ARAMEX PJSC AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2014

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARAMEX PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Aramex PJSC and its subsidiaries ("the Group") as at 30 June 2014, comprising the interim consolidated statement of financial position as at 30 June 2014 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting *"IAS 34"*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration no. 690

27 July 2014

Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 (Unaudited)

	Notes	*30 June 2014 AED'000 (Unaudited)*	*31 December 2013 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	5	**539,399**	541,577
Goodwill		**1,068,896**	973,629
Other intangible assets		**32,935**	23,912
Investments in joint ventures and an associate		**47,473**	49,718
Deferred tax assets		**2,189**	2,382
Other non-current assets		**6,798**	6,801
		1,697,690	1,598,019
Current assets			
Accounts receivable, net		**685,686**	603,901
Other current assets		**149,510**	126,930
Bank balances and cash	6	**496,136**	656,972
		1,331,332	1,387,803
TOTAL ASSETS		**3,029,022**	2,985,822
EQUITY AND LIABILITIES			
Equity			
Share capital		**1,464,100**	1,464,100
Statutory reserve		**145,254**	145,254
Foreign currency translation reserve		**(93,891)**	(90,579)
Reserve arising from acquisition of non-controlling interests		**(24,303)**	(15,763)
Cash-flow hedge reserve	8	**890**	10
Retained earnings		**574,529**	586,953
Equity attributable to equity holders of the Parent		**2,066,579**	2,089,975
Non-controlling interests		**27,696**	36,870
Total equity		**2,094,275**	2,126,845
Non-current liabilities			
Interest-bearing loans and borrowings	8	**111,964**	128,095
Employees' end of service benefits		**112,040**	103,066
Deferred tax liabilities		**1,124**	1,425
Employees' benefit liability	13	**3,729**	-
		228,857	232,586
Current liabilities			
Accounts payable		**170,585**	163,159
Bank overdrafts	6	**3,235**	-
Interest-bearing loans and borrowings	8	**49,636**	49,302
Other current liabilities		**482,434**	413,930
		705,890	626,391
Total liabilities		**934,747**	858,977
TOTAL EQUITY AND LIABILITIES		**3,029,022**	2,985,822

Abdullah Al Mazrui	Hussein Hachem	Bashar Obeid
(Chairman)	(Chief Executive Officer)	(Chief Financial Officer)

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three and six months ended 30 June 2014 (Unaudited)

	Note	*Three months ended 30 June*		*Six months ended 30 June*	
		2014 AED'000	*2013 AED'000*	***2014 AED'000***	*2013 AED'000*
Continuing operations					
Rendering of services		**916,764**	843,432	**1,768,386**	1,646,821
Cost of services		**(411,874)**	(385,621)	**(793,200)**	(749,194)
Gross profit		**504,890**	457,811	**975,186**	897,627
Share of results of joint ventures and an associate		**(479)**	(1,027)	**(1,004)**	(1,915)
Selling and marketing expenses		**(45,829)**	(39,492)	**(87,620)**	(77,606)
Administrative expenses		**(179,141)**	(160,462)	**(337,082)**	(312,035)
Operating expenses		**(180,778)**	(164,551)	**(357,483)**	(326,234)
Other income		**742**	1,249	**1,577**	1,284
Operating profit		**99,405**	93,528	**193,574**	181,121
Finance income		**1,555**	1,388	**3,303**	2,792
Finance expense		**(1,821)**	(2,347)	**(3,610)**	(4,262)
Profit from continuing operations before tax		**99,139**	92,569	**193,267**	179,651
Income tax expense		**(9,064)**	(9,187)	**(16,713)**	(17,524)
Profit for the period from continuing operations		**90,075**	83,382	**176,554**	162,127
Discontinued operations					
Profit (loss) after tax for the period from discontinued operations		**-**	196	**(85)**	204
Profit for the period		**90,075**	83,578	**176,469**	162,331
Attributable to:					
Equity holders of the Parent					
Profit for the period from continuing operations		**80,815**	72,119	**159,633**	141,499
Profit (loss) for the period from discontinued operations		**-**	165	**(85)**	150
		80,815	72,284	**159,548**	141,649
Non–controlling interests					
Profit for the period from continuing operations		**9,260**	11,263	**16,921**	20,628
Profit for the period from discontinued operations		**-**	31	**-**	54
		9,260	11,294	**16,921**	20,682
		90,075	83,578	**176,469**	162,331
Earnings per share attributable to equity holders of the Parent	7	**AED**	AED	**AED**	AED
Basic and diluted earnings per share		**0.055**	0.049	**0.109**	0.097

