

**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 2020**

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for the three-month period ended 31 March 2020**

|  | <b>Pages</b>  |
|--|---------------|
| <b>Directors' report</b>   | <b>1</b>      |
| <b>Report on review of unaudited interim condensed consolidated financial information</b>              | <b>2</b>      |
| <b>Unaudited condensed consolidated statement of financial position</b>                                | <b>3</b>      |
| <b>Unaudited condensed consolidated statement of profit or loss<br/>and other comprehensive income</b> | <b>4</b>      |
| <b>Unaudited condensed consolidated statement of changes in equity</b>                                 | <b>5</b>      |
| <b>Unaudited condensed consolidated statement of cash flows</b>  | <b>6</b>      |
| <b>Notes to the unaudited interim condensed consolidated financial information</b>                     | <b>7 – 21</b> |

# ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

## Directors' report for the three-month period ended 31 March 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 three-month period ended 31 March 2020.

### Principal activities

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

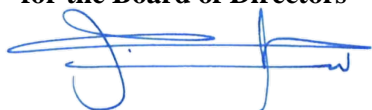
### Review of business

During the period, the Group reported revenue of AED 4,939,489 thousand (31 March 2019: AED 4,770,077 thousand). Profit for the period was AED 399,517 thousand (31 March 2019: AED 577,933 thousand).

The appropriation of the results for the period is follows:

|  | <b>AED '000</b>  |
|--|------------------|
| Retained earnings as previously reported on 31 December 2019 | 2,363,575        |
| Derivative instrument interest adjustment (note 12)          | (19,747)         |
|  | <hr/>            |
| Retained earnings as at 1 January 2020 (as restated)         | 2,343,828        |
| Profit for the period  | 399,517          |
| Dividends declared   | (1,193,750)      |
|  | <hr/>            |
| <b>Retained earnings as at 31 March 2020</b>                 | <b>1,549,595</b> |
|  | <hr/> <hr/>      |

**for the Board of Directors**



**Chairman**

11<sup>th</sup> May 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 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 2020 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 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 Alkowitzy  
Registration Number 1056  
11 May 2020  
Abu Dhabi  
United Arab Emirates


**Unaudited condensed consolidated statement of financial position  
as at 31 March 2020**

|   | Notes | 31 March<br>2020<br>AED'000<br>(unaudited) | 31 December<br>2019<br>AED'000<br>(audited) |
|---|-------|--|---|
| <b>ASSETS</b>                                   |       |  |   |
| <b>Non-current assets</b>                       |       |  |   |
| Property, plant and equipment                   | 4     | 5,538,267                                  | 5,481,252                                   |
| Right-of-use assets                             | 8     | 238,844                                    | 152,751                                     |
| Advances to contractors                         |       | 89,227                                     | 113,843                                     |
| Other non-current assets                        | 10    | 7,255                                      | 7,931                                       |
| <b>Total non-current assets</b>                 |       | <b>5,873,593</b>                           | <b>5,755,777</b>                            |
| <b>Current assets</b>                           |       |  |   |
| Inventories                                     | 5     | 752,656                                    | 915,122                                     |
| Trade receivables and other current assets      | 6     | 2,935,963                                  | 3,039,712                                   |
| Due from related parties                        | 7     | 667,235                                    | 569,713                                     |
| Cash and bank balances                          | 9     | 5,231,876                                  | 4,729,891                                   |
| <b>Total current assets</b>                     |       | <b>9,587,730</b>                           | <b>9,254,438</b>                            |
| <b>Total assets</b>                             |       | <b>15,461,323</b>                          | <b>15,010,215</b>                           |
| <b>EQUITY AND LIABILITIES</b>                   |       |  |   |
| <b>Equity</b>                                   |       |  |   |
| Share capital                                   |       | 1,000,000                                  | 1,000,000                                   |
| Statutory reserve                               |       | 500,000                                    | 500,000                                     |
| Hedge reserve                                   |       | (186,435)                                  | (114,525)                                   |
| Retained earnings                               |       | 1,549,595                                  | 2,363,575                                   |
| <b>Total equity</b>                             |       | <b>2,863,160</b>                           | <b>3,749,050</b>                            |
| <b>Non-current liabilities</b>                  |       |  |   |
| Lease liabilities                               | 8     | 231,160                                    | 149,202                                     |
| Long term debt                                  | 10    | 5,490,798                                  | 5,489,540                                   |
| Derivative financial instruments                | 12    | 129,629                                    | 80,869                                      |
| Provision for employees' end of service benefit |       | 206,357                                    | 206,057                                     |
| <b>Total non-current liabilities</b>            |       | <b>6,057,944</b>                           | <b>5,925,668</b>                            |
| <b>Current liabilities</b>                      |       |  |   |
| Lease liabilities                               | 8     | 8,907                                      | 5,013                                       |
| Trade and other payables                        | 11    | 2,731,013                                  | 1,705,391                                   |
| Due to related parties                          | 7     | 3,737,748                                  | 3,586,539                                   |
| Derivative financial instruments                | 12    | 62,551                                     | 38,554                                      |
| <b>Total current liabilities</b>                |       | <b>6,540,219</b>                           | <b>5,335,497</b>                            |
| <b>Total liabilities</b>                        |       | <b>12,598,163</b>                          | <b>11,261,165</b>                           |
| <b>Total equity and liabilities</b>             |       | <b>15,461,323</b>                          | <b>15,010,215</b>                           |

