

This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

## **OFFER TO SUBSCRIBE FOR SHARES IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY**

### **Prospectus for the Public Offering of Shares in**

### **Abu Dhabi National Oil Company for Distribution PJSC (the "Company")**

**Dated: 20 November 2017**

*(Incorporated in the United Arab Emirates as a Public Joint Stock Company)*

The sale of a minimum of 1,250,000,000 and a maximum of 2,500,000,000 of the ordinary shares with a nominal value of AED 0.08 each (representing a minimum of 10% and a maximum of 20% of the total issued shares in the Company) (the "**Offer Shares**") in a public subscription in the United Arab Emirates (the "**UAE**"). The offer price will be determined based on the offer price range, which will be announced in a listing announcement that will be published on 26 November 2017 (the "**Offer Price Range**"). The Offer Shares will be duly and validly issued as at the date of listing (the "**Listing**") of the Offer Shares on the Abu Dhabi Securities Exchange (the "**ADX**").

**The final offering size (the "Final Offer Size") and the final offer price (the "Final Offer Price") will be announced after the closing of the subscription. Please refer to the section on the Final Offer Size and the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be determined.**

No action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such jurisdiction.

#### **Offer Period**

The offer period for the First Tranche (as described in this Prospectus) starts on 26 November 2017 and will close on 6 December 2017.

The offer period for the Second Tranche (as described in this Prospectus) starts on 26 November 2017 and will close on 7 December 2017.

This is the initial public offering (the "**Offering**"), including the offer to the Emirates Investment Authority ("**EIA**"), of a minimum of 1,250,000,000 Offer Shares and a maximum of 2,500,000,000 Offer Shares in the capital of the Company, a public joint stock company ("**PJSC**") incorporated in the UAE, which are being offered for sale by (Abu Dhabi National Oil Company "**ADNOC**" or the "**Founder**") and will be duly and validly issued on Listing. The Offer Shares represent a minimum and a maximum of 10% and 20%, respectively, of the total issued ordinary shares in the capital of the Company (the "**Shares**"). Prior to this Offering, the Shares have not been listed on any financial market and there has been no public market for the Shares. Following the closing of the Offer Periods in respect of the First Tranche and the Second Tranche and the completion of the subscription process, the Company will apply to list its Shares on ADX.

#### **Method of sale of the Offer Shares in a public subscription**

The Offer Shares will be sold in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Second Tranche Subscribers.

In creating the subscription orders ledger, the Offer Shares subscribed by the Second Tranche Subscribers will constitute the majority of the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the Shares must be duly and validly issued by the Company on or before Listing and the subscription percentage of the Second Tranche Subscribers must not be less than 60%, and the subscription percentage of First Tranche Subscribers must not be more than 40%, of the Offer Shares. If the First Tranche is not subscribed for in full, the remaining Offer Shares will be allocated to the Second Tranche. The Founder commits to duly issue the Shares by Listing and shall cooperate with the Receiving Banks to refund the surplus amounts

received from Subscribers for the Offering and the proceeds accrued on such amounts from the date of receipt until the date of refund to the Subscribers, provided that the refund is made within 5 working days from the date on which all allocations of Offer Shares to successful First Tranche Subscribers and Second Tranche Subscribers is determined.

The Founder may not, whether directly or indirectly or through its subsidiaries, subscribe for any of the Offer Shares.

A list of further definitions and abbreviations are provided in the “*Definitions and Abbreviations*” section of this Prospectus.

### Tranche structure

#### A. *First Tranche*

The First Tranche offer will be made pursuant to this Prospectus.

5% of the Offer Shares are allocated to the First Tranche, which is restricted to the following persons:

- *Individual Subscribers*

Natural persons (including Qualified High Net Worth Individual Subscribers (as described under the Second Tranche)) who hold an Investor Number with the ADX and have a bank account in the UAE. There is no citizenship or residence requirement.

Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

- *Other investors*

Other investors (including companies and establishments) who do not participate in the Second Tranche that hold an Investor Number with the ADX and have a bank account in the UAE.

If all of the Offer Shares in the First Tranche are not fully subscribed, the unsubscribed Offer Shares will be available to Second Tranche Subscribers, or alternatively (in consultation with the Securities and Commodities Authority (the “**Authority**”)) the Selling Shareholder may (i) extend the Closing Date for the First Tranche and the Second Tranche and/or (ii) close the Offer at the level of applications received.

The minimum application size for applicants in the First Tranche is AED10,000 with any additional application in increments of AED1,000.

There is no maximum application size for applicants in the First Tranche.

#### B. *Second Tranche*

95% of the Offer Shares are allocated to the Second Tranche, which is restricted to the following persons:

- *Qualified Institutional Subscribers*

Legal persons capable of making investments on their own, including:

- (i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or
- (ii) international organizations and entities; or
- (iii) persons licensed to practice business activities which include investment activities,

who, in each case, have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and is also one of the following: (a) in the United States, a QIB to whom an offer can be made in accordance with Rule 144A, (b) outside the United States, a person to whom an offer can be made in reliance on Regulation S, or (c) a person in (1) the Abu Dhabi Global Market (“**ADGM**”) to whom an offer can be made pursuant to an exemption from registration under the Markets Rules of the ADGM Financial Services

Regulatory Authority ("FSRA") or (2) the Dubai International Financial Center ("DIFC") to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the Dubai Financial Services Authority's Rulebook.

- *Qualified High Net Worth Individual Subscribers*

Natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators, and:

- (i) whose annual income is not less than AED1,000,000 or whose net worth (excluding his or her principal residence) amounts to at least AED 5,000,000; and
- (ii) who confirm that they have sufficient knowledge or expertise, whether alone or in co-operation with a financial consultant, to evaluate the merits and risks associated with, or resulting from, the proposed investment.

All Subscribers must hold an Investor Number with the ADX.

If all of the Offer Shares in the Second Tranche are not fully subscribed, then the Offering will be withdrawn (unless otherwise determined by the Authority).

There is no maximum application size for applicants in the Second Tranche. The minimum application size for applicants in the Second Tranche is AED 5,000,000.

### **C. EIA**

5% of the Offer Shares are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of Federal Law No. 2 for the year 2015 with regard to commercial companies, and its amendments (the "**Companies Law**"). Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers.

Every Subscriber must hold a NIN and bank account number in order to be eligible to apply for Offer Shares. Subscribers may apply for Offer Shares in only one Tranche. In the event a person applies in more than one Tranche, the Company and/or the Founder may accept or disregard one or both of such applications.

The approval of the Authority has been obtained on the publication of the announcement for the sale of the Offer Shares in a public subscription. The Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the Authority in accordance with the provisions of the Companies Law.

A copy of the offering document for the Second Tranche (in English only), referred to as the "**Second Tranche Document**", is available at <http://investors.adnocdistribution.ae>. No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

**Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the "Investment Risks" section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.**

---

**Name of Participants in the Offering (the “Offer Participants”)**

***Joint Lead Managers***

**EFG-Hermes Brokerage (UAE)  
LLC**

1104, Boulevard Plaza  
Tower 1  
P.O. Box 112736  
Dubai  
United Arab Emirates

**First Abu Dhabi Bank PJSC**

FAB Building  
Khalifa Business Park – Al Qurm  
District  
P.O. Box 6316  
Abu Dhabi  
United Arab Emirates

**HSBC Bank Middle East  
Limited**

Emaar Square  
Building 5,  
P.O. Box 502601  
Dubai  
United Arab Emirates

***Lead Receiving Bank***

**First Abu Dhabi Bank PJSC**

FAB Building  
Khalifa Business Park - Al Qurm District  
P.O. Box 6316  
Abu Dhabi  
United Arab Emirates

***Receiving Banks***

**Abu Dhabi Islamic Bank PJSC**

P.O. Box 31  
Abu Dhabi, UAE

**Abu Dhabi Commercial Bank PJSC**

P.O. Box 939  
Abu Dhabi, UAE

**Dubai Islamic Bank PJSC**

P.O. Box 1080  
Dubai, UAE

**Ajman Bank PJSC**

P.O. Box 7770  
Ajman, UAE

**Noor Bank PJSC**

P.O. Box 8822  
Dubai, UAE

**Finance House PJSC**

P.O. Box 7878  
Abu Dhabi, UAE

**Union National Bank PJSC**

P.O. Box 313865  
Abu Dhabi, UAE

***IPO Subscription Legal Counsel***

**Legal advisor to the Company as to  
UAE law**

**Al Tamimi & Company**  
6th Floor, Building 4 East,  
Dubai International Financial Centre,  
P.O. Box 9275,  
Dubai, United Arab Emirates

**Legal advisor to the Company as to  
English and US law**

**Shearman & Sterling LLP**  
Etihad Towers, Tower 3, Floor 21  
Corniche Road,  
PO Box 2948,  
Abu Dhabi, UAE

**Legal advisor to the Joint Lead Managers as to UAE, English and US law**

**Allen & Overy LLP**

5th Floor, Al Mamoura B Building  
Muroor Road  
PO Box 7907  
Abu Dhabi, United Arab Emirates

***Reporting Accountants***

**Deloitte & Touche (M.E.)**

P.O. Box 990  
Abu Dhabi, United Arab Emirates

***IPO Subscription Auditors***

**Deloitte & Touche (M.E.)**

P.O. Box 990  
Abu Dhabi, United Arab Emirates

***Subscriber Relations Officer***

Ahmed Hamad Al Shamisi  
  
Tel.: +971 2 695 9780  
P.O. Box 4188  
Abu Dhabi, United Arab Emirates

This Prospectus is dated **20 November 2017**.

## IMPORTANT NOTICE

(To be carefully read by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares under the First Tranche. Potential Subscribers should read this document in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, Third Section “Investment Risks”), as well as the Articles of Association of the Company, when considering making an investment in the Company.
- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some or all of that investment.
- Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information contained herein for any purpose other than considering whether or not to apply for Offer Shares under the First Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.
- The contents of this Prospectus should not be construed as legal, financial or tax advice.
- The Offer Shares are being offered under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares when issued or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the ADGM and the DIFC).
- This document is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE. The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the Authority.
- If the Offer Shares are offered in another jurisdiction, the Company shall offer the Offer Shares in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.
- This Prospectus is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the FSRA Markets Rules, the DIFC Markets Law or under the DIFC Markets Rules.
- The Offer has not been approved or licensed by the FSRA or DFSA, and does not constitute an offer of securities in the ADGM in accordance with the FSRA Markets Rules or in the DIFC in accordance with the DIFC Markets Law or the DIFC Markets Rules.
- This Prospectus has been approved by the Authority. The Authority’s approval of this Prospectus shall neither be deemed as an endorsement or an approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum investment requirements of the issuance rules and information disclosure applicable to the prospectuses and issued by the Authority have been met. The Authority and the ADX shall not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

**Important Notice in relation to the Joint Global Coordinators and the Joint Bookrunners**

None of the Joint Global Coordinators (as defined below) or the Joint Bookrunners (as defined below) accepts any responsibility whether arising in tort, contract or otherwise for, or makes any representation or warranty, express or implied, as to the accuracy, completeness or verification of the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Offering and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Joint Global Coordinators and the Joint Bookrunners assume no responsibility for the accuracy, completeness or verification of this Prospectus and accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise be found to have in respect of this Prospectus or any such statement.

Each of the Joint Global Coordinators and the Joint Bookrunners disclaims all and any responsibility or liability, whether in tort, contract, pursuant to any provision of the Companies Law or otherwise in respect of this Prospectus and the public offering of the Offer Shares in the UAE generally.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Historical financial information

Our financial statements as at and for the years ended 31 December 2015 and 2016, as at 30 September 2017, and for the nine months ended 30 September 2016 and 2017 have been included in this Prospectus. The financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and applicable requirements of UAE laws, except for the carve-out of certain assets, liabilities, revenues and expenses relating to the sale and purchasing activity, and the related cash flows, of the civil aviation supply business that was transferred by us to ADNOC, as described in note 1 and note 3 of notes to the carve-out financial statements. As described in note 1 and note 3 of notes to the financial statements, our financial statements, and the historical financial information derived therefrom, have been prepared upon completion of, and to give effect for all periods presented to, the civil aviation supply carve-out (the “**Civil Aviation Supply Carve-out**”), pursuant to which the sales and purchasing activities of our former civil aviation supply business were transferred to ADNOC.

The pro forma financial information for the year ended 31 December 2016, as at 30 September 2017, and for the nine months ended 30 September 2016 and 2017 has been prepared based on our financial statements (which reflect the Civil Aviation Supply Carve-out) as at such date and for such periods and give pro forma effect to the following additional transactions as if such transactions had occurred on 1 January 2016 in the case of the pro forma statement of profit and loss information, and as at 30 September 2017 in the case of the pro forma statement of financial position information:

- the entry into an aviation operations, maintenance and support services agreement (the “**Aviation Services Agreement**”) pursuant to which we have agreed to provide certain aviation refuelling and other related services to ADNOC’s civil aviation customers and to provide certain operations and maintenance services with respect to the civil aviation supply assets that were transferred to a newly created wholly owned special purpose subsidiary of ADNOC (“**AssetCo**”) as part of the ADNOC Refining Perimeter Reorganisation (as defined and described under “*Description of the Company’s Business--Reorganisation– ADNOC Refining Perimeter Reorganisation*”), in each case for which we will be paid a fee on a cost-plus basis;
- the entry into an asset sale agreement (the “**ADNOC Refining Asset Sale Agreement**”) pursuant to which Abu Dhabi Oil Refining Company (“**Takreer**”), which operates under the name ADNOC Refining, a wholly owned subsidiary of ADNOC, has transferred to us for approximately AED 696.2 million (representing the net book value of the transferred assets) certain storage, pipeline and other fuel terminal and distribution assets utilised primarily for our benefit;
- the entry into a new refined products sales contract (the “**Refined Products Supply Agreement**”) and a new butane, propane and mixed liquefied petroleum gas (“**LPG**”) sales contract (the “**LPG Supply Agreement**”) with ADNOC for the supply of refined petroleum products and LPG as described under “*Related Party Transactions–Supply Agreements*”; and
- the entry into new term loan and revolving credit facilities and the incurrence of USD 1,500.0 million (AED 5,509.5 million) of debt financing under the term loan portion of the facility as described under “*Business–Reorganisation–Debt Financing and Distribution*” (the “**Debt Financing**”).

### Rounding

Certain data in this Prospectus, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.



## FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to Second Section “Investment Risks” for further information.

The forward-looking statements contained in this document speak only as of the date of this document. The Company, the Selling Shareholder, all of the Offer Participants, the Joint Global Coordinators, the Joint Bookrunners and all of the other Advisors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.

## IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering making an investment in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information contained herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "Investment Risks") as well as the Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorised to give any information or to make any representation or warranty in connection with the Offer or Offer Shares which is not contained in this Prospectus. By applying for Offer Shares under the First Tranche, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorised by the Company, the Selling Shareholder, any other Offer Participant, the Joint Global Coordinators, the Joint Bookrunners or any other of the Company's advisors (the "**Advisors**").

Neither the content of any website that is not mentioned in this Prospectus, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, the Selling Shareholder, any other Offer Participant, the Joint Global Coordinators, the Joint Bookrunners nor any other Advisor bears or accepts any responsibility for the contents of such websites.

None of the Company and the Selling Shareholder, accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offer or the Offer Shares, except those which are proven to have been issued by them. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Global Coordinators, the Joint Bookrunners or any other Advisors makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Global Coordinators or the Joint Bookrunners warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some other time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

This Prospectus may be subject to revision, with the prior written approval of the Authority. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Selling Shareholder reserves the right, with the prior approval of the Authority, to withdraw the Prospectus and cancel the Offer at any time and in their sole discretion. Neither the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

A syndicate of international and regional banks have been appointed as joint global coordinators (the "**Joint Global Coordinators**") and a separate syndicate of international and regional banks have been appointed as joint bookrunners (the "**Joint Bookrunners**").

HSBC Bank Middle East Limited ("**HSBC**"), EFG-Hermes Brokerage (UAE) LLC and First Abu Dhabi Bank PJSC ("**FAB**") have been appointed as joint lead managers (the "**Joint Lead Managers**") and will market the offering of the Offer Shares in the UAE. FAB has also been appointed as Lead Receiving Bank and, in its capacity as such, is responsible for the subscription process in the UAE under the First Tranche.

The Joint Global Coordinators (other than HSBC and FAB) are not responsible for participating in, or managing, any aspect of the public offering of the Offer Shares under the First Tranche or otherwise in the

UAE, including the related bookbuilding process or receiving any part of the subscription monies payable thereunder.

In accordance with Article 121 of the Companies Law each of the Offer Participants shall be liable for its participation in the incorporation process, including the Selling Shareholder and the Board members, with regard to the completeness and accuracy of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

The Joint Global Coordinators and the Joint Bookrunners are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offer, will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offer. The Joint Global Coordinators and the Joint Bookrunners (and their respective affiliates) may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholder for which they would have received customary fees. Any previous transactions between the Joint Global Coordinators, the Joint Bookrunners and the Company do not constitute any conflict of interest as between them.

The board members of the Company whose names are set out in this Prospectus and the Selling Shareholder assume joint and several responsibility for the contents of this Prospectus. They declare that, to the best of their knowledge and belief, and having carried out appropriate and reasonable due diligence investigations, the information contained in this Prospectus is, at the date hereof, factually accurate in all material respects and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the Authority.

By applying for Offer Shares, Subscribers acknowledge that the Offer Shares will be duly issued by Listing and that they have not relied on any person other than the Founder and the board members of the Company whose names are set out in this Prospectus to verify the information in this Prospectus or their decision to apply for Offer Shares.

No action has been taken or will be taken in any jurisdiction that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons who come in possession of this Prospectus must inform themselves of and observe all such restrictions.

None of the Company, the Selling Shareholder, any of the Offer Participants, the Joint Global Coordinators, the Joint Bookrunners or any other Advisors accepts any responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE, and whether such offer or solicitation was made orally or in writing, including electronic mail. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Global Coordinators, the Joint Bookrunners or any other Advisors (or their respective representatives) makes any representation to any potential Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

## Definitions and Abbreviations

<i>AED or UAE Dirham</i>	The lawful currency of the United Arab Emirates.
<i>ADNOC</i>	Abu Dhabi National Oil Company.
<i>ADX</i>	Abu Dhabi Securities Exchange.
<i>Articles of Association</i>	The articles of association of the Company.
<i>Authority</i>	The Securities and Commodities Authority of the United Arab of Emirates.
<i>Board</i>	The board of directors of the Company.
<i>CDS</i>	The Central Depository System of the ADX.
<i>Closing Date</i>	6 December 2017 for the First Tranche and 7 December 2017 for the Second Tranche.
<i>Companies Law</i>	The UAE Commercial Companies Law No. 2 of 2015.
<i>Company</i>	Abu Dhabi National Oil Company for Distribution PJSC, a public joint stock company incorporated in the Emirate of Abu Dhabi
<i>Distribution of Dividends</i>	Holders of Shares will be entitled to receive dividends declared in respect of the financial year ended in 2017 and subsequent financial years, if any dividends are paid by the Company.
<i>EBITDA</i>	Earnings before interest, tax, depreciation and amortization.
<i>Final Offer Price</i>	<p>The offer price at which all the Subscribers in the First Tranche and the Second Tranche will purchase Offer Shares will be at the Final Offer Price.</p> <p>The Final Offer Price of the Offer Shares will be determined following a book building process for the Second Tranche and following consultation between the Joint Global Coordinators, the Founder and the Company. The shares of the Second Tranche Subscribers must represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.</p> <p>Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price (the “<b>Offer Price Announcement</b>”), which will be published in one Arabic local daily newspaper and one English newspaper in the UAE and on the website <a href="http://investors.adnocdistribution.ae">http://investors.adnocdistribution.ae</a>.</p>
<i>Final Offer Size</i>	The number of the Offer Shares that will be offered for sale by the Founder and which will be determined following closing of the Second Tranche by publishing an announcement setting out the Final Offer Size (the “ <b>Offer Size Announcement</b> ”). The Offer Size Announcement will be published in one Arabic local daily newspaper and one

	English newspaper in the UAE and on the website <a href="http://investors.adnocdistribution.ae">http://investors.adnocdistribution.ae</a>
<i>Financial year</i>	The financial year of the Company will start on 1st January and end on 31st December of each year.
<i>First Tranche</i>	The Offering of the Offer Shares in the UAE to First Tranche Subscribers.
<i>First Tranche Subscribers</i>	Individual Subscribers and other investors (including natural persons, companies and establishments) who do not participate in the Second Tranche that hold an Investor Number with the ADX and have a bank account in the UAE.
<i>GCC</i>	Gulf Cooperation Council countries comprising the United Arab Emirates, Kingdom of Saudi Arabia, Oman, Qatar, Kuwait and Bahrain.
<i>IFRS</i>	International Financial Reporting Standards.
<i>Individual Subscribers</i>	Natural persons (including Qualified High Net Worth Individual Subscribers) who hold an Investor Number with the ADX and have a bank account in the UAE. There is no citizenship or residence requirement.
<i>Listing</i>	Following the closing of the subscription and the allocation to successful Subscribers, the Company will apply to list all of its Shares on the ADX on 13 December 2017.  Trading in the Shares on the ADX will be effected through the ADX Share Registry.
<i>Maximum Investment</i>	No maximum subscription in Offer Shares has been set.
<i>Minimum Investment</i>	The minimum subscription for Offer Shares in the First Tranche has been set at AED 10,000, with any additional investment to be made in increments of at least AED 1,000. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 5,000,000 (see the section on "Subscription Amounts" in the first section of this Prospectus for further details).
<i>NIN</i>	The Investor Number provided on registration as a new Subscriber in the ADX.
<i>Offering</i>	The public subscription for a minimum of 10% and a maximum of 20% of the total Shares of the Company which are being offered for sale by the Founder.
<i>Offer Price Range</i>	The Offer Shares are being offered at an offer price range that will be published on 26 November 2017.
<i>Offer Period</i>	The subscription period for the First Tranche starts on 26 November 2017 and will close on 6 December 2017.  The subscription period for the Second Tranche starts on 26 December 2017 and will close on 7 December 2017.

<i>Offer Shares</i>	The number of shares equivalent to a minimum of 10% and a maximum of 20% of the Shares which will be sold by the Founder in a public subscription process.
<i>Ownership Restrictions</i>	It is prohibited that more than 49% of the Shares of the Company be held by non UAE nationals.
<i>QIB</i>	A “Qualified Institutional Buyer” as defined in Rule 144A.
<i>Qualified High Net Worth Individual Subscribers</i>	<p>Natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and:</p> <ul style="list-style-type: none"> <li>(i) whose annual income is not less than AED1,000,000 or whose net worth (excluding his or her principal residence) amounts to at least AED 5,000,000; and</li> <li>(ii) who confirm that he or she has sufficient knowledge or expertise, whether alone or in co-operation with a financial consultant, to evaluate the merits and risks associated with, or resulting from, the proposed investment.</li> </ul>
<i>Qualified Institutional Subscribers</i>	<p>Juridical persons capable of making investments on their own, including:</p> <ul style="list-style-type: none"> <li>(i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or</li> <li>(ii) international organisations and entities; or</li> <li>(iii) persons licensed to practice business activities which include investment activities,</li> </ul> <p>who, in each case, has been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and who is also one of the following: (a) in the United States and a QIB to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S, or (c) a person (1) in the ADGM to whom an offer can be made pursuant to an exemption from registration under the Markets Rules of the FSRA or (2) in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA’s Rulebook.</p>
<i>Receiving Banks</i>	The group of banks led by the Lead Receiving Bank (FAB), comprising this bank and the following other participating receiving banks: Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Ajman Bank, Dubai Islamic Bank, Finance House, Noor Bank, and Union National Bank.
<i>Regulation S</i>	A U.S. federal securities law regulation that defines when an offering of securities is deemed to be executed outside the United States and therefore not be subject to the public registration requirements of applicable U.S. federal securities laws.

<i>Rule 144A</i>	Rule 144A is a U.S. federal securities law that permits QIBs to trade private placed securities freely among themselves without having to register the sale of such securities to the public under such laws.
<i>Second Tranche</i>	The offer of Offer Shares to Second Tranche Subscribers.
<i>Second Tranche Subscribers</i>	Qualified Institutional Subscribers and Qualified High Net Worth Individual Subscribers.
<i>Selling Shareholder, Founder or Parent</i>	Abu Dhabi National Oil Company.
<i>Shares</i>	The ordinary shares of the Company with a nominal value of AED 0.08 each.
<i>Shareholders</i>	Holders of Shares.
<i>Subscriber</i>	A natural or juridical applicant, in either case who applies for subscription in the Offer Shares.
<i>UAE</i>	United Arab Emirates
<i>USD or US Dollars</i>	The lawful currency of the United States
<i>US Securities Act</i>	The US Securities Act of 1933, as amended.

## First section: Subscription terms and conditions

### Key details of shares offered for sale to the public

- **Name of the Company:** Abu Dhabi National Oil Company for Distribution PJSC
- **Share capital on the date of Listing:** The share capital amounts to AED 1,000,000,000 (one billion UAE dirham) divided into 12,500,000,000 (twelve billion, five hundred million) Shares, with the nominal value of each Share being AED 0.08.
- **Percentage, number and type of the Offer Shares:** a number of shares equivalent to a minimum of 10% and a maximum of 20% of the Shares, all of which are ordinary shares.
- **Offer Price Range per Offer Share:** The Price Range will be published in a listing announcement on 26 November 2017.
- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**
  - **First Tranche:** The First Tranche of the Offering will be open to First Tranche Subscribers as described on the cover page of this Prospectus and the “Definitions and Abbreviations” section of this Prospectus. All Subscribers in the First Tranche must hold a NIN and have a bank account number in the UAE.
  - **Second Tranche:** The Second Tranche of the Offering will be open to Second Tranche Subscribers as described on the cover page of this Prospectus and the “Definitions and Abbreviations” section of this Prospectus. All Subscribers in the Second Tranche must hold a NIN.
- **Public subscription in the Offer Shares is prohibited as follows:** Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber resides or by the laws of the jurisdiction to which the Subscriber belongs. It is the Subscriber’s responsibility to determine whether the Subscriber application for, and investment in, the Offer Shares conforms to the laws of the applicable jurisdiction(s).
- **Minimum investment:** The minimum subscription in Offer Shares pursuant to the First Tranche has been set at AED 10,000 with any additional investment to be made in AED 1,000 increments. The minimum subscription in Offer Shares pursuant to the Second Tranche has been set at AED 5,000,000.
- **Maximum investment:** No maximum subscription in Offer Shares has been set.
- **Subscription by Founder:** The Founder may not subscribe for Offer Shares, whether directly or indirectly, or through its subsidiaries.
- **Lock-up period:** The Shares held by the Founder following completion of the Offering shall be subject to a lock-up which starts on the date of Listing of the Shares and ends 180 days thereafter. The Founder will not be allowed to sell or transfer any of its Shares during such period other than in certain limited circumstances.
- **UAE Ownership:** The Company must continue to be owned at least 51% by a UAE national person or entity which would ensure that the Company continues to be in compliance with the UAE ownership requirements.



## Further Information on the First and Second Tranches

### 1. Subscription Applications

Each Subscriber in the First Tranche must submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber) or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Lead Receiving Bank reserves the right to disqualify all or some of the subscription applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must complete all of the relevant fields in the subscription application along with all required documents and submit it to any Receiving Bank together with the subscription amount during the Offer Period for the First Tranche.

The completed subscription application should be clear and fully legible. If it is not, the Receiving Bank shall refuse to accept the subscription application from the Subscriber until the latter satisfies all the required information or documentation before the close of the subscription.

Subscription for Offer Shares would deem the Subscriber to have accepted the Articles of Association of the Company and complied with all the resolutions issued by the Company's general assembly. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing the Prospectus and the Company's Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks' branches mentioned herein. The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his representative.

The Receiving Banks are entitled to reject subscription applications submitted by any Subscriber in the First Tranche for any of the following reasons:

- the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the applicant is not filled in correctly or legibly);
- the subscription application amount is paid using a method that is not a permitted method of payment;
- the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche offer;
- the completed subscription application form is not clear and fully legible;
- the manager's cheque is returned for any reason;
- the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Bank is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;
- the Investor Number is found to be invalid;
- the subscription application is found to be duplicated (any acceptance of such duplicate application is solely at the discretion of the Company and the Selling Shareholder);
- the subscription application is otherwise found not to be in accordance with the terms of the Offering;
- the Subscriber is found to have submitted more than one application (it is not permitted to apply in both the First Tranche or the Second Tranche, nor is it permitted to apply in either tranche more than once);

- the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);
- a Subscriber has not adhered to the rules applicable to the First Tranche offer as set out in this Prospectus;
- it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Law, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the Authority or the ADX; and
- if for any reason FTS transfer fails or the required information in the special fields is not enough to process the application.

The Receiving Banks, the Founder and the Company may reject the application for any of the reasons at any time until allocation of the Offer Shares and have no obligation to inform the applicant before the notification of the allocation of Shares to such rejected Subscribers.

### **Documents accompanying Subscription Applications**

Subscribers shall submit the following documents along with their subscription application forms:

For *individuals* who are UAE or GCC nationals or nationals of any other country:

- The original and a copy of a valid passport or Emirates identity card; and
- In case the signatory is different from the Subscriber:
  - the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;
  - the original passport of the signatory for verification of signature and a copy of the original passport; and
  - the original passport of the Subscriber for verification of signature and a copy of the original passport.
- In case the signatory is a guardian of a minor, the following will be submitted:
  - original and copy of the guardian's passport for verification of signature;
  - original and copy of the minor's passport; and
  - if the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

For *corporate bodies* including banks, financial institutions, investment funds and other companies and establishments:

- UAE registered corporate bodies:
  - the original and a copy of a trade license or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies; a notary public or as otherwise duly regulated in the country;
  - the original and a copy of the document that authorizes the signatory to sign on behalf of the subscriber and to represent the subscriber, to submit the application, and to accept the terms and conditions stipulated in the Prospectus and in the subscription form; and
  - the original and a copy of the passport of the signatory.
- Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the Joint Bookrunners to obtain the list of required documents.

## **2. Method of subscription and payment for the First Tranche**

### **Method of payment for First Tranche**

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

- Certified bank cheque (Manager's cheque) drawn on a bank licensed and operating in the UAE, in favor of "**Abu Dhabi National Oil Company for Distribution IPO**"
- Debiting a Subscriber's account with a Receiving Bank; or
- Electronic subscriptions: The Receiving Banks may also have their own electronic channels (ATMs, on-line internet banking applications, mobile banking applications, etc.) interfaced with the ADX eKtetaab IPO system. By submitting the electronic subscription application the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is the relevant Receiving Bank to pay the total subscription amount by debiting the amount from the respective bank account of the customer and transferring the same to the Offer account in favour of "**Abu Dhabi National Oil Company for Distribution IPO**" held at the Receiving Banks, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this Prospectus will not apply to electronic applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and any interest thereon following the closing of the Offer Period and prior to the listing of the Shares shall be performed solely by, and processed through, the Receiving Banks in which the electronic subscription application was submitted.
- Subscription applications may also be received through UAE Central Bank Fund Transfer ("**FTS**") mode. The investor choosing the ETS method will be required to provide their valid NIN along with the value of Offer Shares subscribed for in the special instructions field.

Details of the Subscriber's bank account must be completed on the subscription application form even if the application amount will be paid by Manager's cheque.

On 13 December 2017, the relevant amount of the proceeds for the acquisition of the Offer Shares will be paid to the Founder.

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

- in cash;
- cheques (not certified); or
- any other mode of payment other than mentioned above.

#### **Subscription amounts**

Subscribers in the First Tranche must submit applications to purchase Offer Shares in the amount of AED 10,000 or more, with any subscription over AED 10,000 to be made in increments of AED 1,000. Subscribers in the First Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

#### **Important dates relevant to the methods of payment of the subscription amounts**

- Subscription amounts paid by cheque must be submitted by 12pm on 5 December 2017.
- Subscription amounts made via ATM or internet banking must be made before 2pm on 6 December 2017.
- Subscription applications received through FTS must be made before 12pm on 6 December 2017.

#### **Final Offer Price**

The offer price at which all the Subscribers will purchase Offer Shares will be at the Final Offer Price.

The Offer Shares will be sold in an initial public offer and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by the Second Tranche Subscribers (see details of who may apply in the Second Tranche). Second Tranche Subscribers will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (as in, by indicating application amounts that vary in size depending on price). The Joint Global Coordinators will use the information on the extent of demand at various prices provided by these Second Tranche Applicants to determine and recommend to the Company and the Selling Shareholder the Final Offer Price (which must be within the Offer Price Range) for all participants in the Offering. The Final Offer Price will be determined in light of the outcome of the bookbuilding process and orders submitted by the applicants in the Second Tranche.

The Shares of the Qualified Institutional Subscribers must represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.

#### **Final Offer Size**

The Final Offer Size will be determined in light of the outcome of the bookbuilding process and will be published in the local newspapers and the website of ADX on 8 December 2017.

#### **Subscription process**

Subscribers must complete the application form relevant to their tranche, providing all required details. Subscribers who do not provide the valid NIN and bank account will not be eligible for subscription and will not be allocated any Offer Shares.

Subscribers may only apply in one Tranche. In the event a person applies in more than one Tranche, then the Founder and the Company may accept/disregard one or both of such applications.

Neither the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Founder nor the Receiving Banks shall assume liability for any applications paid by any method other than those described above.

The Receiving Bank through which the subscription is made will issue to the Subscriber an acknowledgement of receipt which the Subscriber has to keep until the Subscriber receives the allotment notice. One copy of the subscription application after being submitted, signed, and stamped by the Receiving Bank shall be considered as an acknowledgement for receipt of the subscription application. This receipt shall include the data of the Subscriber, address, amount paid, details of the payment method, and date of investment. The acknowledgement in the case of Electronic Applications via online internet banking and ATM would provide basic information of the application such as NIN number, Amount, Date, Customer bank account details. The mere acknowledgement of the subscription application by the Receiving Banks either through Receiving Bank counters or via electronic channels shall not amount to acceptance of the application and may be rejected subsequently.

If the address of the Subscriber is not filled in correctly, the Company, the Founder, the Joint Bookrunners, the Receiving Banks and the Founder take no responsibility for non-receipt of such allotment advice or refund cheques.

### **3. Further information on various matters**

#### **Offer Period**

Commences on 26 November 2017 and closes on 6 December 2017 for the First Tranche and 7 December 2017 for the Second Tranche.

#### **Receiving Banks**

First Abu Dhabi Bank PJSC, Abu Dhabi Commercial Bank PJSC, Abu Dhabi Islamic Bank PJSC;, Ajman Bank PJSC, Dubai Islamic Bank PJSC, Finance House PJSC, Noor Bank PJSC; and Union National Bank PJSC.

**Method of allocation of Offer Shares to different categories of Subscribers**  
*(under Ministerial Resolution No. (206) of 2010 concerning the allocation of securities to Subscribers and proceeds generated from subscriptions)*

Should the total size of investments exceed the number of Offer Shares, then the Founder will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and interest thereon.

**Notice of Allocation**

A notice to successful Subscribers in the First Tranche will be sent by way of SMS initially confirming to successful Subscribers that their applications were successful and that they have been allocated Offer Shares. This will be followed by a notice setting out each Subscriber's Share allocation, which will be sent by registered mail to each Subscriber.

**Method of refunding surplus amounts to Subscribers**

By no later than 12 December 2017, the Offer Shares shall be allocated to Subscribers and, within five (5) working days of such allocation but no later than 14 December 2017, the surplus subscription amounts, and any interest resulting thereon, shall be refunded to Subscribers in the First Tranche who did not receive Offer Shares, and the subscription amounts and any interest resulting thereon shall be refunded to the Subscribers in the First Tranche whose applications have been rejected for any of the above reasons. The surplus amount and any accrued interest thereon are returned to the same Subscriber's account through which the payment of the original application amount was made. In the event payment of the subscription amount is made by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in the subscription application.

The difference between the subscription amount accepted by the Company and the Founder for a Subscriber, if any, and application amount paid by that Subscriber will be refunded to Subscribers pursuant to the terms of this Prospectus.

**Listing and trading of Shares**

Subsequent to the allocation of Offer Shares, the Company will apply to list all of its Shares on the ADX. Trading in the Shares will be effected on the applicable ADX electronic basis, through the ADX's share registry and will commence on 13 December 2017.

**Voting rights**

All Shares are of the same class and shall carry equal voting rights and shall rank pari passu in all other rights and obligations. Each Share confers on its holder the right to cast one (1) vote on all Shareholders' resolutions.

**Risks**

There are certain risks that are specific to investing in this Offering. Those risks have been discussed in a section headed "Investment Risks" of this Prospectus and must be taken into account before deciding to subscribe in Offer Shares.

**Emirates Investment Authority**

The EIA shall be entitled to subscribe to up to five per cent (5%) of the Offer Shares, and the percentage of subscription which the EIA will purchase shall be allocated in full before the commencement of allocation. Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights then its reserved portion shall be available to Second Tranche Subscribers for subscription.

**4. Timetable for subscription and listing**

The dates set out below outline the expected timetable for the Offering. However, the Company reserves the right to change any of the dates/times, or to shorten or extend the specified time periods upon obtaining the approval of the appropriate authorities and publishing such change during the Offering period in daily newspapers. The number of days allocated to subscribe must not be less than ten days (10) in accordance with the provisions of the Companies Law.

<b>Event</b>	<b>Date</b>
Date of announcement of the Price Range	26 November 2017
Offering commencement date	26 November 2017
Closing Date for the First Tranche	6 December 2017
Closing Date for the Second Tranche	7 December 2017
Announcement of Final Offer Price and Final Offering Size	8 December 2017
Allocation of Second Tranche	8 December 2017
Allocation of First Tranche	11 December 2017
Notice sent by SMS to First Tranche subscribers confirming who has been a successful Subscriber	12 December 2017
Commencement of dispatch of registered mail relating to allotment shares	12 December 2017
Refunds of investment surplus to the Subscribers	No later than 14 December 2017
Expected date of listing the Shares on the ADX	13 December 2017

## 5. Tranches

The Offering of the Offer Shares is divided as follows:

### **The First Tranche:**

**Size:** A number of Offer Shares representing five percent (5%) of the Offer Shares.

**Eligibility:** First Tranche Subscribers, being:

- natural persons (including Qualified High Net Worth Individual Subscribers (as described under the Second Tranche)) who hold an Investor Number with the ADX and have a bank account in the UAE. There is no citizenship or residence requirement; and
- other subscribers who do not participate in the Second Tranche that hold an Investor Number with the ADX and have a bank account in the UAE.

**Minimum application size:** ten thousand UAE Dirhams (AED 10,000), with any additional subscription application in increments of AED1,000.

**Maximum application size:** There is no maximum application size.

**Allocation policy:** In case of over-subscription in the First Tranche, Offer Shares will be allocated to First Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. It is therefore possible that applicants do not receive any Offer Shares as a result of

rounding. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.

**Unsubscribed Offer Shares** If all of the Offer Shares allocated to the First Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may (i) extend the Closing Date for the First Tranche and the Second Tranche and/or (ii) close the Offer at the level of applications received.

**The Second Tranche:**

**Size:** A number of the Offer Shares representing ninety five percent (95%) of the Offer Shares.

**Eligibility:** Second Tranche Subscribers, being:

- legal persons capable of making investments on their own, including:
  - (i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or
  - (ii) international organisations and entities; or
  - (iii) persons licensed to practice business activities which include investment activities,who, in each case, has been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and who is also one of the following: (a) in the United States, a QIB to whom an offer can be made in accordance with Rule 144A, (b) outside the United States, a person to whom an offer can be made in reliance on Regulation S, or (c) a person (1) in the ADGM to whom an offer can be made pursuant to an exemption from registration under the Markets Rules of the FSRA or (2) in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook; and
- natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and:
  - (i) whose annual income is not less than one million UAE Dirhams (AED1,000,000) or whose net worth (excluding his or her principal residence) amounts to at least five million UAE Dirhams (AED 5,000,000); and
  - (ii) who each confirm that he or she has sufficient knowledge or expertise, whether alone or in co-operation with a financial consultant, to evaluate the merits and risks associated with, or resulting from, the proposed investment.

**Minimum application size:** five million UAE Dirhams (AED 5,000,000)

- Maximum application size: There is no maximum application size.
- Allocation policy: Allocations within the Second Tranche will be determined by the Company and the Founder, in consultation with the Joint Global Coordinators. It is therefore possible that Subscribers who have submitted applications in the Second Tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Offer Shares mentioned in their subscription application.
- Discretionary allocation: The Company and the Founder reserve the right to allocate Offer Shares in the Second Tranche in any way as they deem necessary.
- The Company and the Founder retain the right to offer additional shares for subscription to be considered as part of the First Tranche and the Second Tranche subject to obtaining the required approvals, including the approval of the Authority.
- Unsubscribed Offer Shares: If all the Offer Shares allocated to the Second Tranche are not fully subscribed, then the Offer will be withdrawn (unless otherwise determined by the Authority).

### **Multiple applications**

A Subscriber may only submit an application for Offer Shares under one Tranche. In the event a Subscriber applies for subscription in more than one Tranche, the Company and the Selling Shareholder may accept or reject one or both applications.

### **Emirates Investment Authority**

*(Preferential allocation rights equal to 5% of the Offer Shares)*

5% of the Offer Shares are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of the Companies Law. Offer Shares allocated to the Emirates Investment Authority under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Applicants for application.

### **Important notes**

Subscribers in the First Tranche will be notified of whether they have been successful in their application for Offer Shares by means of an SMS.

Upon listing of the Shares on the ADX, the Shares will be registered on an electronic system as applicable to the ADX. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the ADX.

### **Amending the size of the Tranches**

Subject to the approval of the Authority, the Company reserves the right to alter the percentage of the Offer Shares which is to be made available to either the First Tranche or the Second Tranche provided that the size of the Second Tranche may not be reduced below 60% of the Offer Shares.



## Second section: Key details of the Company

### 1. Overview of the Company

- **Name of the Company:** Abu Dhabi National Oil Company for Distribution PJSC
- **Primary objects of the Company:**
  - (i) importing and trading of petroleum products, including natural gas, liquid gas, condensate, engine oils and other petroleum products;
  - (ii) storage, transportation, distribution, marketing and sale of petroleum products;
  - (iii) construction, ownership, possession and management of retail fuel and other product service stations, and providing related services;
  - (iv) incorporation of companies and acquisition of companies and entering into partnership agreements inside and outside the UAE, and
  - (v) any other activities required for the Company's operations
- **Head office and branches:** PO Box 4188, Abu Dhabi, United Arab Emirates.
- **Details of trade register and date of engaging in the activity:** CN-1002757 / 2 October 1973
- **Term of the Company:** 100 years.
- **Financial year:** 1 January to 31 December.
- **Major banks dealing with the Company:** First Abu Dhabi Bank, Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank and Union National Bank
- **Details of current Board Members:**

Name	Year of Birth	Position	Year Appointed
H.E. Dr. Sultan Ahmed Al Jaber	1973	Non-executive Chairman	2016
Mr. Abdulla Salem Al Dhaheri	1969	Non-executive Director	2008
Mr. Abdulaziz Abdulla Alhajri	1963	Non-executive Director	2017
Mr. Matar Hamdan Al Ameri	1967	Non- executive Director	2017
Mr. Jassim Mohamed Alseddiqi	1984	Non-executive Independent Director	2017

Mr. Pedro Miró Roig	1953	Non-executive Independent Director	2017
Mr. David-Emmanuel Beau	1970	Non-executive Independent Director	2017

## 2. Description of the Company's Business

### Overview

We are the leading operator of retail fuel service stations in the United Arab Emirates with an approximate 67% market share by number of stations as at 30 September 2017 and the number one retail fuel brand. Our 360 retail fuel service stations as at 30 September 2017 are located in the emirates of Abu Dhabi and Sharjah, in each of which we currently are the sole fuel retailer, and in the emirates of Ajman, Fujairah, Ras Al Khaimah and Umm Al Quwain. We also operate 235 ADNOC Oasis convenience stores as at 30 September 2017, making us the largest retailer in the UAE by number of stores. In addition, we lease space to tenants, such as quick service restaurants, at a majority of our service station locations, operate the only government authorised vehicle inspection centres in Abu Dhabi, and provide other services, such as car washes and lube and tyre change services at many of our service station locations. We also are the leading marketer and distributor of fuels to commercial, industrial and government customers throughout the UAE, with a particularly dominant position in Abu Dhabi, and provide refuelling and related services at Abu Dhabi International Airport and six other commercial airports in the UAE.

