

**ABU DHABI NATIONAL OIL
COMPANY FOR DISTRIBUTION PJSC**

Review report and unaudited
interim condensed consolidated
financial information for the
six-month period ended 30 June 2021

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Review report and unaudited interim condensed consolidated financial information for the six-month period ended 30 June 2021

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ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Directors' report for the six-month period ended 30 June 2021

The Directors present their report together with the unaudited interim condensed consolidated financial information of Abu Dhabi National Oil Company for Distribution PJSC (the "Company") and its subsidiary (collectively referred to as "the Group") for the six-month period ended 30 June 2021.

Principal activities

The principal activities of the Group are the marketing of petroleum products, compressed natural gas and ancillary products.

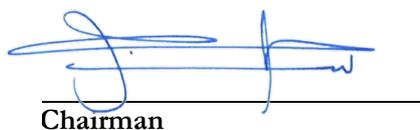
Review of business

During the period, the Group reported revenue of AED 9,300,541 thousand (30 June 2020: AED 7,955,905 thousand). Profit for the period was AED 1,152,138 thousand (30 June 2020: AED 910,278 thousand).

The appropriation of the results for the period is follows:

	AED '000
Retained earnings as at 1 January 2021	2,128,570
Profit for the period	1,152,138
Dividends declared	(1,285,625)
Retained earnings as at 30 June 2021	1,995,083

for the Board of Directors



Chairman

9 August 2021
Abu Dhabi, UAE

**REPORT ON REVIEW OF UNAUDITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION TO THE BOARD OF DIRECTORS OF
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC**

Introduction

We have reviewed the accompanying unaudited condensed consolidated interim statement of financial position of Abu Dhabi National Oil Company for Distribution PJSC ("ADNOC Distribution" or "the Company") and its subsidiary (collectively referred to as "the Group") as at 30 June 2021 and the related unaudited condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this unaudited interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this unaudited interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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 unaudited condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 14 February 2021.

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2020 were reviewed by another auditor who expressed an unmodified opinion on those condensed consolidated interim financial statements on 12 August 2020.


GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
9 August 2021



**Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements**

**Unaudited condensed consolidated statement of financial position
as at 30 June 2021**

	Notes	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,550,832	5,567,588
Right-of-use assets	8	672,694	547,374
Advances to contractors		57,091	75,451
Other non-current assets	10	3,869	5,213
Total non-current assets		6,284,486	6,195,626
Current assets			
Inventories	5	988,825	670,749
Trade receivables and other current assets	6	2,079,671	2,180,563
Due from related parties	7	863,834	567,893
Term deposits	9	130,000	644,150
Cash and bank balances	9	3,778,088	2,145,322
Total current assets		7,840,418	6,208,677
Total assets		14,124,904	12,404,303
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Hedge reserve		(112,578)	(151,471)
Retained earnings		1,995,083	2,128,570
Total equity		3,382,505	3,477,099
Non-current liabilities			
Lease liabilities	8	584,537	447,055
Long term debt	10	5,497,098	5,494,597
Derivative financial instruments	12	40,915	80,149
Provision for decommissioning	13	122,346	120,193
Provision for employees' end of service benefit		198,335	199,185
Total non-current liabilities		6,443,231	6,341,179
Current liabilities			
Lease liabilities	8	17,208	28,147
Trade and other payables	11	1,309,137	1,590,189
Due to related parties	7	2,888,206	884,771
Derivative financial instruments	12	84,617	82,918
Total current liabilities		4,299,168	2,586,025
Total liabilities		10,742,399	8,927,204
Total equity and liabilities		14,124,904	12,404,303

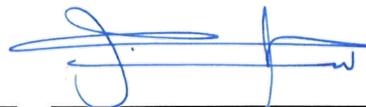
To the best of our knowledge, the financial information included in the report fairly present in all material respects the financial condition, result of operations and cash flows of the Group as of 30 June 2021, and for the periods presented in the report.