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

  
**Petri Pentti**  
 Chief Financial Officer

  
**Ahmed Al Shamsi**  
 Acting Chief Executive Officer

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

**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2020**

|   | Note      | 3 months ended 31 March |                 |
|---|-----------|-------------------------|-----------------|
|   |           | 2020<br>AED'000         | 2019<br>AED'000 |
| <b>Revenue</b>  | <b>13</b> | <b>4,939,489</b>        | 4,770,077       |
| Direct costs  |           | (3,829,531)             | (3,624,250)     |
| <b>Gross profit</b>                                     |           | <b>1,109,958</b>        | 1,145,827       |
| Distribution and administrative expenses                | <b>14</b> | (699,634)               | (592,256)       |
| Other income  |           | 30,415                  | 56,984          |
| Impairment losses and other operating expenses          |           | (19,372)                | (5,924)         |
| <b>Operating profit</b>                                 |           | <b>421,367</b>          | 604,631         |
| Interest income   |           | 27,970                  | 27,777          |
| Finance costs   |           | (49,820)                | (54,475)        |
| <b>Profit for the period</b>                            |           | <b>399,517</b>          | 577,933         |
| <b>Other comprehensive income</b>                       |           |                         |                 |
| <i>Items that may be reclassified to profit or loss</i> |           |                         |                 |
| Fair value loss on hedging instruments                  |           | (71,910)                | (85,231)        |
| <b>Total comprehensive income for the period</b>        |           | <b>327,607</b>          | 492,702         |
| <b>Earnings per share:</b>                              |           |                         |                 |
| Basic and diluted                                       | <b>15</b> | <b>0.032</b>            | 0.046           |

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 2020**

|   | <b>Share<br/>capital<br/>AED'000</b> | <b>Statutory<br/>reserve<br/>AED'000</b> | <b>Hedge<br/>reserve<br/>AED'000</b> | <b>Retained<br/>earnings<br/>AED'000</b> | <b>Total<br/>AED'000</b> |
|---|--------------------------------------|--|--------------------------------------|--|--------------------------|
| Balance as at 1 January 2019 (audited)              | 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)                 |
|   | <hr/>                                | <hr/>                                    | <hr/>                                | <hr/>                                    | <hr/>                    |
| Balance as at 31 March 2019 (unaudited)             | 1,000,000                            | 500,000                                  | (85,231)                             | 2,652,574                                | 4,067,343                |
|   | <hr/>                                | <hr/>                                    | <hr/>                                | <hr/>                                    | <hr/>                    |
| Balance as at 31 December 2019 (audited)            | 1,000,000                            | 500,000                                  | (114,525)                            | 2,363,575                                | 3,749,050                |
| Derivative instrument interest adjustment (note 12) | -                                    | -  | -                                    | (19,747)                                 | (19,747)                 |
|   | <hr/>                                | <hr/>                                    | <hr/>                                | <hr/>                                    | <hr/>                    |
| Balance as at 1 January 2020 (restated)             | 1,000,000                            | 500,000                                  | (114,525)                            | 2,343,828                                | 3,729,303                |
| Net profit for the period                           | -                                    | -  | -                                    | 399,517                                  | 399,517                  |
| Other comprehensive income for the period           | -                                    | -  | (71,910)                             | -  | (71,910)                 |
| Dividends declared (note 20)                        | -                                    | -  | -                                    | (1,193,750)                              | (1,193,750)              |
|   | <hr/>                                | <hr/>                                    | <hr/>                                | <hr/>                                    | <hr/>                    |
| <b>Balance as at 31 March 2020 (unaudited)</b>      | <b>1,000,000</b>                     | <b>500,000</b>                           | <b>(186,435)</b>                     | <b>1,549,595</b>                         | <b>2,863,160</b>         |
|   | <hr/>                                | <hr/>                                    | <hr/>                                | <hr/>                                    | <hr/>                    |

