

Review report and interim financial information

For the six-month period ended
30 June 2024



ADNOC
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**Review report and interim financial information for the six-month period ended
30 June 2024**

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**Directors' report
for the six-month period ended 30 June 2024**

The Directors present their report together with the interim condensed consolidated financial statements of Abu Dhabi National Oil Company for Distribution PJSC (the "Company") and its subsidiaries (collectively referred to as "the Group") for the six-month period ended 30 June 2024.

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 17,534,153 thousand (30 June 2023: AED 16,130,144 thousand). Profit for the period was AED 1,161,370 thousand (30 June 2023: AED 1,104,128 thousand).

The appropriation of the results for the period is follows:

	30 June 2024 (unaudited) AED'000
Retained earnings as at 1 January 2024	<u>1,971,140</u>
Profit for the period	1,161,370
Dividends declared	(1,285,625)
Non-controlling interests	11,110
Transfer to statutory reserve	<u>(2,481)</u>
Retained earnings as at 30 June 2024	<u>1,855,514</u>

For the Board of Directors



Chairman

7 August 2024

Abu Dhabi, UAE

REPORT ON REVIEW OF 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 interim condensed consolidated statement of financial position of Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or “the Company”) and its subsidiaries (collectively referred to as “the Group”) as at 30 June 2024 and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the six-month period then ended and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flow for the six-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this 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 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘*Interim Financial Reporting*’ as issued by the IASB.



GRANT THORNTON UAE

Dr. Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates



7 August 2024

**Interim condensed consolidated statement of financial position
as at 30 June 2024**

	Note	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Assets			
Non-current assets			
Property, plant and equipment	5	7,206,703	7,189,661
Right-of-use assets	10	1,737,565	1,778,418
Goodwill and intangible assets	6	1,006,593	1,053,811
Advances to contractors		64,874	38,466
Deferred tax assets		2,829	2,166
Other non-current assets		11,904	15,551
Total non-current assets		10,030,468	10,078,073
Current assets			
Inventories	7	1,324,976	1,294,423
Trade receivables and other current assets	8	3,307,166	3,519,413
Due from related parties	9	971,287	805,558
Term deposits	11	200,225	200,225
Cash and bank balances	11	3,198,378	2,993,937
Total current assets		9,002,032	8,813,556
Total assets		19,032,500	18,891,629
Equity and liabilities			
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve		506,402	503,921
Foreign currency translation reserve		(40,546)	(2,995)
Retained earnings		1,855,514	1,971,140
Equity attributable to owners of the Company		3,321,370	3,472,066
Non-controlling interests		254,577	323,767
Total equity		3,575,947	3,795,833
Non-current liabilities			
Lease liabilities	10	1,509,914	1,564,251
Borrowings	12	5,492,815	5,492,280
Provision for decommissioning	14	153,409	149,362
Provision for employees' end of service benefit		198,195	192,271
Deferred tax liability		130,445	134,962
Other non-current liabilities		8,757	10,671
Total non-current liabilities		7,493,535	7,543,797
Current liabilities			
Lease liabilities	10	186,428	183,013
Trade and other payables	13	2,449,505	2,541,355
Due to related parties	9	5,327,085	4,827,631
Total current liabilities		7,963,018	7,551,999
Total liabilities		15,456,553	15,095,796
Total equity and liabilities		19,032,500	18,891,629

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.



Wayne Beifus
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 interim condensed consolidated financial statements.