We believe that our leading market position, our extensive fuel distribution infrastructure, the strength of our brand, and the support of ADNOC, our parent company, contribute to our success. We organise our business into four divisions:

- Retail, which accounted for 69.6% and 70.7% of our revenue and 64.7% and 66.0% of our gross profit for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively, owns and operates 360 retail fuel service stations and 235 ADNOC Oasis convenience stores, in each case as at 30 September 2017, where we sell fuels and other products, such as snacks, beverages, tobacco products, car care products, and personal care products, as well as provide related services such as car washes and lube and tyre change services;
- Allied Services, which accounted for 0.9% and 0.9% of our revenue and 3.7% and 4.2% of our gross profit for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively, manages and leases space at our retail fuel service stations to over 600 tenants selling quick service food and other ancillary products and services, such as banking services and automobile insurance, to our retail fuel service station customers, and operates vehicle inspection centres that are the only authorised providers of government mandated annual vehicle inspections to motor vehicle operators in Abu Dhabi;
- Corporate, which accounted for 21.6% and 20.0% of our revenue and 20.4% and 17.8% of our gross profit for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively, markets, distributes and sells refined petroleum products, including gas oil (diesel), gasoline, liquefied petroleum gas (LPG), our proprietary Voyager lubricants and other products to commercial, industrial and government customers throughout the UAE, and exports our Voyager lubricants to distributors in 19 countries outside of the UAE; and
- Aviation, which accounted for 7.5% and 8.1% of our revenue and 10.0% and 10.6% of our gross profit for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively, sells aviation fuels and provides refuelling and other related services to strategic customers at locations across the UAE, and utilises advanced refuelling facilities to provide refuelling, defueling and other related services to ADNOC's civil aviation customers (comprising international and regional commercial and private aviation customers) at Abu Dhabi International Airport and at six other commercial airports in the UAE, for which we are compensated by ADNOC on a cost-plus basis.

We have implemented and are in the process of implementing initiatives in each of our divisions that we believe will contribute to our continued growth in revenue and profitability. These include utilising our proprietary SMART technology to introduce mixed-mode (premium full- and self-service) refuelling across our network of retail fuel service stations, optimising our operations to bring our operating expenses in line with international fuel retailers, and revitalising and optimising our convenience store operations to bring them more in line with our regional competitors. We believe that these initiatives, together with expected overall growth of the markets in which we operate due to macro-economic factors such as forecasted population and GDP growth, will contribute to significant growth in our revenue and profitability in the future.

Established in 1973, we currently are a wholly owned subsidiary of ADNOC, an integrated energy company owned by the Emirate of Abu Dhabi that operates across the hydrocarbon value chain, including exploration, production, storage, refining, marketing and distribution. ADNOC was formed by the government of Abu Dhabi in 1971 to manage crude oil exploration, production and distribution in Abu Dhabi, developing Abu Dhabi into one of the world's leading oil producers and fuelling the growth of Abu Dhabi and the UAE. Immediately following the Offering, ADNOC will continue to own a minimum of 80% and a maximum of 90% of our share capital. We believe that this ownership stake, together with various agreements we and ADNOC have put in place in connection with the Offering, will allow us to continue to benefit from a number of competitive advantages, including the supply of refined petroleum products to meet our customers' needs, the strength of the ADNOC brand name and its position in the Gulf region, and ADNOC's experience and expertise in the oil and gas industry. See "*Related Party Transactions*".

### **Competitive Strengths**

Our competitive strengths include the following:

We are the leading fuel and convenience store retailer in the UAE, with a 67% market share by number of retail fuel service stations and more store locations in the UAE than any other retailer at 30 September 2017, collectively generating approximately 200 million transactions in 2016.

We are the leading operator of retail fuel service stations in the UAE with a market share of approximately 67% based on the number of service stations as at 30 September 2017 and the number one retail fuel brand. We are the sole operator of retail fuel service stations in the emirates of Abu Dhabi and Sharjah, and we operate approximately 90% of the retail fuel service stations in the Northern Emirates, including the emirates of Ajman, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain, as at 30 September 2017. In addition, our 235 ADNOC Oasis convenience stores as at 30 September 2017 represent the largest retail platform in the UAE by number of stores, with more locations than any other retailer. Our retail fuel service stations and ADNOC Oasis convenience stores together generated approximately 200 million transactions in 2016. We believe that our leading market position in the UAE positions us for significant additional growth due to the UAE's political stability and its open and growing economy.

*We benefit from a stable and predictable UAE retail fuel pricing regime and a five-year retail fuel margin stabilisation agreement with ADNOC.* Retail fuel price regulations implemented in the UAE in August 2015 have allowed us to generate stable and predictable gross profits from our retail fuel sales. For the year ended 31 December 2016 and the nine months ended 30 September 2017, our Retail division generated gross profit from fuel sales of AED 2,500.3 million and AED 1,862.2 million, respectively, representing gross profit margins from fuel sales of 21.6% and 19.6% respectively. These regulations currently set retail fuel prices based on Platts global refined petroleum product price benchmarks plus a regulated margin set by the UAE Ministry of Energy to compensate retailers for transportation costs operating expenses and otherwise. Moreover, pursuant to a new supply agreement for refined petroleum products that we entered into with ADNOC effective 1 October 2017, ADNOC will reduce the prices we pay for gasoline and gas oil on a fils-for-fils basis if, during the initial term of the agreement which expires on 31 December 2022, the regulated margin on retail fuel sales is reduced below specified thresholds, or if revenue from retail sales of gasoline and gas oil (diesel) do not provide us with specified minimum annual per-litre gross profit levels. See "*Related Party Transactions—Supply Agreements*". We believe that these UAE price regulations and retail fuel margin stabilisation arrangements with ADNOC, combined with our strong relationship and long-term supply agreements with ADNOC, will continue to provide stable gross profits from retail fuel sales with limited exposure to commodity pricing risk.

- Our Retail division is complemented by our Corporate and Aviation divisions, providing us with diversified sources of revenue.* In addition to our Retail division, we enjoy diversified sources of revenue through our Corporate and Aviation divisions. Our Corporate division sells gas oil (diesel), gasoline, LPG, our proprietary Voyager lubricants, and other products to commercial, industrial and government customers throughout the UAE, with a particularly dominant position in Abu Dhabi, and exports our proprietary Voyager lubricants to distributors in 19 other countries. We believe that new fuel distribution regulations in the UAE that will regulate fuel sales by unauthorised “grey market” distributors will contribute to increased sales by our Corporate division as these grey market distributors are driven from the market. Although it is difficult to measure the size of the grey market with any precision, we estimate that it currently accounts for approximately 20% of commercial and industrial fuel sales in the UAE. These regulations were signed into law in 2017, and we expect they will take effect in 2018. We also believe that sales of our Voyager lubricants will continue to grow as an increasing number of original equipment manufacturers certify our products for use in their engines, machinery and equipment and as we expand the countries in which we distribute our lubricant products. In addition, we are the principal supplier of aviation fuels and refuelling services to our strategic customers in the UAE and continue to expand the airports in the UAE in which we provide civil aviation refuelling and related services. We currently provide refuelling services at seven airports in the UAE. We currently are the sole provider of refuelling services at Abu Dhabi International Airport and are in discussions to begin to provide refuelling services to ADNOC’s civil aviation customers at Dubai International Airport, the third busiest airport in the world by passenger traffic. We believe that ADNOC’s strong and long-term relationships with its civil aviation customers, together with forecasted growth in civil aviation activity in the UAE, will contribute to increased refuelling service revenue at these and our other airport locations.
- Our extensive footprint and well-developed fuel distribution infrastructure in the UAE, together with the strength of the ADNOC brand throughout the Gulf region, provide significant opportunities for growth in the UAE and internationally, while also presenting significant barriers to entry to new market participants.* Although we currently are the leading fuel retailer in the UAE, we believe significant opportunities exist to grow our number of service stations in the UAE and internationally. In the UAE, our throughput (volumes of fuel sold per service station) is significantly higher than international industry norms, suggesting opportunities for growth in our number of retail fuel service station locations in our existing markets. We believe that opening additional retail fuel service stations in these markets will lead to increased customer satisfaction, increased fuel sales by capturing customer traffic that currently is being lost to competitors operating in less dense areas, increased non-fuel revenue as a result of higher convenience store sales and sales of ancillary services, and decreased maintenance costs at our existing locations resulting from our high throughput. Moreover, we believe we enjoy widespread and favourable name recognition outside of our existing areas of operation, including in Dubai, Saudi Arabia and elsewhere in the Gulf region, which we believe will support expansion into new geographies. We believe our growth will be supported by our leading market position and our well-developed fuel distribution infrastructure, which we believe present significant barriers to entry to new market participants, as building out distribution capabilities comparable to ours would require significant time, investment, regulatory approvals and other government support.

*Our experienced senior management team has a proven track record of implementing and executing on its business plan and achieving significant growth.* Our senior management team averages over 25 years of experience in the oil and gas, retail fuels and related markets. Our management team has a proven track record of growing revenue and profitability and implementing initiatives to improve operating efficiency and profit margins. Saeed Mubarak Al Rashdi, our Acting Chief Executive Officer, Nasser Ali Al Hammadi, our Senior Vice President, Retail, and Saleh Khamis Humaid, our Senior Vice President, Operations each has over 20 years of experience with us serving in capacities throughout our organization. Our management team has been enhanced with the addition of John Carey, our Deputy Chief Executive Officer, who brings over 20 years of downstream oil and gas and retail experience with BP and Castrol; Petri Pentti, our Chief Financial Officer, who brings 30 years of industry and public company experience at Emirates National Oil Company (ENOC), Neste Corporation, and Finnair; and José Aramburu, our Senior Vice President, Corporate, who brings 30 years of downstream and chemicals experience with CEPSA.

## Our Strategies

We aim to grow our leading positions in our markets and to leverage these positions to selectively expand our product offering and geographic reach. To achieve our goals, we plan to pursue the following strategies:

*Leverage our position as the leading fuel retailer in the UAE to introduce new services that we believe will enhance customer satisfaction, increase customer loyalty, and drive incremental fuel sale revenue and profitability.* As the leading operator of retail fuel service stations in the UAE, we believe we are uniquely positioned to introduce services to our extensive customer base to enhance customer satisfaction, increase customer loyalty, and drive incremental fuel sale revenue and profitability. We have developed proprietary SMART technology, incorporating RFID technology to allow pump activation and seamless payment processing without employee involvement. Utilising our SMART technology, we intend to convert our retail fuel service stations to a mixed-mode model that offers customers the option either of self-service refuelling, which is not currently offered in our markets, or premium full-service refuelling for which customers will be charged an additional service charge. We believe that by offering our customers a premium fuelling experience, we will be able to charge customers a service charge in the range of AED 5 to AED 10 per transaction for premium full-service refuelling, in addition to existing per-litre fuel charges. We also believe that the relative affluence and high wages of consumers in the UAE, hot weather conditions, especially in the summer months, that discourage our customers from refuelling their own vehicles, and the fact that our customers are not accustomed to refuelling their own vehicles, will lead to a higher penetration rate for our premium service than is experienced in other markets, such as the U.S. and Europe, where mixed-mode refuelling options currently are offered, and will also provide us with the opportunity to up-sell customers to higher grades of fuel which generate higher gross profit margins. We also are developing a proprietary customer loyalty program to drive incremental sales and further enhance customer loyalty and the customer experience. In addition, we are launching new services that offer our customers increased convenience by bringing the service station to the customer rather than the customer having to come to the service station. We intend to roll out an app-based service that allows customers to use their smart phones to order, schedule and pay for fuel to be delivered directly to their vehicles at their homes, workplaces, or elsewhere. We also will begin to deliver LPG cylinders, the primary cooking fuel for a majority of Abu Dhabi residences, directly to customers' homes. We believe that these initiatives will enhance customer satisfaction, increase customer loyalty, and drive incremental fuel sale revenue and profitability.

*Rationalise operations and capital expenditures to increase profitability.* We believe that significant opportunities exist to rationalise operations at our retail fuel service stations, convenience stores and elsewhere in order to reduce supply costs, operating expenses and capital expenditures to bring them more in line with other international fuel and convenience store retailers. We have recently entered into new supply agreements with ADNOC that will reduce our costs of gasoline, gas oil (diesel) and LPG. See "Related Party Transactions—Supply Agreements". We also have undertaken an extensive analysis of our service station and convenience store operations and have identified significant opportunities to rationalise staffing levels and to reduce other operating expenses without sacrificing the customer experience. For example, we have identified service stations and convenience stores where current levels of operations, or the levels of operations at certain hours, do not justify current staffing levels. In addition, the implementation of our mixed-mode operating model will allow us to reduce staffing levels dedicated to refuelling to the extent our customers choose a self-service refuelling option, and to redeploy those employees to full-service refuelling operations where we will be able to charge a premium over existing per-litre fuel charges. We also intend to staff new retail fuel and convenience store locations primarily by relocating existing employees rather than through additional hiring. We also believe that significant opportunities exist to leverage our size and expertise to reduce maintenance capital expenditures and to reduce per-store capital expenditures for new service station and convenience store development.

*Optimise convenience store operations and other non-fuel offerings to increase revenue and profitability.* Our 230 ADNOC Oasis convenience stores as at 30 September 2017 represent the largest retail platform in the UAE by number of stores, with more locations than any other retailer. We have launched a number of initiatives to capitalise on our market position in order to increase revenue and profitability at our convenience stores and increase our ratio of non-fuel revenue to fuel volumes sold to be more in line with our regional competitors and with international industry

norms. We also are engaged in discussions with branded convenience store operators about the possibility of operating our convenience stores on a joint venture basis. We believe that through a combination of improved product category management, a comprehensive pricing strategy, and promotional activity designed to increase the number of our retail fuel customers who shop at our convenience stores, we can significantly grow our convenience store revenue and profitability. For example, in the second quarter of 2017, we began selling cigarettes and other tobacco products in our convenience stores, and since that time these have already become among the best selling products in our stores. We also are seeking to optimise product mix based on customer demand, implement a clear pricing strategy based on customer preferences and price sensitivity, and offer our customers high demand convenience store products at the pump as well as in our stores. In addition, we are redesigning the layout of our convenience stores and retraining and incentivising our store employees to have more of an “owner mind set” in order to increase sales and improve the customer experience. We also have implemented and are implementing other strategies to increase our non-fuel revenue and profitability, including implementing a price increase at our vehicle inspection centres, transitioning some of our quick service restaurant tenants at our retail fuel service stations from rent-only to a revenue sharing lease model, increasing pricing for our car washes to be in line with our regional competitors, and retaining a third-party agency to increase advertising sales at our service stations.

*Leverage the strength of the ADNOC brand name and our well-developed fuel distribution infrastructure to expand and optimise our network of retail fuel service stations and convenience stores by selectively targeting new locations with attractive fundamentals and expanding into new geographies.* We believe that the ADNOC brand name is recognised throughout the UAE and the Gulf region for quality and reliability. We intend to leverage the strength of the ADNOC brand and our well-developed fuel distribution infrastructure to continue to expand in our existing markets and to expand into new geographies, including Dubai and Saudi Arabia. In our existing markets, we believe that growth will be driven by population and GDP growth, increases in disposable income, and increases in the number of vehicles on the road. We plan to optimise and expand our network of service stations and convenience stores by selecting new locations based on clear guidelines and pre-established evaluation criteria. We also expect to open our first service station in Dubai in 2018, and thereafter to continue selectively to open additional service stations in Dubai. We also believe that the ADNOC brand name is widely recognized outside of our existing areas of operation, which we believe will facilitate international expansion. We have identified a local partner in Saudi Arabia, with whom we intend to use a franchise model to open our first ADNOC-branded service stations in 2018. We believe that the large, growing and fragmented Saudi Arabian retail fuel market offers us an attractive expansion opportunity. We also believe that use of a franchise model will facilitate our expansion into Saudi Arabia by providing an opportunity to enter into the market and study its dynamics, which could facilitate future direct investment, while limiting near-term capital expenditures and risk.

*Leverage long-standing relationship with our commercial, industrial and government customers to continue to grow revenue in our Corporate division.* We have long-standing relationships with many of the leading commercial, industrial and government customers in the UAE, who we believe rely on us for the quality and reliability of our products and service. We believe that we can capitalise on the strength of these relationships and on our high quality reputation to drive incremental revenue in our Corporate division. The UAE government has recently adopted new fuel distribution regulations, which we expect will take effect in 2018, that will prohibit fuel sales by unauthorised “grey market” distributors. Although it is difficult to measure the size of the grey market with any precision, we estimate that it currently accounts for approximately 20% of commercial and industrial fuel sales in the UAE. We believe that the strength of the ADNOC brand and our long-standing customer relationships position us to capture a significant share of these sales. We also believe that significant opportunity exists to grow our Voyager lubricant sales due to product innovation and the high quality of our products, leading to an increasing number of original equipment manufacturers certifying our products for use in their engines, machinery and equipment and contributing to the continued growth of export sales of these products. In September 2017 we announced new partnerships with distributors in two additional countries, bringing the number of countries in which we distribute our Voyager lubricants to 19.

## Reorganisation

In connection with the Offering, we have reorganized our aviation business and entered into certain other reorganisation transactions.

### *Civil Aviation Supply Carve-out*

In September 2017, we completed the Civil Aviation Supply Carve-out whereby all contracts for the sale and supply of jet fuel to the civil aviation sector, and related receivables and jet fuel inventories, were transferred to ADNOC. The related personnel remain our employees. In connection with the Civil Aviation Supply Carve-out, we entered into the Aviation Services Agreement pursuant to which ADNOC compensates us on a cost-plus basis for providing sales and marketing and fuel distribution services to, and aircraft refuelling operations for, ADNOC's civil aviation customers, and for operating and maintaining the aviation fuel distribution assets transferred to AssetCo in connection with the ADNOC Refining Perimeter Reorganisation. See "*Related Party Transactions—Civil Aviation Supply Agreement*". Our Aviation division continues to directly handle sales of fuels and refuelling and related services to our strategic customers.

### *ADNOC Refining Perimeter Reorganisation*

Prior to entering into the ADNOC Refining Asset Sale Agreement, ADNOC Refining owned, operated and maintained certain storage, pipeline and other fuel terminal and distribution assets that it had constructed primarily for our use and benefit. In September 2017, we entered into the ADNOC Refining Asset Sale Agreement pursuant to which ADNOC Refining has transferred these assets at net book value to us or, to the extent such assets have been built at specifications and capacities that exceed our needs, to AssetCo. In addition, we have entered into an operations and maintenance agreement (the "**AssetCo O&M Agreement**") with AssetCo pursuant to which we have agreed to provide operations and maintenance services with respect to certain of the assets transferred to AssetCo, for which we will be paid a fee on a cost-plus basis that will offset payments we owe to AssetCo for utilisation of the assets transferred to AssetCo (collectively, the "ADNOC Refining Perimeter Reorganisation").

In connection with the ADNOC Refining Perimeter Reorganisation, we have entered into new fuel supply agreements with ADNOC pursuant to which we will purchase from ADNOC refined petroleum products produced by ADNOC Refining and delivered to us by ADNOC Refining or AssetCo either by pipeline directly to our fuel depots, to vessels we have time chartered for delivery to our fuel depots and certain of our Corporate customers, or to our tanker trucks (or third-party tanker trucks contracted by us) for delivery to our fuel depots, retail service stations, and Corporate customers.

### *Natural Gas Division Carveout*

In November 2017, we entered into a business transfer agreement (the "**Business Transfer Agreement**") with ADNOC pursuant to which we have agreed to transfer to ADNOC our natural gas distribution business, excluding those assets and operations located at our retail fuel service stations for the compression and sale of CNG to operators of natural gas-powered vehicles. for consideration equal to AED 64,061,218 (representing the net book value of the transferred assets), plus all operating costs and capital expenditure incurred by us in relation to the natural gas distribution business between signing and closing, less (i) all customer receipts received by or on our behalf in relation to the natural gas distribution business between signing and closing, and (ii) an amount equal to all duties and liabilities incurred by us in connection with the employment of the employees to be transferred with the natural gas distribution business prior to closing. This transaction is expected to close in mid-2018.

In connection with the Business Transfer Agreement, we also entered into a natural gas supply agreement (the "Natural Gas Supply Agreement"), pursuant to which we will purchase natural gas from ADNOC for sale as CNG at our retail fuel service stations. Under the terms of the Natural Gas Supply Agreement, we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, specified quantities of natural gas, which we may only resell at our retail fuel service stations, as part of our business selling CNG to natural-gas powered vehicles, or back to ADNOC. The term of the Natural Gas Supply Agreement is for an initial period expiring five years after the effective date (1 October 2017) and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date.

At closing of the transaction, we will enter into a natural gas support services agreement (the “Natural Gas Support Services Agreement”), pursuant to which we will provide certain support services to assist ADNOC in operating the natural gas distribution business including services related to marketing and communication, internal audit, information technology, finance, human resources, procurement and legal, for a one-year period unless extended by agreement between us and ADNOC; and a sales and transportation services agreement (the “CNG Sales and Transportation Services Agreement”), pursuant to which we will, if requested by ADNOC, sell CNG back to ADNOC and provide related transportation services under certain circumstances.

#### *Debt Financing and Distribution*

- In November 2017, we entered into a credit facility with Abu Dhabi Commercial Bank PJSC, Bank of America, Merrill Lynch International Limited, Citibank, N.A., London Branch, First Abu Dhabi Bank PJSC, and HSBC Bank Middle East Limited providing for a five-year USD 1,500.0 million term loan facility and a five-year USD 750.0 million revolving credit facility (or, in each case, the AED equivalent). We also drew down on the term loan facility in full and used the net proceeds therefrom, together with available cash and bank balances, to repay amounts payable to ADNOC and its affiliates for the provision of refined petroleum and for other products and services in the amount of AED 2,453.1 million, to repay a capital contribution to ADNOC in the amount of AED 6,304.4 million, and to pay special extraordinary interim dividend to, ADNOC in the amount of AED 2,134.7 million.

### **Our Divisions**

#### *Retail Division*

Our Retail division is our largest division, generating revenue of AED 12,299.8 million and AED 10,047.6 million, representing 69.6% and 70.7% of our total revenue, and gross profit of AED 2,735.4 million and AED 2,057.6 million, representing 64.7% and 66.0% of our total gross profit, for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively. Our Retail division primarily is comprised of direct sales of gasoline and gas oil (diesel) to vehicle operators at approximately 360 retail fuel service stations and the operation of 235 ADNOC Oasis convenience stores at our service stations, in each case as at 30 September 2017. We also sell other products, such as lubricants, LPG cylinders and CNG, and provide other services, such as car washes, lube services, and tyre centres, at many of our service station locations.

Our service stations generated approximately 200 million transactions in 2016, comprising approximately 153 million fuel transactions, and approximately 47 million convenience store and other non-fuel transactions. Our service stations were named a 2017 “Superbrand” by the Superbrand Council for the fourth consecutive year, and awarded “Brand of the Year” at the 2016 World Branding Awards.

#### *Fuel Products and Services*

Approximately 94.3% and 94.5% of our Retail division revenue for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively, derived from the sale of refined petroleum products, including 91E+, 95, and 98 unleaded liquid gasoline, diesel, LPG, lubricant and kerosene. For the year ended 31 December 2016 and the nine months ended 30 September 2017, total volume of petroleum products sold at our service stations was 7,073.6 million litres and 5,086.5 million litres, respectively, the vast majority comprising gasoline and diesel.

We are introducing innovations at our service station locations to increase revenue and profitability. Nearly 60% of our existing service station locations are equipped with our proprietary SMART technology, incorporating RFID technology that allows pump activation and seamless payment processing without ADNOC employee involvement. We believe that by offering our customers a premium fuelling experience, we will be able to charge customers a service charge in the range of AED 5 to AED 10 per transaction for premium full-service refuelling, in addition to existing per-litre fuel charges. We also believe that the relative affluence and high wages of consumers in the UAE, hot weather conditions, especially in the summer months, that discourage our customers from refuelling their own vehicles, and the fact that our customers are not accustomed to refuelling their own vehicles, will lead to a higher penetration rate for our premium full-service than is experienced in other markets, such as the U.S. and Europe, where mixed-



mode refuelling options currently are offered. For example, in Italy, Agenzia ANSA estimates that approximately 30% of motorists pay a premium that we estimate to be approximately 9% for full-service refuelling. We believe that the UAE's higher proportion of high income earners (defined as those earning an annual income in excess of USD 40,000), which we estimate to be approximately 36% in the UAE compared to approximately 30% in Italy, together with the UAE's hotter weather and the moderate additional service charge to customers for this service, will contribute to a higher penetration rate of full-service refuelling. Although there can be no assurance as to the actual penetration rate we will be able to achieve, a 40-50% penetration rate for full-service refuelling at a price of AED 5 to AED 10 per transaction would have contributed an additional USD 80 million to USD 200 million in revenue in 2016, based on our 153 million retail fuel transactions in 2016. We also believe that implementation of our mixed-mode model will provide us with the opportunity to up-sell customers to higher grades of fuel which generate higher gross profit margins. We believe that implementation of our mixed-mode model will lead to a continuation of this trend. We also are developing a proprietary customer loyalty program to drive incremental sales and further enhance customer loyalty and the customer experience. We anticipate that substantially all of our service stations will be converted to our SMART technology and that we will launch our mixed-mode refuelling services by mid-2018. Our plan is to begin to phase the service in Abu Dhabi, where we do not face competition, and then expand it to our Northern Emirates locations.

We also are launching new services that offers our customers increased convenience by bringing the service station to the customer rather than the customer having to come to the service station, and which we believe will drive incremental revenue and profitability. In 2018, we intend to roll out an app-based service that allows customers to use their smart phones to order, schedule and pay for fuel to be delivered directly to their vehicles at their homes, workplaces, or elsewhere, rather than having to visit a service station. We will also begin to deliver LPG cylinders, the primary cooking fuel for the majority of Abu Dhabi residences, directly to customers' homes.

#### *Convenience Stores and Other Products and Services*

We operate 235 ADNOC Oasis convenience stores at our service stations as at 30 September 2017, and plan to open an additional 37 to 47 locations over the next five years, primarily at new service station locations but also through construction of convenience stores at existing service station locations that do not already have an on-site convenience store. Our ADNOC Oasis convenience stores generated revenue of AED 2.8 million and AED 2.1 million per store and approximately 5.1% and 4.9% of our Retail division revenue for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively. Our convenience stores range in size from approximately 165 to approximately 775 square metres, with an average of approximately 470 square metres, and offer our customers a selection of snacks, beverages, tobacco products, car care products, personal care products, and other products in attractive and convenient locations adjacent to our retail fuelling facilities. As at 30 September 2017 we operated 145 car washes and 165 lube change centres at our service stations.

We have launched a number of initiatives to capitalise on our market position in order to optimise revenue and profitability at our convenience stores and increase our ratio of non-fuel revenue to fuel volumes sold to be more in line with our regional competitors and with international industry norms. We are also engaged in discussions with branded convenience store operators about the possibility of operating our convenience stores on a joint venture basis. We believe that through a combination of improved product category management, a comprehensive pricing strategy, and promotional activity designed to increase the number of our retail fuel customers who shop at our convenience stores, we can significantly grow convenience store revenue and profitability. We believe that through, these initiatives, we can increase convenience store revenue and profitability through a combination of higher prices, higher sales per transaction, and higher conversion of our fuel customers into convenience store customers. Based on a recent survey conducted for us, we believe that our prices are, on average, approximately 5-8% below those of our closest competitors, that our average "basket size" (revenue per convenience store transaction) which was approximately USD 4.10 per transaction in 2016, is approximately 15% lower than our closest competitors, and that our ratio of convenience store revenue to volume of fuels sold at our retail fuel service stations is significantly below the levels achieved by ENOC and major U.S., U.K., and European forecourt convenience store operators, suggesting significant opportunities to increase revenue and profitability through successful implementation of our initiatives. Although there can be no assurance that we will be successful in implementing

our convenience store initiatives, we believe that a combination of increasing average prices by approximately 4%, increasing our customer basket size by between USD 0.20 and USD 0.60 per transaction, and increasing our ratio of convenience store revenue to volume of fuels sold by converting more of our retail fuel customers into convenience store customers, we can generate approximately USD 30 million to USD 60 million of incremental EBITDA on an annual basis.

### *Locations*

Slightly more than half of our service stations are located in Abu Dhabi, where we are the only operator of retail fuel service stations, with the remainder located in the Northern Emirates region, where we operate nearly 90% of all retail fuel service stations. We strengthened our competitive position in the Northern Emirates region with the acquisition of 66 service stations in 2013 from the Emirates General Petroleum Corporation that had previously operated under the Emarat brand, and 20 service stations in 2015 from the Emirates National Oil Company that had previously operated under the ENOC brand. In 2015, we reached an agreement in principle to acquire an additional 59 Emarat service stations in Dubai and began supplying fuels to these service stations beginning 1 January 2015. In 2016 this acquisition was abandoned and we ceased supplying fuels to these service stations on 30 June 2016.

We currently are the only operator of retail service stations in the emirates of Abu Dhabi and Sharjah, and operate the largest network of retail service stations in the emirates of Ajman, Fujairah, Ras Al Khaimah, and Umm Al Quwain (which, together with Sharjah, comprise the Northern Emirates region). Based on our analysis of our existing markets and projected growth, we anticipate opening approximately 10-12 additional service station locations each year over the next five years, with the majority in the Northern Emirates and Dubai.

We believe that the ADNOC brand name is widely recognized outside of our existing areas of operation, which we believe will facilitate international expansion. We initially are implementing a franchise model to expand our operations into Saudi Arabia, where near-term population and GDP growth are expected exceed to be approximately double that of the UAE according to the IMF, and where we believe the market for retail fuel service stations is under developed and highly fragmented. According to IHS Markit, demand for fuels in Saudi Arabia is expected to be approximately three times higher than in the UAE in 2017. Moreover, IHS Markit estimates that approximately 84% of retail fuel service stations in Saudi Arabia are “unbranded” (i.e., operated by smaller, independent operators rather than by more widely known branded operators) compared to approximately 48% in the United States and none in the UAE. According to Aldrees Petroleum, the top four market participants in Saudi Arabia account for only approximately 11% of the overall market for retail fuel service stations, both of which we believe suggest the opportunity for us to successfully enter the Saudi Arabian market. We believe that use of a franchise model will allow us to capitalise on the strength of our brand name while reducing the operating risk and capital expenditure requirements of international expansion.

### *Competition*

We are currently the only retailer of refined petroleum products in the emirates of Abu Dhabi and Sharjah, and thus our service station fuel offerings face competition only with respect to customers who are travelling to or from other emirates, especially Dubai where we currently have no retail presence. Although there are no regulatory barriers, other than ordinary course government permitting and other required governmental approvals, that would prevent new participants from entering the Abu Dhabi market, we believe that any such entry would require significant time, investment and government support. In the Northern Emirates region other than Sharjah, we face competition for retail fuels from ENOC, which is owned by the government of Dubai, and from Emarat, which is owned by the UAE government.

The convenience store market is highly competitive, and we compete against other convenience store chains, independently owned convenience stores, supermarkets, drugstores, discount stores, mass merchants and other retailers, some of which are large and may have substantial resources.

### *Corporate*

Our Corporate division markets and distributes refined petroleum products, including diesel, gasoline and lubricants, and LPG to over 1,500 customers throughout the UAE. Our Corporate customers generally fall into one of four categories: government; distributors; commercial and industrial customers, such as heavy industry and manufacturing companies; and marine

customers. Revenue from Corporate division sales (excluding lubricants) to government customers comprised approximately 48% of our total Corporate division revenue in 2016. We currently are the sole provider of fuels to the Abu Dhabi government and the Abu Dhabi police, and our customers include other high profile public sector customers such as Emirates Steel, National Drilling Company, and National Petroleum Construction Company. Our Corporate division generated revenue of AED 3,819.4 million and AED 2,839.3 million, representing 21.6% and 20.0% of our total revenue, and gross profit of AED 861.2 million and AED 553.4 million, representing 20.4% and 17.8% of our total gross profit, for the year ended 31 December 2016 and the nine months ended 30 September 2017, respectively.

Our lubricants have been approved for use by an increasing number of major engine manufacturers, which we believe will contribute to increased sales, and as a result we have launched initiatives to increase sales of lubricants to our Corporate customers. Our lubricant products include our proprietary Voyager brand engine oils and other motor vehicle lubricants; industrial lubricants including circulating, hydraulic, and industrial gear oils; marine lubricants; greases; break fluids; and coolants.

Our Corporate division competes primarily with Emarat and ENOC, the two principal distributors of refined petroleum products in Dubai, as well as with grey market distributors selling products from Iran, Oman, and elsewhere.

Although price generally is the most important differentiating factor among Corporate customers for many of our products, we believe that product quality, especially in the case of lubricants, reliability and customer service also drive sales to Corporate customers. We believe, therefore, that we can leverage our existing presence and distribution infrastructure and the strength of the ADNOC name to further increase sales to our Corporate customers.

#### ***Aviation***

Our Aviation division has two lines of business:

- sales of aviation fuel and providing aviation fuel and related services to strategic customers in the UAE; and
- providing aviation fuel and related services, as an agent of ADNOC, to ADNOC's civil aviation customers.

*Aviation Fuel Sales and Services to Strategic Customers* We sell aviation fuel and provide refuelling and other related services to strategic customers at locations across the UAE. Our contract for the most significant of these customers, which expires in 2018 and with respect to which we are in advanced stages of renewal negotiations, provides for us to supply aviation fuels and related services at prices that we believe are consistent with prices paid by our Corporate customers. Although the contract does not prescribe minimum purchase volumes, we believe we are the principal supplier of fuels to this and other strategic customers operating in the UAE.

#### ***Civil aviation services***

In September 2017, we completed the Civil Aviation Supply Carve-out whereby all contracts for the supply and sale of jet fuel to the civil aviation sector were transferred to ADNOC, while the related personnel remain our employees. In connection with the Civil Aviation Supply Carve-out, we entered into the Aviation Services Agreement, pursuant to which ADNOC compensates us at a rate equal to our operating expenses plus 8% for acting as its agent to provide fuel distribution services and aircraft refuelling operations to its civil aviation customers.

#### ***Allied Services***

Our Allied Services division leverages our extensive retail fuel service station network by managing and leasing space at our service stations to food service providers and providers of other ancillary products and services to our service station customers, and operating vehicle inspection centers that perform annual vehicle safety inspections mandated in Abu Dhabi.

#### ***Property Management***

We lease space to more than 600 tenants, including more than 200 quick service restaurants, across an array of industries, including food service, car care providers, auto insurers, banks, and other miscellaneous services. Leasing activity has grown at a 25% CAGR from 2012 to 2016. Growth in leasing revenue has resulted from the growth in our number of service stations as well

as an increase in occupancy rates over that period. For the nine months ended September 30 2017, four key tenant types - food and beverage, car care providers, ATMs, and auto insurers - contributed over 95% of the lease revenue at our service stations, with approximately 63% of the lease revenue generated from food and beverage tenants, comprised primarily of leading fast food restaurants, coffee shops and cafes, including KFC and Costa Coffee. McDonald's, KFC and Burger King together generated approximately 32% of our lease revenue for the nine months ended 30 September 2017.

#### *Vehicle Inspection Centres*

We are the only authorised provider of government-mandated vehicle inspections in Abu Dhabi under an agreement with the Abu Dhabi police. Our vehicle inspection department currently operates 20 vehicle inspection centres and one permitting centre in Abu Dhabi and currently processes an average of over 3,000 vehicles each weekday. Revenue from vehicle inspections have grown at a 6.7% CAGR from 2012 to 2016, resulting from a 7.4% CAGR in the number of inspections performed. Because the prices we charge for inspection services are fixed by the Abu Dhabi police, our growth in this area historically has come entirely from the increase in the number of inspections performed.

### **Operations**

#### *Fuel Operations*

All of our refined petroleum products are supplied to us under contracts with ADNOC, which has historically provided us with a stable and controllable supply of products.

We time charter marine vessels to transport fuels to our depots that are not connected by pipeline to the refineries, and to transport fuels to certain of our Corporate customers. As at 30 September 2017, we had six vessels under time charter. We transport fuels from our depots to our retail fuel service stations and to many of our Corporate customers utilising our fleet of 70 trailer heads, over 150 trailers, and 34 fixed chassis vehicles, as well as through third-party operated tanker vehicles.

We operate two LPG plants in Abu Dhabi where we produce 25 lb and 50 lb LPG cylinders for sale at our retail service stations and through a network of distributors, and from which we distribute bulk LPG to our commercial, industrial and government customers and to other distributors. We sell LPG cylinders at our service stations in Abu Dhabi and the Northern Emirates to holders of Rahal e-Gas pre-paid cards, which permit residential customers to purchase a limited amount of LPG at subsidised prices, and at unsubsidized market rates to those without a Rahal e-gas card.

We operate a lubricant blending plant in Abu Dhabi with a capacity of approximately 50,000 tonnes per year where we produce over 125 different lubricants and greases utilising three of the American Petroleum Institute's five major classifications of base oil, Group I, Group II, and Group III. Currently our Group I base oils are supplied to us under a supply agreement with ExxonMobil Petroleum & Chemical BVBA, our Group II base oils are supplied to us under a supply agreement with GS Caltex Corporation, and our Group III base oils are supplied to us under a supply agreement with ADNOC.

We maintain our own dedicated staff of experienced engineering and maintenance personnel who, supplemented by a roster of approved contractors, oversee the development, construction and maintenance of our facilities. Our staff is highly experienced in developing and constructing new service stations in a timely and efficient manner. Our service station managers also coordinate directly with our engineering and maintenance department to coordinate necessary repairs and upgrades at our service stations.

#### *Convenience Store Operations*

Inventory for our convenience stores is supplied by numerous vendors, each of whom delivers inventory directly to our store locations. We do not maintain any warehouse facilities, although our stores typically have small inventory storage areas. The majority of our inventory is owned by us when delivered to our stores, although some inventory is delivered to us on a consignment basis. We generally do not maintain long-term contracts with suppliers to our convenience stores, and believe that alternative sources of supply exist for substantially all of the products that we sell at our convenience stores.

### *Health and Safety*

Our Health and Safety (HSE) division assures that all of our facilities and operations operate at the highest standards of operational excellence and safety. Our HSE division has established a central command and control centre to monitor activity at all of our service stations. The division also has installed vapour recovery units at our service stations that significantly reduce the safety risk posed by hazardous fuel vapours, enhance the environmental safety of our service stations, and recover product that otherwise would be lost.

### *Insurance*

We maintain insurance policies, where practicable, covering our assets and employees that we believe is in line with general business practices in our industry, with policy specifications and insured limits that we believe are reasonable. Risks that we are insured against include property loss or damage as well as breakdowns due to defects in material, design, erection or assembly. Certain customary exceptions apply, such as acts of war, terrorism and environmental pollution. Our policies together provide an indemnity against sums for which we become legally liable to pay as compensation for injury, loss or damage to a third party arising out of and in the course of our business, an indemnity against material damage to our properties, and an indemnity against the loss of our stock of products, in each case subject to deductibles and insured limits that we believe are reasonable.

## **3. Statement of capital development**

### **Company's current share capital structure before the commencement of the Offering**

The capital of the Company has been fixed at AED 1,000,000,000; divided into 10,000,000 ordinary shares with a value of AED 100 for each share. All the shares are equal in respect of all rights.

The following table illustrates the Company's ownership structure and distribution of share capital between shareholders before Offering:

#### **Before Offering**

<b>Name</b>	<b>Nationality</b>	<b>Type of Shares</b>	<b>Number of Shares owned</b>	<b>Total value of Shares owned</b>	<b>Ownership proportion</b>
ADNOC	UAE	ordinary shares	10,000,000	AED 1,000,000,000	100%

### **Company's capital structure on Listing**

On Listing, the Company's paid-up share capital shall be AED 1,000,000,000, divided into 12,500,000,000 Shares with a nominal value of AED 0.08 per Share.

The Founder shall hold a minimum of 80% and a maximum of 90% of the Shares as set out above. The Company has presented its plan to the Authority for the Founder to offer up to 20% of the total issued share capital of the Company.

## **4. Status of actions and disputes with the Company over the past three years:**

There are no outstanding material governmental, legal or arbitration proceedings or disputes (including any such proceedings or disputes which are pending or threatened or of which we are aware).

## **5. Statement of the number and type of employees of the Company and of its subsidiary:**

As at 30 September 2017, we had approximately 13,000 employees, approximately 715 of whom were employed in general corporate and administrative functions, approximately 335 of whom were employed in Retail and Allied Services division sales, approximately 550 of whom were employed in Corporate and Aviation division sales and operations, approximately 1,250 of whom were employed in operations and technical services, and approximately 10,150 of whom were employed in our retail fuel service stations and convenience stores. Approximately 3,000 of our

employment positions are designated as “Emiratisable”, of which approximately 73% currently are filled with UAE nationals, consistent with our Emiratisation goals for 2017.

**6. Accounting policies adopted at the Company:**

The attached financial information, the Company prepares its accounts in accordance with IFRS as issued by the International Accounting Standards Board and applicable requirements of UAE laws. For additional information concerning the Company’s financial statements, see note 2 of notes to the historical financial information attached hereto.

**7. Statement of Company’s loans, credit facilities, indebtedness, and the most significant conditions thereof:**

The Company entered into a commitment letter with respect to a senior loan facility with Abu Dhabi Commercial Bank PJSC, Merrill Lynch International Limited, Citibank, N.A., London Branch, First Abu Dhabi Bank PJSC, and HSBC Middle East Limited providing for a five-year USD 1,500.0 million term loan facility and a five-year USD 750.0 million revolving credit.

**8. Statement of current pledges and encumbrances on the Company’s and its subsidiaries’ assets:**

There are no pledges or encumbrances on the Company’s or its subsidiaries’ assets.

**9. Founder Committee:**

The Founder appointed a committee (the “**Founder Committee**”) to undertake all steps and procedures necessary on their behalf and on behalf of the Company to complete all the procedures required with regard to the Offering, including dealing with the competent authorities.

The Founder Committee is composed the following seven individuals:

H.E Dr Sultan Ahmed Al Jaber (Chairman)

Mr. Abdullah Salem Al Dhaheri (Member)

Mr. Ghannam Al Mazrouei (Member)

Mr. Matar Al Ameri (Member)

Mr. Salem Al Darei (Member)

Mr. Saeed Mubarak al Rashedi (Member)

Mr. Ahmed Tamim Hisham Al Kuttab (Member)

**10. Investment risks:**

*Investing in and holding the Shares involve financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in us and the Shares, which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in us and the Shares. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may arise or become material in the future and may have a material adverse effect on our business, results of operations, financial condition, prospects or the price of the Shares.*

**Risks Relating to Our Business and Industry**

*We rely on ADNOC to supply us with substantially all of the fuels that we sell, and any interruption in the supply from ADNOC would materially adversely affect our results of operations and financial condition.*

Under our supply agreements with ADNOC, we are obligated to purchase substantially all of our fuels from ADNOC. There may be circumstances outside of our and ADNOC’s control, such as

severe weather, natural disasters, acts of war or terrorism, and other geopolitical events, that result in a reduction or a total interruption in supply to us. For example, we experienced a shortage of supply of LPG due to a major fire at the refinery operated by ADNOC Refining, which negatively impacted our sales of LPG during the first half of 2017. Moreover, ADNOC will not have liability to us for its failure to deliver fuels to us if an event or circumstance were to occur which reduces the available quantity of fuels below that necessary to enable it to satisfy its obligations to us, including a reduction or cessation of production at the refineries operated by ADNOC Refining, so long as ADNOC has used its best endeavours to source the affected quantities of fuels from all available suppliers. Any significant interruption in ADNOC's supply of products to us would have a material adverse impact on our results of operations and financial condition.

***The prices at which ADNOC supplies us with fuels are subject to change, which may negatively impact our revenue and profit margins, materially adversely affecting our results of operations and financial condition. In addition, fluctuations and increases in the prices of our fuels also can adversely affect demand for our fuels by our customers, which could adversely affect our results of operations and financial condition.***

The prices we pay for gasoline and gas oil (diesel) under our supply agreements with ADNOC are set based on specified Platts price benchmarks, determined on a monthly basis, plus a fixed premium of 2.7 fils per litre. The prices that we pay ADNOC for other fuels, including LPG (other than LPG sold in subsidised cylinders) and base oil, are ADNOC's official selling prices from time to time, and thus are subject to change. Consequently, the prices we pay ADNOC for fuels will fluctuate and may increase in the future. If the prices we pay ADNOC for fuels increases, whether due to an increase in the applicable Platts price benchmarks, changes in ADNOC's official selling prices, or renegotiations with ADNOC in anticipation of or following expiration of our supply agreements, we will only be able to pass on such increases to our Retail division customers if authorised to do so by the retail pricing committee (the "Retail Pricing Committee") chaired by the UAE Ministry of Energy. Even in markets where the prices we charge our customers are not regulated, including our Corporate and Aviation divisions, competitive pressures may prevent us from passing on cost increases to our customers. This may reduce our revenue and our profit margins, which could have a material adverse effect on our results of operations and financial condition. Some of our competitors, particularly in our Corporate division, may be able to source fuels at costs lower than the prices we pay to ADNOC, which could make it more difficult for us to compete with them and which could erode our revenue and profit margins.

Numerous other factors outside of our and ADNOC's control could impact the prices we pay for our fuels and therefore the prices we charge to our customers. General economic and political conditions, acts of war or terrorism and instability in oil producing regions, particularly in the Middle East, could significantly impact crude oil supplies and petroleum costs. Significant increases or high volatility in petroleum costs could impact the prices we pay and the prices we charge our customers, which could in turn impact demand for our products by our customers. Such volatility makes it difficult to predict the impact that future petroleum costs fluctuations may have on our operating results and financial condition. A significant change in any of these factors could materially impact the volumes of products we distribute or sell, which in turn could have a material adverse effect on our business, financial condition and results of operations.