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 2020**

|  | <b>3 months ended 31 March</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2020</b>                    | <b>2019</b>      |
|  | <b>AED'000</b>                 | <b>AED'000</b>   |
| <b>Cash flows from operating activities</b>                          |                                |                  |
| Profit for the period  | 399,517                        | 577,933          |
| <i>Adjustments for:</i>  |                                |                  |
| Depreciation of property, plant and equipment                        | 131,697                        | 127,653          |
| Depreciation of right-of-use assets                                  | 3,031                          | 694              |
| Recoveries on receivables  | (3,205)                        | (25,686)         |
| Impairment losses on receivables                                     | 13,417                         | 4,470            |
| Employees' end of service benefit charge                             | 6,078                          | 5,918            |
| Gain on disposal of property, plant and equipment                    | -                              | 272              |
| Write down/(reversal) of finished goods to net realisable value      | 37,231                         | (104,541)        |
| Inventories written off  | 5,955                          | 1,454            |
| Finance costs  | 49,820                         | 54,475           |
| Interest income  | (27,970)                       | (27,777)         |
| <b>Operating cash flows before movements in working capital</b>      | <b>615,572</b>                 | <b>614,865</b>   |
| Decrease in inventories  | 119,280                        | 294,337          |
| Decrease/(increase) in trade receivables and other current assets    | 94,922                         | (144,632)        |
| Increase in due from related parties                                 | (97,522)                       | (233,066)        |
| Decrease in trade and other payables                                 | (120,850)                      | (500,362)        |
| Increase/(decrease) in due to related parties                        | 151,209                        | (923,690)        |
| <b>Cash generated from/(used in) operating activities</b>            | <b>762,611</b>                 | <b>(892,548)</b> |
| Payment of employees' end of service benefit                         | (5,778)                        | (6,725)          |
| <b>Net cash generated from/(used in) operating activities</b>        | <b>756,833</b>                 | <b>(899,273)</b> |
| <b>Cash flows from investing activities</b>                          |                                |                  |
| Payments for purchases of property, plant and equipment              | (214,283)                      | (64,347)         |
| Payments for advances to contractors                                 | (9,916)                        | -                |
| Interest received  | 26,583                         | 35,928           |
| Decrease in term deposits  | 1,265,500                      | -                |
| <b>Net cash generated from/(used in) investing activities</b>        | <b>1,067,884</b>               | <b>(28,419)</b>  |
| <b>Cash flows from financing activities</b>                          |                                |                  |
| Payment of lease liabilities   | (6,240)                        | (3,190)          |
| Finance cost paid  | (50,992)                       | (30,346)         |
| <b>Net cash used in financing activities</b>                         | <b>(57,232)</b>                | <b>(33,536)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>1,767,485</b>               | <b>(961,228)</b> |
| Cash and cash equivalents at beginning of the period                 | 2,599,891                      | 5,342,959        |
| <b>Cash and cash equivalents at end of the period (note 9)</b>       | <b>4,367,376</b>               | <b>4,381,731</b> |
| <b>Non-cash transactions</b>   |                                |                  |
| Accruals for property, plant and equipment                           | 354,604                        | 281,590          |
| Advances to contractors transferred to property, plant and equipment | 34,532                         | 14,225           |
| Additions to right of use assets                                     | 89,124                         | 5,498            |

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 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 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, compressed natural gas and ancillary products.