**Interim condensed consolidated statement of profit or loss
for the six-month period ended 30 June 2024**

	Note	3 months ended 30 June		6 months ended 30 June	
		2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Revenue	15	8,784,417	8,131,714	17,534,153	16,130,144
Direct costs		(7,243,572)	(6,743,736)	(14,512,705)	(13,478,276)
Gross profit		1,540,845	1,387,978	3,021,448	2,651,868
Distribution and administrative expenses	16	(755,924)	(737,388)	(1,528,665)	(1,406,162)
Other income		26,028	29,287	70,633	77,942
Impairment losses and other operating expenses		(22,725)	(14,240)	(39,970)	(32,160)
Operating profit		788,224	665,637	1,523,446	1,291,488
Interest income		32,496	16,428	80,434	31,604
Finance costs		(113,203)	(111,512)	(322,366)	(206,299)
Profit for the period before tax		707,517	570,553	1,281,514	1,116,793
Income tax expense		(73,842)	(8,334)	(120,144)	(12,665)
Profit for the period		633,675	562,219	1,161,370	1,104,128
Attributable to:					
Equity holders of the Company		622,840	551,488	1,172,480	1,088,809
Non-controlling interests		10,835	10,731	(11,110)	15,319
		633,675	562,219	1,161,370	1,104,128
Basic and diluted earnings per share	17	0.050	0.044	0.094	0.087

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

**Interim condensed consolidated statement of comprehensive income
for the six-month period ended 30 June 2024**

	3 months ended 30 June		6 months ended 30 June	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Profit for the period	633,675	562,219	1,161,370	1,104,128
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of foreign operations	(1,342)	956	(75,102)	(2,868)
Other comprehensive (loss)/income for the period	(1,342)	956	(75,102)	(2,868)
Total comprehensive income for the period	632,333	563,175	1,086,268	1,101,260
Attributable to:				
Equity holders of the Company	622,169	551,966	1,134,929	1,087,375
Non-controlling interests	10,164	11,209	(48,661)	13,885
	632,333	563,175	1,086,268	1,101,260

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

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC



Interim condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2024

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the parent	Non- controlling interest	Total Equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance as at 1 January 2023 (audited)	1,000,000	500,000	-	1,944,890	3,444,890	-	3,444,890
Profit for the period	-	-	-	1,088,809	1,088,809	15,319	1,104,128
Transfer to statutory reserve	-	3,837	-	(3,837)	-	-	-
Other comprehensive loss for the period	-	-	(1,434)	-	(1,434)	(1,434)	(2,868)
Dividends declared (note 23)	-	-	-	(1,285,625)	(1,285,625)	-	(1,285,625)
Acquisition of a subsidiary (note 19)	-	-	-	-	-	95,921	95,921
Dividends declared by subsidiary	-	-	-	-	-	(32,394)	(32,394)
Balance as at 30 June 2023 (unaudited)	1,000,000	503,837	(1,434)	1,744,237	3,246,640	77,412	3,324,052
Balance as at 1 January 2024 (audited)	1,000,000	503,921	(2,995)	1,971,140	3,472,066	323,767	3,795,833
Profit for the period	-	-	-	1,172,480	1,172,480	(11,110)	1,161,370
Transfer to statutory reserve	-	2,481	-	(2,481)	-	-	-
Other comprehensive loss for the period	-	-	(37,551)	-	(37,551)	(37,551)	(75,102)
Dividends declared (note 23)	-	-	-	(1,285,625)	(1,285,625)	-	(1,285,625)
Dividends declared by subsidiary	-	-	-	-	-	(20,529)	(20,529)
Balance as at 30 June 2024 (unaudited)	1,000,000	506,402	(40,546)	1,855,514	3,321,370	254,577	3,575,947