Mohamed Al Hashimi
Chief Financial Officer



Bader Saeed Al Lamki
Chief Executive Officer



Dr. Sultan Ahmed Al Jaber
Chairman of the Board of Directors

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for
the three and six-month periods ended 30 June 2021

	Note	3 months ended 30 June		6 months ended 30 June	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Revenue	14	5,018,394	3,016,416	9,300,541	7,955,905
Direct costs		(3,796,758)	(1,680,541)	(6,753,316)	(5,510,072)
Gross profit		1,221,636	1,335,875	2,547,225	2,445,833
Distribution and administrative expenses	15	(676,174)	(745,624)	(1,349,144)	(1,445,258)
Other income		35,322	18,374	61,568	48,789
Impairment losses and other operating expenses		(15,547)	(46,133)	(22,853)	(65,505)
Operating profit		565,237	562,492	1,236,796	983,859
Interest income		2,540	7,980	7,521	35,950
Finance costs		(46,374)	(59,711)	(92,179)	(109,531)
Profit for the period		521,403	510,761	1,152,138	910,278
Other comprehensive income					
<i>Items that may be reclassified to profit or loss in subsequent periods</i>					
Fair value gain / (loss) on hedging instruments		19,878	68,944	38,893	(2,966)
Total comprehensive income for the period		541,281	579,705	1,191,031	907,312
Earnings per share:					
Basic and diluted	16	0.042	0.041	0.092	0.073

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2021

	Share capital AED'000	Statutory reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
Balance as at 1 January 2020 (restated)	1,000,000	500,000	(114,525)	2,343,828	3,729,303
Profit for the period	-	-	-	910,278	910,278
Other comprehensive income for the period	-	-	(2,966)	-	(2,966)
Dividends declared (note 22)	-	-	-	(1,193,750)	(1,193,750)
Balance as at 30 June 2020 (unaudited)	1,000,000	500,000	(117,491)	2,060,356	3,442,865
Balance as at 1 January 2021 (audited)	1,000,000	500,000	(151,471)	2,128,570	3,477,099
Profit for the period	-	-	-	1,152,138	1,152,138
Other comprehensive income for the period	-	-	38,893	-	38,893
Dividends declared (note 22)	-	-	-	(1,285,625)	(1,285,625)
Balance as at 30 June 2021 (unaudited)	1,000,000	500,000	(112,578)	1,995,083	3,382,505

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of cash flows
for the six-month period ended 30 June 2021

	6 months ended 30 June	
	2021	2020
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	1,152,138	910,278
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	275,066	263,108
Depreciation of right-of-use assets	16,500	7,767
Recoveries on receivables	(12,299)	(4,038)
Impairment losses on receivables	18,474	33,028
Employees' end of service benefit charge	12,865	11,927
Gain on disposal of property, plant and equipment	(61)	-
Impairment of property, plant and equipment	1,403	26,522
Inventories written off	2,952	5,955
Finance costs	92,179	109,531
Interest income	(7,521)	(35,950)
Operating cash flows before movements in working capital	1,551,696	1,328,128
(Increase)/decrease in inventories	(321,028)	389,378
Decrease in trade receivables and other current assets	94,717	440,471
(Increase)/decrease in due from related parties	(295,941)	18,553
Decrease in trade and other payables	(226,415)	(343,063)
Increase/(decrease) in due to related parties	2,003,435	(2,433,470)
Cash generated from / (used in) operating activities	2,806,464	(600,003)
Payment of employees' end of service benefit	(13,674)	(12,294)
Net cash generated from / (used in) operating activities	2,792,790	(612,297)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(286,194)	(375,033)
Payments for advances to contractors	(9,301)	(39,107)
Proceeds from disposal of property, plant and equipment	280	-
Interest received	7,521	36,214
Decrease in term deposits	514,150	1,632,750
Net cash generated from investing activities	226,456	1,254,824
Cash flows from financing activities		
Payment of lease liabilities	(28,178)	(13,540)
Dividends paid	(1,285,625)	(1,193,750)
Finance cost paid	(72,677)	(98,275)
Net cash used in financing activities	(1,386,480)	(1,305,565)
Net increase / (decrease) in cash and cash equivalents	1,632,766	(663,038)
Cash and cash equivalents at beginning of the period	2,145,322	2,599,891
Cash and cash equivalents at end of the period (note 9)	3,778,088	1,936,853
Non-cash transactions		
Accruals for property, plant and equipment	313,218	399,877
Advances to contractors transferred to property, plant and equipment	27,661	52,932
Additions to right of use assets	141,820	191,401