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

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

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

Details of the Company’s subsidiary are as follows:

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

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020****2 Application of new and revised International Financial Reporting Standards (IFRS)**

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 2020 will be prepared in accordance with IFRS. This unaudited interim condensed consolidated financial information for the three-month ended 31 March 2020 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.

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 three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

**Basis of measurement**

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

**Significant accounting policies**

As disclosed in note 16, the Group has in the current period changed its disclosure of operating segments. 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.

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020****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 IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2019, except as given below.

In March 2020, the World Health Organization (WHO) declared a new strain of coronavirus (COVID-19) as a pandemic outbreak after finding the increase in exposure and infections across the world. To contain the outbreak in the United Arab Emirates, the government has 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 is extraordinarily uncertain, however, the Group has performed a COVID-19 assessment to determine whether there is significant concern towards the Group's business operations, business continuity, liquidity and other legal obligation to external parties. The Group has not identified any negative impact in the assessment performed.

The Group concluded that the impact of this outbreak led to an increase in the expected credit loss of trade receivables to AED 19,366 thousand (31 Dec 2019:AED 9,154 Thousand) and allowance for write-down to net realisable value and slow moving of inventories of AED 58,632 thousand (31 Dec 2019: AED 104,541 thousand), The Group will continue to revisit its assumptions and estimates depending on the situation and data availability to arrive with a better estimate of the COVID-19 impact.

The continuation of these restrictions post the reporting date is a non-adjusting event and it is impracticable to determine the future impact it may have, if any, at this stage other than on the measurement of the expected credit loss allowance in the determination of the carrying amount of financial assets.

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

**4 Property, plant and equipment**

|                                  | <b>AED'000</b>   |
|----------------------------------|------------------|
| <b>Cost</b>                      |                  |
| 1 January 2020 (audited)         | 9,525,001        |
| Additions                        | 188,712          |
| <b>31 March 2020 (unaudited)</b> | <b>9,713,713</b> |
| <b>Accumulated depreciation</b>  |                  |
| 1 January 2020 (audited)         | 4,043,749        |
| Charge for the period            | 131,697          |
| <b>31 March 2020 (unaudited)</b> | <b>4,175,446</b> |
| <b>Carrying amount</b>           |                  |
| <b>31 March 2020 (unaudited)</b> | <b>5,538,267</b> |
| 31 December 2019 (audited)       | 5,481,252        |

The cost includes contract work in progress balance amounting to AED 1,047,940 thousand as of 31 March 2020 (31 December 2019: AED 998,600 thousand).

**5 Inventories**

|   | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|---|--|---|
| Finished goods  | <b>671,912</b>                                       | 802,743                                     |
| Spare parts and consumables   | <b>55,906</b>  | 48,107                                      |
| Lubricants raw materials, consumables and work in progress  | <b>38,145</b>  | 37,026                                      |
| LPG cylinders   | <b>45,325</b>  | 42,692                                      |
|   | <b>811,288</b>                                       | 930,568                                     |
| Less: Allowance for write down of finished goods to net<br>realisable value                         | <b>(37,465)</b>                                      | (234)                                       |
| Allowance for slow moving and obsolete raw materials,<br>spare parts, consumables and LPG cylinders | <b>(21,167)</b>                                      | (15,212)                                    |
|   | <b>(58,632)</b>                                      | (15,446)                                    |
|   | <b>752,656</b>                                       | 915,122                                     |

The Group is carrying finished goods of AED 72,910 thousand (31 December 2019: AED 76,600 thousand) on behalf of a customer as at 31 March 2020.

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

**6 Trade receivables and other current assets**

|                           | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|---------------------------|--|---|
| Trade receivables         | <b>2,687,658</b>                                     | 2,821,346                                   |
| Less: loss allowance      | <b>(19,366)</b>                                      | (9,154)                                     |
|                           | <hr/> <b>2,668,292</b>                               | <hr/> 2,812,192                             |
| Prepaid expenses          | <b>22,861</b>  | 17,007                                      |
| Receivable from employees | <b>109,417</b>                                       | 109,590                                     |
| VAT receivables           | <b>1,983</b>   | 3,950                                       |
| Other receivables         | <b>133,410</b>                                       | 96,973                                      |
|                           | <hr/> <b>2,935,963</b> <hr/>                         | <hr/> 3,039,712 <hr/>                       |

