

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

**Review report and unaudited
interim condensed consolidated
financial information for the
three month period ended 31 March 2019**

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Review report and unaudited interim condensed consolidated financial information for the three month period ended 31 March 2019

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ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Directors' report for the three month period ended 31 March 2019

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 three month period ended 31 March 2019.

Principal activities

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

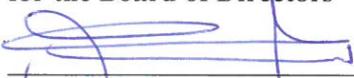
Review of business

During the period, the Group reported a revenue of AED 4,770,077 thousand (31 March 2018: AED 5,158,685 thousand). Profit for the period was AED 577,933 thousand (31 March 2018: AED 541,654 thousand).

The appropriation of the results for the period is follows:

	AED '000
Retained earnings as at 31 December 2018	2,074,641
Profit for the period	577,933
Retained earnings as at 31 March 2019	2,652,574

for the Board of Directors



Chairman

30 April 2019
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
Abu Dhabi, U.A.E.

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 31 March 2019 and the related unaudited condensed consolidated interim statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this unaudited interim condensed consolidated financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this unaudited interim condensed consolidated financial information based on our review.

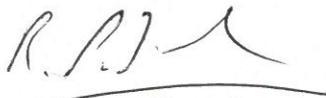
Scope of review

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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Deloitte & Touche (M.E.)

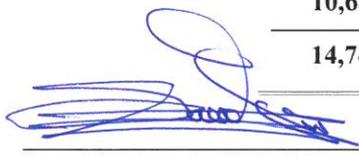


Rama Padmanabha Acharya
Registration Number 701
30 April 2019
Abu Dhabi
United Arab Emirates

**Unaudited condensed consolidated statement of financial position
as at 31 March 2019**

	Notes	31 March 2019 AED'000	31 December 2018 AED'000	1 January 2018 AED'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,441,374	5,541,653	5,313,897
Right-of-use assets	3	91,865	87,061	88,615
Advances to contractors		74,607	88,832	100,558
Other non-current assets	10	10,002	10,693	13,462
Total non-current assets		5,617,848	5,728,239	5,516,532
Current assets				
Inventories	6	982,604	1,173,854	1,344,014
Trade receivables and other current assets	7	2,406,704	2,249,668	2,283,326
Due from related parties	8	1,229,801	996,859	361,634
Cash and bank balances	9	4,511,731	5,472,959	2,785,452
		9,130,840	9,893,340	6,774,426
Assets classified as held for sale		-	-	74,819
Total current assets		9,130,840	9,893,340	6,849,245
Total assets		14,748,688	15,621,579	12,365,777
EQUITY AND LIABILITIES				
Equity				
Share capital		1,000,000	1,000,000	1,000,000
Statutory reserve		500,000	500,000	500,000
Hedge reserve		(85,231)	-	-
Retained earnings		2,652,574	2,074,641	1,418,902
Total equity		4,067,343	3,574,641	2,918,902
Non-current liabilities				
Lease liabilities	3	88,794	84,357	87,672
Long term debt	10	5,485,685	5,484,400	5,479,201
Derivative financial instruments	12	68,090	-	-
Provision for employees' end of service benefit		211,496	212,427	223,937
Total non-current liabilities		5,854,065	5,781,184	5,790,810
Current liabilities				
Lease liabilities	3	6,933	7,901	1,695
Trade and other payables	11	1,416,314	1,949,036	1,158,821
Due to related parties	8	3,385,127	4,308,817	2,495,549
Derivative financial instruments	12	18,906	-	-
Total current liabilities		4,827,280	6,265,754	3,656,065
Total liabilities		10,681,345	12,046,938	9,446,875
Total equity and liabilities		14,748,688	15,621,579	12,365,777


Petri Pentti
Chief Financial Officer


Saeed Mubarak Al Rashdi
Acting Chief Executive Officer


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

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

**Unaudited condensed consolidated statement of profit or loss and comprehensive income
for the three month period ended 31 March 2019**

	Note	3 months ended 31 March	
		2019 AED'000	2018 AED'000
Revenue	14	4,770,077	5,158,685
Direct costs	14	(3,624,250)	(3,974,198)
Gross profit		1,145,827	1,184,487
Distribution and administrative expenses		(592,256)	(655,728)
Other income		56,984	51,425
Impairment losses and other operating expenses		(5,924)	(1,798)
Operating profit		604,631	578,386
Interest income		27,777	1,767
Finance costs		(54,475)	(38,499)
Profit for the period		577,933	541,654
Other comprehensive income		(85,231)	-
Total comprehensive income for the period		492,702	541,654
Earnings per share:			
Basic and diluted	13	0.046	0.043