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information

Abu Dhabi National Oil Company for Distribution PSJC Financial Statements

Notes to the unaudited interim condensed consolidated financial information for the six-month period ended 30 June 2021

1 General information

Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or the “Company”), formerly Abu Dhabi National Oil Company for Distribution, is a company incorporated by Law No. 13 of 1973 issued by His Highness the Acting Ruler of the Emirate of Abu Dhabi.

On 22 November 2017, Law No. 15 of 2017 (the “New Law of Establishment”) was issued replacing Law No. 13 of 1973 in respect of the incorporation of Abu Dhabi National Oil Company for Distribution PJSC, a public joint stock company registered with the commercial register in Abu Dhabi under commercial licence number CN-1002757 issued by Abu Dhabi Department of Economic Development. The Articles of Association of the Company became effective as of 22 November 2017, at the same time that the New Law of Establishment was issued and became effective. The duration of the Company is 100 Gregorian years commencing on the date of issuance of the New Law of Establishment.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

The head office of the Company and its subsidiary, ADNOC Distribution Global Company L.L.C., (together referred to as the “Group”), is registered at P.O. Box 4188, Abu Dhabi, United Arab Emirates. The Group’s shares are listed on the Abu Dhabi Securities Exchange.

Pursuant to the resolution of Abu Dhabi National Oil Company (“ADNOC”, “Shareholder” or the “Parent Company”), as the sole shareholder of the Company, dated 28 June 2017, ADNOC approved the listing of all the Company’s shares on the Abu Dhabi Securities Exchange and the sale by way of offer to the public of part of the share capital of the Company held by ADNOC.

In September 2020, ADNOC completed a USD 1 billion institutional placement of 10% of ADNOC Distribution shares. Subsequently in May 2021, ADNOC completed another placement of approximately 375 million shares in ADNOC Distribution shares, representing 3%, approximately, of the registered share capital of the company. The two transactions have increased the free float of the Group on the Abu Dhabi Securities Exchange to 23%. The Parent Company currently retains 77% ownership of the Group.

In May 2021, ADNOC also issued approximately USD 1.195 billion of senior unsecured bonds due 2024, exchangeable into existing shares of ADNOC Distribution under certain conditions, constituting approximately 7% of the company’s registered share capital.

The principal activities of the Group are the marketing of petroleum products, natural gas and ancillary products.

The Group owns retail fuel stations located in the emirate of Abu Dhabi in which the Group is the sole fuel retailer, and in the emirates of Dubai, Sharjah, Ajman, Fujairah, Ras Al Khaimah, Umm Al Quwain and Kingdom of Saudi Arabia.

The Group operates “ADNOC Oasis” convenience stores at a majority of its service stations, and lease retail and other space to tenants, such as quick service restaurants.

The Group is also a marketer and distributor of fuels to corporate and government customers throughout the UAE. In addition, the Group provides refuelling and related services at eight airports in the UAE and provides a compressed natural gas distribution network in Abu Dhabi.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)

1 General information (continued)

Details of the Company's subsidiary are as follows:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2021	2020		
ADNOC Distribution Global Company LLC	100%	100%	U.A.E.	Commercial agencies, commercial enterprises, retail and distribution, investment, institution and management

On 30 December 2020, ADNOC Distribution Global Company LLC signed a definitive Business and Asset Purchase Agreement to acquire fifteen (15) service stations in the Kingdom of Saudi Arabia. On 14 February 2021 two further definitive agreements were signed to acquire a total of 20 more stations. These agreements are subject to unconditional approval from regulatory or tax authorities on the transaction in addition to the other closing conditions on the selling and buying parties.

As of June 30, 2021, some of the conditional precedents between the selling and buying parties are still in the process of fulfilment.

