

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

**Review report and unaudited
interim condensed consolidated
financial information for the
nine-month period ended 30 September 2020**

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

**Review report and unaudited interim condensed consolidated financial information
for the nine-month period ended 30 September 2020**

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ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Directors' report for the nine-month period ended 30 September 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 nine-month period ended 30 September 2020.

Principal activities

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

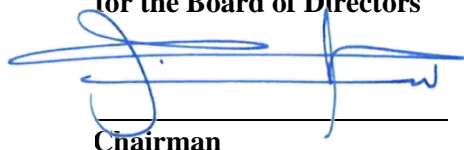
Review of business

During the period, the Group reported revenue of AED 11,986,213 thousand (30 September 2019: AED 15,910,515 thousand). Profit for the period was AED 1,581,199 thousand (30 September 2019: AED 1,721,354 thousand).

The appropriation of the results for the period is follows:

	AED '000
Retained earnings as previously reported on 31 December 2019	2,363,575
Derivative instrument interest adjustment	(19,747)
	<hr/>
Retained earnings as at 1 January 2020 (as restated)	2,343,828
Profit for the period	1,581,199
Dividends declared	(2,479,375)
	<hr/>
Retained earnings as at 30 September 2020	1,445,652
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for the Board of Directors



Chairman

10 November 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 September 2020 and the related unaudited condensed consolidated interim statements of profit or loss and comprehensive income, changes in equity and cash flows for the nine-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 Alkowitzly
Registration Number 1056
10 November 2020
Abu Dhabi
United Arab Emirates


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

	Notes	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,467,791	5,481,252
Right-of-use assets	8	376,030	152,751
Advances to contractors		90,879	113,843
Other non-current assets	10	5,896	7,931
Total non-current assets		5,940,596	5,755,777
Current assets			
Inventories	5	600,471	915,122
Trade receivables and other current assets	6	2,196,446	3,039,712
Due from related parties	7	543,961	569,713
Term deposits	9	644,150	2,130,000
Cash and bank balances	9	3,325,203	2,599,891
Total current assets		7,310,231	9,254,438
Total assets		13,250,827	15,010,215
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Hedge reserve		(167,165)	(114,525)
Retained earnings		1,445,652	2,363,575
Total equity		2,778,487	3,749,050
Non-current liabilities			
Lease liabilities	8	372,024	149,202
Long term debt	10	5,493,326	5,489,540
Derivative financial instruments	12	97,010	80,869
Provision for employees' end of service benefit		213,716	206,057
Total non-current liabilities		6,176,076	5,925,668
Current liabilities			
Lease liabilities	8	8,907	5,013
Trade and other payables	11	2,753,737	1,705,391
Due to related parties	7	1,456,391	3,586,539
Derivative financial instruments	12	77,229	38,554
Total current liabilities		4,296,264	5,335,497
Total liabilities		10,472,340	11,261,165
Total equity and liabilities		13,250,827	15,010,215

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.


Mohamed Al Hashimi
 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 nine-month periods ended 30 September 2020

	Notes	3 months ended 30 September		9 months ended 30 September	
		2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Revenue	13	4,030,308	5,636,711	11,986,213	15,910,515
Direct costs		(2,304,093)	(4,391,879)	(7,814,165)	(12,187,608)
		<hr/>	<hr/>	<hr/>	<hr/>
Gross profit		1,726,215	1,244,832	4,172,048	3,722,907
Distribution and administrative expenses	14	(857,858)	(702,475)	(2,303,116)	(1,995,788)
Other income		40,202	30,407	88,991	112,114
Impairment losses on financial assets	6	(30,923)	(7,757)	(63,951)	(17,343)
Other operating expenses		(167,392)	(77)	(199,869)	(30,282)
		<hr/>	<hr/>	<hr/>	<hr/>
Operating profit		710,244	564,930	1,694,103	1,791,608
Interest income		6,945	36,284	42,895	90,404
Finance costs		(46,268)	(52,684)	(155,799)	(160,658)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period		670,921	548,530	1,581,199	1,721,354
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Fair value loss on hedging instruments		(49,674)	(9,380)	(52,640)	(133,859)
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		621,247	539,150	1,528,559	1,587,495
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings per share:					
Basic and diluted	15	0.054	0.044	0.126	0.138
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 nine-month period ended 30 September 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	-	-	-	1,721,354	1,721,354
Other comprehensive income for the period	-	-	(133,859)	-	(133,859)
	-----	-----	-----	-----	-----
Total comprehensive income for the period			(133,859)	3,795,995	3,662,136
Dividends declared (note 20)	-	-	-	(1,928,750)	(1,928,750)
	-----	-----	-----	-----	-----
Balance as at 30 September 2019 (unaudited)	1,000,000	500,000	(133,859)	1,867,245	3,233,386
	=====	=====	=====	=====	=====
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)
	-----	-----	-----	-----	-----
Balance as at 1 January 2020 (restated)	1,000,000	500,000	(114,525)	2,343,828	3,729,303
Profit for the period	-	-	-	1,581,199	1,581,199
Other comprehensive income for the period	-	-	(52,640)	-	(52,640)
	-----	-----	-----	-----	-----
Total comprehensive income for the period	-	-	(52,640)	1,581,199	1,528,559
Dividends declared (note 20)	-	-	-	(2,479,375)	(2,479,375)
	-----	-----	-----	-----	-----
Balance as at 30 September 2020 (unaudited)	1,000,000	500,000	(167,165)	1,445,652	2,778,487
	=====	=====	=====	=====	=====