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

**Interim condensed consolidated statement of cash flow
for the six-month period ended 30 June 2024**

	6 months ended	
	30 June 2024 AED'000	30 June 2023 AED'000
Cash flows from operating activities		
Profit for the period before tax	1,281,514	1,116,793
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	274,016	247,968
Depreciation of right-of-use assets	72,576	83,270
Amortization of intangible assets	21,809	4,730
Impairment losses on receivables	22,811	13,228
Recoveries on receivables	(7,437)	(2,626)
Employees' end of service benefit charge	15,857	17,638
Inventories written off	2,285	2,509
(Gain)/loss on disposals of property, plant and equipment	(17,096)	810
Impairment of property, plant and equipment	9,690	1,919
Finance costs	322,366	206,299
Interest income	(80,434)	(31,604)
Operating cash flows before movements in working capital	1,917,957	1,660,934
Decrease/ (increase) in inventories	(32,838)	318,895
Decrease in trade receivables and other current assets	196,873	14,170
Increase in due from related parties	(165,729)	(12,303)
(Decrease)/increase in trade and other payables	(52,170)	64,996
Increase/(decrease) in due to related parties	499,454	(403,401)
Cash generated from operating activities	2,363,547	1,643,291
Payment of employees' end of service benefit	(9,933)	(15,355)
Payment of income taxes	(16,335)	(932)
Net cash generated from operating activities	2,337,279	1,627,004
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(524,043)	(374,674)
Payments for advances to contractors	(39,770)	(32,172)
Proceeds from disposal of property, plant and equipment	19,609	1,825
Interest received	80,434	31,604
Payments for acquisition of subsidiary, net of cash acquired	-	(542,755)
Net cash used in investing activities	(463,770)	(916,172)
Cash flows from financing activities		
Payment of lease liabilities	(127,607)	(107,431)
Proceeds from borrowings	-	1,413
Repayment of borrowings	(683)	-
Dividends paid	(1,285,625)	(1,285,625)
Finance cost paid	(182,410)	(144,464)
Net cash used in financing activities	(1,596,325)	(1,536,107)
Net increase/(decrease) in cash and cash equivalents	277,184	(825,275)
Cash and cash equivalents at the beginning of the period	2,993,937	2,617,099
Effect of foreign exchange rate changes	(72,743)	(3,897)
Cash and cash equivalents at the end of the period	3,198,378	1,787,927
Non-cash transactions		
Accruals for property, plant and equipment	454,237	425,631
Advances to contractors transferred to property, plant and equipment	13,362	23,091
Additions to right of use assets for land leases	125,780	382,401

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

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024

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

The principal activities of the Group are the marketing of petroleum products, natural gas and ancillary products. The Group owns retail fuel stations in the United Arab Emirates (UAE), the Arab Republic of Egypt and the Kingdom of Saudi Arabia.

The Group is a marketer and distributor of fuels and lubricants to corporate and government customers throughout the UAE. In addition, the Group provides refueling and related services at eight airports in the UAE and provides a compressed natural gas distribution network in Abu Dhabi. The Group also exports its proprietary Voyager lubricants to distributors in various countries, across the GCC, Africa and Asia. The Group operates “ADNOC Oasis” convenience stores at a majority of its service stations, and leases retail and other space to tenants, such as quick service restaurants.

The Group also performs marketing activities and the distribution of petroleum products, motor oils, fuels and specialties in Egypt. In addition, it is also involved in constructing, owning and operating cafeterias through service stations in Egypt.

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been applied in these interim condensed consolidated financial statements:

- ***Amendment to IFRS 16 – Leases on sale and leaseback***
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- ***Amendment to IAS 1 – Non-current liabilities with covenants***
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- ***Amendment to IAS 7 and IFRS 7 - Supplier finance***
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

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

New and amended IFRS Standards in issue but not yet effective and not early adopted

- ***Amendments to IAS 21 - Lack of Exchangeability***
An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- ***IFRS 18 Presentation and Disclosure in Financial Statements***
IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after 1 January 2027.

Management anticipates that these new standards and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. Material accounting policies

3.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and comply with the applicable requirements of the laws in the UAE.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3.2 Basis of preparation

The interim condensed consolidated financial statements are presented 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.

These interim condensed consolidated financial statements have been prepared on a historical cost basis.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2023, except for the policies disclosed below and the adoption of new standards and interpretations effective 1 January 2024.

3.3 Basis of Consolidation

The interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

3. Material accounting policies (continued)

3.3 Basis of Consolidation (continued)

The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement is made on an acquisition by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the noncontrolling interests’ share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Details of the Company’s significant subsidiaries and effective ownership interest are given below:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2024	2023		
ADNOC Distribution Global Company LLC	100%	100%	U.A.E.	Commercial agencies, commercial enterprises, retail and distribution, investment, institution and management
Total Energies Marketing Egypt LLC	50%	50%	Egypt	Performing marketing activities and distribution of petroleum products, motor oils, fuels and specialties. Constructing, owning, and operating catering and cafeterias through service stations.