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

|                                 | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|---------------------------------|--|---|
| Opening balance                 | <b>9,154</b>   | 40,698                                      |
| Charge for the year             | <b>10,212</b>  | 18,427                                      |
| Reversal during the period/year | <b>-</b>   | (49,971)                                    |
|                                 | <hr/> <b>19,366</b> <hr/>                            | <hr/> 9,154 <hr/>                           |

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

**7 Related party balances and transactions**

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

|  | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|--|--|---|
| <b>Due from related parties</b>        |  |   |
| Abu Dhabi National Oil Company (ADNOC) | <b>505,891</b>                                       | 359,515                                     |
| ADNOC Drilling                         | <b>71,516</b>  | 59,782                                      |
| ADNOC Onshore                          | <b>28,929</b>  | 22,365                                      |
| ADNOC Logistics and Services           | <b>24,462</b>  | 70,048                                      |
| ADNOC Offshore                         | <b>15,844</b>  | 20,077                                      |
| ADNOC Gas Processing                   | <b>8,490</b>   | 21,134                                      |
| ADNOC Sour Gas                         | <b>1,786</b>   | 2,745                                       |
| Others                                 | <b>10,317</b>  | 14,047                                      |
|  | <hr/> <b>667,235</b> <hr/>                           | <hr/> 569,713 <hr/>                         |
| <b>Due to related parties</b>          |  |   |
| Abu Dhabi National Oil Company (ADNOC) | <b>3,724,848</b>                                     | 3,559,438                                   |
| ADNOC Refining                         | <b>8,244</b>   | 16,851                                      |
| ADNOC Logistics and Services           | <b>5,656</b>   | 10,250                                      |
|  | <hr/> <b>3,737,748</b> <hr/>                         | <hr/> 3,586,539 <hr/>                       |

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 5,223,684 thousand (31 December 2019: AED 4,722,758 thousand) held with banks owned by the Government of Abu Dhabi.

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

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

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:

|                       | <b>3 months ended 31 March</b> |                |
|-----------------------|--------------------------------|----------------|
|                       | <b>2020</b>                    | <b>2019</b>    |
|                       | <b>AED'000</b>                 | <b>AED'000</b> |
| Revenue - ADNOC group | <b>126,104</b>                 | 269,358        |
| Purchases – ADNOC     | <b>3,378,126</b>               | 2,778,945      |

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

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

**8 Right-of-use assets and lease liabilities**

**Right-of-use assets**

|                                       | <b>31 March</b>    | 31 December |
|---------------------------------------|--------------------|-------------|
|                                       | <b>2020</b>        | 2019        |
|                                       | <b>AED'000</b>     | AED'000     |
|                                       | <b>(unaudited)</b> | (audited)   |
| Opening balance                       | <b>152,751</b>     | 87,061      |
| Additions                             | <b>89,124</b>      | 70,215      |
| Depreciation charge during the period | <b>(3,031)</b>     | (4,525)     |
| <b>Closing balance</b>                | <b>238,844</b>     | 152,751     |

Additions in the period relate to the lease of five plots of land in the emirate of Dubai for construction of retail service stations.

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

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

**Lease Liabilities**

|                        | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|------------------------|--|---|
| Opening balance        | 154,215  | 92,258                                      |
| Additions              | 89,124   | 70,215                                      |
| Accretion of interest  | 2,968  | 6,702                                       |
| Payments               | (6,240)  | (14,960)                                    |
| <b>Closing balance</b> | <b>240,067</b>                                       | <b>154,215</b>                              |

|                   | <u>Current</u>                                       |   | <u>Non-current</u>                                   |   |
|-------------------|--|---|--|---|
|                   | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED 000<br>(audited) | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED 000<br>(audited) |
| Lease liabilities | <b>8,907</b>   | 5,013                                       | <b>231,160</b>                                       | 149,202                                     |

**9 Cash and cash equivalents**

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

|   | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|---|--|---|
| Cash held by ADNOC                          | 1,834  | 1,144                                       |
| Cash on hand and in bank                    | 5,230,042  | 4,728,747                                   |
| Cash and bank balances                      | 5,231,876  | 4,729,891                                   |
| Term deposit with maturities above 3 months | (864,500)  | (2,130,000)                                 |
|   | <b>4,367,376</b>                                     | <b>2,599,891</b>                            |



**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

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

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

The comparative balance, as previously reported in audited financial statements of 31 December 2019 amounting to AED 4,746,029 thousand has been adjusted for AED 16,138 thousand AED 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. Accordingly, the statement of financial position as of 31 December 2018 was not presented.