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

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

	9 months ended 30 September	
	2020	2019
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	1,581,199	1,721,354
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	426,503	387,205
Depreciation of rights of use	12,939	2,132
Recoveries on receivables	(23,443)	(30,271)
Expected credit losses on receivables	63,951	17,343
Employees' end of service benefit charge	32,850	17,553
(Gain)/loss on disposal of property, plant and equipment	(1,112)	273
Reversal of write downs of finished goods to net realisable value	-	(104,541)
Impairment of property, plant and equipment	190,882	28,728
Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	5,955	-
Inventories written off	3,031	1,476
Interest income	(42,895)	(90,404)
Lease interest expense	11,475	3,987
Finance costs	144,324	156,671
Operating cash flows before movements in working capital	2,405,659	2,111,506
Decrease in inventories	305,665	301,428
Decrease/(increase) in trade receivables and other current assets	802,756	(832,688)
Decrease/(increase) in due from related parties	25,752	(362,624)
Decrease in trade and other payables	(223,681)	(410,610)
(Decrease)/increase in due to related parties	(2,130,148)	698,054
Cash generated from operating activities	1,186,003	1,505,066
Payment of employees' end of service benefit	(25,191)	(21,648)
Net cash generated from operating activities	1,160,812	1,483,418
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(569,300)	(348,622)
Payments for advances to contractors	(43,884)	(54,568)
Proceeds from disposal of property, plant and equipment	1,393	-
Decrease/(increase) in term deposits	1,485,850	(3,197,775)
Interest received	42,895	75,627
Net cash used in investing activities	916,954	(3,525,338)
Cash flows from financing activities		
Finance costs paid	(137,727)	(82,374)
Payment of lease liabilities	(20,977)	(12,035)
Dividends paid	(1,193,750)	(735,000)
Net cash used in financing activities	(1,352,454)	(829,409)
Net increase/(decrease) in cash and cash equivalents	725,312	(2,871,329)
Cash and cash equivalents at beginning of the period	2,599,891	5,342,959
Cash and cash equivalents at end of the period	3,325,203	2,471,630

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

**Unaudited condensed consolidated statement of cash flows
for the nine-month period ended 30 September 2020 (continued)**

	9 months ended 30 September	
	2020	2019
	AED'000	AED'000
Non-cash transaction		
Accruals for property, plant and equipment	30,412	98,186
	=====	=====
Additions to right of use asset	236,218	90,428
	=====	=====
Dividend payable	1,285,625	1,193,750
	=====	=====
Advances to contractors transferred to property, plant and equipment	66,848	25,783
	=====	=====

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 nine-month period ended 30 September 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 leases 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.

In September 2020, ADNOC completed a USD 1 billion institutional placement of 10% of ADNOC Distribution shares. The transaction has increased the free float of the Group in Abu Dhabi Securities Exchange to 20%. The Parent Company currently retains 80% of the Group.

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 nine-month period ended 30 September 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 16*
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 2023);
- 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.

There are no other applicable new standards and amendments to published standards or IFRIC interpretation that have been issued that would be expected to have a material impact on the condensed consolidated financial information of the Group.

**Notes to the unaudited interim condensed consolidated financial information
for the nine-month period ended 30 September 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 nine-month ended 30 September 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 nine-month period ended 30 September 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 extract 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 has 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 and adopted a new accounting policy for customer loyalty program during this quarter, 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.