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

**Unaudited condensed consolidated statement of changes in equity
for the three month period ended 31 March 2019**

	Share capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
Balance as at 1 January 2018	1,000,000	500,000	-	1,418,902	2,918,902
Total comprehensive income for the period	-	-	-	541,654	541,654
	<u>1,000,000</u>	<u>500,000</u>	<u>-</u>	<u>1,960,556</u>	<u>3,460,556</u>
Balance as at 31 March 2018	1,000,000	500,000	-	1,960,556	3,460,556
	<u>1,000,000</u>	<u>500,000</u>	<u>-</u>	<u>2,074,641</u>	<u>3,574,641</u>
Balance as at 31 December 2018	1,000,000	500,000	-	2,074,641	3,574,641
Net profit for the period	-	-	-	577,933	577,933
Other comprehensive income for the period	-	-	(85,231)	-	(85,231)
	<u>1,000,000</u>	<u>500,000</u>	<u>(85,231)</u>	<u>2,652,574</u>	<u>4,067,343</u>
Balance as at 31 March 2019	1,000,000	500,000	(85,231)	2,652,574	4,067,343

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 three month period ended 31 March 2019**

	3 months ended 31 March	
	2019	2018
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	577,933	541,654
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	127,653	125,180
Depreciation of right-of-use assets	694	668
Recoveries on receivables	(25,686)	-
Impairment losses on receivables	4,470	1,402
Employees' end of service benefit charge	5,918	6,016
Gain on disposal of property, plant and equipment	272	-
Reversal of write down of finished goods to net realisable value	(104,541)	-
Inventories written off	1,454	-
Finance costs	54,475	38,499
Interest income	(27,777)	(1,767)
Operating cash flows before movements in working capital	614,865	711,652
Decrease/(increase) in inventories	294,337	(109,403)
Increase in trade receivables and other current assets	(144,632)	(306,639)
Increase in due from related parties	(233,066)	(43,511)
(Decrease)/increase in trade and other payables	(500,362)	329,005
(Decrease)/increase in due to related parties	(923,690)	1,555,954
Cash (used) in/generated from operating activities	(892,548)	2,137,058
Payment of employees' end of service benefit	(6,725)	(8,374)
Net cash (used) in/generated from operating activities	(899,273)	2,128,684
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(64,347)	(139,641)
Payments for advances to contractors	-	(23,411)
Interest received	35,928	930
Net cash used in investing activities	(28,419)	(162,122)
Cash flows from financing activities		
Payment of lease liabilities	(3,190)	-
Finance cost paid	(30,346)	-
Net cash used in financing activities	(33,536)	-
Net (decrease)/increase in cash and cash equivalents	(961,228)	1,966,562
Cash and cash equivalents at beginning of the period	5,342,959	2,655,452
Cash and cash equivalents at end of the period (note 9)	4,381,731	4,622,014
Non-cash transactions		
Accruals for property, plant and equipment	281,590	214,205
Advances to contractors transferred to property, plant and equipment	14,225	7,014

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 three month period ended 31 March 2019

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 Group’s registered head office is at P.O. Box 4188, Abu Dhabi, United Arab Emirates. The Company’s shares are listed on the Abu Dhabi Securities Exchange.

The principal activities of the Company and its Subsidiary, ADNOC Distribution Global Company L.L.C., (together referred to as the “Group”) are the marketing of petroleum products, 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 and Umm Al Quwain.

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

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

Details of the Company’s subsidiary are as follows:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2019	2018		
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 three month period ended 31 March 2019**2 Application of International Financial Reporting Standards (IFRS)****2.1 Application of IFRS beginning 1 January 2018**

The Group previously applied IFRS through the year ended 31 December 2016. Such financial statements were only provided to its Parent and were not publically available. In connection with its initial public offering (“IPO”) in November 2017 as described in Note 1, the Group prepared carve-out financial statements for the years ended 31 December 2016 and 2015. These carve-out financial statements were prepared in accordance with IFRS except for the exclusion of the Group’s aviation business, which remained with the Parent after the IPO. Accordingly, the carve-out financial statements for the years ended 31 December 2016 and 2015 did not include an explicit and unreserved statement of compliance with IFRS.

The comparative information included in the financial statements for the year ended 31 December 2017 was extracted from the carve-out financial statements prepared for the IPO and accordingly the financial statements for the year ended 31 December 2017 also did not include an explicit and unreserved statement of compliance with IFRS.

