

**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 2020**

# **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 2020**

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# ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

## Directors' report for the six-month period ended 30 June 2020

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 2020.

### Principal activities

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

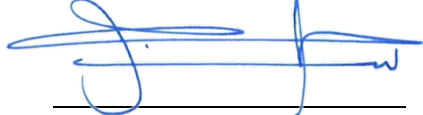
### Review of business

During the period, the Group reported revenue of AED 7,955,905 thousand (30 June 2019: AED 10,273,804 thousand). Profit for the period was AED 910,278 thousand (30 June 2019: AED 1,172,824 thousand).

The appropriation of the results for the period is follows:

	<b>AED '000</b>
Retained earnings as previously reported on 31 December 2019	2,363,575
Derivative instrument interest adjustment (note 12)	(19,747)
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Retained earnings as at 1 January 2020 (as restated)	2,343,828
Profit for the period	910,278
Dividends paid	(1,193,750)
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<b>Retained earnings as at 30 June 2020</b>	<b>2,060,356</b>
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for the Board of Directors



Chairman

12 August 2020  
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 2020 and the related unaudited condensed consolidated interim statements of profit or loss and 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 Standards 34, ‘*Interim Financial Reporting*’ as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this unaudited interim condensed consolidated financial information based on our review.

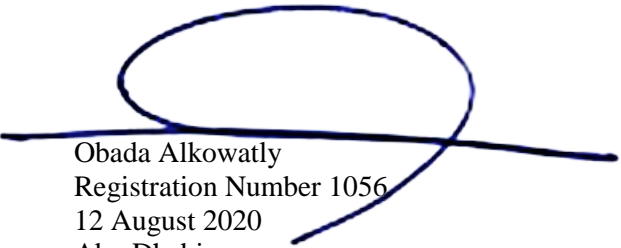
### *Scope of review*

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.

Deloitte & Touche (M.E.)



Obada Alkowitz  
Registration Number 1056  
12 August 2020  
Abu Dhabi  
United Arab Emirates


**Unaudited condensed consolidated statement of financial position  
as at 30 June 2020**

	Notes	30 June 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	5,604,757	5,481,252
Right-of-use assets	8	336,385	152,751
Advances to contractors		100,018	113,843
Other non-current assets	10	6,579	7,931
<b>Total non-current assets</b>		<b>6,047,739</b>	<b>5,755,777</b>
<b>Current assets</b>			
Inventories	5	519,789	915,122
Trade receivables and other current assets	6	2,569,986	3,039,712
Due from related parties	7	551,160	569,713
Term deposits	9	497,250	2,130,000
Cash and bank balances	9	1,936,853	2,599,891
<b>Total current assets</b>		<b>6,075,038</b>	<b>9,254,438</b>
<b>Total assets</b>		<b>12,122,777</b>	<b>15,010,215</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Hedge reserve		(117,491)	(114,525)
Retained earnings		2,060,356	2,363,575
<b>Total equity</b>		<b>3,442,865</b>	<b>3,749,050</b>
<b>Non-current liabilities</b>			
Lease liabilities	8	330,197	149,202
Long term debt	10	5,492,055	5,489,540
Derivative financial instruments	12	75,347	80,869
Provision for employees' end of service benefit		205,690	206,057
<b>Total non-current liabilities</b>		<b>6,103,289</b>	<b>5,925,668</b>
<b>Current liabilities</b>			
Lease liabilities	8	8,907	5,013
Trade and other payables	11	1,366,306	1,705,391
Due to related parties	7	1,153,069	3,586,539
Derivative financial instruments	12	48,341	38,554
<b>Total current liabilities</b>		<b>2,576,623</b>	<b>5,335,497</b>
<b>Total liabilities</b>		<b>8,679,912</b>	<b>11,261,165</b>
<b>Total equity and liabilities</b>		<b>12,122,777</b>	<b>15,010,215</b>