The Group acquired 50% ownership interest in Total Energies Marketing Egypt LLC (note 19) through its indirect subsidiary ADNOC Distribution Egypt Holding RSC Limited, a wholly-owned entity of ADGC LLC.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

3. Material accounting policies (continued)

3.4 Income tax

Current tax and deferred tax are recognised as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognised at the same time or in a different year outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

Current income tax

The current tax for the current year and prior years and that have not been paid are recognised as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognised as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Tax assets and liabilities are set-off only when certain conditions are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
 - Is not a business combination.
 - Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the Group's future business plans. Deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are set-off only if certain conditions are met.

3.5 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- Exchange differences on transactions entered into to hedge certain foreign currency risks
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)****3. Material accounting policies (continued)****3.5 Foreign currencies (continued)**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (allocated proportionately to owners of the company and non-controlling interest).

On the disposal of a foreign operation, all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those applied in the Group consolidated financial statements as at and for the year ended 31 December 2023, except for the adoption of new standards and interpretations effective 1 January 2024.

Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)

5. Property, plant, and equipment

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Net book value at beginning of the period/year	7,189,661	6,385,075
Additions during the period/year	381,525	1,204,425
Recognised as part of business combination (note 19)	-	150,760
Transfers during the period/year	(8,274)	(28,254)
Depreciation charge for the period/year	(274,016)	(507,107)
Disposals during the period/year	(2,513)	(3,363)
Impairment	(9,690)	(4,980)
Exchange differences	(69,990)	(6,895)
	7,206,703	7,189,661

6. Goodwill and intangible assets

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Balance at beginning of the period/year	1,053,811	1,128
Recognised as part of business combination (note 19)	-	1,070,897
Transfers during the period/year	8,274	28,253
Amortisation charge for the period	(21,809)	(43,046)
Disposals during the period/year	(1)	(8)
Impairment reversals	47	148
Exchange differences	(33,729)	(3,561)
	1,006,593	1,053,811

7. Inventories

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Finished goods	1,135,592	1,099,902
Spare parts and consumables	128,884	135,869
Lubricants raw materials, consumables, and work in progress	31,928	36,781
LPG cylinders	34,492	32,263
	1,330,896	1,304,815
Allowance for slow moving and obsolete inventories	(5,920)	(10,392)
	1,324,976	1,294,423

8. Trade receivables and other current assets

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Trade receivables	3,092,277	3,323,246
Less: Allowance for expected credit losses	(93,561)	(90,264)
	2,998,716	3,232,982
Prepaid expenses	81,954	50,631
Receivable from employees	107,552	109,918
VAT receivables	29,987	32,010
Other receivables	88,957	93,872
	3,307,166	3,519,413

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

8. Trade receivables and other current assets (continued)

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

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Opening balance	90,264	66,013
Charge for the period/year	22,811	27,766
Recognised as part of business combination (note 19)	-	2,525
Written-off during the period/year	(11,153)	-
Recovery made during the period/year	(7,437)	(5,925)
Exchange differences	(924)	(115)
Closing balance	93,561	90,264

9. 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.

Related party balances:

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Due from related parties		
ADNOC Drilling	315,618	242,981
ADNOC Logistics and Services	298,886	228,480
Abu Dhabi National Oil Company (ADNOC)	162,660	131,972
ADNOC Onshore	76,665	78,157
ADNOC Offshore	27,258	24,205
ADNOC Gas Processing	14,863	15,352
ADNOC Sour Gas	4,209	5,095
ADNOC others	31,664	33,412
TotalEnergies & its affiliates	39,464	45,904
	971,287	805,558
Due to related parties		
Abu Dhabi National Oil Company (ADNOC)	5,189,839	4,611,600
ADNOC Logistics and Services	1,763	305
ADNOC others	177	-
TotalEnergies & its affiliates	135,306	215,726
	5,327,085	4,827,631

The amounts due from related parties are against the provision of petroleum products and services. These balances are unsecured, 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. These balances are unsecured, bear no interest and are payable on demand.

The Group has an amount of AED 3,041,647 thousand (31 December 2023: AED 2,872,237 thousand) held with banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

The Group has a term loan from banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles amounting to AED 4,131,563 thousand (31 December 2023: AED 4,131,563 thousand).