As explained in Note 3, the Group intends to prepare financial statements in accordance with IFRS for the year ending 31 December 2019. These financial statements will include an explicit and unreserved statement of compliance with IFRS. As such, the Group re-applied IFRS 1 ‘First time adoption of International Financial Reporting Standards’ with a date of transition of 1 January 2018. With the exception of the opening balance sheet adjustments related to lease accounting described in Note 3, there is no impact on the previously reported balances on account of the transition to IFRS, and all other accounting policies remain unchanged from those set out in the Group’s annual financial statements for the year ended 31 December 2018.

2.2 New and revised IFRS in issue but not yet effective

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

3 Summary of significant accounting policies**Basis of preparation**

The financial statements of the Group for the year ending 31 December 2019 will be prepared in accordance with IFRS. This unaudited interim condensed consolidated financial information for the three months ended 31 March 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting.

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.

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019****3 Summary of significant accounting policies (continued)****Basis of preparation (continued)**

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 2018. In addition, results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Basis of measurement

This unaudited interim condensed consolidated financial information have been prepared under the historical cost convention except for a financial asset at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value.

Judgments, estimates and risk management

The preparation of the unaudited interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 2018, except for those related to leases under IFRS 16, which are described in Note 4.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of IFRS 16.

Transition to IFRS

When the Group adopted IFRS beginning 1 January 2018, it also adopted IFRS 16 'Leases,' which replaced the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognised in the Group's statement of financial position, unless the term is 12 months or less or the lease is for a low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognises a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalised, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortised over the useful life. They are subsequently measured at cost less accumulated depreciation and impairment loss. Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Transition to IFRS (continued)

The Group has applied IFRS 16 as of its IFRS transition date, recording an opening balance sheet adjustment. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application. The off-balance sheet lease obligations as at 1 January 2018 are reconciled as follows to the recognised lease liabilities as at 31 December 2018.

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years.

	2018 AED'000
Impact on profit for the year	
Increase in depreciation expenses	2,722
Increase in finance costs	5,164
Decrease in other expenses	(5,472)
	<hr/>
Decrease in profit for the year	2,414
	<hr/> <hr/>

<i>Impact on assets, liabilities and equity as at 1 January 2018</i>	As previously reported AED '000	Opening balance sheet adjustments AED '000	Opening IFRS balance AED '000
Right-of-use assets (1), (2)	-	88,615	88,615
Trade and other receivables	2,293,120	(9,794)	2,283,326
	<hr/>	<hr/>	<hr/>
Net impact on total assets	2,293,120	78,821	2,371,941
	<hr/>	<hr/>	<hr/>
Lease liabilities (1), (3)	-	89,367	89,367
	<hr/>	<hr/>	<hr/>
Net impact on total liabilities	-	89,367	89,367
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Retained earnings	1,429,448	(10,546)	1,418,902
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Transition to IFRS (continued)

<i>Impact on assets, liabilities and equity as at 31 December 2018</i>	As previously reported AED '000	Opening balance sheet adjustments AED '000	IFRS balance AED '000
Right-of-use assets (1), (2)	-	87,061	87,061
Trade and other receivables	2,257,431	(7,763)	2,249,668
Net impact on total assets	2,257,431	79,298	2,336,729
Lease liabilities (1), (3)	-	92,258	92,258
Net impact on total liabilities	-	92,258	92,258
Retained earnings	2,087,601	(12,960)	2,074,641

Group as a lessee

- (1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. It resulted in a decrease in 'Other expenses' and an increase in depreciation and interest expense.
- (2) Equipment under finance lease arrangements previously presented within property, plant and equipment is now presented within the line item right-to-use assets. There has been no change in the amount recognised.
- (3) Lease liability on leases previously classified as finance leases under IAS 17 and previously presented within obligations under finance leases is now presented in the line "lease liabilities". There has been no change in the liability recognised.

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group. Under IFRS 16, lessees must present:

- short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Group has included these payments as part of payments to suppliers and employees);
- cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of operating activities); and
- cash payments for the principal portion for lease liability, as part of financing activities.

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Transition to IFRS (continued)

Group as a lessee (continued)

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by AED 2,272 thousand and net cash used in financing activities increased by the same amount.

Other right-of use assets were measured at the amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2018 AED'000	1 January 2018 AED'000
Properties	87,061	88,615
Total right-of-use assets	87,061	88,615

The additions during the year for right-of-use assets amount to AED 2,837 thousand.

The Group's leasing activities and how these are accounted for:

The Group leases various leasehold properties. Leasehold contracts are typically made for fixed periods of 15-20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Previously, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019****3 Summary of significant accounting policies (continued)****Significant accounting policies (continued)****Transition to IFRS (continued)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received; and
- restoration costs.