***The retail prices of the gasoline and gas oil (diesel) we sell to our retail customers are set by regulations implemented by a committee chaired by the UAE Ministry of Energy. There can be no assurance that these regulations and this retail pricing committee will continue to set retail prices at levels that provide us with the same or similar profit margins, and any reduction in our profit margins on these products could have a material adverse impact on our results of operations and financial position.***

The prices at which we sell gasoline and gas oil (diesel) to our retail customers in the UAE are based on regulations (the "UAE Retail Pricing Regulations") that authorise the Retail Pricing Committee to set prices on a monthly basis based on specified Platts pricing benchmarks for global refined petroleum products and specified margins per litre for retailers to cover transportation and other operating expenses. Consequently, our profit margins on these products are limited. Also, because the Retail Pricing Committee resets retail prices monthly, we may need to sell fuel inventory we purchased in one month to our customers at retail prices set in a subsequent month, which may also have the effect of reducing profit margins on those sales. Although ADNOC has agreed to reduce the prices we pay for gasoline and gas oil (diesel) if the regulated margins are reduced below certain specified thresholds and to make payments to us

to the extent our annual per-litre gross profit margins on retail sales of gasoline and gas oil (diesel) are below certain specified levels, ADNOC has only agreed to do so during the initial term of our supply agreement, which expires on 31 December 2022. In addition, prior to August 2015, the prices for refined petroleum products were set at a level below the cost we paid for them, reflecting the UAE Ministry of Energy's policy up until that time of subsidising the retail costs of fuels to consumers. There can be no assurance that the UAE Retail Pricing Regulations will not be amended in the future to reduce the authorised margins for retailers, and any reduction in the authorised margins on these products could have a material adverse impact on our results of operations and financial position.

***The prices that we charge customers in Abu Dhabi for LPG cylinders are regulated at levels that typically have been below our historic supply costs, and under an agreement with ADNOC to offset these losses, our operating profit on sales of LPG cylinders in Abu Dhabi is capped.***

The prices that we charge customers in Abu Dhabi for LPG distributed in LPG cylinders are regulated at levels that typically have been below our historic supply costs. ADNOC has agreed, for so long as LPG cylinder prices are regulated, to adjust our supply costs for LPG to be distributed in subsidised cylinders to equal the resale prices of such LPG cylinders minus 108% of our operating expenses incurred in connection with our distribution of these LPG cylinders. Although this pricing mechanism is designed to prevent us from incurring operating losses in connection with the distribution of subsidised LPG cylinders, it also limits the types and amounts of operating expenses that can be included in calculation of our LPG supply costs and in effect caps our operating profit for such activities at 8% of our operating expenses associated with such activities.

***Our growth depends in part on initiatives we have undertaken and plan to undertake to grow fuel and non-fuel revenue in our existing markets. The failure to successfully implement these initiatives would impair our growth and could adversely affect our results of operations and financial condition.***

We have undertaken a number of initiatives, and plan to implement additional measures, to grow our fuel and non-fuel revenue in our existing markets, including launching new services such as mixed-mode (premium full- and self-service) refuelling at our service stations using our proprietary SMART technology, rationalising operations at our service stations and convenience stores to bring operating expenses in line with international fuel and convenience store retailers, and implementing new pricing and merchandising initiatives in our convenience stores to increase revenue and profitability. Although mixed-mode refuelling is common in many parts of the world, it has never been successfully implemented in the UAE, and we may be unable to achieve desired levels of full-service market penetration. If our full-service offering fails to win acceptance by our customers, we may be unable to achieve the financial benefits that we anticipate from this initiative. In addition, optimising our operating expenses likely will require headcount reductions, which will be made more difficult in light of the UAE's Emiratisation initiative. Our convenience store optimisation initiatives also may be unsuccessful in achieving the desired levels of price increases, increased customer traffic and increased average transaction size at our convenience stores. There can be no assurance that the assumptions and estimates we have made in respect of these or other elements of our strategy will prove correct, or that we will be able to successfully implement any of these initiatives, that we will not incur higher than anticipated costs in connection with these initiatives, or that any of these initiatives and new technologies will be accepted by our customers. The failure to successfully implement these initiatives would impair our ability to achieve our targeted financial objectives and grow our business, and could adversely affect our results of operations and financial condition.

***Our growth also depends in part on our ability to expand our operations in the UAE and internationally, including through the introduction of a franchise model in Saudi Arabia. The failure to successfully expand our operations would impair our growth and could adversely affect our results of operations. Moreover, use of a franchise model poses additional risks to our business.***

Because of our high concentration of service stations in Abu Dhabi and the Northern Emirates region, our future growth will depend in part on our ability to expand our operations elsewhere in the UAE and internationally, which we may not be successful in doing profitably or at all. There are several factors that could affect our ability to grow our businesses:

- the inability to identify and acquire suitable sites for new service stations, including due to the inability or unwillingness of ADNOC to acquire or lease such sites on our behalf;



- difficulties associated with the growth of our existing financial controls, information systems, management resources and human resources needed to support our growth;
- difficulties with hiring, training and retaining skilled personnel;
- competition from other existing or new service station operators;
- difficulties in adapting distribution and other operational and management systems to an expanded network of locations;
- the potential inability to obtain adequate financing to fund our expansion;
- difficulties in obtaining governmental and other third-party consents, permits and licenses needed to operate additional locations in existing and new markets; and
- the potential diversion of our senior management's attention from focusing on our existing business due to an increased focus on expansion.

We do not currently operate in the Emirate of Dubai but intend to enter the Dubai market in 2018. Currently, ENOC and Emarat are the only operators of retail fuel service stations in Dubai, and there can be no assurance that we will be able to identify suitable locations in Dubai, that we will be able to efficiently supply our service station locations in Dubai, or that we otherwise will be successful in entering, operating and competing against ENOC and Emarat in the Dubai market. ENOC has recently announced its intention to open 48 additional service stations in Dubai in the next three years.

We currently intend to implement a franchise model in order to expand into Saudi Arabia, pursuant to which we have identified a local partner who will license the ADNOC brand name from us and who will own and operate ADNOC-branded service stations in Saudi Arabia under a franchise agreement with us. We have never operated under a franchise model previously, and there can be no assurance that we will be successful in doing so. In addition, actions by our franchisee could adversely affect our reputation and the strength of the ADNOC brand name, which could adversely affect our growth prospects, as well as our results of operations and financial condition.

***The fuel distribution and convenience store industries are competitive, as are the markets for most of the other ancillary services that we offer at our service stations. Failure to effectively compete could result in lower revenue and profit margins. In addition, there can be no assurance that the governments of Abu Dhabi and Sharjah, where we currently are the only operator of retail fuel service stations, will not authorise other retail fuel distribution businesses to operate in the future.***

Many of the markets and market segments in which we operate are highly competitive and marked by constant change in the number and type of retailers offering products and services of the type we offer at our service stations. We compete with other fuel distributors, convenience store chains, independently owned convenience stores, supermarkets, drugstores, discount stores, and mass merchants. To remain competitive, we must constantly analyse consumer preferences and competitors' offerings and prices to ensure that we offer a selection of convenience products and services at competitive prices to meet consumer demand. We must also maintain and upgrade our customer service levels, facilities and locations to remain competitive and attract customer traffic to our stores. We may not be able to compete successfully against current and future competitors, and competitive pressures faced by us could have a material adverse effect on our business and results of operations.

We currently are the only operator of retail fuel service stations in Abu Dhabi and Sharjah and have a significant share of the retail fuel distribution business in the remainder of the Northern Emirates region. There can be no assurance, however, that the governments of Abu Dhabi and Sharjah will not authorise other companies to operate retail fuel distribution businesses in these emirates, or that competition will not increase in the remainder of the Northern Emirates region, which, if we do not compete effectively, could result in a reduction of our market share and have a material adverse effect on our financial condition and results of operations.

In our Corporate division, we face competition from other fuel wholesalers, some of whom are large and with considerable financial resources. In addition, some of our wholesale fuel competitors may be able to purchase fuels at a cost below the prices we pay under our supply

agreements with ADNOC. Our inability to compete successfully against these other fuel providers could have a material adverse effect on our results of operations and financial condition.

***A significant decrease in demand for the fuels we sell, including due to changes in general economic conditions in the UAE and elsewhere in the Gulf region, improvements in vehicle fuel efficiency and increased consumer preference for alternative fuels, would adversely affect our results of operations and financial condition.***

Sales of fuels accounted for approximately 86.7% of our revenue and approximately 77.4% of our gross profit for the nine months ended 30 September 2017. Decreases in demand for our fuels, including due to changes in general economic conditions in the UAE and elsewhere in the Gulf region, increased vehicle fuel efficiency and increased preference for alternative fuels, would reduce our revenue, which would adversely affect our results of operations and financial position. Demand for fuels, and thus our revenue, is dependent on general economic conditions and various trends, such as trends in vehicle fuel efficiency, passenger car ownership and traffic, commercial truck traffic and government fuel consumption, and travel and tourism in our areas of operation, and these conditions and trends can change. Technological advancements, regulatory changes and changes in consumer preferences causing a significant shift toward alternative fuels could reduce demand for the conventional petroleum based fuels we currently sell. In addition, a shift toward electric, hydrogen, natural gas or other alternative power vehicles could fundamentally change our customers' shopping habits or lead to new forms of fuelling destinations or new competitive pressures. Because certain of our operating costs and expenses are fixed and do not vary with the volume of fuels we distribute, our costs and expenses might not decrease rateably or at all should we experience such a reduction. As a result, we may experience declines in our profit margin if our fuel distribution volumes decrease. Moreover, reductions in demand for fuels also could result in fewer visits to our service stations and convenience stores, which could lead to reduced revenue from sales of merchandise at our convenience stores and from the other services we provide at our service stations. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

***The dangers inherent in the storage and transportation of the products we sell could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities. In addition, our fuel storage terminals are subject to operational and business risks which, if they occur, may adversely affect our results of operations and financial condition.***

We store our fuels in underground and aboveground storage tanks, and transport our fuels using a combination of our own trucks, third-party carriers, and vessels that we charter. Our operations are subject to significant hazards and risks inherent in storing and transporting fuel. These hazards and risks include, but are not limited to, traffic accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to our properties and the properties of others. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition and results of operations.

Our fuel storage terminals are subject to operational and business risks, the most significant of which include the following:

- outages at our fuel storage terminals or interrupted operations due to weather-related or other natural causes;
- the threat of acts of war and terrorism;
- the volatility in the prices of the products stored at our fuel storage terminals and the resulting fluctuations in our profit margins on those products; and
- changes in legislation or regulations, including environmental regulations, that could result in increased operating and capital costs.

The occurrence of any of these or other events could affect operations at our fuel storage terminals and our sales to our customers and could adversely affect our financial condition and results of operations.

In addition, during storage and transportation, our fuel inventories can become contaminated with water or microbial growth, which can affect the performance and, in extreme cases, merchantability of our fuel. Fuel contamination can lead to increased costs for remediation, and could potentially result in our inability to sell fuel inventories, which would increase operating costs and could lead to an interruption of supply to our service stations and to our customers. Moreover, sales of contaminated fuels to our customers could result in damage claims by our customers and damage to our reputation. There can be no assurance that fuel contamination will not occur in the future, which could have a material adverse effect on our results of operations and financial condition.

***We rely on our information technology systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business.***

We depend on our information technology (IT) systems to manage numerous aspects of our business, including receiving, processing, fulfilling and billing for orders from our Corporate customers, maintaining inventory levels at our service stations, and facilitating purchases by our retail customers, and to provide analytical information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems may be vulnerable to interruptions, including damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, computer viruses, cyberattacks, hackers, unauthorised access attempts, and other security issues, any of which could result in a loss of sensitive business information, systems interruption or the disruption of our business operations. There can be no assurance that a technology systems breach or systems disruptions or failures will not have a material adverse effect on our financial condition or results of operations.

***Our operations are subject to laws and regulations pertaining to environmental protection, operational safety, and product quality that may require significant expenditures or result in liabilities that could have a material adverse effect on our business.***

Our business is subject to environmental laws and regulations, including those relating to terminals, underground storage tanks, the release or discharge of regulated materials into the air, water and soil, the generation, storage, handling, use, transportation and disposal of hazardous materials, the exposure of persons to regulated materials, and the health and safety of our employees. A violation of, liability under, or noncompliance with these laws and regulations, or any future environmental law or regulation, could, among other things, result in fines and civil litigation, and could have a material adverse effect on our business, financial condition and results of operations.

In addition, we are subject to laws and regulations that prescribe specific product quality specifications for certain products that we distribute. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce our ability to procure product, require us to incur additional handling costs and/or require the expenditure of capital. The failure to procure product or recover these costs through increased prices or sales could have an adverse effect on our results of operations and financial condition. Moreover, the failure to comply with these regulations could result in substantial penalties.

***We will continue to engage in transactions with ADNOC and other ADNOC-affiliated companies, and there can be no assurance that these transactions will be on terms favourable to us.***

As at the date of this Prospectus, ADNOC holds 100% of our issued share capital, and immediately following the Offering ADNOC will continue to hold a minimum of 10% and a maximum of 20% of our share capital. We historically have engaged, and intend to continue to engage, in significant transactions with ADNOC and its subsidiaries relating to, among other things, supply of substantially all of the refined petroleum products that we sell and the provision of certain related operational and administrative services. There can be no assurance that any of the transactions with ADNOC and its other subsidiaries will be on terms favourable to us, or that ADNOC and its other subsidiaries will act in the best interest of our public shareholders.

A number of our agreements with ADNOC require ADNOC to compensate us for services provided to them based on operating expenses we incur to deliver those services and, in the case of our agreement for the supply of LPG, calculate the prices we pay for subsidised LPG cylinders

based on our operating expenses to produce and deliver LPG cylinders to our customers. Under these agreements, ADNOC has the right to audit our operating expenses, and may seek to cause us to limit our operating expenses to keep its payments to us lower. There can be no assurance that ADNOC will fully compensate us for the operating expenses we incur in connection with these activities, or that ADNOC will not require that we maintain our operating expenses at levels below those we otherwise would.

***We depend on ADNOC to provide us with certain services to operate our business. The failure of ADNOC to provide us with these services could adversely affect our ability to manage our business, which could adversely affect our results of operations and financial condition.***

Prior to Listing, we will enter into a Shareholder Services Agreement with ADNOC pursuant to which ADNOC will agree to provide us with certain treasury, insurance and other services to support our business. If ADNOC were to fail to provide these services, we would be required either to contract with another provider of these services, or to develop the capability to perform these services internally, either of which could take a considerable amount of time and increase our costs. Consequently, ADNOC's inability or unwillingness to provide these services to us could have a material adverse effect on our results of operations and financial condition.

***Our operations are conducted under the ADNOC brand name pursuant to a brand usage agreement with ADNOC. Any negative events or developments that adversely affect the market perception or value of the ADNOC brand could have an adverse impact on our business.***

We believe that the success of our operations is dependent in part on the continuing favourable reputation, market value and name recognition associated with the ADNOC brand. In addition to our operations, the ADNOC brand is associated with the operations of ADNOC and numerous other ADNOC-affiliated companies. Erosion of the value of the ADNOC brand for any reason, including due to the activities and operations of these other ADNOC-affiliated companies over which we have no control, could have a material adverse effect on our business, financial condition and results of operations. Our brand usage agreement with ADNOC is for an initial four-year term, during which we will pay no royalties to ADNOC for the use of its name. After the initial four-year period, we and ADNOC will be obligated to negotiate royalties that we will have to pay ADNOC for the use of its name. There can be no assurance that we will be successful in negotiating the continued use of the ADNOC brand name, or that the royalties we will be obligated to pay to ADNOC will not have a material adverse effect on our results of operations or our financial condition.

***We do not own the land on which our service stations or other assets are located. As a result, we are subject to the possibility of the loss of, or increased costs to retain, necessary land use which could adversely affect our results of operations and financial condition.***

All except one of our retail fuel service stations in Abu Dhabi, our head office in Abu Dhabi and our office in Al Ain were developed on land either granted to us by the government of Abu Dhabi or on land where the government of Abu Dhabi granted us usufruct rights (long-term leasehold rights). One service station in Abu Dhabi and all of our service stations in the Northern Emirates were developed on land leased to us by third parties. In order to continue to comply with property ownership laws in the UAE following the Offering, our real property portfolio was transferred to, and leased back to us by, ADNOC. As such, we are subject to the risk of cancellation of underlying land grants by the government of Abu Dhabi, which would result in termination of our related lease(s) with ADNOC. We are also subject to the risk that the leases between third party landowners and ADNOC outside of Abu Dhabi may not be renewed, which would similarly result in termination of our related sublease(s) with ADNOC. In addition, we are subject to the possibility that rent increases under any of these leases or subleases will increase our operating costs. Our inability to maintain the right to utilise the properties on which we operate our businesses on acceptable terms, or increased costs to maintain such rights, could have a material adverse effect on our financial condition and results of operations.

Due to legal restrictions in the UAE on foreign ownership of land (including by corporations with foreign owners), we anticipate that our future growth in the UAE will also depend on the ability and willingness of ADNOC to acquire, through grants and third-party leases, and lease or sublease (as the case may be) to us, locations for new service stations. ADNOC's inability or unwillingness to do so would adversely affect our growth plans, which could have a material adverse effect on our results of operations and financial condition.

Because of the restrictions on land granted to us and in our agreements with ADNOC, we are not able to, and are not able to require ADNOC to, sell, transfer, mortgage or otherwise take actions that might monetise the value of the land on which we conduct our operations, and no value is attributed to this land in our statement of financial position.

***The introduction of an excise tax and value added tax in the UAE could adversely affect our results of operations and financial condition.***

The UAE has announced the adoption of an excise tax effective 1 October 2017 and a value added tax (VAT) effective 1 January 2018. The excise tax imposes a 50% tax on carbonated beverages and a 100% tax on tobacco products and energy drinks. However, executive regulations relating to implementation of the VAT, including details about products and services that will be subject to VAT and which products will be zero rated or exempted, have yet to be issued. Although the supply of crude oil is zero rated, there is no assurance that the distribution of fuels will be zero rated under the executive regulations. We will incur compliance costs in connection with the collection and remittance of the excise tax and VAT to the UAE Ministry of Finance and otherwise complying with the related reporting requirements. We have not yet determined the costs of upgrading our IT systems to manage this process or whether we can be in a position to begin properly to collect such taxes when they take effect. There can be no assurance that the implementation of the excise tax or VAT in the UAE will not adversely affect demand for our products, that we will be able to pass on the taxes to our customers, or that the costs of upgrading our systems to manage the collection and remittance of the taxes or of any fines or other penalties to which we may be subject if we are unable to begin properly to collect the taxes when they take effect will not be material, which could adversely affect our results of operations and financial condition.

***We have recently implemented a number of policies, processes, systems and controls with respect to which we have a limited or no operating history.***

In preparation for the Offering, we have implemented a number of new policies, processes, systems and controls intended to permit us to operate and provide reports and other information consistent with a publicly listed company. However, we have a limited or no operating history with many of these policies, processes, systems and controls, and therefore can provide no assurance that we will be able to implement them successfully, and that we will be able to operate and provide reports and other information on a timely and accurate basis. The failure to do so could adversely affect our business and the trading price of the Shares.

***Our insurance coverage may be inadequate to cover all potential losses we could suffer.***

We are not fully insured against all risks incident to our business. We may be unable to obtain or maintain insurance with the coverage that we desire at reasonable rates. As a result of market conditions, the premiums and deductibles for certain of our insurance policies have increased and could continue to do so. Certain insurance coverage could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

***We compete to attract and retain qualified employees.***

Our continued success depends on our ability to attract and retain qualified personnel in all areas of our business. We compete with other businesses with respect to attracting and retaining qualified employees. A tight labour market, increased overtime and a higher full-time employee ratio may cause labour costs to increase. A shortage of qualified employees may require us to enhance wage and benefits packages in order to compete effectively in the hiring and retention of such employees or to hire more expensive temporary employees. No assurance can be given that our labour costs will not increase, or that such increases can be recovered through increased prices charged to customers.

***We depend on our senior management's experience and knowledge of our industry and could be adversely affected were we to lose key members of our senior management team.***

We are dependent on the expertise and continued efforts of our senior management team, and our ability to maintain our competitive position and execute our strategy depends to a large degree on the services performed by our senior management. If, for any reason, any member of our senior management team were to leave his or her position and we could not find a suitable

replacement in a timely manner, our business, financial condition and results of operations could be adversely affected. We do not maintain key man life insurance for our senior management team or other key employees.

***We may choose to purchase hedges or other financial products to fix the prices at which we purchase fuels, which could increase our costs and reduce our profit margins.***

Although we have not historically hedged the prices at which we purchase the fuels that we sell, we may choose to purchase hedges or other financial products in the future to fix the prices at which we purchase fuels. There can be no assurance that any such hedging strategy will be successful. Purchases of hedges or other financial instruments to fix the prices at which we purchase fuels could have the effect of increasing our costs and could reduce our profit margins, either of which could have a material adverse effect on our results of operations or financial condition.

### **Risks Relating to the UAE and to the MENA Region**

***General economic, financial and political conditions, especially in Abu Dhabi and elsewhere in the UAE, where we conduct substantially all of our operations, may materially adversely affect our results of operations and financial condition.***

General economic, financial, and political conditions, especially in Abu Dhabi and elsewhere in the UAE, where we conduct substantially all of our operations, may have a material adverse effect on our results of operations and financial condition. Declines in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and our markets, including the market for our products and services, and lead to demand or cost pressures that could negatively and adversely impact our business. These conditions could affect all of our business segments. Examples of such conditions could include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact the markets in which we operate; and
- deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure.

The nature of these types of risks make them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact on our business.

***Continued instability and unrest in the MENA region may materially adversely affect our results of operations and financial condition.***

Although Abu Dhabi and the UAE enjoy domestic political stability and generally healthy international relations, since 2011 there has been political unrest in a number of countries in the MENA region, including Bahrain, Egypt, Iraq, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or other hostilities, or the impact that such events or occurrences might have on Abu Dhabi and the UAE. The MENA region currently is subject to a number of armed conflicts including those in Yemen (in which the UAE armed forces, along with a number of other Arab states, are involved), Syria, Iraq and Palestine, as well as the multinational conflict with the Islamic State. More recently, the governments of the UAE, Saudi Arabia, Bahrain and Egypt have imposed a boycott of Qatar after accusing Qatar of supporting terrorist activity in the region.

Abu Dhabi is, and will continue to be, affected by political developments in or affecting the UAE and the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including Abu Dhabi. Although the UAE has not experienced significant terrorist attacks such as those experienced by a number of other countries in the MENA region, including Egypt, there can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the UAE. Any terrorist incidents in or affecting Abu Dhabi or the UAE and increased regional geopolitical instability (whether or not directly involving Abu Dhabi or the UAE) may have a material adverse effect on Abu Dhabi

and the UAE's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourist industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact the Company and the trading prices of the Shares.

Abu Dhabi also is dependent on expatriate labour, including substantially all unskilled labourers as well as highly skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the emirate. These steps make Abu Dhabi potentially more vulnerable should regional instability increase, foreign militants commence operations in the emirate, or extremist or terrorist groups engage in activities in the emirate. There can be no assurance of the continued availability of expatriate labour, including labour with the skills we require. In addition, as the government endeavours to further diversify Abu Dhabi's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

***Abu Dhabi and the UAE may introduce new laws and regulations, including the introduction of a corporate income tax, which could adversely affect the way in which we are able to conduct our businesses and our results of operations and financial condition.***

Emerging market economies generally and the UAE in particular are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. However, as these economies mature, and in part due to the desire of certain countries in the MENA region, including in particular the UAE, to accede to the World Trade Organisation, the governments of these countries have begun, and we expect will continue, to implement new laws and regulations which could impact the way we conduct our business.

Changes in investment policies or in the prevailing political climate in the UAE could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

We are not currently subject to corporate income tax in the UAE, although some consideration has been given to the introduction of a corporate income tax in Abu Dhabi. There can be no assurance that the introduction of a corporate income tax or any other changes to current laws would not increase our costs or otherwise materially adversely affect the way in which we conduct our business.

***The UAE's Emiratisation initiative may increase our costs and may reduce our ability to rationalise our workforce.***

Emiratisation is an initiative by the UAE government to employ its citizens in a meaningful and efficient manner in the public and private sectors and to reduce its reliance on foreign workers. Under the initiative, companies are encouraged to employ Emiratis in management, administrative and technical positions. However, the cost of employing UAE nationals typically is significantly higher than the cost of employing foreign workers. In addition, meeting and maintaining our Emiratisation targets reduces our flexibility to rationalise our workforce, which limits our ability to reduce costs in many areas of our operations. As a result, there can be no assurance that meeting and maintaining our Emiratisation targets will not have a material adverse effect on our business and results of operations.

***A downgrade in Abu Dhabi's credit rating could adversely affect us.***

As at the date of this Prospectus, ADNOC holds 100% of our issued share capital, and immediately following the Offering ADNOC will continue to hold at least 80% of our share capital. ADNOC is owned by the government of Abu Dhabi. Abu Dhabi has a long-term foreign currency debt rating of "AA" with a stable outlook from Standard & Poor's Financial Services, a long-term foreign currency issuer default rating of "AA" with a stable outlook from Fitch Ratings, and an

unsolicited rating of Aa2 from Moody's Investor Service ("**Moody's**"). Any downgrade or withdrawal at any time of a credit rating assigned to Abu Dhabi by any rating agency could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets, which could in turn adversely affect companies owned by the Abu Dhabi government, including ADNOC and us. In February 2016, Moody's placed its rating of Abu Dhabi on review for a possible downgrade. Although Moody's has since restored its outlook for Abu Dhabi to stable, there can be no assurance that Abu Dhabi's credit ratings will remain for any given period of time or that Abu Dhabi's credit ratings will not be downgraded or withdrawn entirely by any of the rating agencies in the future. Any such downgrade or withdrawal could have a material adverse effect on our business.

***Our financial condition and results of operations may be materially adversely affected if the USD/AED exchange rate were to change.***

Although most of our revenue and certain of our expenses are denominated in AED, our supply agreements with ADNOC for refined petroleum products are denominated in USD, as are certain other costs, and some of our revenue generated from customers in our Corporate and Aviation divisions is denominated in USD. In addition, all or a portion of the indebtedness under our term loan and revolving credit facilities may be denominated in USD. Although the UAE dirham has been pegged to the US dollar at a rate of AED 3.6725 to USD 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed rate in the future. The existing fixed rate may be adjusted in a manner that exposes us to volatility in rates or an increase in repayment obligations under our term loan and revolving credit facilities. Any change to the USD/AED exchange rate could increase the costs that we pay for our products or to service our indebtedness, or could cause our results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on our business, financial condition and results of operations.

### **Risks Relating to the Offering and to the Shares**

***After the Offering, ADNOC will continue to be able to exercise significant influence over us, our management and our operations.***

As at the date of this Prospectus, ADNOC holds 100% of our issued share capital, and immediately following the Offering ADNOC will continue to hold at least 80% of our share capital. As a result, ADNOC will be able to exercise significant control over our management and operations and over matters requiring the consent of our shareholders, such as in relation to the payment of dividends and the election of the members of our Board of Directors and other matters. There can be no assurance that the interests of ADNOC will coincide with the interests of purchasers of the Shares. Prior to Listing, we will enter into a relationship agreement (the "**Relationship Agreement**") with ADNOC that records the principal terms of the relationship between us and ADNOC.

Furthermore, ADNOC's significant Share ownership may (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company), (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company, and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the Shares. In addition, there may be circumstances where our businesses compete directly or indirectly with ADNOC's businesses, and ADNOC may take decisions with respect to those businesses that are adverse to the interests of our other shareholders.

***Substantial sales of Shares by ADNOC could depress the price of the Shares.***

Sales of a substantial number of Shares by ADNOC following the completion of the Offering may significantly reduce our share price. ADNOC has agreed in the Underwriting Agreement to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of 180 days from the Closing Date, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). Nevertheless, we are unable to predict whether substantial amounts of Shares (in addition to those which will be available in the Offering) will be sold in the open market following the completion of the Offering. Any sales of substantial amounts of Shares in the public market, or



the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

***The Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.***

Prior to the Offering, there has been no public trading market for the Shares. We cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the offer price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of our actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the ADX. The ADX was established in 2000, but its future success and liquidity in the market for the Shares cannot be guaranteed. The ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the United States and the United Kingdom. As of 30 September 2017, there were 69 companies with securities traded on the ADX with a total market capitalisation of approximately AED 450.2 billion. The ADX had a total regular trading volume of AED 45.3 billion in 2016.

These factors could generally decrease the liquidity and increase the volatility of share prices on the ADX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX in the desired amount and at the price and time achievable in more liquid markets.

***We may not pay cash dividends on the Shares. Consequently, you may not receive any return on investment unless you sell your Shares for a price greater than that which you paid for them.***

While we intend to pay dividends in respect of the Shares, there can be no assurance that we will do so. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, applicable law and regulations, our results of operations, financial condition, cash requirements, contractual restrictions (including, in particular, those contained in the Debt Financing), our future projects and plans and other factors that our Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them.

***It may be difficult for shareholders to enforce judgments against us in the UAE, or against our directors and senior management.***

The Company is a public joint stock company incorporated in the UAE. All of our directors other than Mr. Pedro Miró Roig, and all of our officers reside outside the United States, the United Kingdom and the EEA. In addition, all of our assets and the majority of the assets of our directors and senior management are located outside the United States, the United Kingdom and the EEA. As a result, it may not be possible for investors to effect service of process outside the UAE upon the Company or our directors and senior management or to enforce judgments obtained against them in courts outside the UAE, including judgments predicated upon the civil liability provisions of the securities laws of the United States, the United Kingdom or the EEA.

## **11. USE OF PROCEEDS**

The Company will not receive any proceeds from the Offering, all of which will be received by the Selling Shareholder.

## **12. Reasons for the Offering**

The Offering is being conducted, among other reasons, to (i) allow the Founder to sell part of its shareholding, (ii) provide increased trading liquidity in the Shares and (iii) raise the Company's international profile with the international investment community.

### Third section: Financial Disclosures

#### Summary of the Company's Audited Financial Statements and a Summary of Key Notes and Key Financial Indicators as of and for the two years ended 31 December 2015 and 31 December 2016 and as of and for the nine months ended 30 September 2017

The following discussion and analysis should be read in conjunction with the audited financial statements of the Company and its subsidiary (together referred to as the "Group"), including the notes thereto, included in this Prospectus as of and for the financial years ended 31 December 2015 and 2016 and as of and for the nine months ended 30 September 2017. Investors should also read certain risks associated with the purchase of Offer Shares in the section entitled "Investment Risks".

#### 1. Selected financial information and operating data:

The selected financial information set forth below shows our financial information and other unaudited operating information as of and for the years ended 31 December 2015 and 2016 and as of and for the nine months ended 30 September 2017.

The financial information set forth below under the captions "Carve-out statement of financial position", "Carve-out statement of profit or loss and comprehensive income", "Carve-out statement of changes in equity" and "Carve-out statement of cash flows" has been derived from, and should be read in conjunction with, the Historical Financial Information included elsewhere in this Prospectus.

EBITDA is a non-IFRS measure and was calculated by us based on data derived from our historical financial information.

#### Carve-out statement of financial position as at 31 December

	Notes	2016 AED'000	2015 AED'000
<i>ASSETS</i>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,373,773	3,482,940
Advances to contractors		127,021	146,899
<b>Total non-current assets</b>		<b>4,500,794</b>	<b>3,629,839</b>
<b>Current assets</b>			
Inventories	6	1,093,818	842,035
Trade receivables and other current assets	7	1,656,831	2,757,861
Due from related parties	8	353,390	320,694
Cash and bank balances	9	3,833,454	921,191
<b>Total current assets</b>		<b>6,937,493</b>	<b>4,841,781</b>
<b>Total assets</b>		<b>11,438,287</b>	<b>8,471,620</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	1,000,000	1,000,000
Capital contribution	11	6,304,418	-
Legal reserve	12	333,333	329,489
Retained earnings/(accumulated losses)		1,845,017	(36,147,682)
<i>Total equity/(deficit)</i>		<b>9,482,768</b>	<b>(34,818,193)</b>
<b>Non-current liability</b>			

Provision for employees' end of service benefit	13	<u>236,926</u>	<u>278,259</u>
<b>Current liabilities</b>			
Trade and other payables	14	1,115,047	1,062,315
Due to related parties	8	<u>603,546</u>	<u>41,949,239</u>
<i>Total current liabilities</i>		<u>1,718,593</u>	<u>43,011,554</u>
<i>Total liabilities</i>		<u>1,955,519</u>	<u>43,289,813</u>
<b>Total equity and liabilities</b>		<b>11,438,287</b>	<b>8,471,620</b>

**Carve-out statement of profit or loss and comprehensive income  
for the year ended 31 December**

	Notes	2016 AED'000	2015 AED'000
Revenue	15	17,670,071	21,220,026
Direct costs	16	(13,443,563)	(17,555,538)
<b>Gross profit</b>		<b>4,226,508</b>	<b>3,664,488</b>
Distribution and administrative expenses	17	(2,549,782)	(2,517,110)
Other income	18	160,995	216,578
Impairment losses and other operating expenses	19	(59,252)	(72,100)
<b>Operating profit</b>		<b>1,778,469</b>	<b>1,291,856</b>
Interest income		2,491	3,031
<b>Profit for the year</b>		<b>1,780,960</b>	<b>1,294,887</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,780,960</b>	<b>1,294,887</b>
<b>Earnings per share:</b>			
Basic and diluted	21	178.10	129.49

**Carve-out statement of changes in equity  
for the year ended 31 December 2016**

	<b>Share capital AED'000</b>	<i>Capital contribution</i> <b>AED'000</b>	<i>Legal reserve</i> <b>AED'000</b>	<i>Retained earnings/ (accumulated losses)</i> <b>AED'000</b>	<b>Total AED'000</b>
<i>Balance at 1 January 2015</i>	1,000,000	-	200,000	(37,313,080)	(36,113,080)
Total comprehensive income for the year	-	-	-	1,294,887	1,294,887
Transfer to legal reserve (note 12)	-	-	129,489	(129,489)	-
 <i>Balance at 1 January 2016</i>	 1,000,000	 -	 329,489	 (36,147,682)	 (34,818,193)
Total comprehensive income for the year	-	-	-	1,780,960	1,780,960
Waiver of amount due to a related party (notes 8 & 11)	-	-	-	36,215,583	36,215,583
Additional capital contribution (note 11)	-	6,304,418	-	-	6,304,418
Transfer to legal reserve (note 12)	-	-	3,844	(3,844)	-
 <i>Balance at 31 December 2016</i>	 <b>1,000,000</b>	 <b>6,304,418</b>	 <b>333,333</b>	 <b>1,845,017</b>	 <b>9,482,768</b>

**Carve-out statement of cash flows  
for the year ended 31 December**

	2016 AED'000	2015 AED'000
<b>Cash flows from operating activities</b>		
Profit for the year	1,780,960	1,294,887
Adjustments for:		
Depreciation of property, plant and equipment	347,076	263,523
Impairment losses on receivables - net of recoveries	22,238	52,502
Employees' end of service benefit charge	29,485	35,155
Gain on disposal of property, plant and equipment	(3,104)	(5,465)
Reversal for write down of finished goods to net realisable value	-	(23,365)
Impairment loss for slow moving and obsolete inventories	1,027	1,350
Inventories written off	11,964	1,873
Interest income	(2,491)	(3,031)
	<hr/>	<hr/>
<b>Operating cash flows before movements in working capital</b>	2,187,155	1,617,429
(Increase)/decrease in inventories	(264,774)	41,140
Decrease/(increase) in trade receivables and other current assets	1,078,792	(261,362)
Increase in due from related parties	(32,696)	(96,568)
Decrease in trade and other payables	(24,980)	(148,357)
Increase/(decrease) in due to related parties	1,174,308	(672,352)
	<hr/>	<hr/>
<b>Cash generated from operating activities</b>	4,117,805	479,930
Payment of employees' end of service benefit	(70,818)	(11,093)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	4,046,987	468,837
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(1,040,151)	(880,266)
Payments for advances to contractors	(100,199)	(60,493)
Proceeds from disposal of property, plant and equipment	3,135	5,564
Interest received	2,491	3,031
	<hr/>	<hr/>
<b>1. Net cash used in investing activities</b>	(1,134,724)	(932,164)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,912,263	(463,327)
Cash and cash equivalents at beginning of the year	821,191	1,284,518
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year (note 9)</b>	3,733,454	821,191
	<hr/>	<hr/>
<b>Non-cash transactions</b>		
Accruals for property, plant and equipment	77,712	46,723
Advances to contractors transferred to property, plant and equipment	120,077	46,908
Additional capital contribution (note 11)	6,304,418	-
Transfer of accumulated losses to due to a related party (note 11)	36,215,583	-



## Carve-out statement of financial position

	Notes	30 September 2017 AED'000	31 December 2016 AED'000
<i>ASSETS</i>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,407,694	4,373,773
Advances to contractors		99,893	127,021
<b>Total non-current assets</b>		<b>5,507,587</b>	<b>4,500,794</b>
<b>Current assets</b>			
Inventories	6	1,100,914	1,093,818
Trade receivables and other current assets	7	1,817,830	1,656,831
Due from related parties	8	349,568	353,390
Cash and bank balances	9	6,556,374	3,833,454
<b>Total current assets</b>		<b>9,824,686</b>	<b>6,937,493</b>
<b>Total assets</b>		<b>15,332,273</b>	<b>11,438,287</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	1,000,000	1,000,000
Capital contribution	11	6,304,418	6,304,418
Legal reserve	12	333,333	333,333
Retained earnings		3,156,840	1,845,017
<i>Total equity</i>		<b>10,794,591</b>	<b>9,482,768</b>
<b>Non-current liability</b>			
Provision for employees' end of service benefit	13	222,249	236,926
<b>Current liabilities</b>			
Trade and other payables	14	1,127,371	1,115,047
Due to related parties	8	3,188,062	603,546
<i>Total current liabilities</i>		<b>4,315,433</b>	<b>1,718,593</b>
<i>Total liabilities</i>		<b>4,537,682</b>	<b>1,955,519</b>
<b>Total equity and liabilities</b>		<b>15,332,273</b>	<b>11,438,287</b>



## Carve-out statement of profit or loss and comprehensive income

	Notes	9 months ended 30 September	
		2017 AED'000	2016 AED'000 (unaudited)
Revenue	15	14,220,921	13,098,459
Direct costs	16	(11,105,263)	(9,936,148)
<b>Gross profit</b>		<b>3,115,658</b>	<b>3,162,311</b>
Distribution and administrative expenses	17	(1,912,751)	(1,837,293)
Other income	18	160,098	111,978
Impairment losses and other operating expenses	19	(53,214)	(118,979)
<b>Operating profit</b>		<b>1,309,791</b>	<b>1,318,017</b>
Interest income		2,032	2,008
<b>Profit for the period</b>		<b>1,311,823</b>	<b>1,320,025</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>1,311,823</b>	<b>1,320,025</b>
<b>Earnings per share:</b>			
Basic and diluted	21	131.18	132.00

**Carve-out statement of changes in equity**

	<b>Share capital AED'000</b>	<i>Capital contribution</i> <b>AED'000</b>	<i>Legal reserve</i> <b>AED'000</b>	<i>Retained earnings/ (accumulated losses)</i> <b>AED'000</b>	<b>Total AED'000</b>
<i>Balance at 1 January 2016</i>	1,000,000	-	329,489	(36,147,682)	(34,818,193)
Total comprehensive income for the period (unaudited)	-	-	-	1,320,025	1,320,025
<i>Balance at 30 September 2016 (unaudited)</i>	1,000,000	-	329,489	(34,827,657)	(33,498,168)
<i>Balance at 1 January 2017</i>	1,000,000	6,304,418	333,333	1,845,017	9,482,768
Total comprehensive income for the period	-	-	-	1,311,823	1,311,823
<i>Balance at 30 September 2017</i>	<b>1,000,000</b>	<b>6,304,418</b>	<b>333,333</b>	<b>3,156,840</b>	<b>10,794,591</b>

**Carve-out statement of cash flows  
for the period ended 30 September 2017**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b> (unaudited)
<b>Cash flows from operating activities</b>		
Profit for the period	1,311,823	1,320,025
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	306,284	208,318
Impairment losses on receivables - net of recoveries	25,509	86,401
Employees' end of service benefit charge	19,513	22,018
Gain on disposal of property, plant and equipment	(51)	(1,413)
Inventories written off	-	11,961
Impairment loss for slow moving and obsolete inventories	2,056	-
Interest income	(2,032)	(2,008)
	<hr/>	<hr/>
<b>Operating cash flows before movements in working capital</b>	1,663,102	1,645,302
Increase in inventories	(9,152)	(157,138)
(Increase)/decrease in trade receivables and other current assets	(186,508)	832,171
Decrease/(increase) in due from related parties	3,822	(188,425)
Increase in trade and other payables	44,009	8,496
Increase/(decrease) in due to related parties	1,888,290	(249,548)
	<hr/>	<hr/>
<b>Cash generated from operating activities</b>	3,403,563	1,890,858
Payment of employees' end of service benefit	(34,190)	(59,932)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	3,369,373	1,830,926
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(633,726)	(773,127)
Payments for advances to contractors	(14,841)	(52,633)
Proceeds from disposal of property, plant and equipment	82	1,413
Increase in term deposit	(30,000)	-
Interest received	2,032	2,008
	<hr/>	<hr/>
<b>1. Net cash used in investing activities</b>	(676,453)	(822,339)
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	2,692,920	1,008,587
Cash and cash equivalents at beginning of the period	3,733,454	821,191
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period (note 9)</b>	6,426,374	1,829,778
	<hr/>	<hr/>
<b>Non-cash transactions</b>		
Accruals for property, plant and equipment	259,834	179,689
Advances to contractors transferred to property, plant and equipment	41,969	96,201
Transfer of property, plant and equipment from a related party	696,226	-

## 2. Dividend Policy

Our ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods, and there is no assurance that we will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

Subject to the foregoing, we intend to pay dividends twice each fiscal year, with an initial payment in October of that year and a second payment in April of the following year. We expect to pay (a) a special dividend in April 2018 in an aggregate amount of USD 200.0 million, (b) a dividend in respect of the year ending 31 December 2018 of at least an aggregate of USD 400.0 million, half of which we expect to pay in October 2018 and half of which we expect to pay in April 2019, and (c) a dividend in respect of the year ending 31 December 2019 in an amount at least equal to the amount paid in respect of the year ending 31 December 2018. Thereafter, we expect to pay an annual dividend in respect of each fiscal year in an aggregate amount equal to at least 60% of our distributable income (net income less legal reserves) for such year, subject to consideration by our Board of Directors of the cash management requirements of our business for operating expenses, interest expense, and anticipated capital expenditures. In addition, we expect that our Board of Directors also will consider market conditions, the then current operating environment in our markets, and the Board of Directors' outlook for our business. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors.

#### Fourth section: Other details

##### 1. Mechanism for adopting a governance system in the Company

The Board of Directors (the “**Board**”) is committed to standards of corporate governance that are in line with international best practice. As at the date of this Prospectus, and on and following listing of the Shares on the ADX, the Board complies and intends to continue complying with the corporate governance requirements applicable to public joint stock companies listed on the ADX as set out in the Governance Rules and Corporate Discipline Standards issued on 28 April 2016 pursuant to Ministerial Decree no. R.M/7 of 2016 (the “**Governance Rules**”). The Company will report to its shareholders and to the Authority on its compliance with the Governance Rules, in accordance with the provisions thereof.