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

  
**Petri Pentti**  
 Chief Financial Officer

  
**Ahmed Al Shamsi**  
 Acting Chief Executive Officer

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

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

**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the three and six-month periods ended 30 June 2020**

	Notes	3 months ended 30 June		6 months ended 30 June	
		2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
<b>Revenue</b>	<b>13</b>	<b>3,016,416</b>	5,503,727	<b>7,955,905</b>	10,273,804
Direct costs		<b>(1,680,541)</b>	(4,171,479)	<b>(5,510,072)</b>	(7,795,729)
<b>Gross profit</b>		<b>1,335,875</b>	1,332,248	<b>2,445,833</b>	2,478,075
Distribution and administrative expenses	<b>14</b>	<b>(745,624)</b>	(701,057)	<b>(1,445,258)</b>	(1,293,313)
Other income		<b>18,374</b>	24,723	<b>48,789</b>	81,707
Impairment losses on financial assets		<b>(19,611)</b>	(5,116)	<b>(33,028)</b>	(9,586)
Other operating expenses		<b>(26,522)</b>	(28,751)	<b>(32,477)</b>	(30,205)
<b>Operating profit</b>		<b>562,492</b>	622,047	<b>983,859</b>	1,226,678
Interest income		<b>7,980</b>	26,343	<b>35,950</b>	54,120
Finance costs		<b>(59,711)</b>	(53,499)	<b>(109,531)</b>	(107,974)
<b>Profit for the period</b>		<b>510,761</b>	594,891	<b>910,278</b>	1,172,824
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Fair value gain/(loss) on hedging instruments		<b>68,944</b>	(39,249)	<b>(2,966)</b>	(124,480)
<b>Total comprehensive income for the period</b>		<b>579,705</b>	555,642	<b>907,312</b>	1,048,344
<b>Earnings per share:</b>					
Basic and diluted	<b>15</b>	<b>0.041</b>	0.048	<b>0.073</b>	0.094

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

**Unaudited condensed consolidated statement of changes in equity  
for the six-month period ended 30 June 2020**

	Share capital AED'000	Statutory reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
Balance as at 31 December 2018 (audited)	1,000,000	500,000	-	2,074,641	3,574,641
Profit for the period	-	-	-	1,172,824	1,172,824
Other comprehensive income for the period	-	-	(124,480)	-	(124,480)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(124,480)</b>	<b>1,172,824</b>	<b>1,048,344</b>
Dividend paid (note 20)	-	-	-	(735,000)	(735,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>(124,480)</b>	<b>2,512,465</b>	<b>3,887,985</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance as at 31 December 2019 (audited)	1,000,000	500,000	(114,525)	2,363,575	3,749,050
Derivative instrument interest adjustment (note 12)	-	-	-	(19,747)	(19,747)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(2,966)</b>	<b>910,278</b>	<b>907,312</b>
Dividend paid (note 20)	-	-	-	(1,193,750)	(1,193,750)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2020 (unaudited)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>(117,491)</b>	<b>2,060,356</b>	<b>3,442,865</b>
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The accompanying notes form an integral part of this unaudited interim condensed consolidated financial information.