Amounts relating to TotalEnergies and its affiliates pertain to the related party balances and transactions of the Group's newly acquired subsidiary, TotalEnergies Marketing Egypt LLC, during the period (note 19).

In 2023, the Company entered into a sub-lease agreement with the Parent Company for a property located in Industrial City of Abu Dhabi for a term of 42 years commencing 1 January 2023. In this respect, the Company has recognised a right-of-use asset and a lease liability amounting to AED 210.7 million.

In 2023, the Company entered into an amendment agreement to a lease for an office space with the Parent Company.

Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)

9. Related party balances and transactions (continued)

Related party transactions:

	3 months ended 30 June		6 months ended 30 June	
	2024 (unaudited) AED'000	2023 (unaudited) AED'000	2024 (unaudited) AED'000	2023 (unaudited) AED'000
ADNOC Group				
Revenue	509,154	525,837	961,608	969,583
Purchases	5,865,490	6,500,566	12,271,623	12,293,893
TotalEnergies and its affiliates				
Revenue	144,289	3,005	275,169	8,592
Purchases	52,827	41,157	79,334	108,632
Management Fee & services	-	24,305	36,427	31,373

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

10. Right-of-use assets and lease liabilities

Right-of-use assets

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Opening balance	1,778,418	1,373,338
Additions related to land lease	125,780	511,560
Additions to decommissioning	1,572	9,394
Recognised as part of business combination (note 19)	-	98,694
Reversal due to terminated contracts	(28,836)	(51,316)
Depreciation charge during the period/year	(72,576)	(146,412)
Modifications during the period/year	(878)	(9,173)
Exchange differences	(65,915)	(7,667)
Closing balance	1,737,565	1,778,418

Lease liabilities

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Opening balance	1,747,264	1,314,327
Additions	125,780	511,560
Recognised as part of business combination (note 19)	-	98,694
Accretion of interest	49,699	95,567
Reversal due to terminated contracts	(30,680)	(55,515)
Payments	(127,607)	(200,322)
Modifications	(878)	(9,173)
Exchange differences	(67,236)	(7,874)
Closing balance	1,696,342	1,747,264

	Current		Non-current	
	30 June 2024 AED'000 (unaudited)	31 December 2023 AED 000 (audited)	30 June 2024 AED'000 (unaudited)	31 December 2023 AED 000 (audited)
Lease liabilities	186,428	183,013	1,509,914	1,564,251

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

11. Cash and bank balances

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

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Cash and bank balances	3,198,378	2,993,937
Short term deposits with original maturities greater than three months	200,225	200,225

Cash and bank balances include short-term and call deposits amounting to AED 2,508,022 thousand (2023: AED 2,672,013 thousand) carrying interest rate ranging from 0.30% to 5.40% (31 December 2023: 0.30% to 4.55%) per annum.

12. Borrowings

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Term loan- non current	5,492,815	5,492,280
	5,492,815	5,492,280

On 26 October 2022, the Company refinanced its maturing term loan originally taken in November 2017 for another 5-year term with a set of lenders.

The Company also entered into a new corporate revolving credit facilities agreement with the Parent Company for an amount of USD 375,000 thousand and AED 1,377,188 thousand to be used for general corporate purposes. 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. Transaction costs amounting to AED 9,870 thousand (31 December 2023: 10,558 thousand) are presented as part of the other non-current assets. The new term loan facility carries a variable interest at Secured Overnight Financing Rate plus a margin of 0.85% for USD denominated facility portion and EIBOR plus a margin of 0.60% for AED denominated facility portion.

In 2023, the Company and its lenders have agreed to amend and convert the term loan facility to a sustainability linked loan. The converted loan facility contains Environment, Social and Governance covenants which is linked to the margin on the loan.

13. Trade and other payables

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Trade payables	667,450	583,141
Capital accruals	454,237	610,117
Operating accruals	103,988	289,098
VAT payable	309,045	317,956
Coupon and prepaid card sales outstanding	120,292	114,831
Contract retentions payable	144,432	122,535
Advances from customers	54,469	67,539
Dividend payable	40,828	31,622
Other payables	554,764	404,516
	2,449,505	2,541,355

14. 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 in the UAE.

