

**EMAAR MISR FOR DEVELOPMENT
COMPANY (S.A.E.)
INTERIM CONDENSED SEPARATE
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2021**

Emaar Misr for Development Company (S.A.E.)
Interim Condensed Separate Financial Statements
For the three-month period ended 31 March 2021

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**REPORT ON REVIEW OF INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF EMAAR MISR FOR DEVELOPMENT COMPANY
(S.A.E.)**

Introduction

We have reviewed the accompanying interim condensed separate statement of financial position of **Emaar Misr For Development Company –S.A.E.- (“the Company”)** as at 31 March 2021 as well as the related interim condensed separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with Egyptian Accounting Standard No. (30), “Interim Financial Statements”. Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, “Review of Interim Financial Statements Performed by the Independent Auditor of the Entity.” A review of interim financial statements 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 Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not in accordance with Egyptian Accounting Standard No. (30), “Interim Financial Statements”.


Sherif Fathy El-Kilany



**Fellow of the Egyptian Society of Accountants and Auditors
Fellow of the Egyptian Society of Tax
Register of Accountants and Auditors No. (5285)
Egyptian Financial Supervisory Authority No. (83)**

Cairo: 10 June 2021

Emaar Misr for Development Company (S.A.E)

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	31 March 2021 EGP	31 December 2020 EGP (Restated)
ASSETS			
Non-current assets			
Fixed assets	3	2,698,253,837	2,743,482,268
Fixed assets under construction	4	1,249,028,615	974,670,923
Investment in subsidiary	5	42,500	42,500
Investment properties	6	1,213,257,374	858,806,493
Right of use asset		8,141,156	8,696,234
Deferred tax assets	20	81,777,407	99,104,152
Total non-current assets		5,250,500,889	4,684,802,570
Current assets			
Development properties	7	28,731,680,553	22,017,785,039
Held to maturity investments		7,952,535,876	4,621,047,679
Accounts and notes receivables	8	2,061,974,625	1,862,012,926
Due from related parties	9a	10,318	178,177,121
Prepayments, other receivables and other debit balances	10	8,964,883,751	10,128,765,185
Cash on hand and at banks		3,052,065,089	6,146,275,778
Total current assets		50,763,150,212	44,954,063,728
TOTAL ASSETS		56,013,651,101	49,638,866,298
EQUITY AND LIABILITIES			
Equity			
Share capital	14	4,529,338,000	4,529,338,000
Share premium		1,350,286,168	1,350,286,168
Legal reserve		604,900,119	520,979,691
Retained earnings		12,263,751,830	11,818,551,798
TOTAL EQUITY		18,748,276,117	18,219,155,657
LIABILITIES			
Non-current liabilities			
Long term Lease liability		7,146,136	7,648,044
Provision for employees' end-of-service benefits		38,346,724	36,262,815
Long term liabilities	13	4,436,115,075	132,366,550
Total non-current liabilities		4,481,607,935	176,277,409
Current liabilities			
Provisions	11	29,243,414	61,858,941
Trade payables, accrued expenses and other credit balances	12	9,860,257,900	9,470,185,456
Due to related parties	9a	48,712,580	36,868,462
Income tax payable		322,428,815	229,890,199
Advances from customers		21,664,243,833	20,655,890,322
Retentions payable		675,964,309	611,040,576
Credit facilities		10,255,590	10,255,590
Current portion of long-term liabilities	13	172,660,608	167,443,686
Total current liabilities		32,783,767,049	31,243,433,232
TOTAL LIABILITIES		37,265,374,984	31,419,710,641
TOTAL LIABILITIES AND EQUITY		56,013,651,101	49,638,866,298

Chairman

Board Director

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

Emaar Misr for Development Company (S.A.E)

INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2021

		<i>For the Three-Month Period Ended</i>	
		<i>31 March</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>
		<i>EGP</i>	<i>EGP</i>
			<i>(Restated)</i>
Revenue	15	1,543,641,282	242,215,132
Cost of revenue	16	(922,577,599)	(214,764,499)
GROSS PROFIT		621,063,683	27,450,633
Selling and marketing expenses	17	(60,947,242)	(24,458,070)
General and administrative expenses	18	(127,743,414)	(113,361,437)
Finance income		226,659,433	381,033,330
Finance cost		(1,043,739)	(14,788,309)
Other income	19	63,772,139	32,939,856
Impairment of other receivables		(17,479,326)	(12,724,448)
Provisions	11	(204,000)	(829,414)
Provisions no longer required	11	11,674,558	2,551,792
PROFIT FOR THE PERIOD BEFORE INCOME TAX		715,752,092	277,813,933
Income tax	20	(186,631,632)	(30,253,122)
PROFIT FOR THE PERIOD		529,120,460	247,560,811
Earnings Per Share – basic and diluted		0.11	0.05