2 Application of new and revised International Financial Reporting Standards (IFRS)

Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2021 with no material effect on the financial statements

- *Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Amendment to standards and interpretations issued but not yet effective

- *Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021*

In March 2021, the IASB amended IFRS 16 Leases, extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022. This amendment is applicable for annual reporting periods beginning on or after 1 April 2021, with early application permitted, including in financial statements not authorised for issue at 31 March 2021.

The above amendments are not expected to have any material impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements**

**Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)**

3 Summary of significant accounting policies

Basis of preparation

The financial statements of the Group for the year ending 31 December 2021 will be prepared in accordance with IFRSs, as issued by the International Accounting Standards Board (IASB). This unaudited interim condensed consolidated financial information for the six-month period ended 30 June 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB).

The unaudited interim condensed consolidated financial information is prepared in UAE Dirhams (AED), which is the Company's functional currency and the Group's presentation currency and all values are rounded to the nearest thousands (AED'000) except when otherwise indicated.

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020. In addition, results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. Where data is labelled as "audited" that indicates that the financial information has been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2020.

Basis of measurement

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention except derivative financial instruments that are measured at fair value.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

Changes in judgements and estimation uncertainty

The preparation of these unaudited interim condensed consolidated financial information, in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent, except as detailed below.

In March 2020, the World Health Organization (WHO) declared a new strain of coronavirus (COVID-19) as a pandemic outbreak after finding the increase in exposure and infections across the world. To contain the outbreak in the United Arab Emirates, the government enforced restriction of movement for both people and goods including the closure of both inbound and outbound flights to and from the country.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)

3 Summary of significant accounting policies (continued)

Changes in judgements and estimation uncertainty (continued)

The outbreak comes with unpredictable human and economic consequences and its evolution remains unknown at the date of the issuance of the financial statements. As the situation is rapidly evolving, the impact on the Group's activities and operations remains uncertain.

The Group regularly assesses the impact of COVID-19 on its operations, business continuity, liquidity and legal obligations. In the current period assessment, the Group expects, notwithstanding another outbreak of the pandemic, a continued recovery in consumption in the retail and non-retail fuel sector due to the easing of some of the restrictions that had been in place at the beginning of the pandemic.

The Group will continue to closely monitor the impact of COVID 19 and a prolonged continuation of the situation and/or another outbreak may lead to further provisions and/or impairment in future periods.

The Group has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations.

4 Property, plant and equipment

	AED'000
Cost	
1 January 2021 (audited)	10,292,004
Additions	259,932
Disposals	(6,367)
Impairments	(1,403)
30 June 2021 (unaudited)	10,544,166
Accumulated depreciation	
1 January 2021 (audited)	4,724,416
Charge for the period	275,066
Disposals	(6,148)
30 June 2021 (unaudited)	4,993,334
Carrying amount	
30 June 2021 (unaudited)	5,550,832
31 December 2020 (audited)	5,567,588

The cost includes contract work in progress balance amounting to AED 529,603 thousand as of 30 June 2021 (31 December 2020: AED 430,624 thousand). During the period, management carried out an assessment of their capital work in progress and identified certain projects, which are unlikely to be further developed. Accordingly, an impairment of AED 1,403 thousand was recognised (31 December 2020: AED 190,882 thousand).

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)

5 Inventories

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Finished goods	826,514	514,058
Spare parts and consumables	88,635	62,062
Lubricants raw materials, consumables and work in progress	61,346	62,623
LPG cylinders	29,378	50,427
	1,005,873	689,170
Less: Allowance for write down of finished goods to net realisable value	-	(234)
Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	(17,048)	(18,187)
	(17,048)	(18,421)
	988,825	670,749

The Group is carrying finished goods of AED 1,254 thousand (31 December 2020: AED 103,819 thousand) on behalf of a customer as at 30 June 2021.