Cash and bank balances include short-term and call deposits amounting to AED 4,359 million (31 December 2019: AED 2,593 million) carrying rate ranging from 1.95% to 2.80% (31 December 2019: .02% to 3.20%) per annum.

**10 Long term debt**

|           | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|-----------|--|---|
| Term loan | <b>5,490,798</b>                                     | 5,489,540                                   |

On 16 October 2017, ADNOC Distribution signed a mandate letter (the “Mandate Letter”) with a consortium of banks where the consortium agreed to underwrite a 5 year, USD 2,250 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. Unamortised transaction costs amounting to AED 7,255 thousand as at 31 March 2020 (31 December 2019: AED 7,931 thousand) is presented as other non-current asset in the unaudited interim condensed consolidated financial information.

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

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

**11 Trade and other payables**

|   | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|---|--|---|
| Trade payables                            | 413,370  | 542,219                                     |
| Dividends payable                         | 1,193,750  | -   |
| Operating accruals                        | 181,859  | 208,329                                     |
| Capital accruals                          | 354,604  | 414,707                                     |
| Vat payable                               | 201,672  | 242,615                                     |
| Coupon and prepaid card sales outstanding | 112,125  | 108,090                                     |
| Contract retentions payable               | 83,583   | 59,357                                      |
| Advances from customers                   | 43,445   | 33,016                                      |
| Other payables                            | 146,605  | 97,058                                      |
|   | <u>2,731,013</u>                                     | <u>1,705,391</u>                            |

**12 Derivative financial instruments**

As at 31 March 2020, the fair value of the derivative financial instrument was as follows:

|                         | <b>31 March<br/>2020<br/>AED'000<br/>(unaudited)</b> | 31 December<br>2019<br>AED'000<br>(audited) |
|-------------------------|--|---|
| Current liabilities     | 62,551   | 38,554                                      |
| Non-current liabilities | 129,629  | 80,869                                      |
|                         | <u>192,180</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.

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

**13 Revenue**

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

|                  | <b>31 March<br/>2020<br/>AED'000</b> | 31 March<br>2019<br>AED'000 |
|------------------|--------------------------------------|-----------------------------|
| Retail (B2C)     |                                      |                             |
| • Fuel           | <b>3,185,137</b>                     | 2,980,730                   |
| • Non-fuel       | <b>260,422</b>                       | 275,449                     |
| Commercial (B2B) |                                      |                             |
| • Corporate      | <b>1,050,685</b>                     | 1,025,932                   |
| • Aviation       | <b>443,245</b>                       | 487,966                     |
|                  | <b>4,939,489</b>                     | 4,770,077                   |

**14 Distribution and administrative expenses**

|                                      | <b>31 March<br/>2020<br/>AED'000</b> | 31 March<br>2019<br>AED'000 |
|--------------------------------------|--------------------------------------|-----------------------------|
| Staff costs                          | <b>404,895</b>                       | 394,871                     |
| Depreciation                         | <b>134,728</b>                       | 128,348                     |
| Utilities                            | <b>43,031</b>                        | 34,771                      |
| Repairs, maintenance and consumables | <b>41,909</b>                        | 24,795                      |
| Distribution and marketing expenses  | <b>19,059</b>                        | 19,159                      |
| Insurance                            | <b>3,200</b>                         | 2,313                       |
| Others                               | <b>52,812</b>                        | (12,001)                    |
|                                      | <b>699,634</b>                       | 592,256                     |

**Notes to the unaudited interim condensed consolidated financial information  
for the three-month period ended 31 March 2020**

**15 Basic and diluted earnings per share**

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

|   | <b>3 months ended 31 March</b> |            |
|---|--------------------------------|------------|
|   | <b>2020</b>                    | 2019       |
| Profit attributable to owners of the Company (AED '000) | <b>399,517</b>                 | 577,933    |
| Weighted average number of shares in issue ('000)       | <b>12,500,000</b>              | 12,500,000 |
| Earnings per share                                      | <b>0.032</b>                   | 0.046      |

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 segments only. No information that includes the segments' assets and liabilities is reported to the Board of Directors.