**Unaudited condensed consolidated statement of cash flows  
for the six-month period ended 30 June 2020**

	<b>6 months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Cash flows from operating activities</b>		
Profit for the period	<b>910,278</b>	1,172,824
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	<b>263,108</b>	254,887
Depreciation of right-of-use assets	<b>7,767</b>	1,410
Recoveries on receivables	<b>(4,038)</b>	(30,272)
Expected credit losses on receivables	<b>33,028</b>	9,586
Employees' end of service benefit charge	<b>11,927</b>	11,787
Loss on disposal of property, plant and equipment	<b>-</b>	273
Reversal of write down of finished goods to net realisable value	<b>-</b>	(104,541)
Impairment of property, plant and equipment	<b>26,522</b>	28,728
Inventories written off	<b>5,955</b>	1,476
Finance costs	<b>109,531</b>	107,974
Interest income	<b>(35,950)</b>	(54,120)
<b>Operating cash flows before movements in working capital</b>	<b>1,328,128</b>	1,400,012
Decrease in inventories	<b>389,378</b>	244,317
Decrease/(increase) in trade receivables and other current assets	<b>440,471</b>	(552,880)
Decrease/(increase) in due from related parties	<b>18,553</b>	(179,800)
(Decrease) in trade and other payables	<b>(343,063)</b>	(20,467)
(Decrease)/increase in due to related parties	<b>(2,433,470)</b>	93,077
<b>Cash (used in)/generated from operating activities</b>	<b>(600,003)</b>	984,259
Payment of employees' end of service benefit	<b>(12,294)</b>	(11,485)
<b>Net cash (used in)/generated from operating activities</b>	<b>(612,297)</b>	972,774
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	<b>(375,033)</b>	(220,194)
Payments for advances to contractors	<b>(39,107)</b>	(14,973)
Decrease/(increase) in term deposits	<b>1,632,750</b>	(1,897,870)
Interest received	<b>36,214</b>	56,049
<b>Net cash generated from/(used in) investing activities</b>	<b>1,254,824</b>	(2,076,988)
<b>Cash flows from financing activities</b>		
Finance cost paid	<b>(98,275)</b>	(82,374)
Payment of lease liabilities	<b>(13,540)</b>	(6,261)
Dividend paid	<b>(1,193,750)</b>	(735,000)
<b>Net cash used in financing activities</b>	<b>(1,305,565)</b>	(823,635)
<b>Net decrease in cash and cash equivalents</b>	<b>(663,038)</b>	(1,927,849)
Cash and cash equivalents at beginning of the period	<b>2,599,891</b>	5,342,959
<b>Cash and cash equivalents at end of the period (note 9)</b>	<b>1,936,853</b>	3,415,110
<b>Non-cash transactions</b>		
Accruals for property, plant and equipment	<b>399,877</b>	223,610
Additions to right-of-use assets	<b>191,401</b>	70,215
Advances to contractors transferred to property, plant and equipment	<b>52,932</b>	21,153

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



**Notes to the unaudited interim condensed consolidated financial information for the six-month period ended 30 June 2020**

**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 Article 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.

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 share in 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.

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

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

The Group owns retail fuel stations located in the emirates of Abu Dhabi and Sharjah, in each of which the Group is the sole fuel retailer, and in the emirates of Dubai, 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.

Details of the Company’s subsidiary are as follows:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2020	2019		
ADNOC Distribution Global Company LLC	100%	100%	U.A.E	Commercial agencies, commercial enterprises, retail and distribution, investment, institution and management

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRS)**

(a) *Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2020 with no material effect on the financial statements:*

- *Amendments to references to the Conceptual Framework in IFRS standards*  
Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.
- *Definition of Business - amendments to IFRS 3*  
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have ‘the ability to contribute to the creation of outputs’ rather than ‘the ability to create outputs’.
- *Definition of Material – amendments to IAS 1 and IAS 8*  
The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’
- *Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7; and*  
The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.
- *Covid-19-Related Rent Concessions – amendments to IFRS 9*  
The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This is effective for periods beginning on or after 1 June 2020.

(b) *New standards and amendments issued but not yet effective*

- Classification of Liabilities as Current or Non-Current – amendments to IAS 1 (effective from 1 January 2022);
- Property, Plant and Equipment – Proceeds before Intended Use – amendments to IAS 16 (effective from 1 January 2022);
- Onerous Contracts — Cost of Fulfilling a Contract – amendments to IAS 37 (effective from 1 January 2022);
- IFRS 17: Insurance Contracts (effective from 1 January 2021).

The above stated new standards and amendments are not expected to have any material impact on the condensed consolidated financial information of the Group.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)****3 Summary of significant accounting policies****Basis of preparation**

The financial statements of the Group for the year ending 31 December 2020 will be prepared in accordance with IFRS, as issued by International Accounting Standards Board (IASB). This unaudited interim condensed consolidated financial information for the six-month ended 30 June 2020 has been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by 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 2019. In addition, results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. Where data is labelled as "audited" that indicates that the financial information has been extracted from the Company's audited consolidated financial statements for the year ended 31 December 2019.

**Basis of measurement**

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

**Significant accounting policies**

The Group has changed its disclosure of operating segments in the first quarter of 2020, subsequent to the annual financial statements for the year ended 31 December 2019. Other than this, 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 2019.