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

Emaar Misr for Development Company (S.A.E)

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2021

	<i>For the Three-Month Period Ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
PROFIT FOR THE PERIOD	529,120,460	247,560,811
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	529,120,460	247,560,811

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

Emaar Misr for Development Company (S.A.E)

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2021

	<i>Paid up Capital EGP</i>	<i>Additional Paid in capital EGP</i>	<i>Legal reserve EGP</i>	<i>Retained Earnings EGP</i>	<i>Total EGP</i>
Balance at 1 January 2020	4,529,338,000	1,350,286,168	434,015,997	9,568,336,742	15,881,976,907
Adjustments (Note 22)	-	-	-	446,452,191	446,452,191
Balance as of 1 January 2020 (restated)	4,529,338,000	1,350,286,168	434,015,997	10,014,788,933	16,328,429,098
Total comprehensive income	-	-	-	247,560,811	247,560,811
Transfer to legal reserve	-	-	86,963,694	(86,963,694)	-
Balance at 31 March 2020	4,529,338,000	1,350,286,168	520,979,691	10,175,386,050	16,575,989,909
Balance at 1 January 2021	4,529,338,000	1,350,286,168	520,979,691	11,159,781,608	17,560,385,467
Adjustments (Note 22)	-	-	-	658,770,190	658,770,190
Balance as of 1 January 2021 (restated)	4,529,338,000	1,350,286,168	520,979,691	11,818,551,798	18,219,155,657
Total comprehensive income	-	-	-	529,120,460	529,120,460
Transfer to legal reserve	-	-	83,920,428	(83,920,428)	-
Balance at 31 March 2021	4,529,338,000	1,350,286,168	604,900,119	12,263,751,830	18,748,276,117

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

Emaar Misr for Development Company (S.A.E)

INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS

For the three-month period ended 31 March 2021

		<i>For the three-month period ended 31 March</i>	
	Note	2021 EGP	2020 EGP (Restated)
Operating activities			
Profit for the period before income tax		715,752,092	277,813,933
Depreciation expenses of fixed assets	3	55,684,416	50,044,043
Depreciation expenses of investment properties		2,766,462	2,584,358
Depreciation expenses of right-of-use assets		555,078	941,642
Provision for employees' end-of-service benefits		5,258,552	619,594
Reversal of provision for employees' end-of-service benefits		-	(2,855,657)
Provisions charged	11	204,000	829,414
Provision no longer required	11	(11,674,558)	(2,551,792)
Reversal of impairment of development properties		(1,993,412)	(6,395,186)
Impairment of other receivables		17,479,326	12,724,448
Loss on disposal of fixed assets		-	861
(Gain) from cancelation of lease contracts		-	(1,353,352)
Finance costs		1,043,739	14,788,309
Finance income		(226,659,433)	(381,033,331)
		<u>558,416,262</u>	<u>(33,842,716)</u>
Changes in accounts and notes receivables		(199,961,699)	260,698,920
Changes in due from related parties		178,166,803	-
Changes in prepayments, other receivables and other debit balances		1,147,861,367	(1,447,970,922)
Changes in development properties		(3,017,324,930)	(1,068,134,280)
Changes in advances from customers		1,008,353,510	1,191,023,637
Changes in trade payables, accrued expenses and other credit balances		388,101,490	(126,553,136)
Changes in due to related parties		11,844,122	1,832,174
Changes in retentions payable		64,923,732	25,365,774
Letter of guarantee and letter of credit margins		104,680,192	-
Provisions used	11	(21,144,969)	(1,000,000)
Employees' end-of-service benefits paid		(3,174,642)	(928,211)
Income tax paid		(76,766,271)	(33,871,426)
Net cash from (used in) operating activities		<u>143,974,967</u>	<u>(1,233,380,186)</u>
Investing activities			
Finance income received		22,882,955	66,890,409
Purchase of fixed assets	3	(10,455,983)	(13,441,148)
Proceeds from sale of fixed assets		-	1,082
Payments in fixed assets under construction		(6,324,576)	(116,411,936)
Purchase of investment properties		(10,628,673)	(187,302,104)
Purchase of held to maturity investments		(7,952,535,876)	(1,273,438,685)
Proceeds from held to maturity investments		4,825,236,542	1,542,486,144
Time deposits (maturity over 3 months)		(497,930,177)	200,000,000
Net cash (used in) from investing activities		<u>(3,629,755,788)</u>	<u>218,783,762</u>
Financing activities			
Payments of credit facilities		-	(21,494)
Payments in lease liability		(687,582)	(1,058,460)
Finance cost paid		(992,267)	(369,443)
Net cash (used in) financing activities		<u>(1,679,849)</u>	<u>(1,449,397)</u>
Net (decrease) in cash and cash equivalents		<u>(3,487,460,670)</u>	<u>(1,016,045,821)</u>
Net foreign exchange differences		-	(20,050,525)
Cash and cash equivalent at the beginning of the period		5,987,845,586	3,162,161,314
Cash and cash equivalent at the end of the period		<u>2,500,384,916</u>	<u>2,126,064,968</u>