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Opening balance	149,362	134,532
Additions during the period/year	1,572	9,394
Accretion of interest	3,066	5,436
Exchange differences	(591)	-
Closing balance	153,409	149,362

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

15. 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 18):

	3 months ended 30 June		6 months ended 30 June	
	2024 (unaudited) AED'000	2023 (unaudited) AED'000	2024 (unaudited) AED'000	2023 (unaudited) AED'000
Retail (B2C)				
Fuel	5,671,145	5,297,207	11,073,011	10,234,120
Non-fuel	384,792	351,266	750,768	674,132
Commercial (B2B)				
Corporate	2,356,704	2,100,283	4,944,124	4,530,706
Aviation	371,776	382,958	766,250	691,186
	8,784,417	8,131,714	17,534,153	16,130,144

16. Distribution and administrative expenses

	3 months ended 30 June		6 months ended 30 June	
	2024 (unaudited) AED'000	2023 (unaudited) AED'000	2024 (unaudited) AED'000	2023 (unaudited) AED'000
Staff costs	399,313	371,369	792,676	732,518
Depreciation and amortisation	191,029	185,751	368,401	335,968
Repairs, maintenance and consumables	43,339	47,298	82,061	91,407
Utilities	42,535	55,878	97,508	89,731
Distribution and marketing expenses	17,662	8,225	39,054	12,644
Insurance	3,190	4,664	6,059	9,550
Others	58,856	64,203	142,906	134,344
	755,924	737,388	1,528,665	1,406,162

17. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The calculation of basic and diluted EPS attributable to the owners of the Company based on the following data:

	3 months ended 30 June		6 months ended 30 June	
	2024 (unaudited) AED'000	2023 (unaudited) AED'000	2024 (unaudited) AED'000	2023 (unaudited) AED'000
Earnings (AED'000)				
Profit for the period attributable to equity holders of the Company	622,840	551,488	1,172,480	1,088,809
Weighted average number of shares				
Weighted average number of ordinary shares	12,500,000	12,500,000	12,500,000	12,500,000
Basic and diluted EPS (AED)	0.050	0.044	0.094	0.087

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**

18. Segment reporting

Operating segments

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Board of Directors, considered to be the Chief Operating Decision Maker ("CODM"). The CODM monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit, net profit and a broad range of key performance indicators in addition to segment profitability and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified as below:

Commercial (B2B) - 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) - 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.

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.

Geographical segments

The Group operates in the UAE, KSA and Egypt. Segment information about the Group's foreign operations is presented below:

	6 months ended 30 June 2024		6 months ended 30 June 2023	
	KSA (unaudited) AED'000	Egypt (unaudited) AED'000	KSA (unaudited) AED'000	Egypt (unaudited) AED'000
Revenue (external customers)	439,368	1,759,108	367,030	1,481,217

	KSA AED'000	Egypt AED'000
As at 30 June 2024 (unaudited)		
Property, plant and equipment	267,955	133,670
Right of use assets	631,056	45,116
Goodwill and intangible assets	1,129	1,005,464

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)

18. Segment reporting (continued)

Operating segments (continued)

	Commercial (B2B)	Retail (B2C)	Unallocated	Consolidated
	AED'000	AED'000	AED'000	AED'000
30 June 2024 (unaudited)				
Revenue	5,710,374	11,823,779	-	17,534,153
Direct costs	(5,023,394)	(9,489,311)	-	(14,512,705)
Gross profit	686,980	2,334,468	-	3,021,448
Distribution and administrative expenses	(231,780)	(1,296,885)	-	(1,528,665)
Other income	7,907	46,473	16,253	70,633
Impairment losses and other operating expenses	(8,150)	(24,735)	(7,085)	(39,970)
Operating profit	454,957	1,059,321	9,168	1,523,446
Interest income				80,434
Finance costs				(322,366)
Income tax expense				(120,144)
Profit for the period				1,161,370
30 June 2023 (unaudited)				
Revenue	5,221,892	10,908,252	-	16,130,144
Direct costs	(4,624,483)	(8,853,793)	-	(13,478,276)
Gross profit	597,409	2,054,459	-	2,651,868
Distribution and administrative expenses	(168,694)	(1,237,468)	-	(1,406,162)
Other income	14,320	40,307	23,315	77,942
Impairment losses and other operating expenses	(6,247)	(6,882)	(19,031)	(32,160)
Operating profit	436,788	850,416	4,284	1,291,488
Interest income				31,604
Finance costs				(206,299)
Income tax expense				(12,665)
Profit for the period				1,104,128