**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 the same as those that applied to the Group's annual financial statements for the year ended 31 December 2019, except as given 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 had enforced restriction of movement for both people and goods including the closure of both inbound and outbound flights to and from the country.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (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 is extraordinarily uncertain, however, the Group continuously assesses the impact of COVID-19 to determine whether there is significant concern towards the Group's business operations, business continuity, liquidity and other legal obligation to external parties. In the current period assessment, the Group expects, notwithstanding a second outbreak of the pandemic, a 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 impact of this outbreak led to an increase in the expected credit loss of trade receivables to AED 38,144 thousand (31 December 2019: AED 9,154 thousand) and allowance for write-down to net realisable value and slow moving of inventories of AED 21,401 thousand (31 Dec 2019: AED 15,446 thousand).

Management continues to monitor the impact of COVID 19 and as at 30 June 2020, other than the impact described above, management does not believe any further provisions or impairments need to be recognised. A prolonged continuation of the situation and/or a second outbreak may lead to further provisions and/or impairment in future periods. Management will continue to revisit its assumptions and estimates as the situation develops.

**4 Property, plant and equipment**

	<b>AED'000</b>
<b>Cost</b>	
1 January 2020 (audited)	9,525,001
Additions	413,135
Impairment	(26,522)
<b>30 June 2020 (unaudited)</b>	<b>9,911,614</b>
<b>Accumulated depreciation</b>	
1 January 2020 (audited)	4,043,749
Charge for the period	263,108
<b>30 June 2020 (unaudited)</b>	<b>4,306,857</b>
<b>Carrying amount</b>	
<b>30 June 2020 (unaudited)</b>	<b>5,604,757</b>
31 December 2019 (audited)	5,481,252

The cost includes capital work in progress balance amounting to AED 1,088,363 thousand as of 30 June 2020 (31 December 2019: AED 998,600 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 26,522 thousand was recognised (31 December 2019: AED 46,853 thousand).

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**5 Inventories**

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Finished goods	403,132	802,743
Spare parts and consumables	56,971	48,107
Lubricants raw materials, consumables and work in progress	38,189	37,026
LPG cylinders	42,898	42,692
	<u>541,190</u>	<u>930,568</u>
Less: Allowance for write down of finished goods to net realisable value	(234)	(234)
Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	(21,167)	(15,212)
	<u>(21,401)</u>	<u>(15,446)</u>
	<u>519,789</u>	<u>915,122</u>

During the period, AED 37,231 thousand was reversed from the allowance for write down of finished goods to net realisable value, which was recorded in the first quarter of 2020 (31 December 2019: Nil).

The Group held finished goods of AED 111,140 thousand (31 December 2019: AED 76,600 thousand) on behalf of a customer as at 30 June 2020.

**6 Trade receivables and other current assets**

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Trade receivables	2,351,950	2,821,346
Less: loss allowance	(38,144)	(9,154)
	<u>2,313,806</u>	<u>2,812,192</u>
Prepaid expenses	22,907	17,007
Receivable from employees	100,915	109,590
VAT receivables	2,013	3,950
Other receivables	130,345	96,973
	<u>2,569,986</u>	<u>3,039,712</u>

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**6 Trade receivables and other current assets (continued)**

Movement in the allowance for impairment of trade receivables is as follows:

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Opening balance	9,154	40,698
Charge for the period/year	33,028	18,427
Reversal during the period/year	(4,038)	(49,971)
Closing balance	<u>38,144</u>	<u>9,154</u>

**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.

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
<b>Due from related parties</b>		
ADNOC Offshore	207,329	20,077
Abu Dhabi National Oil Company (ADNOC)	192,882	359,515
ADNOC Drilling	71,346	59,782
ADNOC Onshore	33,515	22,365
ADNOC Logistics and Services	27,368	70,048
ADNOC Gas Processing	6,577	21,134
ADNOC Sour Gas	2,034	2,745
Others	10,109	14,047
	<u>551,160</u>	<u>569,713</u>
<b>Due to related parties</b>		
Abu Dhabi National Oil Company (ADNOC)	1,136,648	3,559,438
ADNOC Refining	6,807	16,851
ADNOC Logistics and Services	9,614	10,250
	<u>1,153,069</u>	<u>3,586,539</u>

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.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**7 Related party balances and transactions (continued)**

The amount due to related parties are outstanding against purchases of petroleum products, vessel hires and port charges and administrative expenses. The above balance is unsecured, bears no interest and is payable on demand.