First time adopter exemptions

In applying IFRS for the first time, the Group used the following exemptions permitted by IFRS 1:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4 Critical judgments and key sources of estimation uncertainty**Changes in judgements and estimation uncertainty**

The critical judgements and estimates used in the preparation of this unaudited interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the changes highlighted below:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Estimates of future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 per cent of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

5 Property, plant and equipment

	AED'000
Cost	
1 January 2019	9,067,858
Additions	27,646
Disposals	(6,863)
31 March 2019	9,088,641
Accumulated depreciation	
1 January 2019	3,526,205
Charge for the period	127,653
Disposals	(6,591)
31 March 2019	3,647,267
Carrying amount	
31 March 2019	5,441,374
31 December 2018	5,541,653

6 Inventories

	31 March 2019	31 December 2018
	AED'000	AED'000
Finished goods	892,571	1,182,056
Spare parts and consumables	42,770	44,772
Lubricants raw materials, consumables and work in progress	26,390	30,649
LPG cylinders	36,319	36,364
	998,050	1,293,841
Less: Allowance for write down of finished goods to net realisable value	(234)	(104,775)
Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	(15,212)	(15,212)
	(15,446)	(119,987)
	982,604	1,173,854

The Ministry of Energy regulates prevailing Gasoline and Gasoil selling prices for all retail distribution companies on a monthly basis. The provision established at 31 December 2018 was utilised during the three months ended 31 March 2019 as the inventory was sold.

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

7 Trade receivables and other current assets

	31 March 2019	31 December 2018
	AED'000	AED'000
Trade receivables	2,156,631	2,021,689
Less: loss allowance	(17,286)	(40,698)
	2,139,345	1,980,991
Prepaid expenses	17,279	19,080
Receivable from employees	108,219	111,930
VAT receivables	578	412
Other receivables	141,283	137,255
	2,406,704	2,249,668

8 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.

	31 March 2019	31 December 2018
	AED'000	AED'000
Due from related parties		
Abu Dhabi National Oil Company (ADNOC)	829,170	597,176
ADNOC Logistics and Services	202,520	195,365
ADNOC Drilling	86,887	70,385
ADNOC Onshore	42,963	53,297
ADNOC Offshore	28,101	35,120
ADNOC Gas Processing	21,090	19,241
ADNOC Sour Gas	4,396	10,102
Others	14,674	16,173
	1,229,801	996,859
Due to related parties		
Abu Dhabi National Oil Company (ADNOC)	3,368,632	4,279,215
ADNOC Refining	15,179	15,424
ADNOC Logistics and Services	1,316	14,178
	3,385,127	4,308,817

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

8 Related party balances and transactions (continued)

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

The amount due to related parties are outstanding against purchases of petroleum products, vessel hires and port charges, administrative expenses, transfer of property, plant and equipment and amounts related to the transfer of the sales and purchasing activities of the Civil Aviation Division. The above balance is unsecured, bears no interest and is payable on demand.

The Group has an amount of AED 4,322,181 thousand (31 December 2018: AED 4,991,992 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 2018: AED 5,276,563 thousand).

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

	3 months ended 31 March	
	2019	2018
	AED'000	AED'000
Revenue - ADNOC group	269,358	259,715
Purchases – ADNOC	2,778,945	3,907,849

In the prior periods, the Group adjusted purchase price of certain products supplied by ADNOC due to market conditions with effect from 1 January 2018, which was further reduced for the periods from 1 July 2018. These adjustments have been reflected in inventory and direct costs.

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

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

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

9 Cash and cash equivalents

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

	31 March 2019	31 December 2018
	AED'000	AED'000
Cash held by ADNOC	137	346,730
Cash on hand and in bank	4,511,594	5,126,229
	<hr/>	<hr/>
Cash and bank balances	4,511,731	5,472,959
Term deposit with maturities above 3 months	(130,000)	(130,000)
	<hr/>	<hr/>
	4,381,731	5,342,959
	<hr/> <hr/>	<hr/> <hr/>

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 carries interest rate ranging from 1.20% to 1.75% per annum.

Cash and bank balances include short-term and call deposits amounting to AED 4,322 million (31 December 2018: AED 4,991 million) carrying rate ranging from 1.10% to 3.27% (31 December 2018: 0.02% to 3%) per annum.

10 Long term debt

	31 March 2019	31 December 2018
	AED'000	AED'000
Term loan	5,485,685	5,484,400
	<hr/> <hr/>	<hr/> <hr/>

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 million unsecured credit facility (the "Facility"). The Facility is bifurcated further into a term facility commitment of USD 1,500 million and a revolving facility commitment of USD 750 million. 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. Transaction costs amounting to AED 10,002 thousand as at 31 March 2019 (31 December 2018: AED 10,693 thousand) is presented as other non-current asset in the unaudited interim condensed consolidated financial information.