As envisaged by the Governance Rules, the Board has established two permanent committees: an Audit Committee and a Nomination and Remuneration Committee. If the need should arise, the Board may set up additional committees as appropriate. The Chairman is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee. The Governance Rules require that the majority of the Board must be comprised of non-executive directors, and that at least one third of the Board must be independent in accordance with the criteria set out in the Governance Rules. The Governance Rules define an independent member as a member who has no relationship with the Company, any member of executive management, its auditor, its parent company, its subsidiaries, any sister company, or any affiliate company that could lead to financial or moral benefit which may affect his or her decisions. From the date of Listing, the Board is expected to consist entirely of non-executive directors (the “**Non-Executive Directors**”). The Company regards Messrs. Alseddiqi, Miró Roig and Beau as “independent members of the Board” within the meaning of the Governance Rules and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

The Governance Rules April 2016 by virtue of the Ministerial Resolution No R.M/7 for the year 2016 and applies to all companies listed on the ADX. These requirements include, inter alia:

- (a) Entering into related parties transactions: The Company shall not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value of the transaction does not exceed five per cent. (5%) of the issued share capital of the Company, and with the approval of the general assembly where such percentage threshold is exceeded. The Company is not allowed to enter into transactions that exceed five per cent. (5%) of the issued capital unless the transaction has evaluated by an assessor accredited by the Authority. The Related Party who has an interest in the transaction shall not participate in voting in terms of the decision taken by the Board or the general assembly in respect of this transaction.
- (b) In the event of a significant change to the terms of the transaction after approval, another approval must be obtained from the Board or the general assembly, as the case may be. The transaction which exceeds five per cent. (5%) of the issued capital shall be re-evaluated and its conditions shall be reviewed before its conclusion by an assessor accredited by the Authority at the Company's expense.
- (c) The following shall be liable for damages to the Company if transactions with the Related Parties are concluded in violation of the Governance Rules or if it is proven that the transaction or the deal is unfair or involves a conflict of interests and incurs damages to the shareholders:
  - (i) the Related Party with whom the transaction was entered into;
  - (ii) the Board if the decision was issued by consensus. However, if the decision was issued by the majority, dissenting directors shall not be held liable in the event that they have recorded their objection in the minutes. If one of the members did not attend the meeting in which the decision was issued, he is still responsible for the decision unless he proves that he was unaware of the decision or was aware of it but could not object thereto.
- (d) In the event the Company enters into any related parties transaction, each shareholder holding at least five per cent. (5%) of the Shares, shall have the right to:

- (i) consult and check all documents and deeds pertaining to the transaction and appoint an “independent auditor” on its own expenses to review the transaction.
  - (ii) file legal proceedings before the competent court against the parties to the transaction to oblige them to provide all documents and deeds and shall have the rights to ask questions to the parties of the transaction to get clarifications, and in the event the transaction proved to be unfair or involving a conflict of interests and harming the other shareholders’ interests, the court may void the transaction and force the related party to pay the Company any profit or benefit achieved, in addition to the compensation in the event any damage proved to be suffered by the Company.
- (e) The Company shall maintain a register for Related Parties where the names of such parties shall be recorded together with their transactions, in details, and actions taken in relation thereto. The Company shall provide documents of the transactions with Related Parties and the nature of those transactions, size, and details of each transaction, and shall inform the Shareholders of such transactions in the General Assembly.
- (f) Prior to entering into a transaction between a Related Party and the Company or any of its subsidiaries reaching five per cent. (5%) of the issued share capital of the Company, the Related Party shall disclose immediately in writing, addressed to the Board of Directors, the nature of the deal, conditions and all substantial information about his share or his stake in the two contracting companies and his interest or benefit, which the Board of Directors is required to immediately disclose to the Authority and the Market.
- (g) The details of the deal referred to in paragraph (f) above, together with the conditions and conflict of interests of Related Party shall be listed in the annual financial statements submitted to the general assembly, and this data shall be published on the website of the Market and the Company.
- (h) The Board of Directors shall set written rules regarding the trading of Board members and employees of the Company in the securities issued by the Company or its subsidiaries, or its sister companies. In addition, the Board of Directors shall prepare a special and comprehensive register for all insiders, including persons who could be considered as insiders on a temporary basis and who are entitled to or have access to inside information of the Company prior to publication. The record shall also include prior and subsequent disclosures of the insiders. a committee will be established to be responsible for the management, follow-up, and supervision of insiders' trading and their ownerships, maintain the register and submit periodic statements and reports to ADX. The provisions of the Related Parties Transactions set out in the Chairman of the Authority’s Board Resolution No. 7/RM of 2016 shall not apply to transactions, or decisions relating to transactions, entered or to be entered into between the Company and the Founder, or between the Company and any other company that is directly or indirectly owned or under the Control of the Founder, or federal or local government in the UAE, or any transaction that could be challenged on the grounds of a conflict of interest arising out of the appointment by the Founder of a Board Director. Any such transactions entered into by the Company shall be exempt from the relevant provisions of the Law and any other related party transaction rules.

## 2. Company’s proposed management structure

- **Company’s Board structure**

The Board consists of seven (7) Directors (as mentioned above in this Prospectus) of which all Directors are Non-Executive Directors.

Name	Year of Birth	Position	Year Appointed
H.E. Dr. Sultan Ahmed Al Jaber	1973	Non- executive Chairman	2016

Mr. Abdulla Salem Al Dhaheri	1969	Non- executive Director	2008
Mr. Abdulaziz Abdulla Alhajri	1963	Non- executive Director	2017
Mr. Matar Hamdan Al Ameri	1967	Non- executive Director	2017
Mr. Jassim Mohamed Alseddiqi	1984	Non- executive Independent Director	2017
Mr. Pedro Miró Roig	1953	Non- executive Independent Director	2017
Mr. David-Emmanuel Beau	1970	Non- executive Independent Director	2017

The business address of each of the Directors is Sheikh Zayed bin Sultan Street, P.O. Box 4188, Abu Dhabi, United Arab Emirates.

**The management expertise and experience of each of the Directors is set out below:**

**His Excellency Dr. Sultan Ahmed Al Jaber** has served as Chief Executive Officer of ADNOC since February 2016. From January 2014 through February 2016, Dr. Al Jaber served as Chief Executive Officer, Energy, of Mubadala Development Company. Dr. Al Jaber also serves as UAE Minister of State, a position he has held since March 2013. Dr. Al Jaber also is Chairman of Masdar, Abu Dhabi Ports, the National Media Council and several ADNOC-affiliated companies as well as a member of the Board of Directors of Emirates Global Aluminium.

**Mr. Abdulla Salem Al Dhaheri** has served as Director, Marketing Sales & Trading of ADNOC since 2016. Mr. Al Dhaheri served as our Chief Executive Officer from 2009-2016. Mr. Al Dhaheri also serves as Chairman or a director of several other ADNOC subsidiaries; a Director and a member of the Nominations and Remunerations Committee of Emirates Telecommunications Corporation (ETISALAT); a Director and a member of the Nomination and Compensation Committee of Compañía Española de Petróleos, S.A.U. (CEPSA); and a Director and a member of the Audit Committee of the Abu Dhabi Quality and Conformity Council.

**Mr. Abdulaziz Abdulla Alhajri** has served as Downstream Director of ADNOC since May 2016. From October 2007 through May 2016, Mr. Alhajri was Chief Executive Officer of Abu Dhabi Polymers Company Ltd. (Borouge), a joint venture of ADNOC and Borealis AG. Mr. Alhajri also serves as Chairman or a director of several other ADNOC subsidiaries.

**Mr. Matar Hamdan Al Ameri** has served as Director, Finance & Investments of ADNOC since 2012. Mr. Al Ameri also serves as Chairman or a director of several other ADNOC subsidiaries.

**Mr. Jassim Mohammed Alseddiqi** has served as Chief Executive Officer of Abu Dhabi Financial Group since January 2011. He also serves as a member of the Board of Directors of First Abu Dhabi Bank PJSC, Chairman of Shuaa Capital PJSC and Chairman of Eshraq Properties PJSC. Mr. Alseddiqi also is a member of the Board of Directors of Tourism and Development Investment Company PJSC.

**Mr. Pedro Miró Roig** has been Chief Executive Officer of CEPSA since September 2013 and Vice Chairman since June 2014. From August 2011 through September 2013, Mr. Miró Roig served as Chief Operating Officer of CEPSA. Mr. Miró Roig also serves as Chairman of the Board of Trustees of Fundación Cepsa and as a member of the Boards of Trustees of the Princess of Asturias Foundation and Fundación para la Sostenibilidad Energética y Ambiental (FUNSEAM).

**Mr. David-Emmanuel Beau** is CIO of the Direct Investments Department at the Abu Dhabi Investment Council where he focuses on the MENA region. Prior to this, he was a Fund Manager at the Abu Dhabi Investment Authority. Mr. Beau has been working for the Abu Dhabi Government since November 2003. Mr. Beau sat on the Board of Directors of the National Bank of Abu Dhabi between 2009 and 2016. He is currently a member of the Board of Directors of InvestAD.

### Senior Management

In addition to the members of the Board of Directors, the day-to-day management of our operations is conducted by our senior management team, as follows:

Name	Year of Birth	Position	Year Appointed
Mr. Saeed Mubarak Al Rashdi	1971	Acting Chief Executive Officer and Senior Vice President, Technical	March 2016
Mr. John Carey	1962	Deputy Chief Executive Officer	September 2017
Mr. Petri Pentti	1962	Chief Financial Officer	November 2017
Mr. Jose F. Aramburu	1963	Vice President, Corporate	October 2017
Mr. Nasser Ali Al Hammadi	1964	Senior Vice President, Retail	September 2017
Mr. Saleh Khamis Humaid	1966	Senior Vice President, Operations	February 2012

**The management expertise and experience of each of the senior management team is set out below:**

**Mr. Saeed Mubarak Al Rashdi** joined us in 1995 and has served as our Acting Chief Executive Officer since March 2016 and our Senior Vice President, Technical since February 2012. From 2008 through 2012, Mr. Al Rashdi served as our Senior Vice President, Operations. Mr. Al Rashdi also serves on the Board of Directors of Abu Dhabi Petroleum Ports Operating Company (IRSHAD), a subsidiary of ADNOC that is the exclusive operator of hydrocarbon ports in Abu Dhabi, and on the Board Advisory Committees of ADNOC Refining, a subsidiary of ADNOC and a leading oil refining company, and of Abu Dhabi National Tanker Company (ADNATCO), a subsidiary of ADNOC that is involved in the global transportation of petroleum products. Mr. Al Rashdi holds a B.S. in Electrical Engineering from the University of Evansville, and an M.B.A. from United Arab Emirates University.

**Mr. John Carey** joined us as Deputy Chief Executive Officer in September 2017. Before joining us, Mr. Carey had held numerous senior positions at BP plc since 1994, including most recently as Senior Vice President of BP plc, where he was a senior adviser on future downstream strategy, since February 2017. From 2015 through February 2017, Mr. Carey was Senior Vice President, Sales and Marketing, BP Fuels North America. From 2013 to 2015, Mr. Carey was President, BP West Coast Products LLC, responsible for strategic and operational leadership of BP's downstream business on the West Coast of



the United States, focused on refining and retail of all products. From 2012-2013, Mr. Carey was Chief Executive Officer of BP Lubricants, Aviation, Offshore, Marine, Industrial and Energy. Mr. Carey holds a B.E. in Chemical Engineering from University College Dublin.

**Mr. Petri Pentti** joined us as Chief Financial Officer in November 2017. Before joining us, Mr. Pentti had served as Chief Financial Officer of Emirates National Oil Company Limited (ENOC) LLC, an integrated global oil and gas company owned by the Government of Dubai, since October 2008. Previously, Mr. Pentti had served as Chief Financial Officer of Neste Corporation, an oil refining and marketing company, from 2004-2008, and of Finnair, the largest airline of Finland, from 1998-2004. Mr. Pentti holds a master's degree in Economics and Business Administration from the Turku School of Economics and Business Administration.

**Mr. José F. Aramburu** joined us as Senior Vice President, Corporate in October 2017. From 2012 to September 2017, Mr. Aramburu held numerous senior positions with Compañía Española de Petróleos, S.A.U.(CEPSA), an integrated energy company operating at every stage of the oil value chain, including Specialties Manager, Cepsa Commercial Petroleum, from May 2014 to September 2017, with responsibility for the lubricants, LPG, aviation and bitumen businesses; Lubricants Manager, Cepsa Commercial Petroleum from December 2012 to May 2014; Business Development Director, Cepsa Quimica, from March 2012 to December 2012; and Commercial Director, Polyester and LAB, Cepsa Quimica, from June 2008 to March 2012. Mr. Aramburu holds a B.S. from Universidad Autónoma de Madrid.

**Mr. Nasser Ali Al Hammadi** joined us in 1988 and has served as our Senior Vice President, Retail since October 2017 with responsibility over our fuel and non-fuel retail businesses. Prior thereto, Mr. Al Hammadi served as our Senior Vice President, Corporate from April 2011 to October 2017 with responsibility over our Corporate and Aviation divisions. Mr. Al Hammadi holds a B.A. from United Arab Emirates University.

**Mr. Saleh Khamis Humaid** joined us in 1993 and has served as our Senior Vice President, Operations since February 2012. Prior thereto, Mr. Humaid had served as our Vice President, Health, Safety, Security & Environment, our Vice President, Maintenance & Technical Services, and our Engineering & Projects Division Manager. Mr. Humaid holds a B.Sc. in Electronics from the University of Arkansas at Little Rock, a Masters Certificate in Project Management from The George Washington University, and an Executive M.B.A. from Zayed University.

- **Conditions of eligibility, election, removal and proposed names of the Company's first Board formation:**

Board members will be elected by a general assembly meeting by cumulative voting by secret ballot. However, the first appointment of the Directors was made by the Founder.

- **Director's competencies and responsibilities:**

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the General Meeting of shareholders by law or by the Company's Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Company;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;

- proposing the issuance of new ordinary shares and any restructuring of the Company;
- appointing executive management;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling shareholder meetings and ensuring appropriate communication with shareholders.

Members of the Board are appointed by the shareholders for three-year terms. Board members may serve any number of consecutive terms.

### 3. Board Committees

In line with the Governance Rules, the Board will be assisted by two Board-level committees: Audit Committee and Nomination and Remuneration Committee.

- **Audit Committee**

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Company's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the Authority and the ADX, including the provisions of the Governance Rules.

The Governance Rules, as reflected in the Audit Committee charter, require that the Audit Committee must comprise at least three members who are Non-Executive Directors and that at least two of members must be independent. One of the independent members must be appointed as chairman of the committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The members of the Audit Committee will be appointed following completion of the Offering. The Audit Committee will meet not less than four times a year.

The Audit Committee has taken appropriate steps to ensure that the Company's external auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from our auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the independent Non-Executive Directors. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. In addition, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the Company's senior management.

The Governance Rules, as reflected in the Nomination and Remuneration Committee charter, require the Nomination and Remuneration Committee to be comprised of at least three Non-Executive Directors, at least two of whom must be independent. The chairman of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The members of the Nomination and Remuneration Committee will be appointed following completion of the Offering. The Nomination and Remuneration Committee will meet based on the Company's requirement from time to time.

- **Internal audit**

We have our in-house internal audit function.

#### **4. Shareholders' rights and responsibilities**

The Shareholders' key rights as per the Companies Law and the Articles of Association of the Company are as follows:

- The right to dividend distributions determined by the Board.
- The priority right to subscribe for new shares in secondary offerings and to receive their share of the assets upon liquidation of the Company.
- The right to attend General Assembly Meetings and receive a copy of the Company's financial statements.
- The right to be nominated as a member of the Board of Directors.
- The right to appoint the auditors of the Company and determine their remuneration.
- The limitation of liability of the shareholder to the payment of the purchased share value, but not for the Company's debts except within the limits of the nominal value of his shares

#### **5. Articles of Association**

The full text of the Articles of Association of the Company as at Listing are annexed to the Prospectus.

#### **6. Legal matters**

The following summary is qualified by the relevant provisions of the Company's Articles of Association and the Companies Law.

- **Articles of Association**

The Company's Articles of Association describe the rights and obligations associated with the ownership of the Shares in detail.

- **Attending General Assembly and voting rights**

Each Shareholder shall have the right to attend the General Assembly meetings and shall have a number of votes equal to the number of his Shares.

- **Share register**

Upon listing on the ADX, the Shares will be dematerialised and the share register will be maintained by the ADX.

- **Financial information**

A Shareholder is entitled to request a copy of the annual audited financial statements of the Company.

- **Financial year**

The financial year of the Company will start on the 1st of January and end on 31st of December of each year.

- **Dividends and liquidation proceeds**

The Company shall pay dividends on Shares in compliance with the regulations and decisions issued by the Authority. Eligible Shareholders shall have the sole right to the profits due on those Shares. In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with Article 169 of the Companies Law.

- **General Assembly**

The Board may convene a General Assembly whenever it deems necessary. The Shareholders may also require the Board to convene a meeting if it is requested by a number of Shareholders holding not less than twenty per cent (20%) of the Company's issued share capital. In any event, the General Assembly must convene at least once a year upon an invitation by the Board within the four (4) months following the end of the financial year at the place and the time specified in the invitation to the meeting.

Any resolution adopted by the General Assembly without consideration to the Company's interests in favour of a particular group of Shareholders, causing damage to them or providing a private benefit to the members of the Board or to third parties, may be revoked.

The judgment annulling a resolution of an Ordinary General Assembly shall consequently lead to the resolution being considered as non-existent vis a vis all Shareholders. The Board must publish the annulment judgment in two local daily newspapers published in the Arabic language.

Proceedings for annulment are time barred on the expiry of one year from the date of adopting the resolution contested. Initiating the proceedings will not prevent the implementation of the resolution unless the court decides otherwise.

- **Liability of the Board**

The Board shall be liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of power, violation of the law or the Company's Articles of Association. The Company shall have the right to initiate proceedings against the members of the Board claiming damages suffered by the shareholders as a result of the Board's faults. A resolution of the General Assembly shall be adopted specifying who shall initiate the proceedings on behalf of the Company.

Any Shareholder may independently initiate proceedings if the Company fails to do so, if the Board's acts have caused a particular damage to the initiating Shareholder. However, he must notify the Company of his intention to initiate proceedings beforehand.

- **Appointment of the Chairman and the Powers of the Chairman**

The Articles of Association provide that the Board of Directors may elect, from amongst their members, a chairman and a vice-chairman. The chairman shall represent the Company before the courts and shall execute the resolutions adopted by the Board of Directors. In the event that there is an equality of votes by the directors, then the Chairman shall have a casting vote.

- **Law of Establishment**

The Company is established pursuant to Law No. 12 of 1979, amending Law No. 13 of 1973. A new law of establishment will be issued before Listing, which will approve the offering and issuance of the Offer Shares, the share capital of the Company and the par value per Share.

- **Exemption from the Companies Law**

The Company is exempted from Article 207 of the Companies Law in relation to the minimum par value per share, whereby the par value per share may be fixed below AED 1.

## 7. Independent Accountants

Deloitte & Touche (M.E.), PO Box 990, Abu Dhabi, UAE, have reported on our financial statements as of and for the years ended 31 December 2015 and 2016 and as of and for the nine month period ended 30 September 2017 and as stated in their report appearing herein.

## 8. Material events and contracts concluded by the Company within and before the conversion period

- **Related Party Transactions**

We are and have been a party to various agreements and other arrangements with related parties, comprising ADNOC and certain of its other subsidiaries. The most significant of these transactions are described below. For details of the impact of related party transactions on our financial position and financial results as at and for the years ended 31 December 2015 and 2016, as at 30 September 2017, and for the nine months ended 30 September 2016 and 2017, please refer to note 8 of notes to financial statements.

- **Relationship Agreement**

Prior to Listing, we will enter into a Relationship Agreement with ADNOC pursuant to which ADNOC will agree, for so long as the Shares are listed on the ADX and ADNOC owns or controls more than 50% of the Shares, to take or not to take certain specified actions. These include: (a) not to take certain actions that might interfere with our status as an independent company, including (i) ADNOC will not take any action that would interfere with our ability to comply with our obligations under certain ADX and SCA listing and governance rules, and (ii) ADNOC will conduct all transactions with us on arms' length terms and on a commercial basis and will allow us to carry out our business independently; (b) not to engage in a competing gasoline or CNG filling station business or retail convenience store business; (c) not to terminate, and to renew at our request, any real estate lease or land-use agreement, the Brand Usage Agreement, the Refined Products Supply Agreement, the LPG Supply Agreement, the CNG Supply Agreement and the Base Oil Supply Agreement, in each case so long as we are not in material default of our obligations under those agreements; and (d) to acquire or lease, on our behalf and at our expense, any real estate needed for the operation of our business, and to enter into a corresponding lease agreement, sub-lease or land use agreement with us for such land. In addition, ADNOC will agree not to seek to induce certain specified senior employees to become engaged (whether as an employee, consultant or otherwise) with ADNOC for a period of twelve months from the listing date. Pursuant to the Relationship Agreement, we also will agree to enter into transactions with ADNOC and other members of the ADNOC group only with the approval of a majority of our directors, including a majority of the independent directors (other than transactions that do not require board approval in accordance with our delegation of authority adopted by our Board).

### **Supply Agreements**

#### *Refined Products Supply Agreement*

We entered into the Refined Products Supply Agreement with ADNOC, effective 1 October 2017, pursuant to which we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, refined liquid hydrocarbons, comprising unleaded gasoline (91, 95 and 98 grades), gas oil (diesel), illuminating kerosene, and aviation fuels. The term of the Refined Products Supply Agreement is for an initial period expiring on 31 December 2022, and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date. Under the Refined Products Supply Agreement, ADNOC has committed to supply all quantities of refined products included in annual and quarterly plans and has agreed to use its best endeavours to source such products from third-party suppliers to the extent not otherwise available to it.

Pursuant to the Refined Products Supply Agreement, the prices for gasoline and gas oil (diesel) will equal the Platt's benchmarks utilised by the Retail Price Committee chaired by the UAE Ministry of Energy to set retail pump prices plus 2.7 fils per litre, provided that during the initial term of the agreement expiring on 31 December 2022, such prices will be reduced on a fils-for-fils basis if the regulated gross margins on retail sales of gasoline and diesel are reduced from their current levels. In addition, ADNOC must make a

payment to us to the extent that, for any contract year, the actual per-litre gross margin we earn on retail sales of gasoline and diesel (calculated by reference to actual retail fuel sale revenue less the price we pay for such fuel under the Refined Products Supply Agreement) is less than 26.3 fils per litre in the case of grade 91 gasoline, less than 33.3 fils per litre in the case of grade 95 gasoline, less than 44.3 fils per litre in the case of grade 98 gasoline, and less than 49.3 fils per litre in the case of diesel. Any fils-per-litre shortfall against such minimum margin levels is payable to us by ADNOC in respect of all fuel quantities we have sold of the affected grade during the relevant year. For other refined products, including illuminating kerosene and aviation fuels, prices will be ADNOC's official selling prices for such products.

Under the Refined Products Supply Agreement, we have agreed to purchase refined products exclusively from ADNOC, and ADNOC undertakes not to compete with us in selling to any customer in the UAE without our consent, except for sales to Emarat, ENOC, customers purchasing more than 10,000 metric tonnes of refined products, and customers to whom we have elected not to sell refined products. ADNOC has also undertaken not to sell on a spot basis to unaffiliated non-export customers in the UAE at prices lower than the prices it charges us.

#### LPG Supply Agreement

We entered into the LPG Supply Agreement with ADNOC, effective 1 October 2017, pursuant to which we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, butane, propane and LPG in quantities requested by us and confirmed by ADNOC. The term of the LPG Supply Agreement is for an initial period expiring on 31 December 2022, and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date. Under the LPG Supply Agreement, ADNOC has committed to supply the quantities of products confirmed by ADNOC each month and has agreed to use its best endeavours to source such products from third-party suppliers to the extent not otherwise available to it.

Pursuant to the LPG Supply Agreement, prices for butane, propane and LPG are ADNOC's official selling prices as in effect from time to time, provided that, for so long as the retail price of LPG cylinders is regulated, the price for LPG to be resold in subsidised cylinders will be equal to such regulated retail price less 108% of our operating costs for distributing subsidised cylinders.

Under the LPG Supply Agreement, we have agreed to purchase butane, propane and LPG exclusively from ADNOC, and ADNOC undertakes not to compete with us in selling to any customer in the UAE without our consent, except for sales to Emarat, ENOC, customers purchasing more than 80,000 metric tonnes per annum of products, and customers to whom we have elected not to sell products. ADNOC has also undertaken not to sell on a spot basis to unaffiliated non-export customers in the UAE at prices lower than the prices it charges us.

#### Base Oil Supply Agreement

We purchase base oil used to produce lubricants and for resale to our Corporate division customers from ADNOC pursuant to an annual confirmation, the most recent of which is effective as of 1 October 2017, which incorporates ADNOC's general terms and conditions for sales of base oil (the "**Base Oil Supply Agreement**"). Under the terms of the Base Oil Supply Agreement, we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, specified volumes of base oils at prices set forth in the Base Oil Supply Agreement, which are reviewed annually. The term of the Base Oil Supply Agreement is for an initial five-year period expiring on 31 December 2022 and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date.

#### **Natural Gas Supply and Service Agreements**

In November 2017, we entered into the Business Transfer Agreement with ADNOC pursuant to which we have agreed to transfer to ADNOC at net book value (with certain specified adjustments) all of the assets and operations relating to the NG Business, other

than those assets and operations located at our retail fuel service stations for the sale of CNG to operators of natural gas-powered vehicles. This transaction is expected to close in mid-2018.

In connection with the Business Transfer Agreement, we also entered into the Natural Gas Supply Agreement, pursuant to which we will purchase natural gas from ADNOC for sale as CNG at our retail fuel service stations. Under the terms of the Natural Gas Supply Agreement, we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, specified volumes of natural gas, which we may only resell at our retail fuel service stations, as part of our business selling CNG to natural-gas powered vehicles, or back to ADNOC. The term of the Natural Gas Supply Agreement is for an initial period expiring on 31 December 2022 and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date.

Upon the closing of the transfer of the NG Business, we will enter into the Natural Gas Support Services Agreement, pursuant to which we will provide certain support services to assist ADNOC in operating the natural gas distribution business, including services related to marketing and communication, internal audit, information technology, finance, human resources, procurement and legal, for a one-year period unless extended by agreement of us and ADNOC; and the CNG Sales and Transportation Services Agreement, pursuant to which we will, if requested by ADNOC, sell CNG back to ADNOC and provide related transportation services under certain circumstances.

#### **Real Property Transfer Liability and Leaseback Agreement**

In order to continue to comply with property ownership laws in the UAE following the Offering, our real property portfolio was transferred to ADNOC pursuant to decisions of the Crown Prince of Abu Dhabi and the Rulers of the Northern Emirates. To allocate liabilities associated with the property transfers, and to ensure we have continued access to our properties, we entered into Transfer Liability and Leaseback Agreements with ADNOC. Under the terms of the Real Estate Transfer Liability and Leaseback Agreements, ADNOC has agreed to lease all real estate transferred to it back to us on a cost-pass-through basis. Each lease has a term of four years and will renew automatically unless notice of termination is given by us at least one year prior to then-effective expiration date. Under the terms of the agreements, we will indemnify ADNOC for any environmental liabilities relating to our operations on the properties.

#### **Brand Usage Agreement**

We have entered into a brand usage agreement (the “**Brand Usage Agreement**”) with ADNOC pursuant to which ADNOC has granted to us a non-exclusive license to use certain of ADNOC’s trademarks and logos in Africa, Europe, the GCC, and any other countries or territories as may be agreed by us and ADNOC in writing from time to time in connection with (a) the operation of fuel service stations, (b) the manufacture, sale, storage, marketing and distribution of petroleum products, including engine oils, bitumen and other petroleum by-products, (c) other goods and services related to the foregoing, including lubricants, car washing services, merchandise and sponsorships, and (d) any other activities that we currently are engaged in or that may be otherwise required for our operations from time to time. The license granted under the Brand Usage Agreement is royalty-free for the first four years. Thereafter, we will pay ADNOC a license fee in an amount to be agreed between us and ADNOC. Subject to the restrictions set forth in the Relationship Agreement, the Parent may terminate the Brand Usage Agreement upon twelve months’ notice, including if the parties are unable to agree on the license fee payable after the first four years.

#### **Civil Aviation Supply Carve-out**

##### *Aviation Sales Transfer Agreement*

We entered into an aviation sales transfer agreement (the “**Aviation Sales Transfer Agreement**”) with ADNOC in September 2017, pursuant to which we have transferred all contracts for the sale and supply of jet fuel to the civil aviation sector, and related receivables and jet fuel inventories (other than any Jet A-1 held at Al Dhafra Terminal), to ADNOC effective as at 30 September 2017, while related personnel have remained

our employees. ADNOC has compensated us based on the net book value of the receivables and inventory and, on the effective date, ADNOC became responsible to perform all obligations under the transferred contracts, assumed all related liabilities, and agreed to indemnify us from any liabilities related thereto.

#### Aviation Services Agreement

We entered into the Aviation Services Agreement with ADNOC and AssetCo to provide ADNOC with services to operate its civil aviation supply business and to provide operations and maintenance services in respect of storage tanks and other assets transferred to AssetCo as part of ADNOC Refining Perimeter Reorganisation and in which ADNOC stores its jet fuel inventory following the Civil Aviation Supply Carve-out. Pursuant to the Aviation Services Agreement, ADNOC may request us to perform certain services relating to the transportation and delivery of fuel to its civil aviation customers, which we may perform ourselves or procure third-party service providers to perform. These services are expected to include sales and marketing, operations and supply chain management, quality control, fuel transportation, and aviation refuelling services. For providing services under the Aviation Services Agreement, ADNOC has agreed to compensate us in an amount equal to our operating expenses incurred in connection therewith (including any related taxes or other charges) plus 8% of such amount, and to reimburse us for the costs of any third-party service providers. During the term of the Aviation Services Agreement, we have agreed that we will not own or engage in a civil aviation supply business that competes with ADNOC's civil aviation supply business. The Aviation Services Agreement has an initial term expiring on 31 December 2022, with successive five-year renewal periods unless any party provides at least 12-months' notice of its intent not to renew.

As a result of the Aviation Sales Transfer Agreement and the Aviation Services Agreement, all commercial airlines and other civil aviation customers are customers of ADNOC, and are not our customers. We provide refuelling and other related services to these customers as an agent of ADNOC, for which we are compensated under the Aviation Services Agreement.

#### **ADNOC Refining Perimeter Reorganisation**

##### ADNOC Refining Asset Purchase Agreement

On 30 September 2017, we entered into the ADNOC Refining Asset Purchase Agreement with ADNOC Refining and AssetCo pursuant to which ADNOC Refining has transferred certain assets to us or, to the extent such assets have been built at specifications and capacities that exceed our needs, to AssetCo. These assets comprise certain storage, pipeline and other fuel terminal and distribution assets that ADNOC Refining had constructed primarily for our benefit. The assets that were transferred to us had historically been operated and maintained by us. In consideration of the transfer of assets that are being transferred to us, we have agreed to pay ADNOC Refining approximately AED 696.2 million, representing the net book value of such assets. On the fifth anniversary of such transfer, we will discuss with the AssetCo the potential acquisition of its assets, subject to agreement on pricing and other terms.

##### AssetCo O&M Agreement

We entered into the AssetCo O&M Agreement with AssetCo on 30 September 2017 pursuant to which we provide operations and maintenance services in respect of those assets that were transferred to AssetCo under the ADNOC Refining Asset Sale Agreement and that historically had been operated and maintained by us. Certain other assets that were transferred to AssetCo under the ADNOC Refining Asset Sale Agreement historically had been and will continue to be operated and maintained by ADNOC Refining, for which ADNOC Refining will be compensated by AssetCo. In addition, the AssetCo O&M Agreement grants us the right to use these assets in connection with our fuel distribution operations. For providing services under the AssetCo O&M Agreement, AssetCo has agreed to compensate us in an amount equal to our operating expenses incurred in connection therewith (including any related taxes or other charges) plus 8% of such amount, and to reimburse us for the amount of any required capital expenditures. Amounts due to us by AssetCo are offset by amounts we owe AssetCo for utilisation of the assets transferred to AssetCo. The AssetCo O&M



Agreement has an initial term expiring on 31 December 2022, with successive five-year renewal periods unless we provide at least 12-months' notice of our intent not to renew.

#### **Shareholder Services Agreement**

Prior to the Listing, we will enter into a Shareholder Services Agreement with ADNOC pursuant to which ADNOC will provide us with certain administrative and other support in the areas of treasury, accounting, finance, tax, legal and compliance support, corporate governance, HR, logistics, information technology, procurement, insurance, risk management, record keeping, reporting and general and administrative services to the extent we determine based on our business requirements. Pursuant to the terms of the Shareholder Services Agreement, we and ADNOC will negotiate the cost, including the cost of third-party service providers, for the provision of such services, provided that ADNOC will not charge us for the provision of such services, other than the actual cost of third-party service providers and allocated costs of group insurance, for the initial four-year term of the agreement. The Shareholder Services Agreement has an initial four-year term and thereafter may be extended by agreement of us and ADNOC.

**Acknowledgement issued by the Founder Committee and members of the Board.**

We, the members of the Founder Committee and members of the Board of **Abu Dhabi National Oil Company for Distribution** (a public joint stock company), in our joint and several capacity, hereby acknowledge full responsibility with respect to the validity of the data and information contained in the subscription prospectus. Having exercised the standard of care of a reasonable person, we confirm that there is no material fact or information the lack of which in the Prospectus will make any statement contained therein to be misleading or influential in the investment decision of the Subscribers.

We are committed to the issuance and disclosure rules issued by the Authority and undertake to notify the Authority of any material events or changes that may affect the financial position of the Company as of the date of submitting the application to offer the Shares for public subscription to the Authority until the date of starting the subscription process. We also confirm that they applied adequate diligence in concluding agreements that determine the duties and responsibilities of the parties participating in the subscription process according to the best terms available at the contractual date and pursuant to the requirements issued by the Authority.

Upon any change or amendment in the subscription information or conditions, we undertake to notify the Authority immediately and to obtain the approval of the Authority on the advertisements, publication and promotional campaigns that the company may wish to publish to promote and introduce the subscription.

Upon the completion of the subscription, we undertake to complete the registration and listing of the subscribed Shares with the competent bodies within a period not exceeding the time appointed by the Authority.

## Annex 1 - Historical Financial Information

**ABU DHABI NATIONAL OIL  
COMPANY FOR DISTRIBUTION**

**Report and carve-out financial  
statements for the year ended  
31 December 2016**

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

## **Report and carve-out financial statements for the year ended 31 December 2016**

---

	<b>Pages</b>
<b>Independent Auditor's Report</b>	<b>1 – 2</b>
<b>Carve-out statement of financial position</b>	<b>3</b>
<b>Carve-out statement of profit or loss and comprehensive income</b>	<b>4</b>
<b>Carve-out statement of changes in equity</b>	<b>5</b>
<b>Carve-out statement of cash flows</b>	<b>6</b>
<b>Notes to the carve-out financial statements</b>	<b>7 – 36</b>

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
Abu Dhabi National Oil Company for Distribution  
Abu Dhabi, U.A.E.

### Report on the carve-out financial statements

#### *Opinion*

We have audited the carve-out financial statements of Abu Dhabi National Oil Company for Distribution ("ADNOC Distribution" or the "Company") and its subsidiary (collectively referred to as "the Group"), which comprise the carve-out statement of financial position as at December 31, 2016 and 2015, and the carve-out statement of profit or loss and comprehensive income, carve-out statement of changes in equity and carve-out statement of cash flows for the years then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies set out in note 3 to the carve-out financial statements.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the carve-out financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the carve-out financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of matter - Basis of preparation*

We draw attention to notes 1 and 3 to the carve-out financial statements which describes the basis of preparation of these carve-out financial statements. The carve-out financial statements have been prepared for inclusion in the prospectus for the listing of the Group shares on the Abu Dhabi Securities Exchange. As a result, the carve-out financial statements may not be suitable for another purpose.

#### *Responsibilities of management and those charged with governance for the carve-out financial statements*

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with the accounting policies set out in note 3 to the carve-out financial statements, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error. In preparing the carve-out financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practising auditors with the UAE Ministry of Economy.

## INDEPENDENT AUDITOR'S REPORT (continued)

### *Auditor's responsibilities for the audit of the carve-out financial statements*

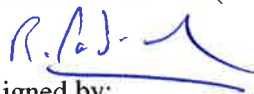
Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche (M.E.)



Signed by:

Rama Padmanabha Acharya

Registration Number 701

12 OCT 2017

Abu Dhabi

United Arab Emirates

**Carve-out statement of financial position  
as at 31 December 2016**


	Notes	2016 AED'000	2015 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,373,773	3,482,940
Advances to contractors		127,021	146,899
<b>Total non-current assets</b>		<b>4,500,794</b>	<b>3,629,839</b>
<b>Current assets</b>			
Inventories	6	1,093,818	842,035
Trade receivables and other current assets	7	1,656,831	2,757,861
Due from related parties	8	353,390	320,694
Cash and bank balances	9	3,833,454	921,191
<b>Total current assets</b>		<b>6,937,493</b>	<b>4,841,781</b>
<b>Total assets</b>		<b>11,438,287</b>	<b>8,471,620</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	1,000,000	1,000,000
Capital contribution	11	6,304,418	-
Legal reserve	12	333,333	329,489
Retained earnings/(accumulated losses)		1,845,017	(36,147,682)
<b>Total equity/(deficit)</b>		<b>9,482,768</b>	<b>(34,818,193)</b>
<b>Non-current liability</b>			
Provision for employees' end of service benefit	13	236,926	278,259
<b>Current liabilities</b>			
Trade and other payables	14	1,115,047	1,062,315
Due to related parties	8	603,546	41,949,239
<b>Total current liabilities</b>		<b>1,718,593</b>	<b>43,011,554</b>
<b>Total liabilities</b>		<b>1,955,519</b>	<b>43,289,813</b>
<b>Total equity and liabilities</b>		<b>11,438,287</b>	<b>8,471,620</b>



**Salah Ahmed Al Sabbagh**  
Chief Financial Officer



**Saeed Mubarak Al Rashdi**  
Acting Chief Executive Officer



Board of Director

The accompanying notes form an integral part of these carve-out financial statements.





**Carve-out statement of profit or loss and comprehensive income  
for the year ended 31 December 2016**

	Notes	2016 AED'000	2015 AED'000
Revenue	15	17,670,071	21,220,026
Direct costs	16	(13,443,563)	(17,555,538)
<b>Gross profit</b>		<b>4,226,508</b>	<b>3,664,488</b>
Distribution and administrative expenses	17	(2,549,782)	(2,517,110)
Other income	18	160,995	216,578
Impairment losses and other operating expenses	19	(59,252)	(72,100)
<b>Operating profit</b>		<b>1,778,469</b>	<b>1,291,856</b>
Interest income		2,491	3,031
<b>Profit for the year</b>		<b>1,780,960</b>	<b>1,294,887</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,780,960</b>	<b>1,294,887</b>
<b>Earnings per share:</b>			
Basic and diluted	21	178.10	129.49

The accompanying notes form an integral part of these carve-out financial statements.

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION

5

Carve-out statement of changes in equity  
for the year ended 31 December 2016

	Share capital AED'000	Capital contribution AED'000	Legal reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Total AED'000
Balance at 1 January 2015	1,000,000	-	200,000	(37,313,080)	(36,113,080)
Total comprehensive income for the year	-	-	-	1,294,887	1,294,887
Transfer to legal reserve (note 12)	-	-	129,489	(129,489)	-
Balance at 1 January 2016	1,000,000	-	329,489	(36,147,682)	(34,818,193)
Total comprehensive income for the year	-	-	-	1,780,960	1,780,960
Waiver of amount due to a related party (notes 8 & 11)	-	-	-	36,215,583	36,215,583
Additional capital contribution (note 11)	-	6,304,418	-	-	6,304,418
Transfer to legal reserve (note 12)	-	-	3,844	(3,844)	-
<b>Balance at 31 December 2016</b>	<b>1,000,000</b>	<b>6,304,418</b>	<b>333,333</b>	<b>1,845,017</b>	<b>9,482,768</b>

**Carve-out statement of cash flows  
for the year ended 31 December 2016**

	2016 AED'000	2015 AED'000
<b>Cash flows from operating activities</b>		
Profit for the year	1,780,960	1,294,887
Adjustments for:		
Depreciation of property, plant and equipment	347,076	263,523
Impairment losses on receivables – net of recoveries	22,238	52,502
Employees' end of service benefit charge	29,485	35,155
Gain on disposal of property, plant and equipment	(3,104)	(5,465)
Reversal for write down of finished goods to net realisable value	-	(23,365)
Impairment loss for slow moving and obsolete inventories	1,027	1,350
Inventories written off	11,964	1,873
Interest income	(2,491)	(3,031)
<b>Operating cash flows before movements in working capital</b>	<b>2,187,155</b>	<b>1,617,429</b>
(Increase)/decrease in inventories	(264,774)	41,140
Decrease/(increase) in trade receivables and other current assets	1,078,792	(261,362)
Increase in due from related parties	(32,696)	(96,568)
Decrease in trade and other payables	(24,980)	(148,357)
Increase/(decrease) in due to related parties	1,174,308	(672,352)
<b>Cash generated from operating activities</b>	<b>4,117,805</b>	<b>479,930</b>
Payment of employees' end of service benefit	(70,818)	(11,093)
<b>Net cash generated from operating activities</b>	<b>4,046,987</b>	<b>468,837</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(1,040,151)	(880,266)
Payments for advances to contractors	(100,199)	(60,493)
Proceeds from disposal of property, plant and equipment	3,135	5,564
Interest received	2,491	3,031
<b>Net cash used in investing activities</b>	<b>(1,134,724)</b>	<b>(932,164)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,912,263</b>	<b>(463,327)</b>
Cash and cash equivalents at beginning of the year	821,191	1,284,518
<b>Cash and cash equivalents at end of the year (note 9)</b>	<b>3,733,454</b>	<b>821,191</b>
<b>Non-cash transactions</b>		
Accruals for property, plant and equipment	77,712	46,723
Advances to contractors transferred to property, plant and equipment	120,077	46,908
Additional capital contribution (note 11)	6,304,418	-
Transfer of accumulated losses to due to a related party (note 11)	36,215,583	-

The accompanying notes form an integral part of these carve-out financial statements.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016****1 General information**

Abu Dhabi National Oil Company for Distribution (“ADNOC Distribution” or the “Company”) is a company incorporated by Law No. 13 of 1973 issued by His Highness the Acting Ruler of the Emirate of Abu Dhabi.

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 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.

The Group is a wholly owned subsidiary of Abu Dhabi National Oil Company (“ADNOC”, “Shareholder”, or the “Parent Company”), which is wholly owned by the Government of Abu Dhabi (the “Ultimate Shareholder”), and is registered in Abu Dhabi, United Arab Emirates.

The Group’s registered head office is at P.O. Box 4188, Abu Dhabi, United Arab Emirates.

On 14 September 2017, the Parent Company approved the transfer of the sales and purchasing activities of the Civil Aviation Division (the “Division”) to itself so that all the sales, cost of sales, receivables and inventories of the Division will be accounted for by the Parent Company. According to the transfer plan, the Division’s selling and purchasing activities will be carried out by the Parent Company while ADNOC Distribution, acting as an agent of the parent company, will handle the operations of the Division, and will charge the Parent Company a percentage of the costs incurred as agreed by both parties.

Historically, the Division’s sales and purchasing activities and transactions were accounted for by the Company and included in its consolidated financial statements. The carve-out financial statements presented herein reflect the financial position of the Group as at 31 December 2016 and 31 December 2015, and its financial performance and its cash flows for the years then ended excluding the sales and cost of sales, distribution and administrative expenses, receivables/payables and inventories of the Division.

The carve-out financial statements of the Group have been prepared for the inclusion in the prospectus for the listing of ADNOC Distribution shares in the Abu Dhabi Securities Exchange.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****1 General information (continued)****Statement of compliance**

The carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), except for the carve-out of certain assets, liabilities, revenues and expenses relating to sale and purchasing activities of the Division, as well as the related cash flows which are to be transferred to the Parent Company as described under the “Basis of preparation” in note 3.

**2 Application of new and revised International Financial Reporting Standards (IFRS)****2.1 New and revised IFRSs applied with no material effect on the carve-out financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these carve-out financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 *Presentation of Financial Statements* relating to disclosure initiative
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

**2.2 New and revised IFRS in issue but not yet effective**

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

**IFRS 9 Financial Instruments:**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ measurement category for certain simple debt instruments.

A finalised version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a ‘fair value through other comprehensive income’ category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However there are differences in the requirements applying to the measurement of an entity’s own credit risk.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 9 Financial Instruments (continued):**

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Management anticipates that IFRS 9 (2014) will be adopted in the Group's financial statements for the annual year beginning 1 January 2018. The application of IFRS 9 (2014) may have potential impact on measurement of the impairment of the Group's trade receivables that is based on estimates of losses arising from failure or inability of customers to make the required payments or the time value of money. The Group is continuing to assess the impact of these and other changes on the financial statements.

**IFRS 15 Revenue from Contracts with Customers:**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, and principal versus agent considerations, as well as licensing application guidance.

The potential impact of the revenue standard for the Group is expected to be on the measurement of sales on contracts with customers that provide discounts, rebates, consignment inventories and upfront fees. The Group is continuing to assess the impact of these and other changes on the financial statements.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 16 Leases:**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and 15 replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

Management anticipates that IFRS 16 will be adopted in the Group's financial statements for the annual year beginning 1 January 2019. The application of IFRS 16 may have a significant impact on amounts reported and disclosures made in the Group's financial statements in respect of Group's financial assets and financial liabilities. With the adoption of IFRS 16, off-balance sheet operating lease commitments as disclosed in note 22 will be recognised as on balance sheet item as follows:

- a. Recognised as a right of use asset and related lease liability; and
- b. Rent expense will be replaced by amortisation charge on right of use of asset and a finance charge on minimum lease payments.

**3 Summary of significant accounting policies**

**Basis of preparation**

The carve-out financial statements have been prepared on a carve-out basis from the consolidated financial statements for the year ended 31 December 2016 by carving out the sales, cost of sales receivables/payables and inventories of the Division.

The carve-out financial statements may not be indicative of Group's future performance and they do not necessarily reflect what its carve-out results of operations, financial position and cash flows would have been, had the Division been transferred in prior years.

The carve-out financial statements are presented in United Arab Emirates Dirham (AED) which is the functional currency of the Company and the Group's presentation currency. All amounts have been rounded to the nearest AED thousand ("000"), unless otherwise stated.

The carve-out financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies adopted are set out in the succeeding pages:

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**3 Summary of significant accounting policies (continued)**

**Basis of consolidation**

The carve-out financial statements incorporate the financial statements of the Company and the entity controlled by the Company. Control is achieved where the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement; and has the ability to use its power to affect its returns.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Details of the Company's subsidiary are as follows:

Name of subsidiary	Ownership interest		Country of incorporation	Principal activities
	2016	2015		
ADNOC Distribution Global Company L.L.C.	100%	100%	U.A.E.	Commercial agencies Commercial enterprises Investment, institution and management

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amounts of replaced parts are derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	5 – 25 years
Plant and machinery	5 – 15 years
Motor vehicles	4 – 10 years
Furniture, fixtures and equipment	5 years
Pipelines	15 – 20 years



**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****3 Summary of significant accounting policies (continued)****Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

Land provided by the Government of Abu Dhabi for no consideration is accounted for at a nominal value of AED 1 per plot of land. Land is not depreciated.

