The documents of the Company have not been examined from the beginning of the activity until the date of preparing the Statement of Financial Position. The Company was not held accountable or assessed, and there are not any tax dues owed by the Company.

21-4 Value Added Tax (VAT):

The Company is not required to register for the VAT, since its activity is exempt from tax.

22- Impact of COVID-19:

Revenues have increased significantly in the last period due to the citizens' demand for analyzes for the new Corona virus, as well as through sales of laboratories for Prime Speed contracts, the subsidiary company.

As for Prime Speed Company, it highly contributed to the increase of the consolidated profits of the company during the year.

23- Investment in Sister Companies:

A sister company is an entity over which the Company has effective influence through participating in the operational decisions and policies of the investee company. Investments in sister companies are accounted through using the cost method.

<u>Investments in Sister Companies</u>	<u>Equity ratio</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Prime Speed Medical Services	30%	300,000	300,000
Masr Lab for Egyptian People	30%	3,000,000	3,000,000
Total		3,300,000	3,300,000

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24- Related Party Transactions:

During the period, the Company treated with related parties. The following is a statement of related party transactions on the date of the financial statements, 31 March 2021:

<u>Related Parties</u>	<u>Nature of Transaction</u>	<u>On 31 March 2021</u>	<u>On 31 December 2020</u>
Prime Speed Medical Services	Services rendered	<u>38,348,109</u>	<u>26,639,200</u>
Total		<u>38,348,109</u>	<u>26,639,200</u>

Related Party Transactions are represented in the Company's transactions with affiliated / sister companies, whether through sale, purchase, or service exchange. The prices, policies and conditions related to such process are approved by the management of the Company and shall be on the same bases of dealing with others.