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

Emaar Misr for Development Company (S.A.E)

INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS

For the three-month period ended 31 March 2021

For the purpose of statement of cash flow cash and cash equivalents represents the following:

	31 March 2021 EGP	31 December 2020 EGP (Restated)
Bank balances and cash	3,052,065,089	6,146,275,778
Restricted cash/time deposit for letters of guarantee and credit*	(51,875,000)	(156,555,192)
Time deposits (maturity over 3 months)	(499,805,173)	(1,875,000)
Cash and cash equivalent	2,500,384,916	5,987,845,586

*Cash at banks as at 31 March 2021 include an amount of EGP 51,875,000 in form of three renewable time deposits as a margin of a letter of guarantee and two letters of credit issued by the company and credit card (Note 21).

Major Non-cash transactions:

Long-term liabilities amounting to EGP 4,608,775,683 deducted from changes in development properties.

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

1 BACKGROUND

Emaar Misr for Development Company (S.A.E.) (the “Company”) is a joint stock company established in Egypt under the Investment Guarantees and Incentives Law No. 8 of 1997. The Company was registered in the commercial register on 16 March 2005 under No. 12841.

The listing of Emaar Misr for Development Company (S.A.E.) on the Egyptian stock exchange was approved in 4 March 2015 according to resolution of listing committee of Egyptian stock exchange.

The purpose of the Company is:

- Planning and construction of urban districts and providing them with utilities and services,
- Designing, constructing, managing, operating and maintenance of power plants with their different sources and distribution networks.
- Constructing, operating, managing and maintenance of water desalination and refining plants together with their distribution networks,
- Constructing, operating, managing and maintenance of sewage systems,
- Projects development, investment and real estate development,
- Owning, constructing, managing and touristic marketing for hotels, motels, lodges and tourism villages and its related supplementary activities in servicing, entertainment, sporting, commercial, and cultural,
- Establishing and operating yachts marina, golf courses and diving centres and its related supplementary activities,
- Finance leasing,

The Company is currently engaged in planning and construction of urban districts and providing them with utilities, services and projects development, investment and real estate development.

The Company’s parent is Emaar Properties PJSC.

These interim condensed separate financial statements for the three months ended 31 March 2021 were authorized for issuance in accordance with the resolution of the directors on 10 June 2021.

2.1 BASIS OF PREPARATION OF INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

The interim condensed separate financial statements are prepared in accordance with Egyptian Accounting Standard (“EAS 30 Interim Financial Statements”).

The interim condensed separate financial statements don’t include all data and disclosures required in the annual financial statements and should be read in conjunction with the separate financial statements for the year ended 31 December 2020. In addition, results for the interim period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed separate financial statements have been prepared under the going concern assumption on a historical cost basis.

The accounting policies adopted in preparation of the interim condensed separate financial statements are consistent with those used in the preparation of the separate financial statements for the year ended 31 December 2020, except for new adopted standards as described below:

CHANGES IN ACCOUNTING POLICIES

The Company adopted EAS 47, EAS 48 and EAS 49 for the first time. These standards were issued in 2019 and is effective for annual periods beginning on or after 1 January 2021 in Egypt.