Loyalty programme

A deferred liability is recognised based on the portion of the consideration received arising from the Group's loyalty program. Revenue is recognised when the points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. Allocation of the consideration is based on the relative stand-alone selling prices.

The deferred liability is included within trade and other payables.

**Notes to the unaudited interim condensed consolidated financial information
for the nine-month period ended 30 September 2020 (continued)****3 Summary of significant accounting policies (continued)****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 detailed below.

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

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

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

The impact of this outbreak led to an increase in the expected credit loss of trade receivables to AED 49,662, 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). The Group will continue to closely monitor the impact of COVID 19 and a prolonged continuation of the situation and/or another outbreak may lead to further provisions and/or impairment in future periods.

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

4 Property, plant and equipment

	AED'000
Cost	
1 January 2020 (audited)	9,525,001
Additions	605,736
Impairments	(190,882)
Disposals	(6,485)
Transfer from related party	2,905
30 September 2020 (unaudited)	9,936,275
Accumulated depreciation	
1 January 2020 (audited)	4,043,749
Charge for the period	426,503
Disposals	(6,204)
Transfer from related party	4,436
30 September 2020 (unaudited)	4,468,484
Carrying amount	
30 September 2020 (unaudited)	5,467,791
31 December 2019 (audited)	5,481,252

The cost includes capital work in progress balance amounting to AED 1,032,306 thousand as of 30 September 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 190,882 thousand was recognised (31 December 2019: AED 46,853 thousand).

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

5 Inventories

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Finished goods	483,488	802,743
Spare parts and consumables	58,316	48,107
Lubricants raw materials, consumables and work in progress	36,233	37,026
LPG cylinders	43,835	42,692
	<hr/> 621,872 <hr/>	<hr/> 930,568 <hr/>
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)
	<hr/> (21,401) <hr/>	<hr/> (15,446) <hr/>
	<hr/> 600,471 <hr/>	<hr/> 915,122 <hr/>

During the second quarter of 2020, 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 with value of AED 135,165 thousand (31 December 2019: AED 76,600 thousand) on behalf of a customer as at 30 September 2020.

6 Trade receivables and other current assets

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade receivables	1,985,697	2,821,346
Less: loss allowance	(49,662)	(9,154)
	<hr/> 1,936,035 <hr/>	<hr/> 2,812,192 <hr/>
Prepaid expenses	22,642	17,007
Receivable from employees	100,028	109,590
VAT receivables	2,082	3,950
Other receivables	135,659	96,973
	<hr/> 2,196,446 <hr/>	<hr/> 3,039,712 <hr/>

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

6 Trade receivables and other current assets (continued)

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

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Opening balance	9,154	40,698
Charge for the period/year	63,951	18,427
Reversal during the period/year	(23,443)	(49,971)
Closing balance	<u>49,662</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.

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Due from related parties		
Abu Dhabi National Oil Company (ADNOC)	175,318	359,515
ADNOC Offshore	167,972	20,077
ADNOC Drilling	123,481	59,782
ADNOC Onshore	37,220	22,365
ADNOC Logistics and Services	22,015	70,048
ADNOC Gas Processing	3,525	21,134
ADNOC Sour Gas	2,613	2,745
Others	11,817	14,047
	<u>543,961</u>	<u>569,713</u>
Due to related parties		
Abu Dhabi National Oil Company (ADNOC)	1,443,377	3,559,438
ADNOC Logistics and Services	12,843	10,250
ADNOC Refining	171	16,851
	<u>1,456,391</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 nine-month period ended 30 September 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 3,956,818 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:

	3 months ended 30 September		9 months ended 30 September	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue - ADNOC Group	196,589	233,322	625,052	881,209
Purchases – ADNOC Group	2,374,748	4,255,068	7,095,576	9,526,420

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

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

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

8 Right-of-use assets and lease liabilities

Right-of-use assets

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Opening balance	152,751	87,061
Additions	236,218	70,215
Depreciation charge during the period/year	(12,939)	(4,525)
Closing balance	376,030	152,751

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

Lease Liabilities

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Opening balance	154,215	92,258
Additions	236,218	70,215
Accretion of interest	11,475	6,702
Payments	(20,977)	(14,960)
Closing balance	380,931	154,215

	<u>Current</u>		<u>Non-current</u>	
	30 September 2020 AED'000 (unaudited)	31 December 2019 AED 000 (audited)	30 September 2020 AED'000 (unaudited)	31 December 2019 AED 000 (audited)
Lease liabilities	8,907	5,013	372,024	149,202