The Group has an amount of AED 2,423,344 thousand (31 December 2019: AED 4,722,758 thousand) held with banks owned by the Government of Abu Dhabi.

The Group has a term loan from banks owned by the Government of Abu Dhabi amounting to AED 5,276,563 thousand (31 December 2019: AED 5,276,563 thousand).

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

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>AED'000</b>	AED'000	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Revenue - ADNOC Group	<b>302,365</b>	378,529	<b>428,469</b>	647,887
Purchases – ADNOC Group	<b>1,342,702</b>	2,492,407	<b>4,720,828</b>	5,271,352

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 control.

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**

	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
Opening balance	<b>152,751</b>	87,061
Additions	<b>191,401</b>	70,215
Depreciation charge during the period	<b>(7,767)</b>	(4,525)
<b>Closing balance</b>	<b>336,385</b>	152,751

Additions in the period relate to the lease of plots of land across the United Arab Emirates for construction of retail service stations.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

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

**Lease Liabilities**

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Opening balance	154,215	92,258
Additions	191,401	70,215
Accretion of interest	7,028	6,702
Payments	(13,540)	(14,960)
<b>Closing balance</b>	<b>339,104</b>	154,215

	<u>Current</u>		<u>Non-current</u>	
	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED 000 (audited)	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED 000 (audited)
Lease liabilities	<b>8,907</b>	5,013	<b>330,197</b>	149,202

**9 Cash and cash equivalents**

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

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Cash held by ADNOC	1,834	1,144
Cash on hand and in bank	1,935,019	2,598,747
<b>Cash and bank balances</b>	<b>1,936,853</b>	2,599,891
Term deposits with maturity more than 3 months	497,250	2,130,000



**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**9 Cash and cash equivalents (continued)**

Cash held by ADNOC are funds held by ADNOC on behalf of the Group and are available on demand. These funds as approved by both parties are non-interest bearing.

The comparative balance for cash held by ADNOC, as previously reported in the audited financial statements of 31 December 2019 amounting to AED 17,282 thousand has been adjusted by AED 16,138 thousand with a corresponding reduction in liability of the same amount towards ADNOC. The above adjustment had no effect on the profit as reported in the statement of profit or loss and other comprehensive income for the years ended 31 December 2018 and 2017 or the statement of financial position at 1 January 2019 and therefore a statement of financial position at that date has not been presented.

Term deposits carry interest rate ranging from 0.05% to 2.80% (31 December 2019: 0.02% to 3.20%) per annum.

**10 Long term debt**

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Term loan	<b>5,492,055</b>	5,489,540

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 a straight-line basis over the term of the agreement. Unamortised transaction costs amounting to AED 6,579 thousand as at 30 June 2020 (31 December 2019: AED 7,931 thousand) is 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 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.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**11 Trade and other payables**

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Trade payables	355,073	542,219
Operating accruals	145,905	208,329
Capital accruals	399,877	414,707
Vat payable	107,664	242,615
Coupon and prepaid card sales outstanding	108,820	108,090
Contract retentions payable	87,031	59,357
Advances from customers	34,708	33,016
Other payables	127,228	97,058
	<b>1,366,306</b>	<b>1,705,391</b>

**12 Derivative financial instruments**

As at 30 June 2020, the fair value of the derivative financial instrument was as follows:

	<b>30 June 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Current liabilities	48,341	38,554
Non-current liabilities	75,347	80,869
	<b>123,688</b>	<b>119,423</b>

An amount of AED 19,747 thousand pertaining to the hedged interest of the derivative financial instruments for the 2019 financial year has been adjusted in the opening retained earnings.

The Group uses the Level 2 hierarchy for determining and disclosing the fair value of financial instruments by valuation technique. There were no transfers between the hierarchy noted during the period ended 30 June 2020 and the year ended 31 December 2019.