- EAS 47 Financial instruments - effective 1 January 2021
- EAS 48 Revenues from contracts with customers - effective 1 January 2021
- EAS 49 Leases - effective 1 January 2021

The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

2.2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

EAS 47: Financial Instruments

EAS 47 Financial Instruments replaces EAS 26 Financial Instruments: Recognition and Measurement. EAS 47 is issued in 2019 and is effective for annual periods beginning on or after 1 January 2021 in Egypt. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.

The standard deals with three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification and measurement

Under EAS 47, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application and the assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of EAS 47 did not have a significant impact on the Company.

Impairment

The new impairment model according to EAS 47 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under EAS 26. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under EAS 48 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The impact of the new accounting standard set out in note (22).

The impact of the new accounting policy set out below was adopted with restating comparative information.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Impairment of financial assets (Cont.)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the statement of profit or loss.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

EAS 48: Revenue from contracts with customers

EAS 48 supersedes EAS 8 Construction Contracts, EAS 11 Revenue, it applies, with limited exceptions, to all revenue arising from contracts with its customers. EAS 48 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

EAS 48 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company adopted EAS 48 using the retrospective method of adoption. The impact of the new accounting standard set out in note (22).

The new accounting policy set out below was adopted with restating comparative information.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

The Company adjusts the transaction price for the effects of the significant financing component by discounting it using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception.

The Company pays sales commission for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract that meet the criteria in EAS 48. These costs are recognized when the revenue is recognized. Capitalised costs to obtain such contracts are presented separately as a current asset in the statement of financial position and its amortisation is included in selling and marketing in the statement of profit or loss.

Revenue is recognized in the statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

2.2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

EAS 49: Leases

EAS 49 replaces EAS 20 "Accounting for finance Leases". EAS 49 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption of certain short-term leases and leases of low-value assets.

The Company has adopted EAS 49 using the retrospective approach on 1 January 2021.

The impact of the new accounting standard set out in note (22).

The new accounting policy set out below was adopted with restating comparative information.

The company determine if an arrangement is a lease at inception. At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these interim condensed separate financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Changes in Judgements

Determination of performance obligations

With respect to the sale of property, the Company has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Company is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Company uses those goods and services as inputs and provides a significant service of integrating them into a combined output, i.e., the completed property for which the customer has contracted.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Cont.)

Changes in Judgements (Cont.)

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Company assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract. In determining the impact of variable consideration, the Company uses the "most-likely amount" method in EAS 48 Revenue from Contracts with Customers whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Company determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Emaar Misr for Development Company (S.A.E.)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 31 March 2021

3 FIXED ASSETS

The additions of fixed assets during the period amounted to EGP 10,455,983 (31 March 2020: EGP 13,441,148), no transfers from fixed assets under construction to fixed assets during the period (31 March 2020: 1,306,392), disposals of fixed assets during the period amounted to EGP 163,990 (31 March 2020: EGP 14,970), and depreciation expenses charged during the period amounted to EGP 55,684,416 (31 March 2020: EGP 50,044,043).

4 FIXED ASSETS UNDER CONSTRUCTION

	31 March 2021 EGP	31 December 2020 EGP (Restated)
Marassi project (buildings, furniture and fixtures)	997,866,061	744,527,507
Uptown Cairo project (buildings, furniture and fixtures)	37,647,061	30,323,162
MIVIDA project (buildings, furniture and fixtures)	213,515,493	199,820,254
	<u>1,249,028,615</u>	<u>974,670,923</u>

5 INVESTMENT IN SUBSIDIARY

During April 2018, the Company acquired 85% of the quotas of "Emaar Facility Management L.L.C." which amounts to EGP 50,000 at its par value. The cost of investment amounted to EGP 42,500. The Company changed its legal name of its newly acquired subsidiary to become "IJADA Facility Management L.L.C.".

6 INVESTMENT PROPERTIES

	31 March 2021 EGP	31 December 2020 EGP (Restated)
Land	15,491,697	15,491,697
Building	171,696,697	163,834,486
Investment Properties Under Construction	<u>1,026,068,980</u>	<u>679,480,310</u>
Net carrying amount	<u>1,213,257,374</u>	<u>858,806,493</u>

- The valuation of the company's investment properties are performed by Arab Group for Appraisals & Consultancy (independent valuer).

-The fair value of investment properties at 31 December 2020 is EGP 1,032,380,883, no fair value assessment was made for 31 March 2021.