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

9 Cash and cash equivalents

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

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Cash held by ADNOC	1,834	1,144
Cash on hand and in bank	3,323,369	2,598,747
Cash and bank balances	3,325,203	2,599,891
Term deposits with maturity more than 3 months	644,150	2,130,000

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

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

10 Long term debt

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Term loan	5,493,326	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 5,896 thousand as at 30 September 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 from the Facility 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 nine-month period ended 30 September 2020 (continued)**

11 Trade and other payables

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade payables	378,521	542,219
Dividends payable	1,285,625	-
Capital accruals	384,295	414,707
Operating accruals	211,311	208,329
Vat payable	164,215	242,615
Coupon and prepaid card sales outstanding	103,073	108,090
Contract retentions payable	53,469	59,357
Advances from customers	30,991	33,016
Other payables	142,237	97,058
	<u>2,753,737</u>	<u>1,705,391</u>

12 Derivative financial instruments

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

	30 September 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Current liabilities	77,229	38,554
Non-current liabilities	97,010	80,869
	<u>174,239</u>	<u>119,423</u>

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 September 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 nine-month period ended 30 September 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):

	3 months ended 30 September		9 months ended 30 September	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Retail (B2C)				
• Fuel	2,681,091	3,411,425	7,737,245	9,924,906
• Non-fuel	234,417	286,591	657,280	839,208
Commercial (B2B)				
• Corporate	871,024	1,377,291	2,682,881	3,587,991
• Aviation	243,776	561,404	908,807	1,558,410
	4,030,308	5,636,711	11,986,213	15,910,515

14 Distribution and administrative expenses

	3 months ended 30 September		9 months ended 30 September	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Staff costs	508,988	409,902	1,373,523	1,225,913
Depreciation	168,567	133,040	439,442	389,337
Repairs, maintenance and consumables	46,591	27,826	133,558	81,892
Utilities	35,631	45,926	123,435	110,104
Distribution and marketing expenses	28,869	15,451	69,685	49,079
Insurance	3,220	2,997	11,323	7,041
Others	65,992	67,333	152,150	132,422
	857,858	702,475	2,303,116	1,995,788

**Notes to the unaudited interim condensed consolidated financial information
for the nine-month period ended 30 September 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.

	3 months ended 30 September		9 months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Profit attributable to owners of the Company (AED '000)	670,921	548,530	1,581,199	1,721,354
Weighted average number of shares in issue ('000)	12,500,000	12,500,000	12,500,000	12,500,000
Earnings per share	0.054	0.044	0.126	0.138

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 nine-month period ended 30 September 2020 (continued)**

16 Segment reporting (continued)

Information regarding the new segment structure are as follows:

	Commercial (B2B) AED'000	Retail (B2C) AED'000	Unallocated AED'000	Total AED'000
30 September 2020				
Revenue	3,591,688	8,394,525	-	11,986,213
Direct costs	(2,569,446)	(5,244,767)	48	(7,814,165)
Gross profit	1,022,242	3,149,758	48	4,172,048
Distribution and administrative expenses	(502,084)	(1,800,997)	(35)	(2,303,116)
Other income	19,030	57,921	12,040	88,991
Impairment losses and other operating expenses	(39,131)	(24,821)	(199,868)	(263,820)
Operating Profit				1,694,103
Interest income				42,895
Finance costs				(155,799)
Profit for the period				1,581,199
30 September 2019				
Revenue	5,146,401	10,764,114	-	15,910,515
Direct costs	(3,942,030)	(8,245,585)	7	(12,187,608)
Gross profit	1,204,371	2,518,529	7	3,722,907
Distribution and administrative expenses	(454,308)	(1,541,466)	(14)	(1,995,788)
Other income	35,391	70,683	6,040	112,114
Impairment losses and other operating expenses	(7,862)	(9,480)	(30,283)	(47,625)
Operating Profit				1,791,608
Interest income				90,404
Finance costs				(160,658)
Profit for the period				1,721,354

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

As at 30 September 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 666,554 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.

As authorized by the Shareholders at the General Assembly Meeting held 4 April 2019, the Board of Directors approved on 29 September 2019 a cash dividend of 9.55 fils per share to the shareholders in respect of the first half of 2019. The dividend comprised of AED 1,193,750 thousand and was paid on 3 October 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.

The Board of Directors approved an interim dividend of 10.29 fils per share to the shareholders in respect of the first half of 2020. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 29 September 2020 and paid on 1 October 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 10 November 2020.