**Capital work-in-progress**

Capital work-in-progress is included in property, plant and equipment at cost. Capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset is commissioned and available for use.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, consumables, spare parts, direct labour and materials and related overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

**Impairment of tangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****3 Summary of significant accounting policies (continued)****Impairment of tangible assets (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Financial assets**

The Group has the following financial assets as at 31 December 2016: 'cash and cash equivalents', term deposits, trade receivables and other current assets (excluding prepaid expenses) and due from related parties. These financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks in current accounts and short-term, high liquid investments with original maturities less than three months that are readily convertible to known amounts of cash and are subject to an insignificant changes in value.

Loans and receivables

Trade receivables and other current assets (excluding prepaid expenses) and due from related parties that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****3 Summary of significant accounting policies (continued)****Financial assets (continued)**Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

**Financial liabilities and equity instruments**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities comprise trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding) and due to related parties, which are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except, for short-term liabilities when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**3 Summary of significant accounting policies (continued)**

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for products and services provided in the normal course of business. Revenue is recognised, net of rebates and discounts, when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and associated cost can be measured reliably.

*Sales of goods*

Sale of goods and petroleum products are recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, which generally coincides with the actual delivery of goods. Delivery does not occur unless the products have been shipped out of the Group's premises or received by the customer.

*Rendering of services*

Revenues from rendering of services are recognised when the services have been rendered and the outcome of the transactions can be estimated reliably.

*Delivery income*

Revenue from petroleum transport are recognised when services are rendered. These revenues are based on the quantities transported and measured according to procedures defined in each service contract.

*Rental income*

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

*Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

*Other income*

Other income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****3 Summary of significant accounting policies (continued)****Leases**The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**Foreign currencies**

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the period in which they arise.

**Employees' benefit**

Provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law, for their period of service up to the end of the reporting date.

With respect to its UAE national employees, the Group makes contributions to the Abu Dhabi Retirement Pension and Benefits Fund (the "Fund") calculated in accordance with the Fund's regulations. With respect to its GCC national employees, the Group makes contributions to the pension funds or agencies of their respective countries. The Group's obligations are accrued over the period of employment.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefit is disclosed as a non-current liability.

**Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**4 Critical accounting judgments and key sources of estimation uncertainty**

While applying the accounting policies as stated in note 3, the management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates made by management are summarised as follows:

**Key sources of estimation uncertainty**

Impairment of trade receivables

The impairment charges reflect estimates of losses arising from the failure or inability of customers to make the required payments or the time value of money. The charge is based on the ageing of accounts, the customer's credit worthiness and historic loss experience. Changes to the estimated impairment provision may be required if the financial position of the customers was to improve or deteriorate. As at 31 December 2016, the Group's allowance for impairment of trade receivables amounted to AED 178,196 thousand (2015: AED 155,958 thousand).

Estimated useful lives and residual values of property, plant and equipment

Management reviews the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period in accordance with IAS 16 *Property, Plant and Equipment*. Management determined that current year expectations do not differ from previous estimates based on its review.

Dismantling cost of property, plant and equipment

In accordance with IAS 16, the cost of property, plant and equipment shall include an initial estimate of the costs of dismantling and removing the item and restoring the site. Management have considered the requirements and determined that dismantling and removing the item and restoring the site in the future is not probable and estimate of costs is not significant.

**ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION**

Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)

**5 Property, plant and equipment**

Cost	Buildings AED'000	Plant and machinery AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Pipelines AED'000	Capital work-in- progress AED'000	Total AED'000
1 January 2015	2,384,154	914,311	229,835	284,110	34,077	979,381	4,825,868
Additions	-	-	-	-	-	973,897	973,897
Transfers	434,875	200,755	10,696	55,246	3,057	(704,629)	-
Disposals	-	(936)	(14,526)	(1,527)	-	-	(16,989)
1 January 2016	2,819,029	1,114,130	226,005	337,829	37,134	1,248,649	5,782,776
Additions	-	-	-	-	-	1,237,940	1,237,940
Transfers	696,241	166,341	34,461	227,746	10,549	(1,135,338)	-
Disposals	(2,704)	(2,443)	(8,198)	(1,862)	-	-	(15,207)
<b>31 December 2016</b>	<b>3,512,566</b>	<b>1,278,028</b>	<b>252,268</b>	<b>563,713</b>	<b>47,683</b>	<b>1,351,251</b>	<b>7,005,509</b>

Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)

5 Property, plant and equipment (continued)

	Buildings AED'000	Plant and machinery AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Pipelines AED'000	Capital work-in- progress AED'000	Total AED'000
<b>Accumulated depreciation</b>							
1 January 2015	1,066,348	608,654	158,787	194,553	24,861	-	2,053,203
Charge for the year	117,136	86,026	23,409	36,115	837	-	263,523
Reclassifications	270	(431)	-	11	150	-	-
Disposals	-	(899)	(14,473)	(1,518)	-	-	(16,890)
1 January 2016	1,183,754	693,350	167,723	229,161	25,848	-	2,299,836
Charge for the year	147,450	110,981	22,753	64,080	1,812	-	347,076
Reclassifications	749	(2,260)	-	1,408	103	-	-
Disposals	(2,703)	(2,429)	(8,199)	(1,845)	-	-	(15,176)
<b>31 December 2016</b>	<b>1,329,250</b>	<b>799,642</b>	<b>182,277</b>	<b>292,804</b>	<b>27,763</b>	<b>-</b>	<b>2,631,736</b>
<b>Carrying amount</b>							
<b>31 December 2016</b>	<b>2,183,316</b>	<b>478,386</b>	<b>69,991</b>	<b>270,909</b>	<b>19,920</b>	<b>1,351,251</b>	<b>4,373,773</b>
31 December 2015	1,635,275	420,780	58,282	108,668	11,286	1,248,649	3,482,940
<b>Cost of fully depreciated assets</b>							
<b>31 December 2016</b>	<b>386,967</b>	<b>466,249</b>	<b>103,800</b>	<b>163,784</b>	<b>17,632</b>	<b>-</b>	<b>1,138,432</b>
31 December 2015	364,723	428,485	76,228	136,363	17,595	-	1,023,394

The Group's buildings and facilities located in the Emirate of Abu Dhabi are constructed on land given by the Government of Abu Dhabi for no consideration. These lands are accounted for at nominal value of AED 1 per plot of land. Facilities located in other Emirates are constructed on land leased from third parties (note 22).



**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**5 Property, plant and equipment (continued)**

The depreciation charge has been allocated as follows:

	2016 AED'000	2015 AED'000
Distribution and administrative expenses (note 17)	344,471	260,860
Direct cost (note 16)	2,013	2,165
Work-in-progress inventories (note 6)	592	498
	<u>347,076</u>	<u>263,523</u>

**6 Inventories**

	2016 AED'000	2015 AED'000
Finished goods	967,020	701,485
Spare parts and consumables	50,398	37,676
Lubricants raw materials, consumables and work in progress	59,851	58,632
LPG cylinders	32,206	58,872
	<u>1,109,475</u>	<u>856,665</u>
Less: allowance for write down of finished goods to net realisable value	(234)	(234)
Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	(15,423)	(14,396)
	<u>(15,657)</u>	<u>(14,630)</u>
	<u>1,093,818</u>	<u>842,035</u>

The cost of inventories recognised as expense and included in 'direct cost' amounted to AED 13,413,420 thousand (2015: AED 17,526,952 thousand) (note 16). During the year, a direct write off of inventory was recognised as expense amounting to AED 11,964 thousand (2015: AED 1,873 thousand).

The cost of inventories includes depreciation expense capitalised as work in progress inventories amounted to AED 592 thousand (2015: AED 498 thousand) (note 5).

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**6 Inventories (continued)**

Movement of the Group's inventory write down of finished goods to net realisable value and allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders is as follows:

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
At 1 January	<b>14,630</b>	36,645
Reversal for write down of finished goods to net realisable value	-	(23,365)
Impairment loss for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders (note 19)	<b>1,027</b>	1,350
	<hr/>	<hr/>
At 31 December	<b>15,657</b>	14,630
	<hr/>	<hr/>

The reversal of the previous write-down is on account of the deregulation of fuel prices in 2015 (note 29).

**7 Trade receivables and other current assets**

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
Trade receivables	<b>1,633,665</b>	2,739,607
Less: allowance for impairment of trade receivables	<b>(178,196)</b>	(155,958)
	<hr/>	<hr/>
	<b>1,455,469</b>	2,583,649
Prepaid expenses	<b>35,531</b>	39,686
Receivable from employees	<b>109,503</b>	95,591
Other receivables	<b>56,328</b>	38,935
	<hr/>	<hr/>
	<b>1,656,831</b>	2,757,861
	<hr/>	<hr/>

Receivables from employees consist of staff car loans, furniture loans, personal loans and staff advances.

As at 31 December 2016, the Group had significant concentration of credit risk with two customers (2015: three) accounting for 39% (2015: 60%) of its trade receivables outstanding as at that date. Management is confident that this concentration will not result in any loss to the Group considering the credit history of these customers.

The average credit period on sales and services is between 30 to 60 days. No interest is charged on trade receivables.

Trade receivable balances past due are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

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

As at 31 December 2016, the aging of unimpaired trade receivables is as follows:

Ageing of trade receivables:

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
Not past due	<b>512,770</b>	373,053
Overdue for 30 days	<b>137,672</b>	283,921
Overdue for 31 to 60 days	<b>99,023</b>	388,439
Overdue for 61 to 90 days	<b>48,577</b>	102,069
Overdue for 91 to 180 days	<b>106,208</b>	581,307
Overdue for 181 to 360 days	<b>247,784</b>	415,774
Overdue for more than 360 days	<b>303,435</b>	439,086
	<hr/>	<hr/>
	<b>1,455,469</b>	2,583,649
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2016, trade receivables with carrying amount of AED 178,196 thousand (2015: AED 155,958 thousand) were impaired. Movement in the allowance for impairment of trade receivables is as follows:

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
At 1 January	<b>155,958</b>	103,456
Recoveries during the year	<b>(24,023)</b>	(16,375)
Charge for the year (note 19)	<b>46,261</b>	68,877
	<hr/>	<hr/>
	<b>178,196</b>	155,958
	<hr/> <hr/>	<hr/> <hr/>

Amounts charged to the allowance for impairment of trade receivables are generally written off when there is no realistic expectation of recovery.

The carrying amounts of the Group's trade receivables are denominated in UAE Dirham and US Dollars and approximate to their fair value as at 31 December 2016.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**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.

	2016 AED'000	2015 AED'000
<b>Due from related parties</b>		
Petroleum Services Company (ESNAAD)	159,429	179,549
National Drilling Company	99,678	56,416
Abu Dhabi Company for Onshore Oil Operations (ADCO)	33,066	32,666
Abu Dhabi Gas Development Company (AL HOSN)	21,031	10,336
Abu Dhabi Gas Industries Ltd. (GASCO)	9,414	10,786
Others	30,772	30,941
	<hr/>	<hr/>
	<b>353,390</b>	<b>320,694</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Due to related parties</b>		
Abu Dhabi National Oil Company (ADNOC)	603,522	41,944,688
Abu Dhabi Petroleum Ports Operating Co. (IRSHAD)	24	301
Abu Dhabi National Tanker Co. (ADNATCO)	-	4,033
Others	-	217
	<hr/>	<hr/>
	<b>603,546</b>	<b>41,949,239</b>
	<hr/> <hr/>	<hr/> <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 charges 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 629,398 thousand (2015: AED 713,932 thousand) held with banks owned by the Government of Abu Dhabi.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

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

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

	<b>2016</b> <b>AED'000</b>	2015 AED'000
Revenue - ADNOC group	<b>768,815</b>	799,400
Purchases - ADNOC	<b>13,181,779</b>	16,787,662
Administrative expenses - ADNOC	<b>1,700</b>	1,500
Vessel hire and port charges – ADNOC group	<b>78,038</b>	78,903
Transfer of accumulated losses (note 11)	<b>36,215,583</b>	-
Additional capital contribution (note 11)	<b>6,304,418</b>	-

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the year is as follows:

	<b>2016</b> <b>AED'000</b>	2015 AED'000
Short term benefits	<b>13,350</b>	16,355
Pension contribution	<b>730</b>	745
	<b>14,080</b>	17,100

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 carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**9 Cash and cash equivalents**

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

	2016 AED'000	2015 AED'000
Cash held by ADNOC	3,038,987	36,217
Cash on hand and in bank	794,467	884,974
	<hr/>	<hr/>
Cash and bank balances	3,833,454	921,191
Term deposit with maturities above 3 months	(100,000)	(100,000)
	<hr/>	<hr/>
	<b>3,733,454</b>	<b>821,191</b>
	<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 are non-interest bearing in accordance with a decision approved by the Group's Board of Directors.

Cash and bank balances include short-term and call deposits amounting to AED 683 million (2015: AED 690 million) carrying rate ranging from 0.02% to 0.08% (2015: 0.02% to 0.05%) per annum.

**10 Share capital**

The original share capital of the Company as per the Law No. 13 of 1973 was AED 30 million divided into 300,000 shares, each valued at AED 100.

By virtue of the decision of the board of directors of the Parent Company dated 17 October 1984, the share capital of the Company was increased to AED 200 million divided into 2 million shares, each valued at AED 100.

By virtue of the decision of the Supreme Petroleum Council dated 6 October 1998, the share capital of the Company was increased to AED 600 million divided into 6 million shares, each valued at AED 100.

By virtue of the decision of the Supreme Petroleum Council dated 9 July 2006, the share capital of the Company was increased to AED 1,000 million as follows:

	2016 AED'000	2015 AED'000
<b>Issued and fully paid up:</b>		
10,000,000 ordinary shares of AED 100 each	1,000,000	1,000,000
	<hr/> <hr/>	<hr/> <hr/>

The Company is in the process of updating its articles of association for the changes to its share capital.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**11 Capital contribution**

On 10 October 2016, the Supreme Petroleum Council (Executive Committee) approved to write off the amounts payable to ADNOC amounting to AED 42,520,001 thousand against the accumulated losses of the Company. An amount of AED 6,304,418 thousand has been further recognised as an additional capital contribution from ADNOC to the Company.

**12 Legal reserve**

In accordance with clause No. 64 of Law No. 13 of 1973, 10% of the profit for each year is transferred to legal reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as the reserve equals at least one third of the paid up share capital of the Group. The transfers to legal reserve in these carve-out financial statements are based on the results of the Company excluding the sales and purchasing activities of the Civil Aviation Division.

**13 Provision for employees' end of service benefit**

Movement in the provision recognised in the carve-out statement of financial position is as follows:

	2016 AED'000	2015 AED'000
At 1 January	278,259	254,197
Charge for the year (note 20)	29,485	35,155
Payments	(70,818)	(11,093)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>236,926</b>	<b>278,259</b>
	<hr/> <hr/>	<hr/> <hr/>

Management believes that the calculation performed based on the entitlement due at the reporting date in accordance with the UAE Labour law will not be materially different if an actuarial valuation were performed as the net impact of the discount rate and future salary and benefit levels on the present value of the benefit obligation is not likely to be significant.

**14 Trade and other payables**

	2016 AED'000	2015 AED'000
Trade payables	313,875	450,815
Capital accruals	291,519	213,807
Operating accruals	161,524	164,800
Advances from customers	34,396	24,794
Coupon and prepaid card sales outstanding	83,269	80,728
Contract retentions payable	62,676	64,469
Other payables	167,788	62,902
	<hr/>	<hr/>
	<b>1,115,047</b>	<b>1,062,315</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**15 Revenue**

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
Sale of goods	<b>17,371,932</b>	20,960,888
Rendering of services	<b>165,474</b>	132,125
Rental income	<b>85,572</b>	87,305
Delivery income	<b>47,093</b>	39,708
	<hr/> <b>17,670,071</b> <hr/>	<hr/> 21,220,026 <hr/>

During the year, sale of goods includes an amount of AED 496 million (2015: AED 2.23 billion) made through stations owned by Emirates General Petroleum Corporation ("Emarat"). The related assets are not recorded in these carve-out financial statements as the proposed acquisition of the Emarat retail fuel service stations was abandoned in 2016. The related direct cost of AED 328 million (2015: AED 1.82 billion), distribution and administrative expenses of AED 89 million (2015: AED 196 million), and other income of AED 31 million (2015: AED 121 million) are also included in these carve-out financial statements

**16 Direct costs**

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
Materials	<b>13,413,420</b>	17,526,952
Staff costs (note 20)	<b>12,976</b>	13,462
Overheads	<b>15,154</b>	12,959
Depreciation (note 5)	<b>2,013</b>	2,165
	<hr/> <b>13,443,563</b> <hr/>	<hr/> 17,555,538 <hr/>

**17 Distribution and administrative expenses**

	<b>2016</b>	2015
	<b>AED'000</b>	AED'000
Staff costs (note 20)	<b>1,836,494</b>	1,859,364
Depreciation (note 5)	<b>344,471</b>	260,860
Repairs, maintenance and consumables	<b>180,438</b>	184,862
Distribution and marketing expenses	<b>150,262</b>	124,892
Utilities	<b>80,299</b>	111,001
Insurance	<b>16,831</b>	8,481
Others	<b>179,386</b>	167,698
Recoverable expenses	<b>(238,399)</b>	(200,048)
	<hr/> <b>2,549,782</b> <hr/>	<hr/> 2,517,110 <hr/>



**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**18 Other income**

	2016 AED'000	2015 AED'000
Gain on disposal of property, plant and equipment	3,104	5,465
Miscellaneous income	157,891	211,113
	<u>160,995</u>	<u>216,578</u>

Miscellaneous income consist mainly of convenient store income for the consigned goods and sales of scrap items, used oil, batteries, tyres.

**19 Impairment losses and other operating expenses**

	2016 AED'000	2015 AED'000
Impairment loss of trade receivables (note 7)	46,261	68,877
Inventories written off	11,964	1,873
Impairment loss for obsolete inventories (note 6)	1,027	1,350
	<u>59,252</u>	<u>72,100</u>

**20 Staff costs**

	2016 AED'000	2015 AED'000
Salaries and allowances	1,672,740	1,680,237
Other benefits	192,331	196,824
Employees' end of service benefit (note 13)	29,485	35,155
	<u>1,894,556</u>	<u>1,912,216</u>
<i>Staff costs are allocated as follows:</i>		
Distribution and administrative expenses (note 17)	1,836,494	1,859,364
Capital work-in-progress	45,086	39,390
Direct costs (note 16)	12,976	13,462
	<u>1,894,556</u>	<u>1,912,216</u>

Other benefits consists mainly of medical expenses, trainings, leave and travel expenses and uniforms.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**21 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 year.

	2016	2015
Profit attributable to owners of the Company (AED '000)	<b>1,780,960</b>	1,294,887
Weighted average number of shares in issue ('000)	<b>10,000</b>	10,000
Earnings per share	<b>178.10</b>	129.49

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

**22 Commitments**

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 534.5 million (2015: AED 830.6 million.)

The Group has entered into numerous operating lease agreements relating to land on which certain petrol stations have been constructed. The minimum lease payments under these lease agreements are shown below.

	2016 AED'000	2015 AED'000
Not later than one year	<b>3,200</b>	2,650
Later than one and not later than five years	<b>23,030</b>	20,200
Later than five years	<b>15,850</b>	15,140
	<b>42,080</b>	37,990

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****23 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 are reported to the Board of Directors.

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

- (i.) Corporate segment, which involves sale of petroleum products and ancillary products.
- (ii.) Retail segments, which involves sale of petroleum products through service stations services and convenience stores catering the consumers.
- (iii.) 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.
- (iv.) 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.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous year. Profit for the year is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION

### Notes to the carve-out financial statements for the year ended 31 December 2016 (continued)

#### 23 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
<b>31 December 2016</b>						
Revenue	3,819,446	12,299,777	1,328,539	222,309	-	17,670,071
Direct costs	(2,958,198)	(9,564,415)	(907,193)	(13,757)	-	(13,443,563)
Gross Profit	861,248	2,735,362	421,346	208,552	-	4,226,508
Distribution and administrative expenses	(181,907)	(2,027,003)	(119,637)	(221,235)	-	(2,549,782)
Other income	4,632	102,087	-	5,132	49,144	160,995
Impairment losses and other operating expenses	(25,909)	(40)	(7,612)	(12,699)	(12,992)	(59,252)
Interest income	-	-	-	-	2,491	2,491
<b>Profit for the year</b>	<b>658,064</b>	<b>810,406</b>	<b>294,097</b>	<b>(20,250)</b>	<b>38,643</b>	<b>1,780,960</b>
Depreciation - net	15,703	253,648	9,277	50,809	-	329,437
<b>31 December 2015</b>						
Revenue	4,657,908	14,550,750	1,816,532	194,836	-	21,220,026
Direct costs	(3,660,756)	(12,534,351)	(1,346,752)	(13,679)	-	(17,555,538)
Gross Profit	997,152	2,016,399	469,780	181,157	-	3,664,488
Distribution and administrative expenses	(198,228)	(2,002,772)	(112,117)	(180,563)	(23,430)	(2,517,110)
Other income	4,023	174,923	-	5,023	32,609	216,578
Impairment losses and other operating expenses	(52,939)	(116)	(3,451)	(12,597)	(2,997)	(72,100)
Interest income	-	-	-	-	3,031	3,031
<b>Profit for the year</b>	<b>750,008</b>	<b>188,434</b>	<b>354,212</b>	<b>(6,980)</b>	<b>9,213</b>	<b>1,294,887</b>
Depreciation - net	17,157	183,681	6,700	40,984	-	248,522

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**23 Segment Reporting (continued)**

Unallocated income consists mainly of gain on sale of fixed assets, insurance recovery and other miscellaneous income.

Depreciation has been allocated in distribution and administrative expenses, direct costs and work-in-progress inventories (note 5). Reconciliation of depreciation net of Civil Aviation Division carve-out is as follows:

	2016	2015
Depreciation (note 5)	347,076	263,523
Less: amount relating to Civil Aviation Division carve-out	(17,639)	(15,001)
	<hr/>	<hr/>
<b>Depreciation - net</b>	<b>329,437</b>	<b>248,522</b>
	<hr/> <hr/>	<hr/> <hr/>

**24 ADNOC Group central fund for risk financing**

The Group is a participant in a centralised fund, administered by ADNOC, to finance certain self-insured risks. The fund is made up of premium discounts, investment income and contributions from participants, as agreed upon from time to time. Under the scheme, the Group is obliged to provide additional funding, if required. As at 31 December 2016, the Group's share in the fund held by ADNOC was AED 662 thousand (2015: AED 662 thousand).

**25 Contingencies and litigations**

As at 31 December 2016, the Group had contingent liabilities amounting to AED 2,201 thousand (2015: AED 922 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 has a claim from ADNOC amounting to AED 36 million on price differences relating to prior year purchases. Management is in discussion with ADNOC regarding these claims and does not believe that these claims will have a material adverse effect on the Group's carve-out financial statements.

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 carve-out financial statements if concluded unfavourably.

**26 Financial instruments**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), commercial and credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**26 Financial instruments (continued)**

**Financial risk management (continued)**

(a) Market risk

(i) Foreign exchange risk

The Group has no significant currency risk exposure from its operations as a majority of the Group's transactions are in UAE Dirham or US Dollars. The UAE Dirham is pegged to the US Dollar, hence, balances in US Dollars are not considered to present a significant foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets. Consequently, the Group's income and operating cash flows are dependent on changes in market interest rates. The Group's interest rate risk arises from short term bank deposits. Deposits/placements issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage these risks based on management's assessment of available options and placing any surplus funds with ADNOC for treasury management (note 9).

The deposits and placements are on rollover basis for three months or less, as such the carrying amounts have not been discounted as the impact of discounting is not deemed to be significant. Accordingly, the impact of changes in interest rates is not deemed to be significant.

(iii) Price risk

The Group is exposed to commodity price risk arising from retail prices of the liquid fuels. Liquid fuel prices are set by the UAE Ministry of Energy, which limits and may result in reductions in the profit margins on these products. There can be no assurance that the UAE Ministry of Energy will continue to set retail prices at a level that provides the same or a similar profit margin, and any reduction in the profit margin on these products would have a material adverse impact on our results of operations and financial position.

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, due from group companies and committed transactions. Management assesses the credit quality of its customers, taking into account financial position, past experience and others factors. Individual risk limits are based on management's assessment on a case-by-case basis.

The Group's policy is to place cash and cash equivalents and term deposits with reputable banks and financial institutions and the Group's management does not expect any losses from non-performance of its counterparties as it believes that adequate allowance has been created against the impaired receivables.

The Group's trade receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount of the trade receivables as disclosed in note 7.

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**26 Financial risk management (continued)**

**Financial risk management (continued)**

(c) Liquidity risk

The Group limits its liquidity risk by ensuring adequate cash from operations is available to meet its funding requirements. The Group's terms of purchase require amounts to be paid on demand, after taking account of the Group's liquidity requirements.

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., bank deposits, trade receivables and other financial assets), and projected cash flows from operations. The Group's objective is to maintain liquidity through credit lines available from the Parent Company.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2016 and 2015 based on the contractual undiscounted payments.

	<b>On demand AED '000</b>	<b>Less than 3 months AED '000</b>	<b>Total AED '000</b>
<b>At 31 December 2016</b>			
Due to related parties	603,546	-	603,546
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	-	997,382	997,382
<b>Total</b>	<b>603,546</b>	<b>997,382</b>	<b>1,600,928</b>
<b>At 31 December 2015</b>			
Due to related parties	41,949,239	-	41,949,239
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	-	956,793	956,793
<b>Total</b>	<b>41,949,239</b>	<b>956,793</b>	<b>42,906,032</b>

Whilst the Parent Company account is payable on demand, the Parent Company considers the ability of the Group to pay, and its cash position prior to any payment request or transfer. The Parent Company account includes the cost of supplying the Group with its inventories as the Parent Company is the principal supplier of petroleum products to the Group (note 8).

**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)**

**26 Financial risk management (continued)**

**Capital risk management**

The primary objective of the Group's capital risk management activities is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the Group consists of share capital, contributed capital, legal reserve and retained earnings.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2016.

**Fair value estimation**

The carrying value less any impairment provision of trade receivables and payables, approximate to their fair values as they are mainly short-term in nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for financial instruments.

**27 Financial instruments by category**

	2016 AED'000	2015 AED'000
<b>Financial assets:</b>		
Cash and bank balances	3,833,454	921,191
Due from related parties	353,390	320,694
Trade and receivables and other current assets (excluding prepaid expenses)	1,621,300	2,718,175
	<u>5,808,144</u>	<u>3,960,060</u>
<b>Financial liabilities:</b>		
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	997,382	956,793
Due to related parties	603,546	41,949,239
	<u>1,600,928</u>	<u>42,906,032</u>

For the purpose of the financial statement disclosure, non-financial assets amounting to AED 35,531 thousand (2015: AED 39,686 thousand) have been excluded from trade receivables and other current assets and financial liabilities amounting to AED 117,665 thousand (2015: AED 105,522 thousand) have been excluded from trade and other payables.



**Notes to the carve-out financial statements  
for the year ended 31 December 2016 (continued)****28 Subsequent events**

On 14 September 2017, the Company signed with the Parent Company an agreement relating to the transfer of the Company's aviation sales contracts and aviation inventory by virtue of which, effective 30 September, all aviation sales contracts and related receivables along with aviation inventories at 30 September 2017 would be transferred from the Company to the Parent Company.

On 30 September 2017, the Company entered into various agreements with related parties as noted below:

The Company entered into an agreement with Abu Dhabi Oil Refining Company (Takreer) and ADNOC Distribution Assets LLC (the "SPV"), a newly formed subsidiary of the Parent Company, for the transfer of certain terminals, fuel storage tanks and LPG bottling and storage assets from Takreer to the Group effective 30 September for a consideration of USD 189.6 million, representing the net book value of the assets transferred from Takreer to the Group.

The Company entered into an agreement with the SPV for the operation and maintenance of certain of the assets transferred to the SPV by Takreer with an effective date of 1 October 2017, for which the SPV will compensate the Company on the basis of an 8% return over and above the operating expenditure incurred by the Company for such operations (the "Owner Consideration") and the Company will compensate the SPV for the use of such assets (the "Operator Consideration"). The Company and the SPV also signed an asset use fee letter confirming that the Owner Consideration will be the same as, and will therefore offset, the Operator Consideration.

The Company entered into an agreement with the Parent Company and the SPV to provide support services relating to the Parent Company's civil aviation fuel supply business and to operate and maintain certain assets belonging to the SPV with an effective date of 30 September. The SPV will compensate the Company on the basis of an 8% return over and above the operating expenditure incurred by the Company for such support services and operations.

**29 Comparative figures**

During 2015, the UAE Ministry of Energy announced the deregulation of fuel prices effective 1 August 2015, and the adoption of a new pricing policy linked to global prices.

The fluctuation in the global prices had a positive impact on the Group's results of operations for the last quarter of 2015 and for the year ended 31 December 2016. Accordingly, comparative figures provided in the carve-out financial statements of profit or loss and comprehensive income, changes in equity and cash flows for the year ended 31 December 2015 are not comparable with the figures for the year ended 31 December 2016.

**30 Approval of carve-out financial statements**

The carve-out financial statements were approved by the Board of Directors and authorised for issue on 12 OCT 2017.

**ABU DHABI NATIONAL OIL  
COMPANY FOR DISTRIBUTION**

**Report and carve-out financial  
statements for the period ended  
30 September 2017**

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

## **Report and carve-out financial statements for the period ended 30 September 2017**

	<b>Pages</b>
<b>Independent Auditor's Report</b>	<b>1 – 3</b>
<b>Carve-out statement of financial position</b>	<b>4</b>
<b>Carve-out statement of profit or loss and comprehensive income</b>	<b>5</b>
<b>Carve-out statement of changes in equity</b>	<b>6</b>
<b>Carve-out statement of cash flows</b>	<b>7</b>
<b>Notes to the carve-out financial statements</b>	<b>8 – 37</b>

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
Abu Dhabi National Oil Company for Distribution  
Abu Dhabi, U.A.E.

### REPORT ON THE CARVE-OUT FINANCIAL STATEMENTS

#### Opinion

We have audited the carve-out financial statements of Abu Dhabi National Oil Company for Distribution (“ADNOC Distribution” or the “Company”) and its subsidiary (collectively referred to as “the Group”), which comprise the carve-out statement of financial position as at 30 September 2017, and the carve-out statement of profit or loss and comprehensive income, carve-out statement of changes in equity and carve-out statement of cash flows for the nine-month period ended 30 September 2017, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2017, and its financial performance and its cash flows for the nine-month period ended 30 September 2017 in accordance with the accounting policies set out in note 3 to the carve-out financial statements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the carve-out financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the carve-out financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter - Basis of preparation

We draw attention to notes 1 and 3 to the carve-out financial statements which describes the basis of preparation of these carve-out financial statements. The carve-out financial statements have been prepared for inclusion in the prospectus for the listing of the Group shares on the Abu Dhabi Securities Exchange. As a result, the carve-out financial statements may not be suitable for another purpose.

#### Other matter

The carve-out financial statements for the period from 1 January 2016 to 30 September 2016 are unaudited.

## INDEPENDENT AUDITOR'S REPORT (continued)

### **Responsibilities of management and those charged with governance for the carve-out financial statements**

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with the accounting policies set out in note 3 to the carve-out financial statements, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error. In preparing the carve-out financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the carve-out financial statements**

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## INDEPENDENT AUDITOR'S REPORT (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche (M.E.)

A handwritten signature in blue ink, appearing to read "R. Padmanabha Acharya", with a horizontal line underneath it.

Signed by:  
Rama Padmanabha Acharya  
Registration Number 701

12 NOV 2017

Abu Dhabi  
United Arab Emirates

**Carve-out statement of financial position  
as at 30 September 2017**

	Notes	30 September 2017 AED'000	31 December 2016 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,407,694	4,373,773
Advances to contractors		99,893	127,021
<b>Total non-current assets</b>		<b>5,507,587</b>	<b>4,500,794</b>
<b>Current assets</b>			
Inventories	6	1,100,914	1,093,818
Trade receivables and other current assets	7	1,817,830	1,656,831
Due from related parties	8	349,568	353,390
Cash and bank balances	9	6,556,374	3,833,454
<b>Total current assets</b>		<b>9,824,686</b>	<b>6,937,493</b>
<b>Total assets</b>		<b>15,332,273</b>	<b>11,438,287</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	1,000,000	1,000,000
Capital contribution	11	6,304,418	6,304,418
Legal reserve	12	333,333	333,333
Retained earnings		3,156,840	1,845,017
<b>Total equity</b>		<b>10,794,591</b>	<b>9,482,768</b>
<b>Non-current liability</b>			
Provision for employees' end of service benefit	13	222,249	236,926
<b>Current liabilities</b>			
Trade and other payables	14	1,127,371	1,115,047
Due to related parties	8	3,188,062	603,546
<b>Total current liabilities</b>		<b>4,315,433</b>	<b>1,718,593</b>
<b>Total liabilities</b>		<b>4,537,682</b>	<b>1,955,519</b>
<b>Total equity and liabilities</b>		<b>15,332,273</b>	<b>11,438,287</b>

  
Salah Ahmed Al Sabbagh  
Chief Financial Officer

  
Saeed Mubarak Al Rashdi  
Acting Chief Executive Officer

  
Board of Director

The accompanying notes form an integral part of these carve-out financial statements.



**Carve-out statement of profit or loss and comprehensive income  
for the period ended 30 September 2017**

	Notes	9 months ended 30 September	
		2017 AED'000	2016 AED'000 (unaudited)
Revenue	15	14,220,921	13,098,459
Direct costs	16	(11,105,263)	(9,936,148)
<b>Gross profit</b>		<b>3,115,658</b>	<b>3,162,311</b>
Distribution and administrative expenses	17	(1,912,751)	(1,837,293)
Other income	18	160,098	111,978
Impairment losses and other operating expenses	19	(53,214)	(118,979)
<b>Operating profit</b>		<b>1,309,791</b>	<b>1,318,017</b>
Interest income		2,032	2,008
<b>Profit for the period</b>		<b>1,311,823</b>	<b>1,320,025</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>1,311,823</b>	<b>1,320,025</b>
<b>Earnings per share:</b>			
Basic and diluted	21	131.18	132.00

The accompanying notes form an integral part of these carve-out financial statements.



**ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION**

**Carve-out statement of changes in equity  
for the period ended 30 September 2017**

	Share capital AED'000	Capital contribution AED'000	Legal reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Total AED'000
Balance at 1 January 2016	1,000,000	-	329,489	(36,147,682)	(34,818,193)
Total comprehensive income for the period (unaudited)	-	-	-	1,320,025	1,320,025
Balance at 30 September 2016 (unaudited)	1,000,000	-	329,489	(34,827,657)	(33,498,168)
Balance at 1 January 2017	1,000,000	6,304,418	333,333	1,845,017	9,482,768
Total comprehensive income for the period	-	-	-	1,311,823	1,311,823
<b>Balance at 30 September 2017</b>	<b>1,000,000</b>	<b>6,304,418</b>	<b>333,333</b>	<b>3,156,840</b>	<b>10,794,591</b>

**Carve-out statement of cash flows  
for the period ended 30 September 2017**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b> (unaudited)
<b>Cash flows from operating activities</b>		
Profit for the period	<b>1,311,823</b>	1,320,025
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	<b>306,284</b>	208,318
Impairment losses on receivables – net of recoveries	<b>25,509</b>	86,401
Employees' end of service benefit charge	<b>19,513</b>	22,018
Gain on disposal of property, plant and equipment	<b>(51)</b>	(1,413)
Inventories written off	<b>-</b>	11,961
Impairment loss for slow moving and obsolete inventories	<b>2,056</b>	-
Interest income	<b>(2,032)</b>	(2,008)
<b>Operating cash flows before movements in working capital</b>	<b>1,663,102</b>	1,645,302
Increase in inventories	<b>(9,152)</b>	(157,138)
(Increase)/decrease in trade receivables and other current assets	<b>(186,508)</b>	832,171
Decrease/(increase) in due from related parties	<b>3,822</b>	(188,425)
Increase in trade and other payables	<b>44,009</b>	8,496
Increase/(decrease) in due to related parties	<b>1,888,290</b>	(249,548)
<b>Cash generated from operating activities</b>	<b>3,403,563</b>	1,890,858
Payment of employees' end of service benefit	<b>(34,190)</b>	(59,932)
<b>Net cash generated from operating activities</b>	<b>3,369,373</b>	1,830,926
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	<b>(633,726)</b>	(773,127)
Payments for advances to contractors	<b>(14,841)</b>	(52,633)
Proceeds from disposal of property, plant and equipment	<b>82</b>	1,413
Increase in term deposit	<b>(30,000)</b>	-
Interest received	<b>2,032</b>	2,008
<b>Net cash used in investing activities</b>	<b>(676,453)</b>	(822,339)
<b>Net increase in cash and cash equivalents</b>	<b>2,692,920</b>	1,008,587
Cash and cash equivalents at beginning of the period	<b>3,733,454</b>	821,191
<b>Cash and cash equivalents at end of the period (note 9)</b>	<b>6,426,374</b>	1,829,778
<b>Non-cash transactions</b>		
Accruals for property, plant and equipment	<b>259,834</b>	179,689
Advances to contractors transferred to property, plant and equipment	<b>41,969</b>	96,201
Transfer of property, plant and equipment from a related party	<b>696,226</b>	-

The accompanying notes form an integral part of these carve-out financial statements.

## Notes to the carve-out financial statements for the period ended 30 September 2017

### 1 General information

Abu Dhabi National Oil Company for Distribution (“ADNOC Distribution” or the “Company”) is a company incorporated by Law No. 13 of 1973 issued by His Highness the Acting Ruler of the Emirate of Abu Dhabi.

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 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.

The Group is a wholly owned subsidiary of Abu Dhabi National Oil Company (“ADNOC”, “Shareholder”, or the “Parent Company”), which is wholly owned by the Government of Abu Dhabi (the “Ultimate Shareholder”), and is registered in Abu Dhabi, United Arab Emirates.

The Group’s registered head office is at P.O. Box 4188, Abu Dhabi, United Arab Emirates.

On 14 September 2017, the Parent Company approved the transfer of the sales and purchasing activities of the Civil Aviation Division (the “Division”) to itself so that all the sales, cost of sales, receivables and inventories of the Division will be accounted for by the Parent Company. According to the transfer plan, the Division’s selling and purchasing activities will be carried out by the Parent Company while ADNOC Distribution, acting as an agent of the parent company, will handle the operations of the Division, and will charge the Parent Company a percentage of the costs incurred as agreed by both parties.

Historically, the Division’s sales and purchasing activities and transactions were accounted for by the Company and included in its consolidated financial statements. The carve-out financial statements presented herein reflect the financial position of the Group as at 30 September 2017 and 31 December 2016, and its financial performance and its cash flows for the period then ended excluding the sales and cost of sales, distribution and administrative expenses, receivables/payables and inventories of the Division.

The carve-out financial statements of the Group have been prepared for the inclusion in the prospectus for the listing of ADNOC Distribution shares in the Abu Dhabi Securities Exchange.

## Notes to the carve-out financial statements for the period ended 30 September 2017 (continued)

### 1 General information (continued)

#### Statement of compliance

The carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), except for the carve-out of certain assets, liabilities, revenues and expenses relating to sale and purchasing activities of the Division, as well as the related cash flows which are to be transferred to the Parent Company as described under the “Basis of preparation” in note 3.

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

#### 2.1 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

##### **IFRS 9 Financial Instruments:**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ measurement category for certain simple debt instruments.

A finalised version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a ‘fair value through other comprehensive income’ category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However there are differences in the requirements applying to the measurement of an entity’s own credit risk.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRS)  
(continued)****2.1 New and revised IFRS in issue but not yet effective (continued)****IFRS 9 Financial Instruments (continued):**

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Management anticipates that IFRS 9 (2014) will be adopted in the Group's financial statements for the annual year beginning 1 January 2018. The application of IFRS 9 (2014) may have potential impact on measurement of the impairment of the Group's trade receivables that is based on estimates of losses arising from failure or inability of customers to make the required payments or the time value of money. The Group is continuing to assess the impact of these and other changes on the financial statements.

**IFRS 15 Revenue from Contracts with Customers:**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, and principle versus agent considerations, as well as licensing application guidance.

The potential impact of the revenue standard for the Group is expected to be on the measurement of sales on contracts with customers that provide discounts, rebates, consignment inventories and upfront fees. The Group is continuing to assess the impact of these and other changes on the financial statements.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

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

**2.1 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 16 Leases:**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

Management anticipates that IFRS 16 will be adopted in the Group's financial statements for the annual year beginning 1 January 2019. The application of IFRS 16 may have a significant impact on amounts reported and disclosures made in the Group's financial statements in respect of Group's financial assets and financial liabilities. With the adoption of IFRS 16, off-balance sheet operating lease commitments as disclosed in note 22 will be recognised as on balance sheet item as follows:

- a. Recognised as a right of use asset and related lease liability; and
- b. Rent expense will be replaced by amortisation charge on right of use of asset and a finance charge on minimum lease payments.

**3 Summary of significant accounting policies**

**Basis of preparation**

The carve-out financial statements have been prepared on a carve-out basis from the consolidated financial statements for the period ended 30 September 2017 by carving out the sales, cost of sales receivables/payables and inventories of the Division.

The carve-out financial statements may not be indicative of Group's future performance and they do not necessarily reflect what its carve-out results of operations, financial position and cash flows would have been, had the Division been transferred in prior years.

The carve-out financial statements are presented in United Arab Emirates Dirham (AED) which is the functional currency of the Company and the Group's presentation currency. All amounts have been rounded to the nearest AED thousand ("000"), unless otherwise stated.

The carve-out financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies adopted are set out in the succeeding pages:

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**3 Summary of significant accounting policies (continued)**

**Basis of consolidation**

The carve-out financial statements incorporate the financial statements of the Company and the entity controlled by the Company. Control is achieved where the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement; and has the ability to use its power to affect its returns.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Details of the Company's subsidiary are as follows:

Name of subsidiary	Ownership interest		Country of incorporation	Principal activities
	2017	2016		
ADNOC Distribution Global Company L.L.C.	100%	100%	U.A.E.	Commercial agencies Commercial enterprises Investment, institution and management

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amounts of replaced parts are derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	5 – 25 years
Plant and machinery	5 – 15 years
Motor vehicles	4 – 10 years
Furniture, fixtures and equipment	5 years
Pipelines	15 – 20 years

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)****3 Summary of significant accounting policies (continued)****Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

Land provided by the Government of Abu Dhabi for no consideration is accounted for at a nominal value of AED 1 per plot of land. Land is not depreciated.

**Capital work-in-progress**

Capital work-in-progress is included in property, plant and equipment at cost. Capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset is commissioned and available for use.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, consumables, spare parts, direct labour and materials and related overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

**Impairment of tangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.



## Notes to the carve-out financial statements for the period ended 30 September 2017 (continued)

### 3 Summary of significant accounting policies (continued)

#### Financial assets

The Group has the following financial assets as at 30 September 2017: 'cash and cash equivalents', term deposits, trade receivables and other current assets (excluding prepaid expenses) and due from related parties. These financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks in current accounts and short-term, high liquid investments with original maturities less than three months that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

#### Loans and receivables

Trade receivables and other current assets (excluding prepaid expenses) and due from related parties that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**3 Summary of significant accounting policies (continued)**

**Financial liabilities and equity instruments**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities comprise trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding) and due to related parties, which are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except, for short-term liabilities when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for products and services provided in the normal course of business. Revenue is recognised, net of rebates and discounts, when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and associated cost can be measured reliably.

*Sales of goods*

Sale of goods and petroleum products are recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, which generally coincides with the actual delivery of goods. Delivery does not occur unless the products have been shipped out of the Group's premises or received by the customer.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**3 Summary of significant accounting policies (continued)**

**Revenue (continued)**

*Rendering of services*

Revenues from rendering of services are recognised when the services have been rendered and the outcome of the transactions can be estimated reliably.

*Delivery income*

Revenue from petroleum transport are recognised when services are rendered. These revenues are based on the quantities transported and measured according to procedures defined in each service contract.

*Rental income*

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

*Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

*Other income*

Other income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably.

**Leases**

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)****3 Summary of significant accounting policies (continued)****Foreign currencies**

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the period in which they arise.

**Employees' benefit**

Provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law, for their period of service up to the end of the reporting date.

With respect to its UAE national employees, the Group makes contributions to the Abu Dhabi Retirement Pension and Benefits Fund (the "Fund") calculated in accordance with the Fund's regulations. With respect to its GCC national employees, the Group makes contributions to the pension funds or agencies of their respective countries. The Group's obligations are accrued over the period of employment.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefit is disclosed as a non-current liability.

**Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**4 Critical accounting judgments and key sources of estimation uncertainty**

While applying the accounting policies as stated in note 3, the management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates made by management are summarised as follows:

**Key sources of estimation uncertainty**

Impairment of trade receivables

The impairment charges reflect estimates of losses arising from the failure or inability of customers to make the required payments or the time value of money. The charge is based on the ageing of accounts, the customer's credit worthiness and historic loss experience. Changes to the estimated impairment provision may be required if the financial position of the customers was to improve or deteriorate. As at 30 September 2017, the Group's allowance for impairment of trade receivables amounted to AED 203,705 thousand (31 December 2016: AED 178,196 thousand).