7 DEVELOPMENT PROPERTIES

	31 March 2021 EGP	31 December 2020 EGP (Restated)
Mivida project	6,012,818,256	5,991,353,890
Marassi project	7,774,230,887	7,412,710,572
Uptown Cairo project	7,653,286,692	7,198,980,339
Cairo Gate project	1,569,075,740	1,424,945,368
Belle Vie project	<u>5,736,201,462</u>	<u>5,720,766</u>
	28,745,613,037	22,033,710,935
Less: Impairment of development properties	<u>(13,932,484)</u>	<u>(15,925,896)</u>
	<u>28,731,680,553</u>	<u>22,017,785,039</u>

The Company has completed the registration of Marassi project land and is in process of completing the required legal procedures related to official registration of the other remaining land owned as of 31 March 2021.

The movement of impairment of development properties include reversal amounted to EGP 1,993,412 included in cost of revenues.

Emaar Misr for Development Company (S.A.E.)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

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8 ACCOUNTS AND NOTES RECEIVABLES

	31 March 2021	31 December 2020
	EGP	EGP
		<i>(Restated)</i>
Amounts receivable within 12 months	1,057,447,806	1,040,352,204
Amounts receivable after 12 months	1,437,982,168	1,176,545,637
	2,495,429,974	2,216,897,841
Unamortised discount	(437,953,765)	(360,081,239)
Amounts receivable, net	2,057,476,209	1,856,816,602
Accounts receivables, hotels	4,498,416	5,196,324
	2,061,974,625	1,862,012,926

9 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed separate financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions

During the period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

31 March 2021					
Company	Nature	Payments on behalf EGP	IT software EGP	Management fees EGP	Consultancy fees EGP
Turner Construction International Egypt	Joint venture of the parent	-	-	-	17,134,135
Emaar Properties – PJSC	Parent	(2,304,126)	5,935,598	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	118,457	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	(8,419,005)	-

31 March 2020 (Restated)					
Company	Nature	Payments on behalf EGP	IT software EGP	Management fees EGP	Consultancy fees EGP
Turner Construction International Egypt	Joint venture of the parent	-	-	-	19,523,788
Emaar Properties – PJSC	Parent	(1,602,138)	3,371,411	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	62,902	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	-	-

Emaar Misr for Development Company (S.A.E.)

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As at 31 March 2021

9 RELATED PARTY DISCLOSURES (cont.)

The related parties' transactions described above resulted in the following balances:

a) Related party balances

	<i>31 March 2021</i>			
	Due from related parties EGP	Due to related parties EGP	Trade payables and accruals EGP	Trade and notes receivables EGP
Parent**	-	20,144,669	-	-
Subsidiaries of the parent	10,318	28,567,911	-	-
Joint venture of the parent	-	-	189,624,423	-
Board members and key management personnel	-	-	-	71,484
	10,318	48,712,580	189,624,423	71,484

	<i>31 December 2020 (Restated)</i>			
	Due from related parties EGP	Due to related parties EGP	Trade payables and accruals EGP	Trade and notes receivables EGP
Parent	178,166,803	-	-	-
Subsidiaries of the parent	10,318	36,868,462	-	-
Joint venture of the parent	-	-	197,386,426	-
Board members and key management personnel	-	-	-	215,646
	178,177,121	36,868,462	197,386,426	215,646

**Due to parent represent a current account, callable by the parent, non-interest bearing, which resulted mainly from the financing and support received from the parent and other operating activities.

b) Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	<i>31 March 2021</i> <i>EGP</i>	<i>31 March 2020</i> <i>EGP</i> <i>(Restated)</i>
Short-term benefits	6,132,635	2,311,389
End-of-service benefits	669,797	195,465
	6,802,432	2,506,854

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As at 31 March 2021

10 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	31 March 2021 EGP	31 December 2020 EGP (Restated)
Prepayments	6,432,262	7,464,689
Advances to contractors and suppliers*	2,848,256,698	4,364,662,535
Advances to employees	7,511,269	3,951,329
Accrued interest income	52,335,900	50,876,641
Tax authority - value added tax	4,045,722	10,534,728
Customers maintenance – Current accounts	430,176,992	267,136,428
Customers maintenance – Time deposits	3,790,278,837	3,790,278,837
Due from customers – facility and customer charges	548,663,856	501,156,535
Payments to tax authority – treasury bills	95,956,141	95,956,141
Deferred sales commissions	978,494,174	892,969,044
Other receivables	252,847,554	176,414,606
	9,014,999,405	10,161,401,513
Less: Impairment of other receivables	(50,115,654)	(32,636,328)
	8,964,883,751	10,128,765,185