6 Trade receivables and other current assets

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Trade receivables	1,874,124	2,014,391
Less: Allowance for expected credit losses	(56,937)	(50,762)
	1,817,187	1,963,629
Prepaid expenses	48,351	17,625
Receivable from employees	98,905	101,537
VAT receivables	1,865	1,182
Other receivables	113,363	96,590
	2,079,671	2,180,563

Movement in the allowance for expected credit losses is as follows:

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Opening balance	50,762	9,154
Charge for the period/year	18,474	70,352
Recovery made during the period/year	(12,299)	(28,744)
Closing balance	56,937	50,762

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)

7 Related party balances and transactions

Related parties represent the Parent Company and its subsidiaries, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Due from related parties		
ADNOC Drilling	304,145	169,799
ADNOC Logistics and Services	197,138	134,093
Abu Dhabi National Oil Company (ADNOC)	197,115	110,384
ADNOC Onshore	77,015	49,027
ADNOC Offshore	69,005	84,803
ADNOC Sour Gas	3,424	3,156
ADNOC Gas Processing	2,154	3,501
Others	13,838	13,130
	863,834	567,893
Due to related parties		
Abu Dhabi National Oil Company (ADNOC)	2,880,422	872,766
ADNOC Logistics and Services	5,032	10,178
ADNOC Refining	2,752	1,420
Others	-	407
	2,888,206	884,771

The amounts due from related parties are against the provision of petroleum products and services. These balances are not secured, bear no interest and have an average credit period of 30-60 days.

The amounts due to related parties are outstanding against purchases of petroleum products, vessel hires and port charges and administrative charges. The above balances are unsecured, bear no interest and are payable on demand.

The Group has an amount of AED 3,848,691 thousand (31 December 2020: AED 2,768,689 thousand) held with banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)

7 Related party balances and transactions (continued)

The Group has a term loan amounting to AED 5,276,563 thousand (31 December 2020: AED 5,276,563 thousand) from banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

The following transactions were carried out with related parties during the period:

	3 months ended 30 June (unaudited)		6 months ended 30 June (unaudited)	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Revenue - ADNOC group	331,374	302,365	536,217	428,469
Purchases – ADNOC	3,767,421	1,342,702	6,887,809	4,720,828

The Group has elected to use the exemption under IAS 24 *Related Party Disclosures* for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi other than the Parent Company and entities it owns and controls.

The Group provides in the normal course of business petroleum distribution services to entities owned and controlled by the Government of Abu Dhabi.

8 Right-of-use assets and lease liabilities

Right-of-use assets

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Opening balance	547,374	207,700
Additions related to land lease	141,820	330,837
Additions to decommissioning	-	4,567
Change in estimate of decommissioning (note 13)	-	23,463
Depreciation charge during the period / year	(16,500)	(19,193)
Closing balance	672,694	547,374

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)

8 Right-of-use assets and lease liabilities (continued)

Lease liabilities

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Opening balance	475,202	154,215
Additions	141,820	330,837
Accretion of interest	12,901	20,219
Payments	(28,178)	(30,069)
Closing balance	601,745	475,202

	Current		Non-current	
	30 June 2021 AED'000 (unaudited)	31 December 2020 AED 000 (audited)	30 June 2021 AED'000 (unaudited)	31 December 2020 AED 000 (audited)
Lease liabilities	<u>17,208</u>	<u>28,147</u>	<u>584,537</u>	<u>447,055</u>

9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of the following amounts:

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Cash on hand and in bank	3,778,088	2,145,322
Cash and bank balances	<u>3,778,088</u>	<u>2,145,322</u>
Term deposit with maturities above 3 months	<u>130,000</u>	644,150

Term and call deposits carry interest rate ranging from 0.03% to 0.70% (31 December 2020: 0.05% to 2.80%) per annum.

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10 Long term debt

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Term loan	5,497,098	5,494,597

On 16 October 2017, ADNOC Distribution signed a mandate letter (the “Mandate Letter”) with a consortium of banks where the consortium agreed to underwrite a 5 year, USD 2,250,000 thousand (AED 8,263,130 thousand) unsecured credit facility (the “Facility”). The Facility is bifurcated further into a term facility commitment of USD 1,500,000 thousand (AED 5,508,750 thousand) and a revolving facility commitment of USD 750,000 thousand (AED 2,754,380 thousand). The purpose of the facility is for general corporate and working capital purposes including payment of dividend, repayment of debt and payment of transaction costs associated with the facility. There are no financial covenants included in the facility documents.