Estimated useful lives and residual values of property, plant and equipment

Management reviews the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period in accordance with IAS 16 *Property, Plant and Equipment*. Management determined that current year expectations do not differ from previous estimates based on its review.

Dismantling cost of property, plant and equipment

In accordance with IAS 16, the cost of property, plant and equipment shall include an initial estimate of the costs of dismantling and removing the item and restoring the site. Management have considered the requirements and determined that dismantling and removing the item and restoring the site in the future is not probable and estimate of costs is not significant.

**ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION**

Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)

**5 Property, plant and equipment**

	Buildings AED'000	Plant and machinery AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Pipelines AED'000	Capital work-in- progress AED'000	Total AED'000
<b>Cost</b>							
1 January 2016	2,819,029	1,114,130	226,005	337,829	37,134	1,248,649	5,782,776
Additions	-	-	-	-	-	1,237,940	1,237,940
Transfers	696,241	166,341	34,461	227,746	10,549	(1,135,338)	-
Disposals	(2,704)	(2,443)	(8,198)	(1,862)	-	-	(15,207)
1 January 2017	3,512,566	1,278,028	252,268	563,713	47,683	1,351,251	7,005,509
Additions	-	-	-	-	-	1,340,236	1,340,236
Transfers	564,440	551,244	12,838	61,760	-	(1,190,282)	-
Reclassifications	1,265	-	-	(1,265)	-	-	-
Disposals	(21)	(1,266)	(1,509)	(1,071)	-	-	(3,867)
<b>30 September 2017</b>	<b>4,078,250</b>	<b>1,828,006</b>	<b>263,597</b>	<b>623,137</b>	<b>47,683</b>	<b>1,501,205</b>	<b>8,341,878</b>

Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)

5 Property, plant and equipment (continued)

	Buildings AED'000	Plant and machinery AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Pipelines AED'000	Capital work-in- progress AED'000	Total AED'000
<b>Accumulated depreciation</b>							
1 January 2016	1,183,754	693,350	167,723	229,161	25,848	-	2,299,836
Charge for the year	147,450	110,981	22,753	64,080	1,812	-	347,076
Reclassifications	749	(2,260)	-	1,408	103	-	-
Disposals	(2,703)	(2,429)	(8,199)	(1,845)	-	-	(15,176)
1 January 2017	1,329,250	799,642	182,277	292,804	27,763	-	2,631,736
Charge for the period	128,120	89,613	17,235	70,183	1,133	-	306,284
Reclassifications	-	19	-	(19)	-	-	-
Disposals	(21)	(1,266)	(1,484)	(1,065)	-	-	(3,836)
<b>30 September 2017</b>	<b>1,457,349</b>	<b>888,008</b>	<b>198,028</b>	<b>361,903</b>	<b>28,896</b>	<b>-</b>	<b>2,934,184</b>
<b>Carrying amount</b>							
<b>30 September 2017</b>	<b>2,620,901</b>	<b>939,998</b>	<b>65,569</b>	<b>261,234</b>	<b>18,787</b>	<b>1,501,205</b>	<b>5,407,694</b>
31 December 2016	2,183,316	478,386	69,991	270,909	19,920	1,351,251	4,373,773

The Group's buildings and facilities located in the Emirate of Abu Dhabi are constructed on land given by the Government of Abu Dhabi for no consideration. These lands are accounted for a nominal value of AED 1 per plot of land. Facilities located in other Emirates are constructed on land leased from third parties (note 22).

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**5 Property, plant and equipment (continued)**

The depreciation charge has been allocated as follows:

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Distribution and administrative expenses (note 17)	<b>304,109</b>	344,471
Direct cost (note 16)	<b>1,559</b>	2,013
Work-in-progress inventories (note 6)	<b>616</b>	592
	<hr/> <b>306,284</b> <hr/>	<hr/> 347,076 <hr/>

**6 Inventories**

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Finished goods	<b>967,075</b>	967,020
Spare parts and consumables	<b>53,842</b>	50,398
Lubricants raw materials, consumables and work in progress	<b>54,094</b>	59,851
LPG cylinders	<b>43,616</b>	32,206
	<hr/> <b>1,118,627</b> <hr/>	<hr/> 1,109,475 <hr/>
Less: allowance for write down of finished goods to net realisable value	<b>(234)</b>	(234)
Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	<b>(17,479)</b>	(15,423)
	<hr/> <b>(17,713)</b> <hr/>	<hr/> (15,657) <hr/>
	<hr/> <b>1,100,914</b> <hr/>	<hr/> 1,093,818 <hr/>

The cost of inventories recognised as expense and included in 'direct cost' amounted to AED 11,086,668 thousand (30 September 2016: AED 9,914,716 thousand) (note 16). During the period, a direct write off of inventory was recognised as expense amounting to AED Nil (30 September 2016: AED 11,961 thousand).

The cost of inventories includes depreciation expense capitalised as work in progress inventories amounted to AED 616 thousand (31 December 2016: AED 592 thousand and 30 September 2016: AED 317 thousand).



**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**6 Inventories (continued)**

Movement of the Group's inventory write down of finished goods to net realisable value and allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders is as follows:

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
At 1 January	15,657	14,630
Impairment loss for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders (note 19)	2,056	1,027
	<u>17,713</u>	<u>15,657</u>

**7 Trade receivables and other current assets**

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Trade receivables	1,805,212	1,633,665
Less: allowance for impairment of trade receivables	(203,705)	(178,196)
	<u>1,601,507</u>	<u>1,455,469</u>
Prepaid expenses	46,166	35,531
Receivable from employees	111,985	109,503
Other receivables	58,172	56,328
	<u>1,817,830</u>	<u>1,656,831</u>

Receivables from employees consist of staff car loans, furniture loans, personal loans and staff advances.

As at 30 September 2017, the Group had significant concentration of credit risk with three customers (31 December 2016: two) accounting for 46% (31 December 2016: 39%) of its trade receivables outstanding as at that date. Management is confident that this concentration will not result in any loss to the Group considering the credit history of these customers.

The average credit period on sales and services is between 30 to 60 days. No interest is charged on trade receivables.

Trade receivable balances past due are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

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

As at 30 September 2017, the aging of unimpaired trade receivables is as follows:

Ageing of trade receivables:

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Not past due	651,801	512,770
Overdue for 30 days	116,315	137,672
Overdue for 31 to 60 days	81,268	99,023
Overdue for 61 to 90 days	115,479	48,577
Overdue for 91 to 180 days	192,316	106,208
Overdue for 181 to 360 days	85,832	247,784
Overdue for more than 360 days	358,496	303,435
	<hr/>	<hr/>
	<b>1,601,507</b>	<b>1,455,469</b>
	<hr/> <hr/>	<hr/> <hr/>

As at 30 September 2017, trade receivables with carrying amount of AED 203,705 thousand (31 December 2016: AED 178,196 thousand) were impaired. Movement in the allowance for impairment of trade receivables is as follows:

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
At 1 January	178,196	155,958
Recoveries during the period/year	(25,649)	(24,023)
Charge for the period/year (note 19)	51,158	46,261
	<hr/>	<hr/>
	<b>203,705</b>	<b>178,196</b>
	<hr/> <hr/>	<hr/> <hr/>

Amounts charged to the allowance for impairment of trade receivables are generally written off when there is no realistic expectation of recovery.

The carrying amounts of the Group's trade receivables are denominated in UAE Dirham and US Dollars and approximate to their fair value as at 30 September 2017.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**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.

	<b>30 September 2017 AED'000</b>	<b>31 December 2016 AED'000</b>
<b>Due from related parties</b>		
Petroleum Services Company (ESNAAD)	188,928	159,429
National Drilling Company (NDC)	55,478	99,678
Abu Dhabi Company for Onshore Oil Operations (ADCO)	52,408	33,066
Abu Dhabi Gas Development Company (AL HOSN)	11,878	21,031
Abu Dhabi Gas Industries Ltd. (GASCO)	10,203	9,414
Others	30,673	30,772
	<hr/>	<hr/>
	<b>349,568</b>	<b>353,390</b>
	<hr/>	<hr/>
<b>Due to related parties</b>		
Abu Dhabi National Oil Company (ADNOC)	2,453,052	603,522
Abu Dhabi Oil Refining Company (TAKREER)	696,226	-
Abu Dhabi National Tanker Co. (ADNATCO)	36,802	-
Abu Dhabi Petroleum Ports Operating Co. (IRSHAD)	1,886	24
Others	96	-
	<hr/>	<hr/>
	<b>3,188,062</b>	<b>603,546</b>
	<hr/>	<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 929,481 thousand (31 December 2016: AED 629,398 thousand) held with banks owned by the Government of Abu Dhabi.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

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

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

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b> (unaudited)
Revenue - ADNOC group	<b>686,081</b>	554,760
Purchases - ADNOC	<b>13,560,411</b>	12,153,547
Administrative expenses - ADNOC	<b>1,380</b>	1,110
Vessel hire and port charges - ADNOC group	<b>63,692</b>	59,326
Transfer of property, plant and equipment	<b>696,226</b>	-

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the period is as follows:

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b> (unaudited)
Short term benefits	<b>7,773</b>	10,190
Pension contribution	<b>437</b>	530
	<b>8,210</b>	10,720

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 carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**9 Cash and cash equivalents**

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

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Cash held by ADNOC	<b>5,423,763</b>	3,038,987
Cash on hand and in bank	<b>1,132,611</b>	794,467
	<hr/>	<hr/>
Cash and bank balances	<b>6,556,374</b>	3,833,454
Term deposit with maturities above 3 months	<b>(130,000)</b>	(100,000)
	<hr/>	<hr/>
	<b>6,426,374</b>	3,733,454
	<hr/>	<hr/>

Cash held by ADNOC are funds held by ADNOC on behalf of the Group and are available on demand. These funds are non-interest bearing in accordance with a decision approved by the Group's Board of Directors.

Cash and bank balances include short-term and call deposits amounting to AED 912 million (31 December 2016: AED 683 million) carrying rate ranging from 0.03% to 0.48% (31 December 2016: 0.02% to 0.08%) per annum.

**10 Share capital**

The original share capital of the Company as per the Law No. 13 of 1973 was AED 30 million divided into 300,000 shares, each valued at AED 100.

By virtue of the decision of the board of directors of the Parent Company dated 17 October 1984, the share capital of the Company was increased to AED 200 million divided into 2 million shares, each valued at AED 100.

By virtue of the decision of the Supreme Petroleum Council dated 6 October 1998, the share capital of the Company was increased to AED 600 million divided into 6 million shares, each valued at AED 100.

By virtue of the decision of the Supreme Petroleum Council dated 9 July 2006, the share capital of the Company was increased to AED 1,000 million as follows:

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
<b>Issued and fully paid up:</b>		
10,000,000 ordinary shares of AED 100 each	<b>1,000,000</b>	1,000,000
	<hr/>	<hr/>

The Company is in the process of updating its articles of association for the changes to its share capital.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**11 Capital contribution**

On 10 October 2016, the Supreme Petroleum Council (Executive Committee) approved to write off the amounts payable to ADNOC amounting to AED 42,520,001 thousand against the accumulated losses of the Company. An amount of AED 6,304,418 thousand has been further recognised as an additional capital contribution from ADNOC to the Company.

**12 Legal reserve**

In accordance with clause No. 64 of Law No. 13 of 1973, 10% of the profit for each year is transferred to legal reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as the reserve equals at least one third of the paid up share capital of the Group. The transfers to legal reserve in these carve-out financial statements are based on the results of the Company excluding the sales and purchasing activities of the Civil Aviation Division.

**13 Provision for employees' end of service benefit**

Movement in the provision recognised in the carve-out statement of financial position is as follows:

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
At January	236,926	278,259
Charge for the period/year (note 20)	19,513	29,485
Payments	(34,190)	(70,818)
	<hr/>	<hr/>
	<b>222,249</b>	236,926
	<hr/>	<hr/>

Management believes that the calculation performed based on the entitlement due at the reporting date in accordance with the UAE Labour law will not be materially different if an actuarial valuation were performed as the net impact of the discount rate and future salary and benefit levels on the present value of the benefit obligation is not likely to be significant.

**14 Trade and other payables**

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Trade payables	328,512	313,875
Capital accruals	259,834	291,519
Operating accruals	194,645	161,524
Contract retentions payable	94,308	62,676
Coupon and prepaid card sales outstanding	79,283	83,269
Advances from customers	26,588	34,396
Other payables	144,201	167,788
	<hr/>	<hr/>
	<b>1,127,371</b>	1,115,047
	<hr/>	<hr/>

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**15 Revenue**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Sale of goods	<b>13,990,034</b>	12,880,652
Rendering of services	<b>113,632</b>	122,653
Rental income	<b>68,628</b>	63,078
Delivery income	<b>48,627</b>	32,076
	<b>14,220,921</b>	13,098,459

During the nine month period ended 30 September 2016, sale of goods includes an amount of AED 496 million made through stations owned by Emirates General Petroleum Corporation (“Emarat”). The related assets are not recorded in these carve-out financial statements as the proposed acquisition of the Emarat retail fuel service stations were abandoned in 2016. The related direct cost, distribution and administrative expenses, and other income for the nine-month period ended 30 September 2016 amounted to AED 328 million, AED 89 million and AED 31 million, respectively, are also included in these carve-out financial statements. There was no sale of goods through stations owned by Emarat for the nine-month period ended 30 September 2017, and correspondingly no related direct cost, distribution and administrative expenses, and other income.

**16 Direct costs**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Materials	<b>11,086,668</b>	9,914,716
Staff costs (note 20)	<b>9,403</b>	9,839
Overheads	<b>7,633</b>	10,245
Depreciation (note 5)	<b>1,559</b>	1,348
	<b>11,105,263</b>	9,936,148

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**17 Distribution and administrative expenses**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Staff costs (note 20)	<b>1,377,127</b>	1,378,898
Depreciation (note 5)	<b>304,109</b>	206,653
Repairs, maintenance and consumables	<b>108,601</b>	128,854
Distribution and marketing expenses	<b>97,152</b>	99,294
Utilities	<b>59,306</b>	60,210
Insurance	<b>7,733</b>	10,511
Others	<b>157,126</b>	124,167
Recoverable expenses	<b>(198,403)</b>	(171,294)
	<b>1,912,751</b>	1,837,293

**18 Other income**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Gain on disposal of property, plant and equipment	<b>51</b>	1,413
Miscellaneous income	<b>160,047</b>	110,565
	<b>160,098</b>	111,978

Miscellaneous income consists mainly of convenient store income for the consigned goods and sales of scrap items, used oil, batteries and tyres.

**19 Impairment losses and other operating expenses**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Impairment loss of trade receivables (note 7)	<b>51,158</b>	107,018
Inventories written off	<b>-</b>	11,961
Impairment loss for obsolete inventories (note 6)	<b>2,056</b>	-
	<b>53,214</b>	118,979



**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**20 Staff costs**

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Salaries and allowances	<b>1,264,608</b>	1,259,338
Other benefits	<b>134,689</b>	140,830
Employees' end of service benefit (note 13)	<b>19,513</b>	22,018
	<b>1,418,810</b>	1,422,186
<i>Staff costs are allocated as follows:</i>		
Distribution and administrative expenses (note 17)	<b>1,377,127</b>	1,378,898
Capital work-in-progress	<b>32,280</b>	33,449
Direct costs (note 16)	<b>9,403</b>	9,839
	<b>1,418,810</b>	1,422,186

Other benefits consist mainly of medical expenses, trainings, leave and travel expenses and uniforms.

**21 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>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
		(unaudited)
Profit attributable to owners of the Company (AED '000)	<b>1,311,823</b>	1,320,025
Weighted average number of shares in issue ('000)	<b>10,000</b>	10,000
Earnings per share	<b>131.18</b>	132.00

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

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**22 Commitments**

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 351 million (31 December 2016: AED 534.5 million.)

The Group has entered into numerous operating lease agreements relating to land on which certain petrol stations have been constructed. The minimum lease payments under these lease agreements are shown below.

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
Not later than one year	<b>3,200</b>	3,200
Later than one and not later than five years	<b>23,010</b>	23,030
Later than five years	<b>16,350</b>	15,850
	<hr/>	<hr/>
	<b>42,560</b>	42,080
	<hr/> <hr/>	<hr/> <hr/>

**23 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 are reported to the Board of Directors.

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

- (i.) Corporate segment, which involves sale of petroleum products and ancillary products.
- (ii.) Retail segments, which involves sale of petroleum products through service stations services and convenience stores catering the consumers.
- (iii.) 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.
- (iv.) 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.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous year. 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 carve-out financial statements  
for the period ended 30 September 2017 (continued)

23 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
<b>30 September 2017</b>						
Revenue	2,839,267	10,047,595	1,146,390	187,669	-	14,220,921
Direct costs	(2,285,834)	(7,989,985)	(816,986)	(12,458)	-	(11,105,263)
Gross profit	553,433	2,057,610	329,404	175,211	-	3,115,658
Distribution and administrative expenses	(161,811)	(1,488,537)	(97,795)	(164,608)	-	(1,912,751)
Other income	79,839	59,234	5,148	14,468	1,409	160,098
Impairment losses and other operating expenses	(26,783)	(100)	(7,010)	(17,264)	(2,057)	(53,214)
Interest income	-	-	-	-	2,032	2,032
Profit for the period	444,678	628,207	229,747	7,807	1,384	1,311,823
Depreciation - net	12,189	235,249	8,067	34,469	-	289,974
<b>30 September 2016 (unaudited)</b>						
Revenue	2,898,963	9,065,838	974,306	159,352	-	13,098,459
Direct costs	(2,250,126)	(7,019,608)	(657,998)	(8,416)	-	(9,936,148)
Gross profit	648,837	2,046,230	316,308	150,936	-	3,162,311
Distribution and administrative expenses	(133,876)	(1,456,580)	(95,052)	(151,785)	-	(1,837,293)
Other income	15,611	81,602	959	11,491	2,315	111,978
Impairment losses and other operating expenses	(75,921)	(40)	(20,614)	(10,443)	(11,961)	(118,979)
Interest income	-	-	-	-	2,008	2,008
Profit for the period	454,651	671,212	201,601	199	(7,638)	1,320,025
Depreciation - net	10,549	148,928	7,649	31,836	-	198,962

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**23 Segment Reporting (continued)**

Unallocated income consists mainly of gain on sale of fixed assets, insurance recovery and other miscellaneous income.

Depreciation has been allocated in distribution and administrative expenses, direct costs and work-in-progress inventories (note 5). Reconciliation of depreciation net of Civil Aviation Division carve-out is as follows:

	<b>9 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
		(unaudited)
Depreciation (note 5)	<b>306,284</b>	208,318
Less: amount relating to Civil Aviation Division carve-out	<b>(16,310)</b>	(9,356)
	<hr/>	<hr/>
<b>Depreciation - net</b>	<b>289,974</b>	198,962
	<hr/> <hr/>	<hr/> <hr/>

**24 ADNOC Group central fund for risk financing**

The Group is a participant in a centralised fund, administered by ADNOC, to finance certain self-insured risks. The fund is made up of premium discounts, investment income and contributions from participants, as agreed upon from time to time. Under the scheme, the Group is obliged to provide additional funding, if required. As at 30 September 2017, the Group's share in the fund held by ADNOC was AED 666 thousand (31 December 2016: AED 662 thousand).

**25 Contingencies and litigation**

As at 30 September 2017, the Group had contingent liabilities amounting to AED 1,356 thousand (31 December 2016: AED 2,201 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 carve-out financial statements if concluded unfavourably.

**26 Financial instruments**

**Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), commercial and credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**26 Financial instruments (continued)**

**Financial risk management (continued)**

(a) Market risk

(i) Foreign exchange risk

The Group has no significant currency risk exposure from its operations as a majority of the Group's transactions are in UAE Dirham or US Dollars. The UAE Dirham is pegged to the US Dollar, hence, balances in US Dollars are not considered to present a significant foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets. Consequently, the Group's income and operating cash flows are dependent on changes in market interest rates. The Group's interest rate risk arises from short term bank deposits. Deposits/placements issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage these risks based on management's assessment of available options and placing any surplus funds with ADNOC for treasury management (note 9).

The deposits and placements are on rollover basis for three months or less, as such the carrying amounts have not been discounted as the impact of discounting is not deemed to be significant. Accordingly, the impact of changes in interest rates is not deemed to be significant.

(iii) Price risk

The Group is exposed to commodity price risk arising from retail prices of the liquid fuels. Liquid fuel prices are set by the UAE Ministry of Energy, which limits and may result in reductions in the profit margins on these products. There can be no assurance that the UAE Ministry of Energy will continue to set retail prices at a level that provides the same or a similar profit margin, and any reduction in the profit margin on these products would have a material adverse impact on our results of operations and financial position.

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, due from group companies and committed transactions. Management assesses the credit quality of its customers, taking into account financial position, past experience and others factors. Individual risk limits are based on management's assessment on a case-by-case basis.

The Group's policy is to place cash and cash equivalents and term deposits with reputable banks and financial institutions and the Group's management does not expect any losses from non-performance of its counterparties as it believes that adequate allowance has been created against the impaired receivables.

The Group's trade receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount of the trade receivables as disclosed in note 7.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**26 Financial risk management (continued)**

**Financial risk management (continued)**

(c) Liquidity risk

The Group limits its liquidity risk by ensuring adequate cash from operations is available to meet its funding requirements. The Group's terms of purchase require amounts to be paid on demand, after taking account of the Group's liquidity requirements.

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., bank deposits, trade receivables and other financial assets), and projected cash flows from operations. The Group's objective is to maintain liquidity through credit lines available from the Parent Company.

The table below summarises the maturity profile of the Group's financial liabilities at 30 September 2017 and 31 December 2016 based on the contractual undiscounted payments.

	<b>On demand AED '000</b>	<b>Less than 3 months AED '000</b>	<b>Total AED '000</b>
<b>At 30 September 2017</b>			
Due to related parties	3,188,062	-	3,188,062
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	-	1,021,500	1,021,500
<b>Total</b>	<b>3,188,062</b>	<b>1,021,500</b>	<b>4,209,562</b>
<b>At 31 December 2016</b>			
Due to related parties	603,546	-	603,546
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	-	997,382	997,382
<b>Total</b>	<b>603,546</b>	<b>997,382</b>	<b>1,600,928</b>

Whilst the Parent Company account is payable on demand, the Parent Company considers the ability of the Group to pay, and its cash position prior to any payment request or transfer. The Parent Company account includes the cost of supplying the Group with its inventories as the Parent Company is the principal supplier of petroleum products to the Group (note 8).

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**26 Financial risk management (continued)**

**Capital risk management**

The primary objective of the Group's capital risk management activities is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the Group consists of share capital, contributed capital, legal reserve and retained earnings.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the period ended 30 September 2017.

**Fair value estimation**

The carrying value less any impairment provision of trade receivables and payables, approximate to their fair values as they are mainly short-term in nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for financial instruments.

**27 Financial instruments by category**

	<b>30 September 2017 AED'000</b>	31 December 2016 AED'000
<b>Financial assets:</b>		
Cash and bank balances	6,556,374	3,833,454
Due from related parties	349,568	353,390
Trade and receivables and other current assets (excluding prepaid expenses)	1,771,664	1,621,300
	<hr/>	<hr/>
	<b>8,677,606</b>	5,808,144
	<hr/>	<hr/>
<b>Financial liabilities:</b>		
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	1,021,500	997,382
Due to related parties	3,188,062	603,546
	<hr/>	<hr/>
	<b>4,209,562</b>	1,600,928
	<hr/>	<hr/>

For the purpose of the financial statement disclosure, non-financial assets amounting to AED 46,166 thousand (31 December 2016: AED 35,531 thousand) have been excluded from trade receivables and other current assets and financial liabilities amounting to AED 105,871 thousand (31 December 2016: AED 117,665 thousand) have been excluded from trade and other payables.

**Notes to the carve-out financial statements  
for the period ended 30 September 2017 (continued)**

**28 Subsequent events**

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 credit facility (the “Facility”). The Facility is to be bifurcated further into a term facility commitment of USD 1,500 million and a revolving facility commitment of USD 750 million. It is expected that the Facility will be able to be drawn in US Dollars (“USD”) or in AED in predetermined amounts. The Facility carries variable interest at USD LIBOR plus a margin for USD denominated facility portion and EIBOR plus a margin for AED denominated facility portion. Bifurcation between currencies is based on the related commitment as per the Mandate Letter. The facility agreement is not yet signed at the date of issuance of these carve-out financial statements.

On 3 November 2017, ADNOC Distribution entered into an agreement with the Parent Company relating to its supply of Butane, Propane and Mixed Liquefied Petroleum Gas (“LPG”) which specifies the pricing mechanism for those products. As per the new arrangement for LPG Cylinders, the Parent Company will charge ADNOC Distribution the regulated price with a deduction for direct operating costs and an agreed margin whereas historically the Company paid the Parent Company’s official selling prices. The agreement is effective until 31 December 2022 unless terminated or extended as per the terms of the agreement.

On 12 November 2017, ADNOC Distribution entered into an agreement with the Parent Company for supply of refined petroleum products. As per this arrangement, the contract price applicable to Gasoline and Diesel shall be equal to the sum of (a) the mean of Platt’s Average as defined in the agreement, plus (b) a fixed premium. For Illuminating Kerosene and JP-8, the contract price shall be the Parent Company’s official selling prices applicable at the time of delivery (in the case of In-Truck deliveries) or on the Completion Date (in the case of Ex-Pipeline deliveries). The agreement is effective until 31 December 2022 unless terminated or extended as per the terms of the agreement.

On 2 November 2017, the Company and Abu Dhabi National Oil Company (ADNOC) entered into a business transfer agreement relating to the transfer of the Company’s Natural Gas business excluding compressed natural gas operations subject to certain conditions precedent. On the same day, the Company also entered into a sales confirmation agreement with ADNOC for the purchase of Natural Gas and Base Oil.

**29 Approval of carve-out financial statements**

The carve-out financial statements were approved by the Board of Directors and authorised for issue on 12 NOV 2017.



Annex 2 - Articles of Association

<p align="center"><b>Articles of Association of</b> <b>Abu Dhabi National Oil Company for Distribution PJSC</b> <b>(the "Company")</b></p>	<p align="center"><b>النظام الأساسي</b> <b>شركة بترول أبوظبي الوطنية للتوزيع</b> <b>("الشركة")</b></p>
<p align="center"><b>Introduction</b></p>	<p align="center"><b>مقدمة</b></p>
<p>On [•] 2017, Law No. [•] (the "New Law of Establishment") was issued replacing Law No. 13 of 1973 and Law No. 12 of 1979 in respect of the incorporation of Abu Dhabi National Oil Company for Distribution, a public joint stock company registered with the commercial register in Abu Dhabi under the commercial licence number CN-1002757 issued by Abu Dhabi Department of Economic Development.</p>	<p>بتاريخ [•] 2017 صدر القانون رقم [•] ("قانون التأسيس الجديد") ملغياً القانون رقم 12 لسنة 1979 والقانون رقم 13 لسنة 1973 بشأن تأسيس شركة بترول أبوظبي الوطنية للتوزيع، شركة مساهمة عامة ومقيدة في السجل التجاري في أبوظبي بموجب رخصة تجارية رقم CN-1002757 الصادرة من دائرة التنمية الاقتصادية بأبوظبي.</p>
<p>Pursuant to a written resolution of the Founder (defined below) as sole shareholder in the Company dated 28 June 2017, the Founder approved, among other matters, the listing of all the Company's shares on the Market (defined below) and the sale by way of offer to the public of part of the share capital of the Company held by the Founder. In addition, the same written resolution of the Founder approved the appointment of the Founder Committee to supervise the Company's offering of its shares for public subscription.</p>	<p>وبموجب قرار كتابي من المؤسس (كما هو معرف أدناه) بتاريخ 28 يونيو 2017، بصفته المساهم الوحيد في الشركة، وافق المؤسس على إدراج أسهم الشركة في السوق (كما هو معرف أدناه) وبيع المؤسس لجزء من أسهمه في الشركة وذلك عن طريق الاكتتاب العام؛ إضافة لذلك وبموجب نفس القرار الكتابي فقد تمت الموافقة على تعيين لجنة تأسيس للإشراف على عملية طرح أسهم الشركة للاكتتاب العام.</p>
<p>It has been agreed that the following shall be the Articles of Association (defined below) of the Company:</p>	<p>وقد تم الاتفاق على النظام الأساسي التالي للشركة:</p>
<p align="center"><b>PART ONE</b> <b><i>ESTABLISHING THE COMPANY</i></b></p>	<p align="center"><b>الباب الأول</b> <b>في تأسيس الشركة</b></p>
<p>The following terms and expressions, when mentioned in the provisions of these Articles, shall have the following meanings:</p>	<p>يقصد بالألفاظ والمعاني أدناه، عند ورودها في النظام الأساسي، المعاني المرادف لكل منها:</p>
<p><b>Abu Dhabi:</b> means the Emirate of Abu Dhabi.</p>	<p><b>أبو ظبي:</b> تعني إمارة أبو ظبي.</p>
<p><b>Articles or Articles of Association:</b> means these articles of association of the Company as amended from time to time.</p>	<p><b>النظام أو النظام الأساسي:</b> هذا النظام الأساسي للشركة كما يتم تعديله من حين لآخر.</p>
<p><b>Auditor:</b> means the auditor of the Company from time to time.</p>	<p><b>مدقق الحسابات:</b> يعني مدقق حسابات الشركة من وقت إلى آخر.</p>
<p><b>Authority:</b> means the Securities and Commodities Authority in the UAE.</p>	<p><b>الهيئة:</b> هيئة الأوراق المالية والسلع بدولة الإمارات العربية المتحدة.</p>
<p><b>Board Director:</b> means a person or entity appointed to perform the function of member of the Board of Directors, and <b>Board Directors</b> shall be construed accordingly.</p>	<p><b>عضو مجلس الإدارة:</b> الشخص الطبيعي أو الاعتباري الذي يتم تعيينه لشغل عضوية مجلس إدارة الشركة، و يتم تفسير أعضاء مجلس الإدارة على هذا الأساس.</p>
<p><b>Board of Directors:</b> means the board of directors of the Company.</p>	<p><b>مجلس الإدارة:</b> مجلس إدارة الشركة.</p>

<b>Chairperson:</b> means the chairperson of the Board of Directors appointed from time to time in accordance with the provisions of these Articles.	<b>رئيس مجلس الإدارة:</b> رئيس مجلس الإدارة والذي يتم تعيينه من وقت لآخر بموجب أحكام هذا النظام.
<b>Chief Executive Officer:</b> means the chief executive officer of the Company.	<b>الرئيس التنفيذي:</b> الرئيس التنفيذي للشركة.
<b>Competent Authority:</b> means the Abu Dhabi Department of Economic Development, concerned with issuing the licence for carrying out activities in Abu Dhabi.	<b>السلطة المختصة:</b> دائرة التنمية الاقتصادية المختصة بإصدار ترخيص مزاولة النشاط في أبوظبي.
<b>Conflict of Interest:</b> means a situation in which the partiality in taking a decision is affected due to (i) a personal, material or moral interest, (ii) the interests of Related Parties interfering or seeming to interfere with the interests of the Company as a whole, or (iii) a person taking advantage of their professional or official position in any way with a view to achieving a personal benefit.	<b>تعارض المصالح:</b> الحالة التي يتأثر فيها الحياد اللازم لإتخاذ القرار بسبب (1) مصلحة شخصية أو مادية أو معنوية (2) تداخل أو ظهور تداخل مصالح الأطراف ذات العلاقة مع مصالح الشركة في مجملها أو (3) عند إستغلال شخص لصفته مهنية أو رسمية بطريقة ما لتحقيق منفعة شخصية.
<b>Control:</b> means the power to influence or control - directly or indirectly - the appointment of the majority of the members of the board of directors of a company or the decisions issued by the board of directors or by the general assembly of a company through the ownership of a percentage of shares or through an agreement or arrangement resulting in the same effect.	<b>السيطرة:</b> القدرة على التأثير أو التحكم، بشكل مباشر أو غير مباشر، في تعيين أغلبية أعضاء مجلس إدارة شركة أو القرارات الصادرة منه أو من الجمعية العمومية للشركة، وذلك من خلال ملكية نسبة من الأسهم أو الحصة أو باتفاق أو ترتيب آخر يؤدي إلى ذات التأثير.
<b>Corporate Governance Rules:</b> means the set of corporate governance rules, regulations, principles, standards and procedures issued from time to time by the Authority.	<b>قواعد حوكمة الشركات:</b> مجموعة قرارات ولوائح وضوابط ومعايير وإجراءات حوكمة الشركات التي تصدرها الهيئة من حين لآخر.
<b>Cumulative Voting:</b> means the voting process pursuant to which each Shareholder has a number of votes equal to the number of shares held by such Shareholder, and whereby, when voting in favour of Board Director appointments, such votes may be cast in favour of a single nominated Board Director or distributed in favour of more than one (1) nominated Board Director, provided that the number of votes cast by a Shareholder shall not exceed the number of the shares held by such Shareholder under any circumstances whatsoever.	<b>التصويت التراكمي:</b> عملية التصويت التي بموجبها يكون لكل مساهم عدد من الأصوات يساوي عدد الأسهم التي يملكها، بحيث يقوم بالتصويت بها لمرشح واحد لعضوية مجلس الإدارة أو توزيعها بين من يختارهم من المرشحين على أن لا يتجاوز عدد الأصوات التي يمنحها للمرشحين الذين اختارهم عدد الأصوات التي بحوزته بأي حال من الأحوال.
<b>Dirham:</b> means the official currency in the UAE.	<b>درهم:</b> العملة الرسمية لدولة الإمارات العربية المتحدة.
<b>Employees Share Option Plan:</b> has the meaning given in Article 16.6 of these Articles.	<b>برنامج اسهم ائابة وتحفيز العاملين:</b> له المعنى الوارد في المادة 16-6 من هذا النظام.
<b>Founder:</b> means Abu Dhabi National Oil Company, the sole shareholder in the Company prior to its public offering.	<b>المؤسس:</b> شركة بترول أبوظبي الوطني، المساهم الوحيد في الشركة قبل طرحها للاكتتاب العام.
<b>General Assembly:</b> means each meeting of the Shareholders (including the annual General Assembly) duly convened and held in accordance with these Articles, and <b>General Assemblies</b> shall be construed accordingly.	<b>الجمعية العمومية:</b> كل اجتماع يعقده المساهمين تتم الدعوة إليه ويُعقد أصولاً بموجب هذا النظام (بما في ذلك الجمعية العمومية السنوية)، ويتم تفسير الجمعيات العمومية على هذا الأساس.
<b>Law:</b> means the Federal Law No. (2) of 2015 concerning Commercial Companies and any regulations or decrees	<b>القانون:</b> القانون الاتحادي رقم (2) لسنة 2015 في شأن الشركات التجارية وأي لوائح وقرارات تصدر تنفيذاً له وحسبما يتم تعديله أو استكماله أو إحلاله

to be enacted for its implementation or as amended, completed, substituted or re-enacted in full by subsequent laws to the extent (where the context permits) applicable to the provisions of these Articles.	أو إعادة إصداره أو سنّه بشكل كامل بواسطة قوانين لاحقة وذلك إلى الحد (حيثما يسمح السياق بذلك) الذي يسري على أحكام هذا النظام.
<b>Law of Establishment:</b> means Law No. 12 of 1979, amending Law No. 13 of 1973 in respect of the incorporation of Abu Dhabi National Oil Company for Distribution, a public joint stock company, as amended and restated pursuant to the New Law of Establishment.	<b>قانون التأسيس:</b> القانون رقم 12 لسنة 1979 بتعديل بعض أحكام القانون رقم 13 لسنة 1973 في شأن تأسيس شركة بترول أبوظبي الوطنية للتوزيع، شركة مساهمة عامة، والذي تم تعديله وإعادة صياغته بموجب قانون التأسيس الجديد.
<b>Listing Rules:</b> means the rules and requirements of listing under the Law, the regulations and resolutions issued in accordance therewith or for its implementation, including the internal regulations of the Market.	<b>قواعد الإدراج:</b> قواعد ومتطلبات الإدراج الواردة في القانون والأنظمة والقرارات الصادرة بمقتضاه أو تنفيذاً له، بما في ذلك اللوائح الداخلية الخاصة بالسوق.
<b>Management:</b> means the executive management of the Company comprising the Chief Executive Officer and any direct reports to the Chief Executive Officer.	<b>الإدارة:</b> الإدارة التنفيذية للشركة والتي تتكون من الرئيس التنفيذي وأي من الذين يقدمون تقاريرهم مباشرة للرئيس التنفيذي.
<b>Market:</b> means the Abu Dhabi Securities Exchange, on which the shares of the Company shall be listed.	<b>السوق:</b> سوق أبوظبي للأوراق المالية الذي سيتم إدراج أسهم الشركة به.
<b>Related Parties:</b> means the Chairperson and the Board of Directors, members of the Management, employees of the Company, and the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies.	<b>الأطراف ذات العلاقة:</b> رئيس وأعضاء مجلس الإدارة وأعضاء الإدارة والعاملين بها والشركات التي يساهم فيها أي من هؤلاء بما لا يقل عن 30% من رأس مالها وكذا الشركات التابعة أو الشقيقة أو الحليفة.
<b>Secretary:</b> means the secretary of the Board of Directors from time to time.	<b>المقرر:</b> مقرر مجلس الإدارة من وقت إلى آخر.
<b>Shareholder:</b> means a holder of shares in the Company, and <b>Shareholders</b> shall be construed accordingly.	<b>المساهم:</b> حامل أسهم في الشركة، و يتم تفسير <b>المساهمين</b> على هذا الأساس.
<b>Special Resolution:</b> means a resolution passed by the Shareholders owning not less than three (3) quarters of the shares represented in the General Assembly.	<b>القرار الخاص:</b> القرار الصادر بأغلبية أصوات المساهمين الذين يملكون ما لا يقل عن ثلاثة أرباع الأسهم الممثلة في اجتماع الجمعية العمومية للشركة.
<b>UAE:</b> means the United Arab Emirates.	<b>الدولة:</b> دولة الإمارات العربية المتحدة.
<b>UAE Nationals:</b> means persons who are nationals of the UAE.	<b>مواطني الدولة:</b> مواطني دولة الإمارات العربية المتحدة.
<b>Article (1)</b>	<b>المادة (1)</b>
The name of the Company is Abu Dhabi National Oil Company for Distribution PJSC.	يكون اسم الشركة هو شركة بترول أبوظبي الوطنية للتوزيع ش.م.ع.
<b>Article (2)</b>	<b>المادة (2)</b>
The head office of the Company and its legal place of business shall be in Abu Dhabi. The Board of Directors may establish branches, offices and agencies on behalf of the Company inside or outside of the UAE.	يكون مركز الشركة الرئيسي ومحلها القانوني في أبوظبي، ويجوز لمجلس الإدارة أن ينشئ فروعاً ومكاتب وتوكيلات نيابة عن الشركة في داخل الدولة وخارجها.
<b>Article (3)</b>	<b>المادة (3)</b>
3.1 The term of the Company is one hundred (100) Gregorian years commencing on the date of	3-1 المدة المحددة للشركة هي (100) مائة سنة ميلادية تبدأ من تاريخ إصدار قانون التأسيس الجديد إلا إذا أصدرت الجمعية العمومية قراراً خاصاً يحلّ الشركة قبل نهاية تلك المدة.

	issuance of the New Law of Establishment, unless a Special Resolution is issued by the General Assembly to dissolve the Company before the end of the term.	
3.2	The term of the Company shall be automatically renewed for similar successive terms unless a Special Resolution of the General Assembly is issued to amend the term of the Company or terminate the same.	3-2 وتجدد المدة المحددة للشركة بعد ذلك تلقائياً لمدة متعاقبة ومماثلة ما لم يصدر قرار خاص من الجمعية العمومية بتعديل مدة الشركة أو إنهاؤها.
	<b>Article (4)</b>	<b>المادة (4)</b>
4.1	The objectives for which the Company is established shall be in compliance with the provisions of the laws and regulations in force in Abu Dhabi and, to the extent applicable, the UAE.	4-1 تكون الأغراض التي أسست من أجلها الشركة متفقة مع أحكام القوانين والقرارات المعمول بها داخل الدولة.
4.2	The objectives of the Company are as follows:	4-2 الأغراض التي تأسست من أجلها الشركة هي:
	<ul style="list-style-type: none"> <li>(i) importing and trading of petroleum products, including natural gas, liquid gas and condensate, engine oils and other petroleum products;</li> <li>(ii) storage, transportation, distribution, marketing and sale of petroleum products;</li> <li>(iii) construct, own, possess or manage retail petrol and other product service stations, and provide related services;</li> <li>(iv) establish branches of the Company, incorporate companies or acquire subsidiaries and enter into partnership agreements inside and outside the UAE; and</li> <li>(v) any other activities required for the Company's operations.</li> </ul>	<ul style="list-style-type: none"> <li>(1) استيراد وتداول وتجارة المنتجات البترولية بما في ذلك الغاز الطبيعي والغاز المسال والمكثفات وزيوت المحركات ومشتقات البترول الأخرى؛ و</li> <li>(2) تخزين ونقل وتوزيع وتسويق وبيع المنتجات البترولية؛ و</li> <li>(3) بناء أو امتلاك أو حيازة أو إدارة محطات خدمة الوقود بالتجزئة وغيرها من المنتجات، وتقديم الخدمات ذات الصلة؛ و</li> <li>(4) فتح فروع للشركة أو تأسيس الشركات أو الاستحواذ على شركات تابعة والدخول في اتفاقيات شراكة داخل الدولة وخارجها؛ و</li> <li>(5) أي نشاط آخر تقتضيه أعمال الشركة.</li> </ul>
4.3	The Company has the right when pursuing its objectives:	4-3 وللشركة الحق في سبيل ممارسة أغراضها:
	<ul style="list-style-type: none"> <li>(i) to use the Company's funds to invest in any economic activities and fields related to the Company's activities;</li> <li>(ii) to carry on any other business or activity, including establishing or closing branches and/or subsidiaries, and participating in, forming joint ventures with and having an interest of whatsoever nature with, any other person inside or outside the UAE in any type of business and to participate in their capital;</li> <li>(iii) to own trademarks, patents, copyrights, industrial designs, and any other intellectual property rights as the Company deems necessary for its business;</li> </ul>	<ul style="list-style-type: none"> <li>(1) استعمال أموال الشركة للاستثمار في المجالات والنشاطات الاقتصادية المتعلقة بنشاط الشركة؛</li> <li>(2) القيام بأي عمل أو نشاط آخر، بما في ذلك إنشاء أو إغلاق الفروع و/أو الشركات التابعة، والمشاركة في مشاريع مشتركة مع أي شركة أخرى داخل أو خارج الدولة والمشاركة في رأس مالها؛</li> <li>(3) امتلاك العلامات التجارية وبراءات الاختراع وحقوق التأليف والنشر والرسوم والنماذج الصناعية وجميع حقوق الملكية الفكرية الأخرى التي تراها الشركة ضرورية لأعمالها؛</li> </ul>

(iv) to acquire and/or possess and/or sell and/or transfer and/or assign companies, establishments, international organisations and other legal entities related to the Company's objectives;	(4) أن تستحوذ على و/أو تمتلك و/أو تبيع و/أو تنقل ملكية و/أو تتنازل عن الشركات والمؤسسات و المؤسسات الدولية والكيانات القانونية الأخرى والتي تتشابه أغراضها بأغراض الشركة؛
(v) to act as an agent for the companies, establishments, international organisations and other legal entities in relation to the Company's objectives and to represent the same in the UAE and abroad; and	(5) العمل كوكيل للشركات والمؤسسات والمنظمات الدولية وأي كيان قانوني آخر ذات علاقة بأغراض الشركة وأن تمثل تلك الشركات داخل الدولة وخارجها؛ و
(vi) to conduct any other businesses related to the above objectives.	(6) ممارسة أي أعمال أخرى متصلة أو تتعلق بالأغراض الواردة أعلاه.
4.4 The above objectives shall be interpreted liberally and in their widest meaning and shall not be narrowly interpreted.	4-4 تُفسر أغراض الشركة والموضحة في الفقرات المذكورة أعلاه بشكل متحرر وتكون لها أوسع المعاني دون أي تقييد.
<b>PART TWO</b> <b><u>THE CAPITAL OF THE COMPANY</u></b>	<b>الباب الثاني</b> <b>في رأس مال الشركة</b>
<b>Article (5)</b>	<b>المادة (5)</b>
5.1 The issued capital of the Company is one billion (1,000,000,000) Dirham, divided into twelve billion five hundred million (12,500,000,000) shares. The nominal value of each share is eight (8) UAE fils. All the shares of the Company shall rank equally with one another in all aspects.	5-1 حدد رأس مال الشركة المصدر بمبلغ (1,000,000,000) مليار درهم إماراتي موزع على اثنا عشر مليار و خمسمائة مليون (12,500,000,000) سهم، بقيمة اسميه تبلغ (8) ثمانية فلس إماراتي لكل سهم، تكون جميع أسهم الشركة متساوية في التصنيف مع بعضها البعض من كافة الجوانب.
5.2 The authorised capital of the Company is two billion (2,000,000,000) Dirham. The Board of Directors may increase the issued capital of the Company within the limits of the authorised capital by virtue of a resolution of the Board of Directors pursuant to the regulations issued by the Authority in this regard.	5-2 رأس مال الشركة المصرح به هو (2,000,000,000) مليار درهم إماراتي. ويجوز لمجلس الإدارة زيادة رأس المال المصدر للشركة في حدود رأس المال المصرح به بموجب قرار صادر عن مجلس الإدارة في ضوء قرارات الهيئة في هذا الشأن.
<b>Article (6)</b>	<b>المادة (6)</b>
All of the shares in the Company are nominal shares. The percentage of the shareholding of UAE Nationals at any time during the existence of the Company must not be less than fifty one percent (51%) of the share capital of the Company.	جميع أسهم الشركة اسمية ويجب ألا تقل نسبة الأسهم المملوكة لمواطني الدولة في أي وقت طوال مدة بقاء الشركة عن (51%) واحد وخمسين بالمائة من رأس مال الشركة.
<b>Article (7)</b>	<b>المادة (7)</b>
One hundred percent (100%) of the total nominal value of the shares shall be paid up in full on subscription.	تُدفع (100%) مائة بالمائة من كامل القيمة الاسمية للأسهم عند الاكتتاب.
<b>Article (8)</b>	<b>المادة (8)</b>
The Shareholders shall only be liable for the Company's liabilities and losses to the extent of the unpaid amount (if any) of the shares held by each of them. Such	لا يلتزم المساهمون بأية التزامات أو خسائر على الشركة إلا في حدود المبلغ غير المدفوع (إن وجد) من ما يملكون من أسهم ولا يجوز زيادة التزامات المساهمين إلا بموافقتهم الجماعية.