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2014 (Unaudited)

	Note	*Three months ended 30 June*		*Six months ended 30 June*	
		2014 AED'000	*2013 AED'000*	***2014 AED'000***	*2013 AED'000*
Profit for the period		**90,075**	83,578	**176,469**	162,331
Other comprehensive income, net of tax:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**(2,712)**	(8,314)	**(3,607)**	(30,558)
Foreign currency gain from disposal of a subsidiary		**-**	-	**242**	-
Gain on cash flow hedge	8	**(22)**	1,329	**185**	1,382
Cash flow hedge expense recycled to consolidated statement of income	8	**338**	404	**695**	743
Net other comprehensive income that would be reclassified to profit or loss in subsequent periods		**(2,396)**	(6,581)	**(2,485)**	(28,433)
Other comprehensive income for the period, net of tax		**(2,396)**	(6,581)	**(2,485)**	(28,433)
Total comprehensive income for the period		**87,679**	76,997	**173,984**	133,898
Total comprehensive income attributable to:					
Equity holders of the Parent		**78,526**	65,737	**157,116**	113,354
Non-controlling interests		**9,153**	11,260	**16,868**	20,544
		87,679	76,997	**173,984**	133,898

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

Aramex PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 (Unaudited)

	Attributable to equity holders of the Parent								
	Share capital AED'000	*Statutory reserve AED'000*	*Foreign currency translation reserve AED'000*	*Reserve arising from acquisition of non- controlling interests AED'000*	*Cash flow hedge reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
Six month period ended 30 June 2014									
At 1 January 2014	**1,464,100**	**145,254**	**(90,579)**	**(15,763)**	**10**	**586,953**	**2,089,975**	**36,870**	**2,126,845**
Total comprehensive income for the period	-	-	**(3,312)**	-	**880**	**159,548**	**157,116**	**16,868**	**173,984**
Directors' fees paid	-	-	-	-	-	**(3,600)**	**(3,600)**	-	**(3,600)**
Dividends of subsidiaries	-	-	-	-	-	-	-	**(24,004)**	**(24,004)**
Acquisition of non-controlling interest (note 3)	-	-	-	**(8,540)**	-	-	**(8,540)**	**(2,038)**	**(10,578)**
Dividends paid to shareholders (note 4)	-	-	-	-	-	**(168,372)**	**(168,372)**	-	**(168,372)**
At 30 June 2014	**1,464,100**	**145,254**	**(93,891)**	**(24,303)**	**890**	**574,529**	**2,066,579**	**27,696**	**2,094,275**
Six month period ended 30 June 2013									
At 1 January 2013	1,464,100	121,886	(34,643)	(16,011)	(2,960)	481,271	2,013,643	32,428	2,046,071
Total comprehensive income for the period	-	-	(30,420)	-	2,125	141,649	113,354	20,544	133,898
Directors' fees paid	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
Dividends of subsidiaries	-	-	-	-	-	-	-	(14,788)	(14,788)
Non-controlling interests	-	-	-	-	-	-	-	(112)	(112)
Dividends paid to shareholders (note 4)	-	-	-	-	-	(146,410)	(146,410)	-	(146,410)
Disposal of a subsidiary	-	-	-	248	-	(248)	-	-	-
At 30 June 2013	1,464,100	121,886	(65,063)	(15,763)	(835)	474,012	1,978,337	38,072	2,016,409

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014 (Unaudited)