- 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 of liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**13 Revenue**

The Group derives its revenue from contracts with customers for the transfer of goods and services 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 16):

	<b>3 months ended 30 June</b>		<b>6 months ended 30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>AED'000</b>	AED'000	<b>AED'000</b>	AED'000
Retail (B2C)				
• Fuel	<b>1,853,111</b>	3,494,939	<b>5,038,248</b>	6,475,669
• Non-fuel	<b>180,378</b>	314,980	<b>440,800</b>	590,429
Commercial (B2B)				
• Corporate	<b>761,142</b>	1,184,768	<b>1,811,827</b>	2,210,700
• Aviation	<b>221,785</b>	509,040	<b>665,030</b>	997,006
	<b>3,016,416</b>	5,503,727	<b>7,955,905</b>	10,273,804

**14 Distribution and administrative expenses**

	<b>3 months ended 30 June</b>		<b>6 months ended 30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>AED'000</b>	AED'000	<b>AED'000</b>	AED'000
Staff costs	<b>459,640</b>	421,140	<b>864,535</b>	816,011
Depreciation	<b>136,147</b>	127,949	<b>270,875</b>	256,297
Utilities	<b>44,773</b>	29,407	<b>87,804</b>	64,178
Repairs, maintenance and consumables	<b>45,058</b>	29,271	<b>86,967</b>	54,066
Distribution and marketing expenses	<b>21,757</b>	14,469	<b>40,816</b>	33,628
Insurance	<b>4,903</b>	1,731	<b>8,103</b>	4,044
Others	<b>33,346</b>	77,090	<b>86,158</b>	65,089
	<b>745,624</b>	<b>701,057</b>	<b>1,445,258</b>	1,293,313

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**15 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.

	<b>3 months ended 30 June</b>		<b>6 months ended 30 June</b>	
	<b>2020</b> <b>(unaudited)</b>	2019 (unaudited)	<b>2020</b> <b>(unaudited)</b>	2019 (unaudited)
Profit attributable to owners of the Company (AED '000)	<b>510,761</b>	594,891	<b>910,278</b>	1,172,824
Weighted average number of shares in issue ('000)	<b>12,500,000</b>	12,500,000	<b>12,500,000</b>	12,500,000
Earnings per share	<b>0.041</b>	0.048	<b>0.073</b>	0.094

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

**16 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 segment only. No information that includes the segment 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 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.

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.

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)**

**16 Segment reporting (continued)**

Information regarding the new segment structure are as follows:

	Commercial (B2B)	Retail (B2C)	Unallocated	Total
<b>30 June 2020</b>				
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)
<b>Operating Profit</b>				<b>983,859</b>
Interest income				35,950
Finance costs				(109,531)
<b>Profit for the period</b>				<b>910,278</b>
<b>30 June 2019</b>				
Revenue	3,207,706	7,066,098	-	10,273,804
Direct costs	(2,427,096)	(5,368,624)	(9)	(7,795,729)
Gross profit	780,610	1,697,474	(9)	2,478,075
Distribution and administrative expenses	(288,170)	(1,005,140)	(3)	(1,293,313)
Other income	32,589	44,813	4,305	81,707
Impairment losses and other operating expenses	(6,097)	(3,490)	(30,204)	(39,791)
Operating Profit				1,222,678
Interest income				54,120
Finance costs				(107,974)
Profit for the period				1,172,824

**Notes to the unaudited interim condensed consolidated financial information  
for the six-month period ended 30 June 2020 (continued)****17 Contingencies and litigation**

As at 30 June 2020, the Group had contingent liabilities amounting to AED 902,095 (31 December 2019: AED 902,095) 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 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.

**18 Commitments**

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 653,347 thousand (31 December 2019: AED 314,894 thousand).

**19 Seasonality of results**

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

**20 Dividends**

The Board of Directors proposed a final dividend of 5.88 fils per share to the shareholders in respect of the year ended 31 December 2018. The dividend comprised of AED 735,000 thousand, which was approved at the Annual General Meeting, held on 4 April 2019 and paid on 9 April 2019.

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.

**21 Approval of the unaudited interim condensed consolidated financial information**

The unaudited interim condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 12 August 2020.