Shareholder liabilities may only be increased pursuant to the unanimous approval of the Shareholders.	
<b>Article (9)</b>	<b>المادة (9)</b>
Ownership of any share in the Company shall be deemed an acceptance by the Shareholder to be bound by these Articles and the resolutions of the General Assemblies. A Shareholder may not request a refund for amounts paid to the Company in consideration of his/her shareholding in the capital.	يترتب على ملكية السهم قبول المساهم بنظام الشركة الأساسي وقرارات جمعياتها العمومية. ولا يجوز للمساهم أن يطلب استرداد ما دفعه للشركة كحصة في رأس المال.
<b>Article (10)</b>	<b>المادة (10)</b>
The shares are not divisible (i.e. a share may not be divided among more than one (1) person).	يكون السهم غير قابل للتجزئة (بمعنى أنه لا يجوز تجزئة السهم على أكثر من شخص).
<b>Article (11)</b>	<b>المادة (11)</b>
Each share shall entitle its holder to a proportion equal to that of the other shares without distinction (i) in the ownership of the assets of the Company upon dissolution, (ii) in the profits of the Company as stated hereinafter, (iii) in the rights to attend General Assembly meetings and (iv) in voting on the resolutions thereof.	كل سهم يحول ماله الحق في حصة معادلة لحصة غيره بلا تمييز (أ) في ملكية موجودات الشركة عند تصفيتها و(ب) في أرباح الشركة الميينة فيما بعد و(ج) في حق حضور جلسات الجمعيات العمومية و(د) في التصويت على قراراتها.
<b>Article (12)</b>	<b>المادة (12)</b>
12.1 The Company shall list its shares on a licensed financial market in the UAE. The Board of Directors may list the shares, or instruments representing the shares, with other financial markets abroad. When the shares of the Company are listed with financial markets in the UAE or abroad, the Company must abide by the laws, rules and regulations applicable in such markets including the laws, rules and regulations relating to the issuance and registration of the Company's shares, trading of those shares and transfer of title thereof and any rights arising therefrom without the need to amend these Articles where the provisions are contradictory to those of the applicable laws and regulations.	12-1 تقوم الشركة بإدراج أسهمها في أحد أسواق الأوراق المالية المرخصة في الدولة. كما يجوز لمجلس الإدارة إدراج الأسهم أو صكوك تمثل الأسهم في الأسواق المالية الأخرى خارج الدولة. وفي حالة إدراج أسهم الشركة في الأسواق المالية في الدولة أو في الخارج، فعلى الشركة أن تتبع القوانين والأنظمة واللوائح المعمول بها في تلك الأسواق بما في ذلك قوانين وأنظمة ولوائح إصدار وتسجيل أسهم الشركة وتداولها ونقل ملكيتها وترتيب حقوق عليها وذلك دون الحاجة إلى تعديل الأحكام الواردة في هذا النظام الأساسي في حالة تعارضها مع هذه القوانين أو الأنظمة أو اللوائح.
12.2 The Company's shares may be sold, transferred, pledged, or otherwise disposed of, in accordance with the provisions of these Articles and all such transactions shall be registered in a special register referred to as the "Share Register". Upon listing the Company's shares on the Market in accordance with the Listing Rules, such transactions shall be registered in accordance with the regulations for selling, purchasing, clearing, settling and recording, applicable in the Market.	12-2 يجوز بيع أسهم الشركة أو التنازل عنها أو رهنها أو التصرف أو التعامل فيها على أي وجه بمقتضى وطبقاً لأحكام هذا النظام الأساسي. ويتم تسجيل أي من هذه التعاملات في الأسهم في سجل خاص يسمى "سجل الأسهم"، وعند إدراج أسهم الشركة في السوق وفقاً لقواعد الإدراج، فإن تسجيل أي من التعاملات المذكورة أعلاه في هذه المادة في أسهم الشركة يتم وفقاً لأنظمة البيع والشراء والمقاصة والتسويات والقيود المتبعة لدى ذلك السوق.

<p>12.3 In the event of the death of a Shareholder, his/her heir(s) shall be the only person(s) to be approved by the Company as having rights or interests in the shares of the deceased Shareholder. Such heir(s), for so long as they hold the shares, shall be entitled to such dividends and other privileges as the deceased Shareholder would have been entitled in relation to such shares. Such heir(s), after being registered as a Shareholder in accordance with these Articles, shall have the same rights in his/her capacity as a Shareholder in the Company as the deceased Shareholder had in relation to such shares. The estate of the deceased Shareholder shall not be exempted from any obligation regarding any share held by him/her at the time of death.</p>	<p>12-3 في حالة وفاة أحد المساهمين، يكون وريثه هو الشخص الوحيد الذي توافق الشركة بأن له حقوق ملكية أو مصلحة في أسهم المتوفى ولذلك الوريث طالما أنه حامل الأسهم الحق في الأرباح والامتيازات الأخرى التي كان للمتوفى حق فيها. و يكون للوريث بعد تسجيله في الشركة وفقاً لأحكام هذا النظام ذات الحقوق كمساهم التي كان يتمتع بها المتوفى فيما يخص هذه الأسهم. ولا تعفى تركة المساهم المتوفى من أي التزام فيما يختص بأي سهم كان يملكه وقت الوفاة.</p>
<p>12.4 Any person who becomes entitled to rights to a share or shares in the Company as a result of the death or bankruptcy of any Shareholder, or pursuant to an attachment order issued by any competent court of law, should within thirty (30) days:</p>	<p>12-4 يجب على أي شخص يصبح له الحق في أية أسهم في الشركة نتيجة لوفاة أو إفلاس أي مساهم أو بمقتضى أمر حجز صادر عن أية محكمة مختصة أن يقوم خلال ثلاثين (30) يوماً:</p>
<p>(i) produce evidence of such right to the Board of Directors; and</p>	<p>(1) بتقديم البينة على هذا الحق إلى مجلس الإدارة، و</p>
<p>(ii) select either to be registered as a Shareholder or to nominate another person to be registered as a Shareholder of the relevant share(s).</p>	<p>(2) أن يختار إما أن يتم تسجيله كمساهم أو أن يسمى شخصاً ليتم تسجيله كمساهم فيما يختص بذلك السهم.</p>
<p><b>Article (13)</b></p>	<p><b>المادة (13)</b></p>
<p>When the Company completes the listing of its shares on the Market in accordance with the Listing Rules, it shall replace its share register system and the applied system of its ownership transfer with an electronic system for the registration of the shares and transfers thereof as applicable in the Market. The data electronically recorded thereon is final and binding and cannot be challenged, transferred or altered except in accordance with the regulations and procedures followed in the Market.</p>	<p>تستبدل الشركة، عند اكتمال إدراج أسهمها في السوق وفقاً لقواعد الإدراج، سجل الأسهم ونظام نقل ملكية الأسهم المعمول به بنظام إلكتروني لتسجيل الأسهم وفيد نقل ملكيته وفقاً للنظام المعمول به في السوق الخاص بقيد وتسجيل الأسهم. وتعتبر البيانات الواردة في هذا النظام الإلكتروني نهائية وملزمة ولا يجوز الطعن فيها أو طلب نقلها أو تغييرها إلا وفقاً للنظم والإجراءات المتبعة في السوق.</p>
<p><b>Article (14)</b></p>	<p><b>المادة (14)</b></p>
<p>A Shareholder's heirs or creditors may not, for whatsoever reason, request the attachment of the Company's books or assets. They also may not request to divide those assets or sell them in one lot because the shares are not divisible, nor to interfere in any way whatsoever in the management of the Company. Those heirs and creditors must, when exercising their rights, rely on the Company's books, inventories, balance sheets and resolutions of the General Assembly.</p>	<p>لا يجوز لورثة المساهم أو لدائنيه، لأي سبب كان، أن يطلبوا وضع الأختام على دفاتر الشركة أو ممتلكاتها ولا أن يطلبوا قسمتها أو بيعها جملة لعدم إمكان القسمة ولا أن يتدخلوا بأية طريقة كانت في إدارة الشركة. ويجب عليهم، لدى استعمال حقوقهم، التعويل على قوائم جرد الشركة وحساباتها الختامية وعلى قرارات جمعياتها العمومية.</p>
<p><b>Article (15)</b></p>	<p><b>المادة (15)</b></p>



<p>The Company shall pay dividends on each share to the last holder of such share whose name is registered in the share register on the date specified by the General Assembly for payment of such dividends. Such holder shall have the sole right to the profits due on those shares whether these profits represent dividends or entitlements to a part of the Company's assets in the event of liquidation.</p>	<p>تدفع الشركة حصص الأرباح المستحقة عن كل سهم لآخر مالك له مقيد اسمه في سجل الأسهم بالشركة في التاريخ الذي تقررته الجمعية العمومية لدفع تلك الأرباح. ويكون له وحده الحق في استلام المبالغ المستحقة عن ذلك السهم سواء كانت حصصاً في الأرباح أو نصيباً في موجودات الشركة في حال تصفيتها.</p>
<p style="text-align: center;"><b>Article (16)</b></p>	<p style="text-align: center;"><b>المادة (16)</b></p>
<p>16.1 Subject to the provisions of the Law and obtaining the approval of the Authority and the Competent Authority, the share capital of the Company may be increased by issuing new shares of the same nominal value as the original shares or of the same nominal value plus a premium. The share capital of the Company may also be reduced after obtaining the approval of the Authority and the Competent Authority.</p>	<p>16-1 مع مراعاة أحكام القانون وبعد الحصول على موافقة الهيئة والسلطة المختصة، يجوز زيادة رأس مال الشركة بإصدار أسهم جديدة بنفس القيمة الاسمية للأسهم الأصلية أو بإضافة علاوة إصدار إلى القيمة الاسمية. كما يجوز تخفيض رأس مال الشركة بعد الحصول على موافقة الهيئة والسلطة المختصة.</p>
<p>16.2 New shares may not be issued at less than the nominal value thereof. If such shares are issued at a premium, such premium shall be added to the legal reserves even if, by doing so, the legal reserves exceed half of the issued share capital.</p>	<p>16-2 لا يجوز إصدار الأسهم الجديدة بأقل من قيمتها الاسمية، وإذا تم إصدارها بأكثر من ذلك، أضيف الفرق إلى الاحتياطي القانوني، ولو جاوز الاحتياطي القانوني بذلك نصف رأس مال الشركة المصدر.</p>
<p>16.3 An increase or a reduction of the share capital shall require approval by a Special Resolution of the General Assembly, pursuant to a recommendation of the Board of Directors in both cases, and after reviewing the Auditor's report in case of a reduction. In the case of an increase, the resolution must state the amount of the increase, the value of the shares to be issued and any pre-emption rights offered to existing Shareholders. In the case of a decrease in the share capital, the resolution must state the amount of decrease and the method of its implementation.</p>	<p>16-3 أي زيادة في رأس مال الشركة أو تخفيضه تتطلب موافقة بقرار خاص من الجمعية العمومية بناءً على اقتراح من مجلس الإدارة في الحالتين، وبعد سماع تقرير مدقق الحسابات في حالة أي تخفيض، وعلى أن يبين في حالة الزيادة، مقدارها وسعر إصدار الأسهم الجديدة وحق المساهمين القدامى في أولوية الاكتتاب في هذه الزيادة. ويبين في حالة التخفيض مقدار هذا التخفيض وكيفية تنفيذه.</p>
<p>16.4 Any issue of new shares must first be offered to the existing Shareholders for subscription, in proportion to their existing shareholdings, before being offered to any third party, subject to the other provisions of this Article 16. Subscription for new shares shall be governed by the same rules of subscription as the existing shares.</p>	<p>16-4 في حالة إصدار أسهم جديدة يجب أن يتم عرضها على المساهمين الحاليين للاكتتاب فيها بما يتناسب مع حصصهم، قبل أن يتم عرضها على الغير، وفقاً لأحكام هذه المادة 16. يكون للمساهمين حق الأولوية في الاكتتاب بالأسهم الجديدة ويسري على الاكتتاب في هذه الأسهم القواعد الخاصة بالاكتتاب في الأسهم الأصلية.</p>
<p>16.5 In accordance with articles 223, 224 and 225 of the Law, the Company may increase its capital without applying the pre-emption rights of the existing Shareholders: (a) for the purpose of the entry of a strategic partner; (b) for the purpose of capitalising the Company's debts, or (c) for the purpose of converting bonds or sukuk issued by the Company into shares, provided that the Company obtains all the required</p>	<p>16-5 وفقاً لأحكام المواد 223 و224 و225 من القانون يجوز زيادة رأس مال الشركة تطبيق حقوق الأولوية للمساهمين القانونيين: (أ) لأغراض إدخال مساهم استراتيجي في الشركة، أو (ب) لتحويل ديون الشركة إلى رأس مال، أو (ج) تحويل السندات أو الصكوك المصدرة من الشركة إلى أسهم، وبشرط الحصول على جميع الموافقات اللازمة من الهيئة والسلطة المختصة والموافقة على زيادة رأس المال من خلال قرار خاص للجمعية العمومية.</p>

	approvals from the Authority and the Competent Authority and the General Assembly approves the relevant increase in capital by way of Special Resolution.	
16.6	The Company may also, by Special Resolution, increase its share capital without triggering the pre-emption rights of existing Shareholders noted above, in order to implement a share incentive scheme for its employees (an "Employees Share Option Plan") in light of the resolutions issued by the Authority and the Competent Authority in this respect.	16-6 يجوز أيضاً للشركة عن طريق إصدار قرار خاص زيادة رأس المال المصدر الخاص بها دون تفعيل حقوق الأولوية للمساهمين القانمين المشار إليهم أعلاه في الإكتتاب بالأسهم الجديدة، لتطبيق برنامج تحفيز موظفي الشركة بتملك أسهم فيها في ضوء القرارات المنظمة الصادرة عن الهيئة والسلطة المختصة بهذا الشأن.
16.7	The Board of Directors shall present any Employees Share Option Plan to the General Assembly for approval by way of Special Resolution. Board Directors shall not be allowed to participate in an Employees Share Option Plan. The share capital of the Company may be increased in a five (5) year period by no more than ten percent (10%) of the issued capital for the purpose of establishing and implementing such Employees Share Option Plan. The time, number and terms upon which such shares are allocated to establish or implement the Employees Share Option Plan shall be determined by the Board of Directors from time to time.	16-7 ويعرض مجلس الإدارة أي برنامج لتحفيز موظفي الشركة بتملك أسهم فيها ("برنامج أسهم ائابة وتحفيز العاملين") على الجمعية العمومية للموافقة بموجب قرار خاص. ولا يجوز لأعضاء مجلس الإدارة المشاركة في برنامج أسهم ائابة وتحفيز العاملين. كما يجوز زيادة رأسمال الشركة خلال مدة خمس (5) سنوات بنسبة لا تزيد عن (10%) عشرة بالمائة من رأس المال المصدر لغرض تطبيق برنامج أسهم ائابة وتحفيز العاملين. ويحدد مجلس الإدارة من وقت لآخر وقت وعدد وشروط تخصيص الأسهم لتطبيق برنامج أسهم ائابة وتحفيز العاملين.
	<b>PART THREE</b> <b><u>LOAN DEBENTURES</u></b>	<b>الباب الثالث</b> <b><u>في سندات القرض</u></b>
	<b>Article (17)</b>	<b>المادة (17)</b>
17.1	Subject to the provisions of the Law, the General Assembly may resolve by a Special Resolution, and after obtaining the approval of the Authority, to issue tradable or non-tradable bonds or sukuk of any nature of equal value per issue whether they are convertible to shares or otherwise. The Special Resolution shall determine the value of the bonds or sukuk, the terms of issuance and their convertibility into shares. The General Assembly may also resolve to delegate to the Board of Directors the power to determine the date of issuance of such bonds or sukuk, provided that such date is not later than one (1) year from the date of the resolution approving the delegation.	17-1 مع مراعاة أحكام القانون، للجمعية العمومية للشركة بقرار خاص، وبعد موافقة الهيئة، أن تقرر إصدار سندات قرض من أي نوع أو صكوك إسلامية بقيم متساوية لكل إصدار سواء كانت قابلة أو غير قابلة للتداول وسواء كانت قابلة أو غير قابلة للتحويل إلى أسهم في الشركة. ويبين القرار الخاص قيمة السندات أو الصكوك وشروط إصدارها ومدى قابليتها للتحويل إلى أسهم، ولها أن تصدر قراراً بتفويض الصلاحية إلى مجلس الإدارة في تحديد موعد إصدار السندات أو الصكوك على ألا يتجاوز سنة (1) من تاريخ الموافقة على التفويض.
17.2	Any bond or sukuk issued by the Company shall remain nominal until fully paid up. The Company may not issue "bearer" bonds or sukuk. Bonds or sukuk issued in connection with a single loan shall give equal rights to the holders of such bonds or sukuk. Any condition to the contrary shall be invalid.	17-2 أي سند أو صك تصدره الشركة يظل إسمياً حتى اكتمال سداد قيمته ولا يجوز إصدار السندات أو الصكوك لحاملها. ويُمنح لأصحاب السندات أو الصكوك التي تصدر بمناسبة قرض واحد حقوقاً متساوية ويقع باطلاً كل شرط يخالف ذلك.
	<b>PART FOUR</b>	<b>الباب الرابع</b>

<b><u>BOARD OF DIRECTORS</u></b>	<b>في مجلس الإدارة</b>
<b>Article (18)</b>	<b>المادة (18)</b>
18.1 The Company shall be managed by a Board of Directors consisting of seven (7) Board Directors to be elected by the General Assembly via secret Cumulative Voting. A Secretary, who is not a Board Director, shall be appointed by the Board of Directors.	18-1 يتولى إدارة الشركة مجلس إدارة مكون من سبعة (7) أعضاء تنتخبهم الجمعية العمومية بالتصويت السري التراكمي. ويعين مجلس الإدارة مقررًا له من غير أعضائه.
18.2 In all cases, the majority of the Board Directors, including the Chairperson, shall be UAE Nationals.	18-2 ويجب، في جميع الأحوال، أن تكون أغلبية أعضاء مجلس الإدارة، بما فيهم رئيس مجلس الإدارة، من مواطني الدولة.
<b>Article (19)</b>	<b>المادة (19)</b>
In accordance with Article 144(2) of the Law, the General Assembly may appoint any number of experienced persons as Board Directors, regardless of whether they hold shares in the Company.	وفقاً لحكم المادة 144(2) من القانون يجوز للجمعية العمومية أن تعين عدداً من أعضاء مجلس الإدارة من ذوي الخبرة من غير المساهمين في الشركة.
<b>Article (20)</b>	<b>المادة (20)</b>
The Company shall abide by the Corporate Governance Rules with respect to nominations for the Board of Directors. Any candidate for membership of the Board of Directors shall provide the Company with the following:	تلتزم الشركة بقواعد حوكمة الشركات بشأن الترشيح لعضوية مجلس الإدارة ويتعين على المرشح لعضوية مجلس الإدارة أن يقدم للشركة ما يلي:
(i) the approval of the Supreme Petroleum Council for his/her nomination to the Board of Directors;	(1) موافقة المجلس الأعلى للبتروول على الترشيح لعضوية مجلس إدارة الشركة؛
(ii) a curriculum vitae stating his/her professional experience and academic qualifications and specifying the position he/she is nominated to (executive/non-executive/independent);	(2) السيرة الذاتية موضحاً بها الخبرات العملية والمؤهل العلمي مع تحديد صفة العضوية التي يترشح لها (تنفيذي/غير تنفيذي/مستقل)؛
(iii) an undertaking to abide by the Law and these Articles and to exercise his/her duties as a prudent person;	(3) إقرار بالتزامه/التزامها بأحكام القانون والنظام الأساسي للشركة، وأنه سوف يبذل عناية الشخص الحريص في أداء عمله؛
(iv) a list of the companies and entities for which he/she works or in which he/she is a member of the board, in addition to any other competing activity he/she carries out, whether directly or indirectly;	(4) بيان بأسماء الشركات والمؤسسات التي يزاول/تزاوول العمل فيها أو يشغل/تشغل عضوية مجالس إدارتها وكذلك أي عمل يقوم به بصورة مباشرة أو غير مباشرة بشكل منافسة للشركة؛
(v) an acknowledgement that he/she is not in violation of Article 149 of the Law;	(5) إقرار بعدم مخالفة المرشح للمادة (149) من القانون؛
(vi) for representatives of corporate bodies, an official letter from the corporate body listing the names of its candidates for the Board of Directors' membership; and	(6) في حال ممثلي الشخص الاعتباري يتعين إرفاق كتاب رسمي من الشخص الاعتباري محدد فيه أسماء ممثليه المرشحين لعضوية مجلس الإدارة؛ و
(vii) a list of the commercial companies in which he/she is a partner or a shareholder, in addition to the number of shares or stocks he/she owns.	(7) بيان بالشركات التجارية التي يساهم أو يشارك في ملكيتها وعدد الأسهم أو الحصص فيها.
<b>Article (21)</b>	<b>المادة (21)</b>

21.1	Every Board Director shall hold his/her position for a term of three (3) years. At the end of such term, the Board of Directors shall be reconstituted. A Board Director whose term of membership is completed may be re-elected.	21-1 يتولى كل عضو مجلس إدارة منصبه لمدة ثلاث (3) سنوات. وفي نهاية هذه المدة، يعاد تشكيل مجلس الإدارة. ويجوز إعادة إنتخاب أعضاء مجلس الإدارة الذين انتهت مدة عضويتهم.
21.2	The Board of Directors may appoint new Board Directors to fill the positions that become vacant during the year provided that such appointment is presented to the General Assembly in its first subsequent meeting to ratify such appointment or to appoint other Board Directors. If the vacant positions during the year reach or exceed one (1) quarter of the number of the Board of Directors, the Board of Directors must call for a General Assembly to convene no later than thirty (30) days from the date of the last position becoming vacant in order to elect new Board Directors to fill the vacant positions. In all cases, the new Board Director shall complete the term of his/her predecessor and such Board Director may be re-elected once again.	21-2 لمجلس الإدارة أن يعين أعضاء جدد في المراكز التي تخلو في أثناء السنة على أن يعرض هذا التعيين على الجمعية العمومية في أول اجتماع لها لإقرار تعيينهم أو تعيين غيرهم. فإذا بلغت أو تعدت المراكز الشاغرة في أثناء السنة ربع عدد أعضاء مجلس الإدارة أو أكثر، وجب على مجلس الإدارة دعوة الجمعية العمومية للاجتماع خلال ثلاثين (30) يوماً على الأكثر من تاريخ شغل آخر منصب للإنتخاب من يملأ المراكز الشاغرة. وفي جميع الأحوال، يكمل عضو مجلس الإدارة الجديد مدة سلفه ويكون هذا العضو قابلاً للإنتخاب مرة أخرى.
<b>Article (22)</b>		<b>المادة (22)</b>
22.1	The Board of Directors shall elect, from amongst its members, a Chairperson and a vice-Chairperson. The Chairperson shall represent the Company before the courts and execute resolutions adopted by the Board of Directors. The vice-Chairperson shall act on behalf of the Chairperson in his/her absence or if the latter is otherwise incapacitated.	22-1 ينتخب مجلس الإدارة من بين أعضائه رئيس مجلس الإدارة ونائباً لرئيس مجلس الإدارة. يمثل رئيس مجلس الإدارة الشركة أمام القضاء، وعليه تنفيذ القرارات الصادرة عن مجلس الإدارة. ويقوم نائب رئيس مجلس الإدارة مقام رئيس مجلس الإدارة عند غيابه أو قيام مانع لديه.
22.2	The Board of Directors may form from its members one or more committees, and delegate to such committees the powers to manage the business and performance of the Company, and to carry out the Board of Directors' resolutions.	22-2 يحق لمجلس الإدارة أن يُشكل من بين أعضائه لجنة أو أكثر يعهد إليها بالصلاحيات اللازمة لمراقبة سير العمل بالشركة وتنفيذ قرارات مجلس الإدارة.
<b>Article (23)</b>		<b>المادة (23)</b>
23.1	The Board of Directors shall have all the powers to manage the Company and the authority to perform all deeds and acts on behalf of the Company and to carry out all the functions required by its objectives. Such powers and authorities shall not be restricted except as stipulated in the Law, the Law of Establishment, these Articles or as to be resolved by the General Assembly. The Board of Directors is further hereby expressly authorised, for the purpose of Article 154 of the Law, to conclude any loan agreements for periods in excess of three (3) years, to sell or mortgage the Company's real estate and assets, to release the Company's debtors and to conduct conciliation and agree to arbitration, and to file lawsuits and to settle the same.	23-1 لمجلس الإدارة كافة السلطات في إدارة الشركة والقيام بكافة الأعمال والتصرفات نيابة عن الشركة وممارسة كافة الصلاحيات المطلوبة لتحقيق أغراضها. ولا يحد من هذه السلطات والصلاحيات إلا ما نص عليه القانون أو قانون التأسيس أو هذا النظام الأساسي أو ما ورد بقرار من الجمعية العمومية. وعلاوة على ذلك يُحوّل مجلس الإدارة صراحة بموجب هذا النظام ولأغراض المادة 154 من القانون عقد القروض لأجل تزيد على ثلاث (3) سنوات وكذلك بيع أو رهن عقارات وأصول الشركة وإبراء ذمة مديني الشركة من التزاماتهم وإجراء الصلح والاتفاق على التحكيم ورفع القضايا وتسويتها.

23.2 The Board of Directors shall issue regulations relating to the administrative and financial affairs of the Company, and to personnel/employee affairs and their financial entitlements. The Board of Directors shall also issue regulations to organise its business, meetings and allocation of its authorities and responsibilities.	23-2 ويضع مجلس الإدارة اللوائح المتعلقة بالمشؤون الإدارية والمالية وشنون عمال/موظفي الشركة ومستحقاتهم المالية. كما يضع مجلس الإدارة لائحة خاصة بتنظيم أعماله واجتماعاته وتوزيع الاختصاصات والمسئوليات.
<b>Article (24)</b>	<b>المادة (24)</b>
The Board of Directors may resolve to grant the right to solely represent the Company to the Chief Executive Officer and/or any Board Director under the conditions, limits and terms included in the relevant Board of Directors resolution and the provisions of the Law.	يجوز لمجلس الإدارة أن يصدر قراراً بمنح حق صفة تمثيل الشركة على انفراد للرئيس التنفيذي و/أو أي من أعضاء مجلس الإدارة وذلك في حدود الشروط والأحكام التي يتضمنها ذلك القرار وأحكام القانون.
<b>Article (25)</b>	<b>المادة (25)</b>
The Board of Directors shall hold a minimum of four (4) meetings each year and shall hold its meetings at the head office of the Company, or at any other place inside the UAE as the Board Directors shall agree upon. The meetings of the Board of Directors can be held through audio or video conferencing facilities.	يعقد مجلس الإدارة (4) أربع اجتماعات سنوياً على الأقل في المركز الرئيسي للشركة أو في أي مكان آخر داخل الدولة يوافق عليه أعضاء مجلس الإدارة. ويجوز أن تُعقد اجتماعات مجلس الإدارة عن طريق وسائل الاتصال المسموعة أو المرئية.
<b>Article (26)</b>	<b>المادة (26)</b>
26.1 Meetings of the Board of Directors shall not be quorate unless attended by a majority of the Board Directors. A Board Director may appoint another Board Director to vote on his/her behalf. In such a case, such Board Director shall have two (2) votes. A Board Director may not act on behalf of more than one (1) Board Director and no Board Director shall vote by way of correspondence.	26-1 لا يكون اجتماع مجلس الإدارة صحيحاً ومكتمل النصاب إلا بحضور أغلبية أعضائه. ويجوز لعضو مجلس الإدارة أن ينيب عنه غيره من أعضاء مجلس الإدارة في التصويت. وفي هذه الحالة، يكون لهذا العضو صوتان. ولا يجوز أن ينوب عضو مجلس الإدارة عن أكثر من عضو واحد من أعضاء مجلس الإدارة كما لا يجوز التصويت بالمراسلة.
26.2 The resolutions of the Board of Directors are adopted by a majority of the votes of the Board Directors present or represented. In case of a tie, the Chairperson or the person acting on his/her behalf shall have a casting vote.	26-2 وتصدر قرارات مجلس الإدارة بأغلبية أصوات أعضاء مجلس الإدارة الحاضرين والممثلين. وإذا تساوت الأصوات، رجح الجانب الذي منه الرئيس أو من يقوم مقامه.
26.3 The details of items discussed in a meeting of the Board of Directors or its committee(s) and decisions thereof, including any reservations or any dissenting opinions, shall be recorded by the Secretary or the committee in the minutes of such meetings provided all the present Board Directors or committee members sign the minutes prior to endorsement. Copies of the said minutes of meeting shall be sent to the Board Directors or committee members following endorsement for their records. The minutes of meetings of the Board of Directors or its committee(s) shall be kept with the Secretary. In the event that a Board Director refuses to sign, his/her refusal, with reasoning thereof, should be noted in the minutes.	26-3 تسجل تفاصيل المسائل التي نظر فيها والقرارات التي تم اتخاذها في محاضر اجتماعات مجلس الإدارة أو لجانه من قبل مقرر مجلس الإدارة أو اللجنة بما في ذلك أية تحفظات لأعضاء مجلس الإدارة أو آراء مخالفة عبروا عنها. ويجب توقيع كافة أعضاء مجلس الإدارة الحاضرين أو أعضاء اللجان على محاضر اجتماعات مجلس الإدارة قبل اعتمادها، على أن ترسل نسخ من هذه المحاضر لأعضاء مجلس الإدارة أو أعضاء اللجان بعد اعتمادها للاحتفاظ بها. وتحفظ محاضر اجتماعات مجلس الإدارة ولجانه من قبل مقرر مجلس الإدارة. وفي حالة امتناع أحد أعضاء مجلس الإدارة عن التوقيع، يُثبت إعتراضه في المحضر وتُذكر أسباب الاعتراض في حال إبدائها.

<p>26.4 Without prejudice to the minimum number of Board of Directors' meetings set out above, the Board of Directors may approve certain resolutions by circulation, taking into consideration that: (1) the majority of the Board Directors agree and approve that the circumstances are sufficiently urgent to justify the issuance of a resolution by circulation, and (2) the Board Directors are provided with the resolution by circulation in writing for their approval attaching all related documents.</p>	<p>26-4 دون الإجلال يلتزم مجلس الإدارة بالحد الأدنى لعدد إجتماعاته الواردة أعلاه، يجوز لمجلس الإدارة الموافقة على بعض قراراته بالتمرير مع مراعاة: (1) موافقة أعضاء مجلس الإدارة بالأغلبية على وجود حالة طارئة تستدعي إصدار القرار بالتمرير، و(2) تسليم أعضاء مجلس الإدارة القرار بالتمرير مكتوب خطياً للموافقة عليه مصحوباً بكافة المستندات والوثائق اللازمة لمراجعته.</p>
<p>26.5 The Chairperson, the Secretary and the Company's general legal counsel are hereby authorised either solely or jointly to provide certified copies of extracts taken from the minutes of any Board of Directors' meeting, by signing such extracts, identifying that it is a certified true copy of the original and providing for the date of such certification. Any party dealing with the Company may rely absolutely on such certified copy as being a true and accurate copy of the original document.</p>	<p>26-5 يُجَوَّلُ كلاً من رئيس مجلس الإدارة والمقرر والمستشار القانوني العام للشركة، سواء منفردين أو مجتمعين بتقديم نسخ مصدق عليها لمستخرجات من محضر أي اجتماع لمجلس الإدارة وذلك بتوقيع تلك المستخرجات والإشارة إلى إنها نسخة طبق الأصل من المحضر الأصلي مع ذكر تاريخ التصديق عليها. ويجوز لأي طرف يتعامل مع الشركة التعويل بشكل مطلق على تلك النسخة المصدق عليها باعتبارها نسخة طبق الأصل ودقيقة من المستند الأصلي.</p>
<p><b>Article (27)</b></p>	<p><b>المادة (27)</b></p>
<p>27.1 The Board of Directors shall review the Conflicts of Interest of the Board Directors. The Board of Directors shall resolve on such matter in the presence of a majority of the Board Directors with the Board Director having a Conflict of Interest being barred from voting on the same.</p>	<p>27-1 ينظر مجلس الإدارة في تعارض المصالح الموجود لدى أعضاء مجلس الإدارة. ويصدر مجلس الإدارة قراره بحضور أغلبية أعضاء مجلس الإدارة. ولا يجوز لعضو مجلس الإدارة ذو المصلحة المتعارضة الاشتراك في التصويت على هذا القرار.</p>
<p>27.2 Each Board Director shall notify the Board of Directors of his/her Conflicts of Interest, or any Conflict of Interest of an entity that he/she represents, in respect of a transaction or dealing that the Company is a party to. Any Conflict of Interest of a Board Director shall be referred to the Board of Directors for approval and must also be approved on an annual basis by the General Assembly. The declaration of such Board Director shall be noted in the minutes of the meeting and he/she may not vote on any resolution concerning such transaction or dealing to which the Company is a party.</p>	<p>27-2 على كل عضو مجلس إدارة يكون هناك أي تعارض في المصالح مع الجهة التي يمثلها فيما يتعلق بصفقة أو معاملة تكون الشركة أحد أطرافها. أي تعارض في المصالح لأي عضو مجلس إدارة يعرض على مجلس الإدارة لإتخاذ قرار بشأنه وكما يجب ان تتم الموافقة عليه بشكل سنوي من قبل الجمعية العمومية للشركة. أن يُبلِّغ مجلس الإدارة ذلك وأن يثبت إقراره في محضر الجلسة، ولا يجوز له الإشتراك في التصويت الخاص بالقرار الصادر في شأن هذه الصفقة أو المعاملة و التي يكون الشركة طرفاً فيها.</p>
<p>27.3 If a Board Director fails to notify the Board of Directors of his/her Conflict of Interest in respect of a transaction or dealing that the Company is a party to, the Company or any of its Shareholders may apply to the competent court to annul such transaction or dealing and oblige the contravening Board Director to return to the Company any profit or benefit made on such contract.</p>	<p>27-3 إذا تخلف عضو مجلس الإدارة عن إبلاغ مجلس الإدارة عن تعارض المصالح لديه في صفقة أو تعامل تكون الشركة أحد أطرافها جاز للشركة أو لأي من مساهمها عندئذ التقدم للمحكمة المختصة لإبطال تلك الصفقة أو التعامل وإلزام عضو مجلس الإدارة المخالف بأداء أي ربح أو منفعة تحققت له من التعاقد ورده للشركة. و التي يكون الشركة طرفاً فيها.</p>
<p><b>Article (28)</b></p>	<p><b>المادة (28)</b></p>

The position of a Board Director shall become vacant in the event of the following occurring to such Board Director:	يشغر منصب عضو مجلس الإدارة في حالة وقوع أي من الأحداث التالية:
(i) death, incapacity or inability for any other reason to carry on the duties of a Board Director;	(1) الوفاة أو الإصابة بعارض من عوارض الأهلية أو العجز بأي صورة أخرى عن أداء مهام عضو مجلس إدارة، أو
(ii) conviction of any dishonouring offense;	(2) الإدانة بأية جريمة مخلة بالشرف والأمانة، أو
(iii) bankruptcy or ceasing to pay commercial debts, even if bankruptcy is not declared;	(3) الإفلاس أو التوقف عن دفع الديون التجارية حتى لو لم يقترن ذلك بإشهار الإفلاس، أو
(iv) resignation from the Board of Directors by written notice sent to the Chairperson to this effect;	(4) الاستقالة من المنصب بموجب إشعار خطي يُرسل للرئيس مجلس الإدارة بهذا المعنى، أو
(v) dismissal by a resolution of the General Assembly;	(5) صدور قرار من الجمعية العمومية بالعزل، أو
(vi) absence for three (3) successive or five (5) non-successive Board of Directors meetings without an excuse that is approved by the Board of Directors; or	(6) الغياب عن حضور إجتماعات مجلس الإدارة ثلاث (3) جلسات متتالية أو خمس (5) جلسات متقطعة، خلال مدة مجلس الإدارة دون عذر يقبله مجلس الإدارة، أو
(vii) the membership is not in compliance with Article 149 of the Law.	(7) مخالفة العضوية لأحكام المادة 149 من القانون.
<b>Article (29)</b>	<b>المادة (29)</b>
The Board of Directors shall appoint the Management, including the Chief Executive Officer, and determine their authorities, the conditions of their engagement, their salaries and remunerations. Members of the Management are not allowed to work for any other company, save as otherwise permitted by the Board of Directors.	لمجلس الإدارة الحق في تعيين الإدارة، ويشمل ذلك الرئيس التنفيذي، وله أن يحدد صلاحياتهم وشروط خدماتهم ورواتبهم ومكافاتهم، ولا يجوز لأعضاء الإدارة العمل لأي شركة أخرى إلا إذا سُمح لهم بذلك من قبل مجلس الإدارة.
<b>Article (30)</b>	<b>المادة (30)</b>
Without prejudice to the provisions of Article 31 of these Articles, the Board Directors shall not be personally liable or obligated for the liabilities of the Company as a result of performing their duties as Board Directors to the extent that they have not exceeded their authority.	مع مراعاة أحكام المادة 31 من هذا النظام الأساسي، لا يكون أعضاء مجلس الإدارة مسئولين مسئولية شخصية فيما يتعلق بالتزامات الشركة الناتجة عن قيامهم بواجباتهم كأعضاء مجلس إدارة وذلك بالقدر الذي لا يتجاوزون فيه حدود سلطاتهم.
<b>Article (31)</b>	<b>المادة (31)</b>
31.1 The Chairperson and the Board Directors shall be held liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of their delegated powers, and for any breach of the Law or these Articles. Any provision to the contrary shall be invalid.	31-1 رئيس مجلس الإدارة وأعضاؤه مسئولون تجاه الشركة والمساهمين والغير عن جميع أعمال الغش وإساءة استعمال السلطة، وعن كل مخالفة للقانون وهذا النظام الأساسي، وببطل كل شرط يقضي بغير ذلك.
31.2 Liability as provided for in this Article shall apply to all Board Directors if the error arises from a resolution passed unanimously by them. However, in the event the resolution is passed by the majority, the Board Directors objecting to such resolution shall then not be held liable provided they state their objection in writing in	31-2 تقع المسؤولية المنصوص عليها في هذه المادة على جميع أعضاء مجلس الإدارة إذا نشأ الخطأ عن قرار صدر بإجماع الآراء، أما إذا كان القرار محل المساءلة صادراً بالأغلبية فلا يُسأل عنه المعارضون متى كانوا قد اثبتوا اعتراضهم بمحضر الجلسة، فإذا تغيب أحد الأعضاء عن الجلسة التي صدر فيها القرار فلا تنتفي مسؤوليته إلا إذا ثبت عدم علمه بالقرار أو علمه به مع عدم استطاعته الاعتراض عليه.