	Notes	Six months ended 30 June 2014 AED'000	2013 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**193,267**	179,651
(Loss) profit before tax from discontinued operations		**(85)**	235
Profit before tax		**193,182**	179,886
Adjustment for:			
Depreciation of property, plant and equipment		**37,826**	38,114
Amortization of other intangible assets		**1,680**	1,725
(Gain) loss on disposal of property, plant and equipment		**(3)**	139
Provision for employees' end of service benefits		**13,391**	9,938
Provision for doubtful accounts, net		**2,324**	1,816
Net finance expense		**307**	1,470
Share-based payment expense	13	**3,729**	-
Share of results of joint ventures and an associate		**1,004**	1,915
Loss on disposal of discontinued operations		**85**	-
		253,525	235,003
Working capital changes:			
Accounts receivable		**(73,307)**	(40,538)
Accounts payable		**13**	11,651
Other current assets		**(23,415)**	(13,028)
Other current liabilities		**39,396**	(16,313)
Cash from operations		**196,212**	176,775
Employees' end of service benefits paid		**(5,079)**	(5,903)
Income tax paid		**(17,609)**	(14,244)
Net cash flows from operating activities		**173,524**	156,628
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(37,240)**	(35,305)
Proceeds from sale of property, plant and equipment		**1,215**	2,838
Interest received		**3,303**	2,792
Proceeds from sale of a subsidiary, net of cash	9	**(193)**	580
Acquisition of non-controlling interests	3	**(10,578)**	-
Other non–current assets		**3**	22
Margin deposits		**(309)**	(1,977)
Acquisition of a subsidiary, net of cash acquired	3	**(79,663)**	-
Net cash flows used in investing activities		**(123,462)**	(31,050)
FINANCING ACTIVITIES			
Interest paid		**(3,610)**	(4,262)
Proceeds from loans and borrowings		**-**	187,035
Repayment of loans and borrowings		**(15,795)**	(13,488)
Dividends paid to non-controlling interests		**(24,004)**	(14,788)
Non-controlling interests		**-**	(112)
Directors' fees paid		**(3,600)**	(2,250)
Dividends paid to shareholders		**(168,372)**	(146,410)
Net cash flows (used in) from financing activities		**(215,381)**	5,725
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(165,319)**	131,303
Net foreign exchange difference		**939**	(6,637)
Cash and cash equivalents at 1 January	6	**645,444**	309,507
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	**481,064**	434,173

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

1 ACTIVITIES

Aramex PJSC ("the Parent Company") is a Public Joint Stock Company registered in the Emirate of Dubai, United Arab Emirates on 15 February 2005 under United Arab Emirates Federal Law No 8 of 1984 (as amended). The condensed consolidated financial statements of the Company as at 30 June 2014 comprise the Parent Company and its subsidiaries (collectively referred to as "the Group" and individually as "Group entities").

The Parent Company was listed on the Dubai Financial Market on 9 July 2005.

The Principal activities of the Group are to invest in the freight, express, logistics and supply chain management businesses through acquiring and owning controlling interests in companies in the Middle East and other parts of the world.

The Parent Company's registered office is, Business Center Towers, 2302A, Media City (TECOM), Sheikh Zayed Road, Dubai, United Arab Emirates.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 27 July 2014.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013. In addition, results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

Changes in accounting policies
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The nature and the impact of each new standard or amendment is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36
These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The amendment has no impact on the Group.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

IFRIC 21 *Levies*
IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation has no impact on the Group.

3 BUSINESS COMBINATION AND ACQUISITION OF NON–CONTROLLING INTERESTS

Business combination

On 1 June 2014, the Group acquired 100% of the voting shares of Mail Call Couriers Pty Limited , an unlisted Company based in Australia and specializing in domestic business. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Mail Call Couriers Pty Limited for the one month period from the acquisition date.

The fair values of the identifiable assets and liabilities of Mail Call Couriers Pty Limited, as at the date of acquisition were:

	Provisional fair value recognised on acquisition AED'000	*Carrying value AED'000*
Assets		
Property, plant and equipment	1,949	1,949
Trade and other receivables	11,049	11,049
Bank balances and cash	2,988	2,988
Intangible assets (provisional)*	10,702	-
	26,688	15,986
Liabilities		
Trade and other payables	(7,697)	(7,697)
Employees end of service benefits	(614)	(614)
	(8,311)	(8,311)
Total identifiable net assets at fair value	18,377	7,675
Goodwill arising on acquisition (provisional)*	95,268	
Purchase consideration transferred	113,645	

Purchase consideration	*AED'000*
Cash paid	82,651
Contingent consideration liability	30,994
Total consideration	113,645
Analysis of cash flow on acquisition:	
Net cash acquired with the subsidiaries	2,988
Cash paid	(82,651)
Net cash outflow (included in cash flows from investing activities in the statement of cash flows)	(79,663)