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

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

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

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

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous period. 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 2020**

**16 Segment reporting (continued)**

Information regarding the new segment structure are as follows:

|  | Commercial (B2B) | Retail (B2C) | Unallocated | Total       |
|--|------------------|--------------|-------------|-------------|
| <b>31 March 2020</b>                           |                  |              |             |             |
| Revenue  | 1,493,930        | 3,445,559    | -           | 4,939,489   |
| Direct costs                                   | (1,223,751)      | (2,605,780)  | -           | (3,829,531) |
| Gross profit                                   | 270,179          | 839,779      | -           | 1,109,958   |
| Distribution and administrative expenses       | (145,539)        | (554,060)    | (35)        | (699,634)   |
| Other income                                   | 5,578            | 21,801       | 3,036       | 30,415      |
| Impairment losses and other operating expenses | (7,933)          | (5,483)      | (5,956)     | (19,372)    |
| Interest income                                | -                | -            | 27,970      | 27,970      |
| Finance costs                                  | -                | -            | (49,820)    | (49,820)    |
| Profit/(loss) for the period                   | 122,285          | 302,037      | (24,805)    | 399,517     |
| <b>31 March 2019</b>                           |                  |              |             |             |
| Revenue  | 1,513,898        | 3,256,179    | -           | 4,770,077   |
| Direct costs                                   | (1,135,317)      | (2,488,933)  | -           | (3,624,250) |
| Gross profit                                   | 378,581          | 767,246      | -           | 1,145,827   |
| Distribution and administrative expenses       | (128,142)        | (464,088)    | (26)        | (592,256)   |
| Other income                                   | 29,082           | 23,993       | 3,909       | 56,984      |
| Impairment losses and other operating expenses | (2,603)          | (1,868)      | (1,453)     | (5,924)     |
| Interest income                                | -                | -            | 27,777      | 27,777      |
| Finance costs                                  | -                | -            | (54,475)    | (54,475)    |
| Profit/(loss) for the period                   | 276,918          | 325,283      | (24,268)    | 577,933     |

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 2020**

**16 Segment reporting (continued)**

Information regarding the previously used segment structure are as follows:

|  | Corporate<br>AED'000 | Retail<br>AED'000 | Aviation<br>AED'000 | Others<br>AED'000 | Unallocated<br>AED'000 | Total<br>AED'000 |
|--|----------------------|-------------------|---------------------|-------------------|------------------------|------------------|
| <b>31 March 2020</b>                           |                      |                   |                     |                   |                        |                  |
| Revenue  | 1,050,685            | 3,390,042         | 443,245             | 55,517            | -                      | 4,939,489        |
| Direct costs                                   | (920,684)            | (2,605,780)       | (303,067)           | -                 | -                      | (3,829,531)      |
| Gross profit                                   | 130,001              | 784,262           | 140,178             | 55,517            | -                      | 1,109,958        |
| Distribution and administrative expenses       | (61,708)             | (526,376)         | (83,831)            | (27,684)          | (35)                   | (699,634)        |
| Other income                                   | 3,371                | 21,795            | 2,207               | 6                 | 3,036                  | 30,415           |
| Impairment losses and other operating expenses | (7,933)              | (5,448)           | -                   | (35)              | (5,956)                | (19,372)         |
| Interest income                                | -                    | -                 | -                   | -                 | 27,970                 | 27,970           |
| Finance costs                                  | -                    | -                 | -                   | -                 | (49,820)               | (49,820)         |
| Profit/(loss) for the period                   | 63,731               | 274,233           | 58,554              | 27,804            | (24,805)               | 399,517          |
| <b>31 March 2019</b>                           |                      |                   |                     |                   |                        |                  |
| 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          |

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 2020****17 Contingencies and litigation**

As at 31 March 2020, the Group had contingent liabilities amounting to AED 902.1 thousand (31 December 2019: 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.

**18 Commitments**

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 564.4 million (31 December 2019: AED 314.9 million).

**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 million, 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 1,194 million 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 1,194 million, which was approved at the General Assembly Meeting held on 31 March 2020 and paid on 2 April 2020.

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

The unaudited interim condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 11 May 2020.