<p>the minutes of meeting. Absence from a meeting at which the resolution has been passed shall not be deemed as a reason to be released from liability unless it is proven that the absent Board Director was not aware of the decision or is unable to object to it upon becoming aware thereof.</p>	
<p><b>Article (32)</b></p>	<p><b>المادة (32)</b></p>
<p>32.1 The Company may not provide any loans to any Board Director or execute guarantees or provide any securities in connection with any loans granted to them. A loan shall be deemed as granted to a Board Director if granted to his/her spouse, children or relative up to the second degree.</p>	<p>32-1 لا يجوز للشركة تقديم قروض لأي من أعضاء مجلس الإدارة أو عقد كفالات أو تقديم أية ضمانات تتعلق بقروض ممنوحة لهم، ويعتبر قرضاً مقدماً لعضو مجلس الإدارة كل قرض مقدم إلى زوجه أو أبنائه أو أي قريب له حتى الدرجة الثانية.</p>
<p>32.2 No loan may be granted to a company where a Board Director or his/her spouse, children or relatives up to the second degree holds, jointly or severally, twenty percent (20%) or more of the share capital of that company.</p>	<p>32-2 لا يجوز تقديم قرض إلى شركة يملك عضو مجلس الإدارة أو زوجه أو أبنائه أو أي من أقاربه، سواء مجتمعين أو منفردين، حتى الدرجة الثانية (20%) عشرين بالمائة أو أكثر من رأس مالها.</p>
<p><b>Article (33)</b></p>	<p><b>المادة (33)</b></p>
<p>33.1 The Related Parties shall not use any information in their possession due to their membership of the Board of Directors or employment at the Company to achieve any interest whatsoever for them or for third parties as a result of dealing in the securities of the Company or any other transactions. Such Related Party may not have a direct or indirect interest with any party entering into transactions intended to influence the price of the securities of the Company or issued thereby.</p>	<p>33-1 يحظر على الأطراف ذات العلاقة أن يستغل أيًا منهم ما اتصل به من معلومات بحكم عضويته في مجلس الإدارة أو وظيفته في الشركة في تحقيق مصلحة له أو للغير أيًا كانت نتيجة التعامل في الأوراق المالية للشركة أو غيرها من المعاملات، كما لا يجوز للأطراف ذات العلاقة أن يكون لهم مصلحة مباشرة أو غير مباشرة مع أي طرف يقوم بعمليات يراد بها إحداث تأثير في أسعار الأوراق المالية الخاصة بالشركة أو التي أصدرتها الشركة.</p>
<p>33.2 Subject to Article 33.3, the Company shall not:</p> <p>(i) conclude any transactions with Related Parties whose value does not exceed five percent (5%) of the issued share capital of the Company without the approval of the Board of Directors; and</p> <p>(ii) conclude any transactions with Related Parties whose value exceeds five percent (5%) of the issued share capital of the Company without the approval of the General Assembly.</p> <p>Further, the Company may not conclude transactions whose value exceeds five percent (5%) of the issued share capital of the Company unless such transaction has been evaluated by an assessor approved by the Authority.</p> <p>A party, whether or not such party is a Related Party, who has an interest in a transaction to be entered into with the Company may not vote in the decision relating to such transaction, either at the meeting of the Board of Directors or the General Assembly.</p>	<p>33-2 مع مراعاة المادة 33-3، لا يجوز للشركة:</p> <p>(1) عقد أي صفقات مع الأطراف ذات العلاقة إلا بموافقة مجلس الإدارة فيما لا يجاوز (5%) خمسة بالمائة من رأسمال الشركة المصدر؛</p> <p>(2) عقد أي صفقات مع الأطراف ذات العلاقة إلا بموافقة الجمعية العمومية للشركة فيما زاد على (5%) خمسة بالمائة من رأسمال الشركة المصدر.</p> <p>ولا يجوز للشركة عقد صفقات مع الأطراف ذات العلاقة فيما يجاوز (5%) خمسة بالمائة من رأسمال الشركة المصدر إلا بعد تقييمها بواسطة مقيم معتمد لدى الهيئة.</p> <p>ولا يحق لطرف، سواء كان أم لم يكن من الأطراف ذات العلاقة، ذا مصلحة في صفقة يتم إبرامها مع الشركة التصويت على قرار يتعلق بتلك الصفقة، سواء في إجتماع مجلس الإدارة أو الجمعية العمومية.</p> <p>ويتعين على مدقق حسابات الشركة أن يشتمل تقريره السنوي على بيان بكافة صفقات تعارض المصالح والتعاملات المالية التي تمت بين الشركة وأياً من الأطراف ذات العلاقة والإجراءات التي اتُخذت بشأنها.</p>



<p>The Auditor shall state in his annual report any Conflicts of Interest, Related Parties transactions and financial dealings that have taken place between the Company and any Related Parties, and the procedures followed in this respect.</p>	
<p>33.3 Articles 27.1, 27.2, 27.3, 33.2 and 46.1 shall not apply to transactions, or decisions relating to transactions, entered or to be entered into between the Company and the Founder, or between the Company and any other company that is directly or indirectly owned or under the Control of the Founder, or federal or local government in the UAE, or any transaction that could be challenged on the grounds of a Conflict of Interest arising out of the appointment by the Founder of a Board Director. Any such transactions entered into by the Company shall be exempt from the relevant provisions of the Law and any other related party transaction rules set out in the Chairman of the Authority's Board Resolution No. 7 RM of 2016.</p>	<p>33-3 إن المواد 1-27 و 2-27 و 3-27 و 2-33 و 1-46 عالية لا تنطبق على الصفقات أو القرارات المتعلقة بها التي تبرمها الشركة مع المؤسس و/أو شركة مملوكة أو تحت سيطرة المؤسس أو الحكومة الاتحادية أو المحلية بشكل مباشر أو غير مباشر، أو أي معاملات التي يمكن الطعن فيها على أساس تعارض المصالح الناشئة عن تعيين المؤسس لعضو مجلس الإدارة. ويتم استثناء تلك الصفقات والمعاملات من الأحكام المعنية من القانون ومن أي قواعد أخرى تتعلق بمعاملات الأطراف ذات العلاقة تم الإشارة إليها قرار رئيس مجلس إدارة الهيئة رقم 7/ر.م. لسنة 2016.</p>
<p><b>Article (34)</b></p>	<p><b>المادة (34)</b></p>
<p>No attendance allowance shall be paid to Board Directors. The remuneration of the Board Directors in aggregate shall not exceed ten percent (10%) of the net profits of the Company's relevant financial year. In addition, the Company may reimburse any Board Director for his/her expenses.</p>	<p>لا يجوز صرف بدل حضور لأعضاء مجلس الإدارة، وتتكون مكافأة أعضاء مجلس الإدارة من نسبة مئوية من الربح الصافي على أن لا تتجاوز (10%) عشرة بالمائة من تلك الأرباح للسنة المالية المعنية، كما يجوز للشركة تعويض أي عضو مجلس إدارة عن مصاريفه.</p>
<p><b>Article (35)</b></p>	<p><b>المادة (35)</b></p>
<p>The General Assembly may dismiss all or any of the Board Directors and open the nomination for Board membership and elect new Board Directors in accordance with the Corporate Governance Rules. Dismissed or removed Board Directors may not be re-nominated or be proposed as a Board Director candidate within three (3) years from the date of dismissal or removal.</p>	<p>يكون للجمعية العمومية حق عزل كل أو بعض أعضاء مجلس الإدارة المنتخبين وفتح باب الترشيح وانتخاب أعضاء جدد بدلاً منهم وفقاً لقواعد حوكمة الشركات. ولا يجوز ترشيح أو إعادة ترشيح أعضاء مجلس الإدارة الذين تم عزلهم إلا بعد مضي (3) ثلاث سنوات من تاريخ العزل.</p>
<p><b>PART FIVE</b> <b>The General Assembly</b></p>	<p><b>الباب الخامس</b> <b>في الجمعية العمومية</b></p>
<p><b>Article (36)</b></p>	<p><b>المادة (36)</b></p>
<p>A General Assembly shall be duly convened in Abu Dhabi by having Shareholders owning more than fifty percent (50%) of the share capital of the Company in attendance. If the quorum is not met in the first meeting, an invitation for a second General Assembly meeting shall be sent and such meeting is to be convened no earlier than five (5) days and no more than fifteen (15) days from the date of the first meeting. The second General Assembly meeting shall then be duly convened regardless of the number of Shareholders attending.</p>	<p>تتعدّد الجمعية العمومية أصولاً في أبوظبي بحضور مساهمين يمثلون ما يزيد عن (50%) خمسين بالمائة من رأس مال الشركة، فإذا لم يتوافر النصاب في الاجتماع الأول، وجب دعوة الجمعية العمومية إلى اجتماع ثانٍ يعقد بعد مضي مدة لا تقل عن (5) خمسة أيام ولا تتجاوز (15) خمسة عشر يوماً من تاريخ الاجتماع الأول ويعتبر الاجتماع الثاني صحيحاً أياً كان عدد المساهمين الحاضرين.</p>

<b>Article (37)</b>	<b>المادة (37)</b>
37.1 Each Shareholder shall have the right to attend the General Assembly and shall have a number of votes equal to the number of his/her shares.	37-1 لكل مساهم الحق في حضور اجتماعات الجمعية العمومية، ويكون له عدد الأصوات المعادلة لعدد أسهمه.
37.2 A Shareholder may appoint a proxy who must not be a Board Director to attend the General Assembly on his/her behalf by virtue of a written special power of attorney. Such proxy shall not, in such capacity, represent more than five percent (5%) of the share capital of the Company.	37-2 ويجوز للمساهم أن ينيب عنه غيره من غير أعضاء مجلس الإدارة في حضور الجمعية العمومية بمقتضى توكيل خاص ثابت بالكتابة. ويجب ألا يكون الوكيل حائزاً بهذه الصفة على أكثر من (5%) خمسة بالمائة من أسهم رأس مال الشركة.
37.3 Shareholders lacking legal capacity shall be represented by their legal representatives.	37-3 ويمثل ناقصي الأهلية وفاقديها النابون عنهم قانوناً.
37.4 Individuals representing legal entities are exempt from the foregoing percentile limitation in Article 37.2.	37-4 ويستثنى من هذه النسبة المبينة في المادة 37-2 ممثلو الأشخاص الاعتبارية.
<b>Article (38)</b>	<b>المادة (38)</b>
Invitations to the Shareholders to attend the General Assembly shall be by announcement in two (2) daily local newspapers, issued in Arabic and English, and by registered mail at least fifteen (15) days before the date set for the meeting after obtaining the approval from the Authority. The invitation should contain the agenda for the General Assembly meeting. A copy of the invitation shall be sent to the Authority and the Competent Authority.	توجه الدعوة إلى المساهمين لحضور اجتماعات الجمعية العمومية بإعلان في صحيفتين يوميتين محليتين تصدران باللغة العربية و الإنجليزية ويكتب مسجلة، وذلك قبل الموعد المحدد للاجتماع بـ(15) خمسة عشر يوماً على الأقل، وذلك بعد الحصول على موافقة الهيئة وتقديم نسخة من الميزانية العمومية والحسابات الختامية للشركة. ويجب أن تتضمن الدعوة جدول أعمال ذلك الاجتماع وترسل صورة من أوراق الدعوة إلى الهيئة والسلطة المختصة.
<b>Article (39)</b>	<b>المادة (39)</b>
A General Assembly shall be called by:	تتعقد الجمعية العمومية بدعوة من:
(i) the Board of Directors at least once (1) annually during the four (4) months following the end of the financial year;	(1) مجلس الإدارة مرة على الأقل في السنة خلال الأشهر الأربعة التالية لنهاية السنة المالية؛
(ii) the Board of Directors, whenever it deems fit, or upon a request of the Auditor, or if one or more Shareholders holding not less than twenty percent (20%) of the share capital request a meeting, then the Board of Directors shall call for a General Assembly within five (5) days from the date of submitting the request;	(2) مجلس الإدارة، كلما رأى وجهاً لذلك أو بناء على طلب مدقق الحسابات، أو إذا طلب مساهم أو أكثر يملكون (20%) عشرين بالمائة من رأس المال كحد أدنى عقد الجمعية العمومية، وجب على مجلس الإدارة دعوة الجمعية العمومية العادية خلال (5) خمسة أيام من تاريخ تقديم الطلب؛
(iii) the Auditor, directly, if the Board of Directors omits to send an invitation to convene the General Assembly within five (5) days from the date of the request for a meeting submitted by the Auditor to the Board of Directors; or	(3) مدقق الحسابات مباشرة إذا اغفل مجلس الإدارة توجيه الدعوة لعقد الجمعية العمومية في الأحوال التي يوجب القانون فيها دعوتها أو خلال خمسة أيام من تاريخ تقديم مدقق الحسابات طلب توجيه الدعوة لمجلس الإدارة ولم يقع بذلك؛ أو
(iv) the Authority, after five (5) days from its request to the Board of Directors, may call for the General Assembly in the following events:	(4) الهيئة، في الأحوال التالية، وبعد خمسة أيام من تاريخ طلبها، مجلس الإدارة الدعوى للجمعية العمومية:

(a) the lapse of thirty (30) days after the fixed date for the meeting to be held (i.e. four (4) months after the end of the financial year) without the Board of Directors sending an invitation;	(أ) إذا مضى (30) ثلاثون يوماً على الموعد المحدد لانعقادها (وهو مضي أربعة أشهر على انتهاء السنة المالية) دون أن يقوم مجلس الإدارة بدعوته لانعقاد؛
(b) if the number of Board Directors is less than the minimum required for its quorum;	(ب) إذا نقص عدد أعضاء مجلس الإدارة عن الحد الأدنى لصحة انعقاده؛
(c) discovery of any violation of the Law or these Articles, or any defect in the management of the Company; or	(ج) إذا تبين لها في أي وقت وقوع مخالفات للقانون أو لنظام الشركة أو وقوع خلل في إدارتها؛ أو
(d) if the Board of Directors fails to call for a meeting of the General Assembly despite the call from one or more Shareholders representing twenty percent (20%) of the share capital of the Company.	(د) إذا تقاعس مجلس الإدارة عن دعوتها لانعقاد رغم طلب مساهم أو أكثر يمثلون (20%) عشرين بالمائة من رأس مال الشركة.
<b>Article (40)</b>	<b>المادة (40)</b>
The following matters shall be included on the agenda of the annual General Assembly:	يدخل في جدول أعمال الجمعية العمومية في اجتماعها السنوي المسائل الآتية:
(i) to review and approve the report of the Board of Directors on the activity of the Company, its financial standing throughout the year and the report of the Auditor;	(1) سماع تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي خلال السنة وتقرير مدقق الحسابات والتصديق عليهما؛
(ii) to consider and approve the balance sheet and the account of profits and losses;	(2) مناقشة ميزانية الشركة وحساب الأرباح والخسائر والتصديق عليهما؛
(iii) to elect the Board Directors if necessary;	(3) إنتخاب أعضاء مجلس الإدارة عند الاقتضاء؛
(iv) to appoint and determine the remuneration of the Auditor;	(4) تعيين مدققي الحسابات وتحديد أتعابهم؛
(v) to consider the proposals of the Board of Directors concerning the distribution of profits;	(5) النظر في مقترحات مجلس الإدارة بشأن توزيع الأرباح؛
(vi) to consider the proposals of the Board of Directors concerning the remuneration of the Board Directors and to determine such remuneration;	(6) النظر في مقترحات مجلس الإدارة بشأن مكافأة أعضاء مجلس الإدارة وتحديدها؛
(vii) to dismiss or discharge the liability of the Board Directors and to file the liability claim against them, as the case may be; and	(7) عزل أعضاء مجلس الإدارة أو إبراء ذمتهم ورفع دعوى المسؤولية عليهم حسب الأحوال؛ و
(viii) to dismiss or discharge the liability of the Auditor and to file the liability claim against them, as the case may be.	(8) عزل مدققي الحسابات أو إبراء ذمتهم ورفع دعوى المسؤولية عليهم حسب الأحوال.
<b>Article (41)</b>	<b>المادة (41)</b>
41.1 Shareholders who wish to attend the General Assembly shall register their names in an electronic register made available by the Management at the meeting place within ample time before the meeting. The register shall include the name of the Shareholder, or his representative, the number of shares he holds	41-1 سجل المساهمون الذين يرغبون في حضور الجمعية العمومية أسمائهم في السجل الإلكتروني الذي تعده الإدارة لهذا الغرض في مكان الاجتماع قبل الوقت المحدد لانعقاد ذلك الاجتماع بوقت كاف. ويجب أن يتضمن السجل اسم المساهم أو من ينوب عنه وعدد الأسهم التي يملكها أو عدد الأسهم التي يمثلها وأسماء مالكيها مع تقديم سند الوكالة. ويعطى المساهم أو النائب بطاقة لحضور الاجتماع يذكر فيها عدد الأصوات التي يمثلها أصالة أو وكالة. ويستخرج من هذا السجل

<p>or represents and the names of the represented Shareholders and the appropriate proxies. The Shareholder or the proxy shall be given a card to attend the meeting, which shall state the number of votes held or represented by him/her. An extract of this register showing the number of shares represented at the meeting and the percentage of attendance shall be printed and attached to the minutes of the General Assembly after being signed by the chairperson of the meeting, the secretary and the Auditor.</p>	<p>خلاصة مطبوعة بعدد الأسهم التي مثلت في الاجتماع ونسبة الحضور ويتم إلحاقها بمحضر اجتماع الجمعية العمومية بعد توقيعها من قبل كل من رئيس الاجتماع ومقرر الجلسة ومدقق الحسابات.</p>
<p>41.2 Registration shall close at the time when the chairperson of the meeting announces whether or not the quorum for such meeting has been met. No registration of any Shareholder or proxy shall be accepted thereafter and votes of those late Shareholders or proxies would not count and their views would not be taken into account in that meeting.</p>	<p>41-2 ويقفل باب التسجيل لحضور اجتماعات الجمعية العمومية عندما يعلن رئيس الاجتماع اكتمال النصاب المحدد لذلك الاجتماع أو عدم اكتماله، ولا يجوز بعد ذلك قبول تسجيل أي مساهم أو نائب عنه لحضور ذلك الاجتماع كما لا يجوز الاعتداد بصوته أو برأيه في المسائل التي تطرح في ذلك الاجتماع.</p>
<p><b>Article (42)</b></p>	<p><b>المادة (42)</b></p>
<p>The register of the Shareholders shall be closed in accordance with the procedures for transacting, set-off, settlement, transfer of title, custody of securities and the relevant rules prevailing in the Market.</p>	<p>يغلق سجل المساهمين طبقاً للنظام الخاص بالتداول والمقاصة والتسويات ونقل الملكية وحفظ الأوراق المالية والقواعد المعنية السائدة في السوق.</p>
<p><b>Article (43)</b></p>	<p><b>المادة (43)</b></p>
<p>The provisions of the Law shall apply to the quorum required for convening the General Assembly and to the required majority to adopt resolutions therein.</p>	<p>تسري على النصاب الواجب توفره لصحة انعقاد الجمعية العمومية وعلى الأغلبية اللازمة لاتخاذ القرارات أحكام القانون.</p>
<p><b>Article (44)</b></p>	<p><b>المادة (44)</b></p>
<p>44.1 The General Assembly shall be chaired by the Chairperson. In the absence of the Chairperson, the vice-chairperson or a Board Director appointed by the Board of Directors for that purpose shall chair the meeting.</p>	<p>44-1 يرأس الجمعية العمومية رئيس مجلس الإدارة، وعند غيابه، يرأسها نائب رئيس مجلس الإدارة أو عضو مجلس الإدارة الذي يعينه مجلس الإدارة لذلك.</p>
<p>44.2 If the said individuals are not present, the General Assembly shall appoint one (1) of the Shareholders to chair the meeting and shall appoint a secretary for the meeting.</p>	<p>44-2 وفي حال غياب المذكورين عن حضور الاجتماع، تُعيّن الجمعية العمومية من بين المساهمين رئيساً للاجتماع كما تُعيّن الجمعية العمومية مقرر للاجتماع.</p>
<p>44.3 The chairperson of the General Assembly shall appoint a teller for the meeting.</p>	<p>44-3 وتعيّن الجمعية العمومية جامعاً للأصوات.</p>
<p>44.4 The Company shall keep minutes of the meetings of the General Assembly and register attendance in special books to be kept for this purpose and signed by the chairperson of the relevant meeting, the secretary, the tellers and the Auditor. The individuals who sign the minutes of the meeting shall be held liable for the accuracy of information contained therein.</p>	<p>44-4 وتدوّن الشركة محاضر اجتماعات الجمعية العمومية وإثبات الحضور في دفاتر تحفظ لهذا الغرض وتوقع من قبل رئيس الاجتماع المعني ومقرر الجمعية وجامعي الأصوات ومدقق الحسابات ويكون الموقعون على محاضر الاجتماعات مسئولين عن صحة البيانات الواردة فيها.</p>
<p><b>Article (45)</b></p>	<p><b>المادة (45)</b></p>

<p>Voting at the General Assembly shall be in accordance with the procedure specified by the chairperson of the assembly unless the General Assembly specifies and approves another voting procedure. If the subject of the vote relates to the appointment, dismissal or accountability of the Board Directors, voting shall be conducted by secret Cumulative Voting.</p>	<p>يكون التصويت في الجمعية العمومية بالطريقة التي يعيها رئيس الجمعية إلا إذا قررت ووافقت الجمعية العمومية طريقة معينة للتصويت. وإذا تعلق الأمر بانتخاب أعضاء مجلس الإدارة أو عزلهم أو بمساءلتهم، فإن ذلك يكون بالتصويت السري التراكمي.</p>
<p><b>Article (46)</b></p>	<p><b>المادة (46)</b></p>
<p>46.1 The Board Directors may not participate in voting on the resolutions of the General Assembly for the discharge of the Board Directors from liability for their management or in connection with a special benefit of the Board Directors, a Conflict of Interest or a dispute between the Board Directors and the Company, and in the event that the Shareholder is representing a corporate person, the shares of such corporate person shall be excluded.</p>	<p>46-1 لا يجوز لأعضاء مجلس الإدارة الاشتراك في التصويت على قرارات الجمعية العمومية الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم أو التي تتعلق بمنفعة خاصة لهم أو المتعلقة بتعارض المصالح أو بخلاف قائم بينهم وبين الشركة، وفي حال كون عضو مجلس الإدارة يمثل شخصاً اعتبارياً يستبعد أسهم ذلك الشخص الاعتباري.</p>
<p>46.2 A Shareholder having the right to attend the General Assembly may not participate in voting in his personal capacity or by proxy on matters related to a personal benefit or an existing dispute between such Shareholder and the Company.</p>	<p>46-2 لا يجوز لمن له حق حضور اجتماعات الجمعية العمومية أن يشارك في التصويت سواء بصفته الشخصية أو عن من يمثله في المسائل التي تتعلق بمنفعة خاصة أو بخلاف قائم بينه وبين الشركة.</p>
<p><b>Article (47)</b></p>	<p><b>المادة (47)</b></p>
<p>The General Assembly may, through a Special Resolution, decide to do the following:</p>	<p>يجوز للجمعية العمومية بموجب قرار خاص أن تقرر القيام بما يلي:</p>
<p>(i) increase the share capital in any way or reduce the share capital;</p>	<p>(1) زيادة رأس المال بأي طريقة أو تخفيضه.</p>
<p>(ii) approve the dissolution of the Company or its merger with another company;</p>	<p>(2) الموافقة على حل الشركة أو إدماجها في شركة أخرى.</p>
<p>(iii) sell or otherwise dispose of all or substantially all of the business ventures, undertakings or assets of the Company;</p>	<p>(3) بيع أو التصرف بأي وجه، في جميع أو جزء كبير من أعمال الشركة أو مشاريعها أو أصولها. الذي قامت به الشركة أو أعماله أو أصوله سواء بشكل كامل أو جزء كبير منه.</p>
<p>(iv) extend the term of the Company;</p>	<p>(4) إطالة مدة الشركة.</p>
<p>(v) issue sukuk or bonds by the Company;</p>	<p>(5) إصدار صكوك أو سندات من قبل الشركة</p>
<p>(vi) upon the expiry of two (2) fiscal years, make charitable contributions not exceeding two percent (2%) of the average net profits of the Company during two (2) fiscal years preceding the year of contribution;</p>	<p>(6) شريطة مضي سنتين (2) ماليتين، تقديم مساهمات طوعية لا تزيد عن (2%) إثنين بالمائة من متوسط الأرباح الصافية للشركة في السنتين (2) الماليتين السابقتين</p>
<p>(vii) amend these Articles, subject to the following restrictions:</p>	<p>(7) تعديل النظام الأساسي إلا أن حقها هذا ليس مطلقاً وإنما هو مقيد بالقيود التالية:</p>
<p>(a) the amendments should not increase the Shareholders' obligations; and</p>	<p>(أ) ألا تؤدي التعديلات إلى زيادة أعباء المساهمين؛ و</p>

(b) the amendments should not cause transfer of the head office out of Abu Dhabi.	(ب) ألا تؤدي التعديلات إلى نقل مركز الشركة الرئيسي إلى خارج أبوظبي.
<b>Article (48)</b>	<b>المادة (48)</b>
The owners of shares registered on the working day preceding the holding of the General Assembly shall be deemed to be the holders of the right to vote in that General Assembly.	يكون مالك السهم المسجل في يوم العمل السابق لانعقاد الجمعية العمومية هو صاحب الحق في التصويت في تلك الجمعية العمومية.
<b>Article (49)</b>	<b>المادة (49)</b>
49.1 Subject to the provisions of the Law and the Resolutions issued hereunder and the Articles of Association, the General Assembly shall have the responsibility to consider any issue put to it in connection with the Company. Subject to Article 49.2, the General Assembly may not consider other than the issues listed in the agenda.	49-1 مع مراعاة أحكام القانون والقرارات الصادرة بموجبه والنظام الأساسي تختص الجمعية العمومية بالنظر في جميع المسائل المتعلقة بالشركة، و مع مراعاة المادة 49-2 لا يجوز للجمعية العمومية المداولة في غير المسائل المدرجة بجدول الأعمال.
49.2 Notwithstanding the provisions of the above paragraph, the General Assembly may consider any serious incidents revealed during the meeting or if the Authority or a number of Shareholders holding at least ten percent (10%) of the share capital of the Company request, before commencing the discussion of the agenda of the General Assembly, to list certain issues in the agenda, the Board of Directors shall respond to such request, failing which the General Assembly shall have the right to resolve to discuss such issues. The Authority may issue a resolution determining the applicable conditions to list a new issue on the agenda of the General Assembly.	49-2 استثناءً من أحكام الفقرة السابقة يكون للجمعية العمومية حق المداولة في الوقائع الخطيرة التي تكشف أثناء الاجتماع، أو إذا طلبت الهيئة أو عدد من المساهمين يمثل (10%) عشرة بالمائة من رأس مال الشركة على الأقل وذلك قبل البدء في مناقشة جدول أعمال الجمعية العمومية، إدراج مسائل معينة في جدول الأعمال وجب على مجلس الإدارة إجابة الطلب وإلا كان من حق الجمعية العمومية أن تقرر مناقشة هذه المسائل، وللهيئة أن تصدر قراراً تحدد فيه الشروط الواجب مراعاتها لإدراج بند جديد إلى جدول أعمال الجمعية العمومية.
<b>PART SIX</b> <b>AUDITORS</b>	<b>الباب السادس</b> <b>مدقق الحسابات</b>
<b>Article (50)</b>	<b>المادة (50)</b>
50.1 The Company shall have one or more Auditor(s) appointed by the General Assembly for a renewable term of one (1) year, upon nomination by the Board of Directors. The fees of the Auditor shall be determined by the General Assembly. The Auditor shall monitor the financial accounts for the year for which he was appointed. The Auditor should be registered with the Authority and be licensed to practice in the UAE.	50-1 يكون للشركة مدقق حسابات أو أكثر تعينه الجمعية العمومية، وتقدر أتعابه بناءً على ترشيح من مجلس الإدارة لمدة سنة قابلة للتجديد من تاريخ تعيينه وتحدد الجمعية العمومية أتعاب مدقق الحسابات. ويتوجب على مدقق الحسابات مراقبة حسابات السنة المالية التي عين لها ويشترط به أن يكون مسجلاً لدى الهيئة ومرخص له بمزاولة المهنة في الدولة.
50.2 The Auditor shall carry out his duties from the date of the General Assembly appointing him until the following annual General Assembly is concluded.	50-2 يتولى مدقق الحسابات مهامه من نهاية إجتماع الجمعية العمومية التي يتم تعيينه فيها إلى نهاية إجتماع الجمعية العمومية السنوية التالية.

50.3	The appointment of the Auditor shall not exceed three (3) years starting from the date of publication of these Articles.	50-3 لا تزيد مدة تعيين مدقق الحسابات عن ثلاث سنوات تبدأ منذ تاريخ نشر هذا النظام.
<b>Article (51)</b>		<b>المادة (51)</b>
51.1	The Auditor shall be independent from the Company and the Board of Directors and shall not be a business partner, agent or relative up to the fourth degree of any of the Founder or Board Directors. The Auditor shall not be a Shareholder or be a Board Director or occupy any technical, administrative, operational or executive position at the Company.	51-1 يجب أن يكون مدقق الحسابات مستقلاً عن الشركة ومجلس إدارتها. ولا يجوز له أن يكون شريكاً أو وكيلاً لأحد مؤسسي الشركة أو لأحد أعضاء مجلس الإدارة أو قريباً له حتى الدرجة الرابعة. كما لا يجوز لمدقق الحسابات أن يكون مساهماً أو أن يشغل منصب عضو مجلس الإدارة أو أي منصب فني أو إداري أو تشغيلي أو تنفيذي في الشركة.
51.2	The Company must take reasonable steps to verify the independence of the Auditor and that the Auditor does not suffer from any Conflict of Interest.	51-2 وعلى الشركة أن تتخذ خطوات معقولة للتأكد من استقلالية مدقق الحسابات، وأن لا تعاني كافة الأعمال التي يقوم بها من تضارب المصالح.
<b>Article (52)</b>		<b>المادة (52)</b>
52.1	The Auditor shall have the authorities and the obligations provided for in the Law. The Auditor must have the right to review, at all times, all the Company books, records, instruments and all other documents of the Company. The Auditor has the right to request clarifications as he deems necessary for the performance of his duties and he may investigate the assets and liabilities of the Company. If the Auditor is unable to perform these authorities, he must confirm the same in a written report to be submitted to the Board of Directors. If the Board of Directors fails to enable the Auditor to perform his duties, the Auditor must send a copy of the report to the Authority and the Competent Authority and present it to the General Assembly.	52-1 يكون لمدقق الحسابات الصلاحيات وعليه التقيد بالالتزامات المنصوص عليها في القانون. ولمدقق الحسابات الحق في الإطلاع في كافة الأوقات على جميع دفاتر الشركة وسجلاتها ومستنداتها وغير ذلك من وثائق وله أن يطلب الإيضاحات التي يراها لازمة لأداء مهامه وله كذلك أن يتحقق من موجودات الشركة والتزاماتها. وإذا لم يتمكن مدقق الحسابات من استعمال هذه الصلاحيات، يُثبت ذلك كتابةً في تقرير يُقدم إلى مجلس الإدارة. فإذا لم يقم مجلس الإدارة بتمكين المدقق من أداء مهمته، وجب على المدقق أن يرسل صورة من التقرير إلى الهيئة والسلطة المختصة وأن يعرضه على الجمعية العمومية.
52.2	The Auditor shall audit the accounts of the Company, inspect the balance sheet and the profit and loss account, review the Company's transactions with Related Parties, and ensure the application of the provisions of the Law and these Articles. The Auditor shall submit a report on the results of such inspection to the General Assembly and forward a copy to the Authority and the Competent Authority. When preparing his report, the Auditor shall verify the following:	52-2 يتولى مدقق الحسابات تدقيق حسابات الشركة وفحص الميزانية وحساب الأرباح والخسائر ومراجعة صفقات الشركة مع الأطراف ذات العلاقة والتأكد من تطبيق أحكام القانون وهذا النظام، وعليه تقديم تقرير بنتائج هذا الفحص إلى الجمعية العمومية وإرسال صورة منه إلى الهيئة والسلطة المختصة. كما يجب عليه عند إعداد تقريره، التأكد مما يأتي:
(i)	the overall accuracy of the accounting records kept by the Company; and	(1) مدى صحة السجلات المحاسبية التي تحتفظ بها الشركة، و
(ii)	the extent of conformity of Company records with accounting records.	(2) مدى تطابق حسابات الشركة مع السجلات المحاسبية.
52.3	Subsidiaries of the Company and their auditors shall provide any information or clarifications as	52-3 تلتزم الشركات التابعة للشركة ومدققي حساباتها بتقديم أي معلومات أو توضيحات يطلبها مدقق الحسابات لأغراض التدقيق.

requested by the Auditor for the purposes of the audit.	
<b>Article (53)</b>	<b>المادة (53)</b>
53.1 The Auditor must submit to the General Assembly a report containing all of the particulars set out in Articles 245, 246 and 250 of the Law. The Auditor must attend the General Assembly to present his report to the Shareholders clarifying any interference or difficulties from the Board of Directors during the performance of his duties. The report of the Auditor shall be independent and unbiased and present the opinion of the Auditor concerning all matters related to his duties, particularly the Company's balance sheet, its financial positions and any violations thereto.	53-1 يقدم مدقق الحسابات إلى الجمعية العمومية العادية تقريرا يشتمل على البيانات المنصوص عليها في المواد 245 و246 و250 من القانون. وعليه أن يحضر اجتماع الجمعية العمومية لينتو تقريره على المساهمين موضحاً أية معوقات أو تدخلات من مجلس الإدارة واجهته أثناء تأدية أعماله، وأن يتسم تقريره بالاستقلالية والحيادية وأن يدلي برأيه في كل ما يتعلق بعمله وبوجه خاص في ميزانية الشركة وملاحظاته على حسابات الشركة ومركزها المالي وأية مخالفات بها.
53.2 The Auditor shall note in his report and the balance sheet the charitable contributions made by the Company for the purposes of serving the society, if any, during the relevant financial year. The report and the balance sheet should also indicate the beneficiary of such contributions.	53-2 وعلى مدقق الحسابات أن يذكر في تقريره وفي الميزانية العمومية للشركة المساهمات الخيرية التي قامت بها الشركة خلال السنة المالية لأغراض خدمة المجتمع "إن وجدت" وأن يحدد الجهة المستفيدة من هذه المساهمات الطوعية.
53.3 The Auditor, who acts in the capacity of an agent of the Shareholders, shall be liable for the accuracy of the particulars stated in his report. Each Shareholder may discuss the report of the Auditor and request clarifications on matters included therein during the meeting of the General Assembly.	53-3 يكون المدقق مسئولاً عن صحة البيانات الواردة في تقريره بوصفه وكيلاً عن مجموع المساهمين، ولكل مساهم أثناء عقد الجمعية العمومية أن يناقش تقرير المدقق وأن يستوضحه عما ورد فيه.
<b>PART SEVEN</b> <b><i>THE FINANCE OF THE COMPANY</i></b>	<b>الباب السابع</b> <b><i>مالية الشركة</i></b>
<b>Article (54)</b>	<b>المادة (54)</b>
54.1 The Board of Directors shall maintain duly organised accounting books which reflect the accurate and fair position of the Company's financial status in accordance with generally accepted accounting principles internationally applied. No Shareholder will be entitled to inspect those books unless a specific authorisation to this effect is obtained from the Board of Directors.	54-1 على مجلس الإدارة أن يحتفظ بدفاتر حسابات منتظمة حسب الأصول لإعطاء صورة صحيحة وعادلة عن وضع أعمال الشركة ولتفسير تعاملاتها. تحفظ هذه الدفاتر طبقاً للمبادئ المحاسبية المتعارف عليها والمطبقة دولياً. ولا يحق لأي مساهم في الشركة فحص دفاتر الحسابات تلك إلا بموجب تفويض بهذا المعنى صادر عن مجلس الإدارة.
54.2 The financial year of the Company shall start on the first day of January and shall end on the last day of December of every year.	54-2 تبدأ السنة المالية للشركة في أول يناير وتنتهي في آخر يوم من شهر ديسمبر من كل سنة.
<b>Article (55)</b>	<b>المادة (55)</b>
The Board of Directors must prepare an audited balance sheet and profit and loss account for each financial year at least one (1) month before the Annual General	على مجلس الإدارة أن يعد عن كل سنة مالية قبل الاجتماع السنوي للجمعية العمومية السنوية بشهر على الأقل ميزانية مدققة للشركة وحساب الأرباح والخسائر. وعلى مجلس الإدارة أيضاً أن يعد تقريرا عن نشاط الشركة خلال



<p>Assembly. The Board of Directors must also prepare a report on the Company's activities during the financial year, its financial position at the end of the same year and the recommendations on distribution of the net profits. A copy of the balance sheet, profit and loss account, the report of the Auditor and report of the Board of Directors shall be sent to the Authority within seven (7) days from the date of convening the Annual General Assembly. The annual balance sheet and the profit and loss account shall be published in two (2) daily local newspapers, one (1) of which is issued in Arabic, within fifteen (15) days from the date of approval thereof by the annual General Assembly. A copy of the balance sheet and the profit and loss account shall be provided to the Authority and the Competent Authority.</p>	<p>السنة المالية وعن مركزها المالي في ختام السنة ذاتها والطريقة التي يقترحها لتوزيع الأرباح الصافية. ترسل صورة من الميزانية وحساب الأرباح والخسائر وتقدير مدقق الحسابات عليهما وتقدير مجلس الإدارة إلى الهيئة خلال (7) سبعة أيام من انعقاد الجمعية العمومية السنوية. ويجب نشر الميزانية السنوية للشركة وحساب الأرباح والخسائر في صحيفتين يوميتين تصدر أحدهما باللغة العربية وذلك خلال (15) خمسة عشر يوماً من تاريخ مصادقة الجمعية العمومية السنوية عليها وتودع نسخة منها لدى الهيئة والسلطة المختصة.</p>
<p><b>Article (56)</b></p>	<p><b>المادة (56)</b></p>
<p>The Board of Directors may deduct a percentage of the annual gross profits for the depreciation of the Company's assets or for compensation for the depletion in their value. These amounts shall only be utilised upon the decision of the Board of Directors and should not be distributed to the Shareholders.</p>	<p>لمجلس الإدارة أن يقتطع من الأرباح السنوية غير الصافية نسبة يحددها لاستهلاك موجودات الشركة أو التعويض عن انخفاض قيمتها، ويتم التصرف في هذه الأموال فقط بناءً على قرار من مجلس الإدارة ولا يجوز توزيعها على المساهمين.</p>
<p><b>Article (57)</b></p>	<p><b>المادة (57)</b></p>
<p>The annual net profits of the Company shall be distributed after deducting all general expenses and other costs as follows:</p>	<p>توزع الأرباح السنوية الصافية للشركة بعد خصم جميع المصروفات العمومية والتكاليف الأخرى وفقاً لما يلي:-</p>
<p>(i) ten percent (10%) of the net profits shall be deducted and allocated as the legal reserve. Such deduction shall cease to occur when the total amount of the reserve is equal to at least fifty percent (50%) of the capital of the Company. If the reserve falls below this threshold, the deduction and allocation shall resume;</p>	<p>(1) تقتطع (10%) عشرة بالمائة من صافي الأرباح تخصص لحساب الاحتياطي القانوني. ويوقف هذا الاقتطاع متى بلغ مجموع الاحتياطي قدرًا يوازي (50%) خمسين بالمائة على الأقل من رأس مال الشركة. وإذا نقص الاحتياطي عن ذلك، تعين العودة إلى الاقتطاع؛</p>
<p>(ii) a percentage not exceeding ten percent (10%) of the net profits shall be allocated as a compensation for the Board Directors, after deducting amortisations and reserves. The compensation shall be determined by the General Assembly, upon the recommendation of the Board of Directors. Penalties imposed by the Authority or the Competent Authority on the Company due to violations by the Board of Directors of the Law or these Articles during the fiscal year that just ended shall be deducted from the remuneration of the Board of Directors. The General Assembly may resolve not to deduct such penalties if it finds that the penalties are not imposed due to any negligence or error on the part of the Board of Directors; and</p>	<p>(2) تخصص نسبة لا تزيد على (10%) عشرة بالمائة من الربح الصافي للسنة المالية المنتهية كمكافأة لأعضاء مجلس الإدارة وذلك بعد خصم كافة الاستهلاكات والاحتياطيات. ويقترح مجلس الإدارة المكافأة وتعرض على الجمعية العمومية للنظر فيها، وتخصم من تلك المكافأة الغرامات التي تكون قد وُفقت على الشركة من الهيئة أو السلطة المختصة بسبب مخالفات مجلس الإدارة للقانون أو للنظام الأساسي خلال السنة المالية المنتهية. وللجمعية العمومية عدم خصم تلك الغرامات أو بعضها إذا تبين لها أن تلك الغرامات ليست ناتجة عن تقصير أو خطأ من مجلس الإدارة؛ و</p>
<p>(iii) the remaining amounts of the net profits are distributed among the Shareholders or shall be moved to the subsequent year, pursuant to a recommendation made by the Board of Directors, or instalments allocated to form an additional</p>	<p>(3) يوزع الباقي من صافي الأرباح بعد ذلك على المساهمين أو يرسل بناءً على اقتراح مجلس الإدارة إلى السنة المقبلة أو يخصص لإنشاء احتياطي غير عادي وفقاً لما تقرره الجمعية العمومية العادية.</p>

reserve, all in accordance with the General Assembly resolutions.	
<b>Article (58)</b>	<b>المادة (58)</b>
The legal reserve shall be used by a resolution of the Board of Directors in the best interests of the Company. The legal reserve may not be distributed among the Shareholders. However, any amount in excess of fifty percent (50%) of the paid up capital can be used to distribute dividends which shall not exceed ten percent (10%) of the paid up capital among the Shareholders during years where distribution of such percentage is not possible.	يتم التصرف في المال الاحتياطي بناء على قرار مجلس الإدارة في الأوجه التي تحقق مصالح الشركة. لا يجوز توزيع الاحتياطي القانوني على المساهمين، وإنما يجوز استعمال ما زاد منه على نصف رأس المال المدفوع لتأمين توزيع أرباح لا تزيد على (10%) عشرة بالمائة من رأس المال المدفوع على المساهمين في السنوات التي لا تسمح بتوزيع هذه النسبة.
<b>Article (59)</b>	<b>المادة (59)</b>
Dividends shall be paid to the Shareholders in accordance with the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities and the applicable regulations of the financial market where the Company's shares are listed.	تدفع حصص الأرباح إلى المساهمين طبقاً للنظام الخاص بالتداول والمقاصة والتسويات في نقل ملكية وحفظ الأوراق المالية والقواعد المعيّنة في السوق المالي المدرج فيه أسهم الشركة.
<b>PART EIGHT</b> <b><i>DISPUTES</i></b>	<b>الباب الثامن</b> <b><i>المنازعات</i></b>
<b>Article (60)</b>	<b>المادة (60)</b>
Civil liability against members of the Board of Directors may not be waived by resolution of the General Assembly. If the action giving rise to the liability is presented to the General Assembly in a report by the Board of Directors or the Auditor and was ratified by the General Assembly, civil claims shall be time barred by the expiry of one (1) year from the date of convening that General Assembly. However, if the alleged action constitutes a criminal offence, the proceedings for liability shall not be time barred except by the lapse of the public case.	لا يترتب على أيّ قرار يصدر عن الجمعية العمومية سقوط دعوى المسؤولية المدنية ضد أعضاء مجلس الإدارة. وإذا كان الفعل الموجب للمسؤولية قد عرض على الجمعية العمومية بتقرير من مجلس الإدارة أو مدقق الحسابات وصادقت عليه، فإن دعوى المسؤولية تسقط بمضي سنة من تاريخ انعقاد الجمعية. ومع ذلك، إذا كان الفعل المنسوب إلى أعضاء مجلس الإدارة يكون جريمة جنائية، فلا تسقط دعوى المسؤولية إلا بسقوط الدعوى العمومية.
<b>PART NINE</b> <b><i>DISSOLUTION OF THE COMPANY</i></b>	<b>الباب التاسع</b> <b><i>في حل الشركة وتصفيتها</i></b>
<b>Article (61)</b>	<b>المادة (61)</b>
The Company shall be dissolved for any of the following reasons:	تحل الشركة لأحد الأسباب التالية:
(i) expiry of the Company's term unless it is renewed in accordance with the provisions of these Articles;	(1) انتهاء المدة المحددة للشركة ما لم تجدد وفقاً للقواعد الواردة بهذا النظام الأساسي؛
(ii) fulfilment of the objectives for which the Company was established;	(2) انتهاء الغرض الذي أسست الشركة من أجله؛
(iii) a Special Resolution of the General Assembly to terminate the term of the Company;	(3) صدور قرار خاص من الجمعية العمومية بإنهاء مدة الشركة؛
(iv) merging the Company with another company;	(4) اندماج الشركة في شركة أخرى؛

(v) the issuance of a court order dissolving the Company; or	(5) صدور حكم قضائي بحل الشركة؛ أو
(vi) the depletion of all or most of the Company's assets, making it impossible to beneficially invest the remainder.	(6) هلاك جميع أموال الشركة أو معظمها بحيث يتعذر استثمار الباقي استثماراً مجدداً.
<b>Article (62)</b>	<b>المادة (62)</b>
If the Company incurs losses equal to at least fifty percent (50%) of the issued share capital, the Board of Directors shall, within thirty (30) days from the date of disclosure to the Authority of the periodic or annual financial statements, invite the General Assembly to convene and decide whether the Company should continue or be dissolved prior to its term as mentioned in these Articles provided that such decision must be issued through a Special Resolution.	إذا تكبدت الشركة خسائر تقدر بـ 50% على الأقل من رأس المال المصدر، وجب على مجلس الإدارة خلال (30) ثلاثين يوماً من تاريخ الإفصاح للهيئة عن القوائم المالية الدورية أو السنوية دعوة الجمعية العمومية للإعتقاد والنظر في استمرار الشركة أو حلها قبل الأجل المعين في النظام الأساسي على أن يصدر قرار الجمعية العمومية في هذا الشأن بموجب قرار خاص.
<b>Article (63)</b>	<b>المادة (63)</b>
At the end of the term of the Company or, in the event of its dissolution, before the expiry of such term, the General Assembly shall, upon recommendation by the Board of Directors, determine the method of liquidation, appoint one or more liquidators and specify the duties of the liquidator(s). The authority of the Board of Directors shall terminate with the appointment of the liquidator(s). The authority of the General Assembly shall remain in force for the duration of the liquidation process and shall last until the liquidators are absolved of their obligations.	عند انتهاء مدة الشركة أو حلها قبل الأجل المحدد، تعين الجمعية العمومية، بناءً على طلب مجلس الإدارة، طريقة التصفية وتعين مصفياً أو أكثر وتحدد سلطاتهم. وتنتهي وكالة مجلس الإدارة بتعيين المصفين وتبقى سلطة الجمعية العمومية قائمة طوال مدة التصفية إلى أن يتم إخلاء عهدة المصفين.
<b>PART TEN FINAL PROVISIONS</b>	<b>الباب العاشر الأحكام الختامية</b>
<b>Article (64)</b>	<b>المادة (64)</b>
The Board of Directors may implement an Employees Share Option Plan, and for the purpose of encouraging the Company's employees and attracting and retaining talented employees to work in the Company, and in addition to any other allocations made to the employees who are founding Shareholders, the Company's Board may have the right to implement the Employees Share Option Plan as per the following terms and conditions.	يجوز لمجلس الإدارة تنفيذ برنامج أسهم ائابة وتحفيز العاملين، ولغرض تحفيز موظفي الشركة واستقطاب والمحافظة على موظفين موهوبين للعمل بالشركة فإنه إضافة إلى أية تخصصات تمنح للموظفين الذين يكونوا مساهمين مؤسسين، يحق لمجلس إدارة الشركة تطبيق برنامج خيار شراء أسهم الشركة طبقاً للشروط والإجراءات التالية:
(i) The Company's capital shall be increased no more than ten percent (10%) of the issued capital during every five (5) years to apply the Employees Share Option Plan, and the Board of Directors shall define the number of shares offered to each employee, the price of the share option and the share option period.	(1) يجوز زيادة رأس مال الشركة بنسبة لا تزيد عن (10%) عشرة بالمائة من رأس المال المصدر كل خمس (5) سنوات وذلك لغرض تطبيق برامج خيار شراء أسهم الشركة ويحدد مجلس الإدارة عدد الأسهم الممنوحة لكل موظف وسعر خيار الشراء وفترة الخيار.
(ii) The Employees Share Option Plan shall not be applied unless approved by the General Assembly through a Special Resolution.	(2) لا يجوز تطبيق برنامج خيار شراء أسهم الشركة إلا بعد إقراره من قبل الجمعية العمومية للشركة بقرار خاص.
<b>Article (65)</b>	<b>المادة (65)</b>

Without prejudice to Article 68 below, the provisions of the Law shall apply to any matter not specifically covered in the Law of Establishment or these Articles.	دون الإخلال بأحكام المادة 69 أدناه، تطبق أحكام القانون فيما لم يرد في شأنه نص خاص في قانون التأسيس أو هذا النظام الأساسي.
<b>Article (66)</b>	<b>المادة (66)</b>
The Company shall be bound by the Corporate Governance Rules which shall be considered as an integral part of these Articles.	يسري على الشركة قواعد حوكمة الشركات، ويعتبر جزءاً لا يتجزأ من النظام الأساسي ومكملاً له.
<b>Article (67)</b>	<b>المادة (67)</b>
In case there is any contradiction between the provisions of these Articles in the Arabic and English texts, the Arabic text shall prevail save as otherwise set out herein.	عند وجود تعارض بين نصوص المواد باللغتين العربية والإنجليزية، يغلب جانب النص العربي.
<b>Article (68)</b>	<b>المادة (68)</b>
The Company is exempted from Article 207 of the Law.	الشركة مستثناة من أحكام المواد 207 من القانون.
<b>Article (69)</b>	<b>المادة (69)</b>
These Articles of Association shall be deposited and published in accordance with the Law.	يودع هذا النظام الأساسي وينشر طبقاً للقانون.
<b>Signatures</b>	<b>التوقيعات</b>