The transaction costs allocated to the revolving facility have been capitalised and will be amortised on effective interest rate basis over the term of the agreement. Unamortised transaction costs amounting to AED 3,869 thousand as at 30 June 2021 (31 December 2020: AED 5,213 thousand) are presented as other non-current asset in the unaudited interim condensed consolidated financial information.

On 16 November 2017, the Group made a drawdown amounting to USD 375,000 thousand and AED 4,128,750 thousand. The Facility carries variable interest at USD LIBOR plus a margin of 0.875% for USD denominated facility portion and EIBOR plus a margin of 0.60% for AED denominated facility portion. The term facility is to be repaid at final maturity which is 5 years from the date of the facility agreement.

Update on prospective changes in reference rates (IBOR)

The impact of the replacement of interbank offered rates (“IBORs”) with alternative risk-free rates on the Group’s investments and liabilities remains a key area of focus. The Group’s exposure to contracts referencing IBORs, such as LIBOR and EIBOR, extending past 2021 is not considered material when it is likely that these IBORs will cease being published. The management will continue to benchmark long-term debt contracts referencing EIBOR, however, management plans to introduce a new index for the AED contracts as per the new Dirham Monetary Framework in later part of the year 2021. For the LIBOR denominated contracts, the relevant reference rate will be SOFR Secured Overnight Financing Rate and management is consistently monitoring the related changes and the impact it might have on the Group’s operations. The transition to the new Dirham Monetary Framework and SOFR is significant in terms of scale and complexity, however, the process of adopting new reference rates does not expose the Group to any operational and financial risks resulting from contract modifications. The Group will continue to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

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11 Trade and other payables

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Trade payables	284,183	544,097
Capital accruals	313,218	367,140
VAT payable	205,663	158,827
Operating accruals	113,910	182,587
Coupon and prepaid card sales outstanding	97,871	99,470
Advances from customers	38,137	35,345
Contract retentions payable	35,032	60,208
Other payables	221,123	142,515
	1,309,137	1,590,189

12 Derivative financial instruments

In 2019, the Group entered into floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating interest rates payable on the term loans, with all critical terms matching. These derivative contracts have been designated as cash flow hedges under IFRS 9.

As at 30 June 2021, the fair value of the derivative financial instruments was as follows:

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Current liabilities	84,617	82,918
Non-current liabilities	40,915	80,149
	125,532	163,067

The Group has categorised the derivative financial instruments into the Level 2 hierarchy for the purpose of determining and disclosing the fair value of financial instruments. There were no transfers between the hierarchy noted during the period ended 30 June 2021 and the year ended 31 December 2020.

- Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

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13 Provision for decommissioning

The provision for decommissioning obligation is with respect to the dismantling obligation regarding the service stations built on leased lands in Dubai and Northern Emirates.

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Opening balance	120,193	87,949
Additions during the period	-	4,567
Change in estimate	-	23,463
Unwinding of discount	2,153	4,214
Closing balance	122,346	120,193

14 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major lines of business. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (note 17):

	3 months ended 30 June (unaudited)		6 months ended 30 June (unaudited)	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Retail (B2C)				
• Fuel	3,260,510	1,853,111	5,981,016	5,038,248
• Non-fuel	262,989	180,378	489,043	440,800
Commercial (B2B)				
• Corporate	1,138,409	761,142	2,187,086	1,811,827
• Aviation	356,486	221,785	643,396	665,030
	5,018,394	3,016,416	9,300,541	7,955,905

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15 Distribution and administrative expenses

	3 months ended 30 June (unaudited)		6 months ended 30 June (unaudited)	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Staff costs	383,543	459,640	747,494	864,535
Depreciation	146,515	136,147	291,567	270,875
Utilities	39,096	44,773	92,919	87,804
Repairs, maintenance and consumables	41,438	45,058	84,441	86,967
Distribution and marketing expenses	22,277	21,757	40,816	40,816
Insurance	2,622	4,903	4,924	8,103
Others	40,683	33,346	86,983	86,158
	676,174	745,624	1,349,144	1,445,258

16 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of share outstanding during the period.