*Advances to contractors and suppliers includes an amount of EGP 538 million paid against work to be done by a contractor (joint venture) of which the parent company's general assembly meeting for this contractor decided operation discontinuity. The joint venture continues to perform and execute the work until the date of issuing these interim condensed separate financial statements, and the company has irrevocable letters of guarantee fully covering these balances.

11 PROVISIONS

	Balance as of 1 January 2021 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	Balance as of 31 March 2021 EGP
Provision for legal claims	17,062,483	204,000	(11,674,558)	-	5,591,925
Provision for other claims	44,796,458	-	-	(21,144,969)	23,651,489
	61,858,941	204,000	(11,674,558)	(21,144,969)	29,243,414

	Balance as of 1 January 2020 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	Balance as of 31 March 2020 EGP (Restated)
Provision for legal claims	19,860,824	826,167	(2,551,792)	-	18,135,199
Provision for other claims	44,999,369	3,247	-	(1,000,000)	44,002,616
	64,860,193	829,414	(2,551,792)	(1,000,000)	62,137,815

- No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in note 21 contingent liabilities.

12 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Projects contracts cost accruals	3,435,482,565	3,451,187,208
Trade payables (suppliers, contractors and consultants)	1,276,703,419	1,067,717,923
Taxes payables (other than income tax)	75,350,045	80,499,963
Accrued expenses	470,345,595	399,835,377
Deferred revenue	171,033,191	149,392,146
Social insurance authority	8,308,314	7,815,458
Other payables	19,304,463	19,304,462
Lease liability – Short term	1,794,765	1,692,682
Due to customers – Facility management	714,822,918	667,813,612
Customers maintenance payable	3,687,112,625	3,624,926,625
	<u>9,860,257,900</u>	<u>9,470,185,456</u>

13 LONG TERM LIABILITIES

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Long term liabilities		
Cairo Gate project*	351,761,200	351,761,200
Belle Vie Project**	6,595,592,957	-
Discount long term liabilities (interest not due)	(2,338,578,474)	(51,950,964)
Net long term liabilities	<u>4,608,775,683</u>	<u>299,810,236</u>

* The amount represents post-dated checks instalments to New Urban Communities Authority to amend land activity license from agricultural to integrated urban and support facilities for Cairo Gate project.

** The amount represents post-dated checks instalments to New Urban Communities Authority for the plot of land bought for Belle Vie project in Sheikh Zayed City.

14 SHARE CAPITAL

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Authorised capital (shares of EGP 1 each)	10,000,000,000	10,000,000,000
Issued and fully paid-up	<u>4,529,338,000</u>	<u>4,529,338,000</u>
Number of shares	<u>4,529,338,000</u>	<u>4,529,338,000</u>

15 REVENUE

	<i>Three Month Period Ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Marassi Project*	726,676,747	27,816,791
Uptown Cairo Project*	305,305,662	74,936,709
Mivida Project*	503,456,075	136,748,002
Revenue of Hospitality	8,202,798	2,713,630
	<u>1,543,641,282</u>	<u>242,215,132</u>

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15 REVENUE (Cont.)

*Revenue from property sales represents sales value of units handed over during the period discounted at the effective interest rate, the Company introduces several payment scenarios, ranging from “till delivery instalment schedule” to “till extended instalments schedule over 7 years”, the unit price vary based on the selected instalment schedule by the customer.

16 COST OF REVENUE

	<i>For the Three-Month Period Ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Marassi Project*	482,183,262	12,331,933
Uptown Cairo Project*	167,854,202	71,944,380
Mivida Project*	233,730,392	107,936,773
Cost of Hospitality	38,809,743	22,551,413
	922,577,599	214,764,499

*The cost of revenue of projects includes reversal of impairment loss 31 March 2021: EGP 1,993,412 (31 March 2020: 6,395,186).