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC



Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued)

19. Business Combination

Acquisitions in 2023

19.1 TotalEnergies Marketing Egypt LLC

On 28 July 2022, the Company entered into a quota purchase agreement with TotalEnergies Marketing Afrique SAS to acquire a 50% stake in TotalEnergies Marketing Egypt LLC (TEME), a limited liability company registered in Cairo, Egypt.

On 6 February 2023, pursuant to the quota purchase agreement, all major conditions precedent to completion were completed and the Group acquired control over TEME for a total consideration of AED 708,562 thousand. The TEME equity stake was acquired as part of the growth strategy of the Company to accelerate international expansion in Egypt.

The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective provisional fair values. No financial information was available as of the acquisition date of 6 February 2023 therefore it was impracticable to consolidate the entity as of the acquisition date. There were no significant transactions or events from 1 February 2023 to the acquisition date, therefore management decided to consolidate from 1 February 2023.

Fair values recognised on acquisition as at 1 February 2023:

	AED'000
Assets	
Property, plant and equipment	150,760
Right-of-use assets	98,694
Intangibles	680,114
Cash and bank balances	169,462
Trade receivables and other current assets	82,706
Advance to contractors	4,223
Inventories	95,590
Due from related parties	44,730
Total assets	1,326,279
Liabilities	
Trade and other payables	280,450
Deferred tax liability	141,028
Due to related parties	135,971
Lease liabilities	98,694
Long term deposits	5,780
Borrowings	3,756
Total liabilities	665,679
Total identifiable net assets at fair value	660,600
Non-controlling interests	(330,802)
Group's share of net assets acquired	329,798
Purchase consideration	720,580
Goodwill	390,782

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC
**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued)**
19. Business Combination (continued)
19.1 TotalEnergies Marketing Egypt LLC (continued)
Acquisitions in 2023 (continued)

From the date of acquisition until 31 December 2023, TEME contributed revenue of AED 574,444 thousand and profit of AED 9,176 thousand. Acquisition related costs amounted to AED 11,456 thousand which were expensed during the period and are included in the interim condensed consolidated statement of profit and loss.

The non-controlling interests (50% ownership interest in TEME) recognised at the acquisition date was measured by reference to the proportionate share of net assets acquired and amounted to AED 330,802 thousand.

Analysis of cashflow on acquisition

	AED'000
Cash paid	708,562
Contingent consideration liability	12,018
	<hr/> 720,580
Cash paid for the acquisition	(708,562)
Net cash acquired on business combination	169,462
Net cash outflow on acquisition (included in cash flows from investing activities)	<hr/> (539,100)
Transaction cost of the acquisition (included in cash flows from operating activities)	<hr/> (11,456)
Net cash outflow on acquisition	<hr/> (550,556) <hr/>

20. Contingencies and litigation

The Group has contingent liabilities amounting to AED 258,430 thousand (31 December 2023: AED 230,052 thousand) 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 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 interim condensed consolidated financial statements if concluded unfavorably.

21. Commitments

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 483,414 thousand (31 December 2023: AED 368,216 thousand).

22. Seasonality of results

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

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued)

23. Dividends

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 2022. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 15 March 2023 and paid on 29 March 2023.

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 2023. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 27 March 2024 and paid on 15 April 2024.

24. Taxation

The Company calculates the period income tax expense attributed to UAE Corporate Income Tax (CIT) using the tax rate that would be applicable to the expected total annual earnings. The major component of income tax expense in this statement of profit or loss is AED 121,412 thousand attributed to UAE CIT.

The provision for UAE CIT expense is recognized based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2024 is 8.998%.

25. Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 7 August 2024.