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

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

11 Trade and other payables

	31 March 2019	31 December 2018
	AED'000	AED'000
Trade payables	307,924	591,824
Operating accruals	239,210	397,447
Capital accruals	281,590	332,515
VAT payable	196,652	249,600
Coupon and prepaid card sales outstanding	101,427	97,578
Contract retentions payable	91,868	71,044
Advances from customers	32,980	48,895
Other payables	164,663	160,133
	1,416,314	1,949,036

12 Derivative financial instruments

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

As at 31 March 2019, the fair value of the derivative financial instrument was as follows:

	31 March 2019
	AED'000
Current	18,906
Non - current	68,090
	86,996

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019**

13 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 31 March	
	2019	2018
Profit attributable to owners of the Company (AED '000)	577,933	541,654
Weighted average number of shares in issue ('000)	12,500,000	12,500,000
Earnings per share	0.046	0.043

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

14 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, in order to allocate resources to the segment and to assess its performance. Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities is reported to the Board of Directors.

For operating purposes, the Group is organised into four major business segments:

- Corporate segment, which involves sale of petroleum products and ancillary products.
- Retail segment, which involves sale of petroleum products through service stations, and convenience stores catering the consumers.
- Government aviation segment, engages in the provision of fuel and fuelling services to strategic customers as well as fuelling services to the Parent Company's aviation customers.
- Operating segments Allied Services and Natural Gas have been aggregated as 'Other' reportable segment of the Group. Allied services involves property management and vehicle inspection services.

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

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

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous period. Profit for the period 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 three month period ended 31 March 2019**

14 Segment reporting (continued)

Information regarding these segments are as follows:

	Corporate AED'000	Retail AED'000	Aviation AED'000	Others AED'000	Unallocated AED'000	Total AED'000
31 March 2019						
Revenue	1,025,932	3,201,370	487,966	54,809	-	4,770,077
Direct costs	(819,590)	(2,488,933)	(315,727)	-	-	(3,624,250)
Gross profit	206,342	712,437	172,239	54,809	-	1,145,827
Distribution and administrative expenses	(40,904)	(431,054)	(87,238)	(33,034)	(26)	(592,256)
Other income	29,082	23,695	-	298	3,909	56,984
Impairment losses and other operating expenses	(1,858)	(1,888)	(745)	20	(1,453)	(5,924)
Interest income	-	-	-	-	27,777	27,777
Finance costs	-	-	-	-	(54,475)	(54,475)
Profit/(loss) for the period	192,662	303,190	84,256	22,093	(24,268)	577,933
Depreciation - net	8,960	105,411	8,413	5,551	12	128,347
31 March 2018						
Revenue	945,451	3,644,982	499,969	68,283	-	5,158,685
Direct costs	(795,016)	(2,843,621)	(330,784)	(4,777)	-	(3,974,198)
Gross profit	150,435	801,361	169,185	63,506	-	1,184,487
Distribution and administrative expenses	(49,073)	(457,046)	(93,391)	(56,942)	724	(655,728)
Other income	1,518	23,775	-	25,445	687	51,425
Impairment losses and other operating expenses	-	(1)	(991)	(806)	-	(1,798)
Interest income	-	-	-	-	1,767	1,767
Finance costs	-	-	-	-	(38,499)	(38,499)
Profit/(loss) for the period	102,880	368,089	74,803	31,203	(35,321)	541,654
Depreciation - net	6,134	95,666	8,121	15,259	668	125,848

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

**Notes to the unaudited interim condensed consolidated financial information
for the three month period ended 31 March 2019****15 Contingencies and litigation**

As at 31 March 2019, the Group had contingent liabilities amounting to AED 902.1 thousand (31 December 2018: AED 902.1 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 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.

16 Commitments

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 124.6 million (31 December 2018: AED 113.9 million).

17 Seasonality of results

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

18 Dividends

The Board of Directors proposed a cash dividend of 5.88 fils per share to the shareholders in respect of the fiscal year ended 31 December 2017. The dividend comprised of AED 735 million, which was approved at the Annual General Meeting, held on 8 April 2018 and paid on 11 April 2018.

The Board of Directors proposed a cash dividend of 5.88 fils per share to the shareholders in respect of the first half of 2018. The dividend comprised of AED 735 million which was approved at the General Assembly Meeting held on 14 October 2018 and paid on 20 October 2018.

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 million, which was approved at the Annual General Meeting, held on 4 April 2019 and paid on 9 April 2019.

19 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 30 April 2019.