17 SELLING AND MARKETING EXPENSES

	<i>For the Three-Month Period Ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Advertisements	4,546,257	6,532,012
Depreciation expenses of fixed assets	3,465,712	1,605,296
Depreciation expenses of right-of-use assets	555,078	941,642
Marketing production and materials	4,413,131	2,392,026
Events and exhibitions	14,105,578	3,755,059
Sales commission	23,569,361	2,836,133
Other marketing expenses	10,292,125	6,395,902
	60,947,242	24,458,070

18 GENERAL AND ADMINSTRATIVE EXPENSES

	<i>For the Three-Month Period Ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Depreciation expenses of fixed assets	48,537,155	45,150,673
Depreciation expenses of investment property	2,766,462	2,584,358
Salaries and benefits	28,353,925	25,802,851
Professional fees	6,355,562	5,733,806
IT expenses	7,296,432	5,539,569
Travel and entertainment	2,866,285	2,345,797
Communication	1,267,545	910,008
Facility management expenses	18,293,155	13,681,769
Other bank charges	1,506,118	1,086,765
Donations	109,882	676,497
Other expenses	10,390,893	9,849,344
	127,743,414	113,361,437

Emaar Misr for Development Company (S.A.E.)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

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19 NET OTHER INCOME

	<i>For the Three-Month Period Ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Customers service charges	10,071,150	4,086,765
Penalties and administrative fees	49,498,678	23,504,638
Operating lease income	4,955,735	3,880,830
(Loss) from sale of fixed assets	-	(861)
Other operating (expenses) income	(753,424)	1,468,484
	63,772,139	32,939,856

20 INCOME TAX

	<i>For the Three-Month Period Ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>
Statement of Profit or Loss		
Current income tax	169,304,887	68,677,229
Deferred income tax	17,326,745	(38,424,107)
	186,631,632	30,253,122

Deferred income tax

	<i>Statement of Financial Position</i>		<i>Statement of Profit or Loss</i>	
	<i>31 March 2021</i>	<i>31 December 2020</i>	<i>31 March 2021</i>	<i>31 March 2020</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Depreciation of fixed assets	(48,132,999)	(27,335,461)	(20,797,538)	(16,043,107)
Provisions and accruals	129,910,406	126,439,613	3,470,793	54,467,214
Net deferred income tax assets	81,777,407	99,104,152	(17,326,745)	38,424,107

21 CONTINGENT LIABILITIES

- A letter of guarantee was issued in favour of "Shore protection Authority" during the 2017 valid till 2022, the letter of guarantee margin amounted to EGP 50 million is fully covered.
- A letter of credit was issued in favour of "Siemens Technologies S.A.E" during the 2017 amounted to Euro 408,485 (equivalent to EGP 8,467,894) is fully covered.
- The Company has received an arbitration notification raised by "Dar Al Handasah Consultants" claiming for monetary amount regarding additional work of USD 7,580,000 referring to the contract. On 4 June 2020, the Arbitral Tribunal has been constituted. On 16 July 2020, Procedural Order 1 was issued to determine the next steps of the arbitration and on 31 August 2020, Dar Consultants have submitted additional claim amounting to USD 2 Million. On 15 October 2020, the Company submitted its statement of defense and counterclaims. On 14 January 2021 both the Company and Dar submitted a joint letter to the Arbitral tribunal requesting the arbitral tribunal to appoint an expert to opine on the disputed issues.
- The Company has received an arbitration notification raised by "Detac for Trading and Contracting" claiming for an amount of EGP 148,221,832. The Company filed counterclaims in its reply to the notice on 17 August 2020. On 10 December 2020, Detac submitted its Statement of Claim along with an expert report.

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22 IMPACT OF NEW ACCOUNTING STANDARDS ADOPTED

The Company adopted three new Egyptian Accounting Standards, (EAS 49) "Leases", (EAS 48) "Revenue from Contracts with Customers", (EAS 47) "Financial Instruments" retrospectively and restated the comparative figures in the financial statements for the financial year ending on 31 December 2020 and their impact on the current period, the effect of adopting the three new standards are as follows:

Impact on the separate statement of financial position (Increase/(Decrease)):

	Note	1 January 2021 (31 December 2020) EGP	1 January 2020 EGP (Restated)
Assets			
Right of use assets (Net)	A (EAS 49)	8,696,234	13,724,576
Deferred tax assets	C	(200,918,034)	(135,982,145)
Deferred sales commission (Prepayments and other debit balances)	D (EAS 48)	892,969,044	604,365,089
Impairment of other receivables (Prepayments and other debit balances)	E (EAS 47)	(32,636,328)	(19,911,879)
Total Assets		668,110,916	462,195,641
Liabilities			
Lease Liabilities – Short term	B (EAS 49)	1,692,682	5,879,037
Lease Liabilities – Long term	B (EAS 49)	7,648,044	9,864,413
Total Liabilities		9,340,726	15,743,450
Impact of adjustments on Retained Earnings and profit for the year	F	658,770,190	446,452,191