	3 months ended 30 June (unaudited)		6 months ended 30 June (unaudited)	
	2021	2020	2021	2020
Profit attributable to owners of the Company (AED '000)	521,403	510,761	1,152,138	910,278
Weighted average number of shares in issue ('000)	12,500,000	12,500,000	12,500,000	12,500,000
Earnings per share	0.042	0.041	0.092	0.073

There are no dilutive securities therefore diluted EPS is the same as basic EPS.

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17 Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance. Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities is reported to the Board of Directors.

Effective from 2020, the CODM has approved the use of the new segment reporting structure. The new structure aligns the segmentation of the management's categorisation of the Group's customers into Commercial (B2B) and Retail (B2C) categories.

- Commercial (B2B) segment, which involves sale of petroleum products and ancillary products to commercial and government customers, the provision of aviation fuel and fuelling services to strategic customers, and the provision of fuelling services to the Parent Company's civil aviation customers.
- Retail (B2C) segment, which involves sale of gasoline and petroleum products, convenience store sales, car wash and other car care services, oil change services, vehicle inspection services and property leasing and management through the retail sites.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at the rates determined by management taking into consideration the cost of funds.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenues, profit, assets and liabilities is given to the chief operating decision maker.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous period. Operating profit is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

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17 Segment reporting (continued)

Information regarding the new segment structure are as follows:

30 June 2021 (unaudited)	Commercial (B2B) AED'000	Retail (B2C) AED'000	Unallocated AED'000	Total AED'000
Revenue	2,830,482	6,470,059	-	9,300,541
Direct costs	(2,066,829)	(4,686,478)	(9)	(6,753,316)
Gross profit	763,653	1,783,581	(9)	2,547,225
Distribution and administrative expenses	(281,272)	(1,067,872)	-	(1,349,144)
Other income	18,900	41,928	740	61,568
Impairment losses and other operating expenses	(5,407)	(13,067)	(4,379)	(22,853)
Operating profit	495,874	744,570	(3,648)	1,236,796
Interest income				7,521
Finance costs				(92,179)
Profit for the period				1,152,138
30 June 2020 (unaudited)				
Revenue	2,476,887	5,479,018	-	7,955,905
Direct costs	(1,859,304)	(3,650,758)	(10)	(5,510,072)
Gross profit	617,583	1,828,260	(10)	2,445,833
Distribution and administrative expenses	(312,557)	(1,132,665)	(36)	(1,445,258)
Other income	7,902	33,901	6,986	48,789
Impairment losses and other operating expenses	(22,144)	(10,884)	(32,477)	(65,505)
Operating profit	290,784	718,612	(25,537)	983,859
Interest income				35,950
Finance costs				(109,531)
Profit for the period				910,278

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17 Segment reporting (continued)

Unallocated income consists mainly of gain on sale of property, plant and equipment, insurance recovery and other miscellaneous income.

18 Contingencies and litigation

As at 30 June 2021, the Group had contingent liabilities amounting to AED 3,402,095 (31 December 2020: AED 3,402,095) in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and other claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's financial statements if concluded unfavourably.

19 Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited annual financial statements of the Group as at and for the year ended 31 December 2020.

20 Commitments

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 102,453 thousand (31 December 2020: AED 638,588 thousand).

21 Seasonality of results

There is no material impact of seasonality on the Group's operating results.

22 Dividends

The Board of Directors approved a final dividend of 9.55 fils per share to the shareholders in respect of the year ended 31 December 2019. The dividend comprised of AED 1,193,750 thousand, which was approved at the General Assembly Meeting held on 31 March 2020 and paid on 2 April 2020.

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2020. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 16 March 2021 and paid on 20 March 2021.

23 Approval of the unaudited interim condensed consolidated financial information

The unaudited interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 9 August 2021.