As mentioned above, the comparative information in these interim separate financial statements has been restated, as follows:

- Right of use assets (net) were recognized and presented separately in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 8,696,234 and EGP 13,724,576 respectively.
- Lease liabilities (short and long-terms) were recognized and presented separately in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 9,340,726 EGP and EGP 15,743,450 respectively.
- Deferred tax assets decreased by EGP 200,918,034 and EGP 135,982,145 on 1 January 2021 (31 December 2020) and 1 January 2020 respectively because of the deferred tax impact from the changes in assets and liabilities.
- Deferred sales commission were recognized within prepayments and other debit balances in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 892,969,044 and EGP 604,365,089 respectively.
- Impairment of other debit balances were recognized net of prepayments and other debit balances in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 32,636,328 and EGP 19,911,879 respectively.
- The net impact of these adjustments had been adjusted to retained earnings and profits for the year on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 658,770,190 and EGP 446,452,191 respectively.

22 IMPACT OF NEW ACCOUNTING STANDARDS ADOPTED (cont.)**Impact on the separate statement of profit or loss:**

	Note	<u>31 March 2020</u> <u>EGP</u>
Depreciation expenses	A (EAS 49)	(941,642)
Finance cost	C (EAS 49)	(197,209)
Lease expense	B (EAS 49)	1,486,860
Other income	D	1,353,352
Deferred tax expense	E	(12,415,093)
Sales Commission	F (EAS 48)	55,178,192
Impairment of other debit balances	G (EAS 47)	(12,724,448)
Total adjustments on net profits for the period		<u>31,740,012</u>

As mentioned above, the comparative information in these interim condensed separate financial statements has been restated, as follows:

- A- Depreciation expense increased by EGP 941,642 for the period ended 31 March 2020 related to depreciation of right of use assets recognized.
- B- Lease expense decreased by EGP 1,486,860 for the period ended 31 March 2020 related to previous operating leases recognized.
- C- Financing cost increased by EGP 197,209 for the period ended 31 March 2020 related to the interest expense on lease liabilities recognized.
- D- Other income increased by EGP 1,353,352 for the period ended 31 March 2020 related to recognized gain from termination of lease contract.
- E- Deferred income tax expense increased by EGP 12,415,093 for the period ended 31 March 2020 relating to the tax effect of these changes in expenses.
- F- Sales commission expenses decreased by EGP 55,178,192 for the period ended on 31 March 2020 related to derecognition.
- G- Impairment of other debit balances increased by EGP 12,724,448 for the period ended 31 March 2020 relating to recognized additional impairment.

Amounts recognized in the Statement of financial position and Statement of profit or loss for the current period:

The impact of EAS 47, Impairment of other receivables balance as at 31 March 2021 amounted to EGP 50,115,654. The impact of EAS 48, deferred sales commission balance in prepayments and other debit balances as at 31 March 2021 amounted to EGP 978,494,174.

The impact of EAS 49, Right of use assets and lease liabilities balances as at 31 March 2021 are as follow:

	<i>Right of use assets</i> <i>EGP</i>	<i>Lease Liabilities</i> <i>EGP</i>
Balance as at 1 January 2021	8,696,234	9,340,726
Additions	-	-
Depreciation	(555,078)	-
Finance expenses	-	287,757
Payments	-	(687,582)
Balance as at 31 March 2021	<u>8,141,156</u>	<u>8,940,901</u>

23 SIGNIFICANT EVENTS

Some major global events occurred, which included the Arab Republic of Egypt as well, where an outbreak of COVID19 occurred near the end of 2019, and the World Health Organization (“WHO”) announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in revenues, and evaluation / impairment of assets and other risks.

There is no major effect on the Company’s current economic situation (its financial position and business results and cash flows) therefore these events did not affect the interim condensed separate financial statements of the company as at 31 March 2021 but may affect the separate financial statements for future financial periods. If it is difficult to quantify this effect for now, this effect will appear in future separate financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.