3 BUSINESS COMBINATION AND ACQUISITION OF NON–CONTROLLING INTERESTS (continued)

* Additional information is required to determine fair value of intangible assets at the acquisition date. The intangible assets may be subsequently adjusted with a corresponding adjustment to goodwill prior to 1 June 2015 (one year after the transaction)

Contingent Consideration

As part of the purchase agreement with the previous owner of Mail Call Couriers Pty, a contingent consideration has been agreed where there will be additional cash payment to the previous owner . At the acquisition date, the fair value of the contingent consideration was estimated to be AED 31 million.

The goodwill of AED 95 million recognized is primarly attributed to the expected synergies and other benefits from combining the assets and activities of Mail Call Couriers Pty with those of the Group.

From the date of acquisition, the acquired company has contributed AED 7.7 million of revenue and AED 1.2 million to the net profit before tax of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been AED 1,807 million and the profit from continuing operation for the period would have been AED 162.9 million.

Transaction costs of AED 5,642 thousand have been expensed and included in administrative expenses in the statement of income and part of operating cash flows in the statement of cash flows.

Acquisition of non-controlling interest

On 1 January 2014, the Group acquired an additional 29% interest of the voting shares of Aramex (Malaysia) SDN. BHD, increasing its ownership interest to 80%. Cash consideration of AED 10.5 million was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex (Malaysia) SDN. BHD at the acquisition date was AED 7 million, and the carrying value of the additional interest acquired was AED 2 million. The difference of AED 8.5 million between the consideration paid and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

4 DIVIDENDS

The General Assembly approved in its meeting held on 16 April 2014 a cash dividend for 2013 of 11.5% of the Company's share capital.

The General Assembly approved in its meeting held on 16 April 2013 a cash dividend for 2012 of 10% of the Company's share capital.

5 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired property and equipment with a cost of AED 37 million (six months ended 30 June 2013: AED 35 million).

6 CASH AND CASH EQUIVALENTS

	30 June 2014 AED'000	*31 December 2013 AED'000*
Cash and short term deposits	**496,136**	656,972
Less: cash margin	**(11,837)**	(11,528)
Less: bank overdrafts	**(3,235)**	-
	481,064	645,444

Included within cash and short term deposits are amounts totaling AED 284,322 thousand (31 December 2013: AED 199,703 thousand) held at foreign banks abroad.

7 EARNINGS PER SHARE

	Three months ended 30 June		*Six months ended 30 June*	
	2014	*2013*	***2014***	*2013*
Profit attributable to shareholders of Parent (AED'000)	**80,815**	72,284	**159,548**	141,649
Weighted average number of shares during the period (shares)	**1,464.1 million**	1,464.1 million	**1,464.1 million**	1,464.1 million
Basic and diluted earnings per share (AED)	**0.055**	0.049	**0.109**	0.097

8 LOANS AND BORROWINGS

During 2012, the Group entered into a loan agreement with Arab Bank for an amount of USD 50 million. The loan bears interest at USD three month LIBOR plus 225 basis points per annum. The Group had drawn down the loan in January 2013. The purpose of the loan is to finance expected acquisition costs. The loan is repayable in 20 consecutive equal quarterly installments of USD 2.5 million each, commencing after withdrawal of the full loan amount.

Derivative financial instruments - interest rate swaps

The Group's loan with Arab Bank is in the form of variable interest rate loan. To mitigate its exposure to fluctuations in market interest rates, the Group entered into interest rate swap contracts that effectively fix the interest rate on 100% of its available facilities with Arab Bank. Under the terms of these contracts, the Group pays a pre-determined fixed rate (1.19%) of interest on a notional principal balance equal to amounts expected to be drawn down and receives from the counter-party a floating rate of interest on the same notional principal balance equals to USD three month LIBOR.

For the purpose of hedge accounting, the Group's interest rate swap contracts are classified as cash flow hedges, as the Group is hedging exposure to variability in cash flows that is attributable to the interest rate risk associated with a highly probable forecast transaction.

As of 30 June 2014, the cash flow hedges were assessed to be highly effective and an unrealized gain of AED 185 thousand was included in other comprehensive income. An expense of AED 695 thousand was reclassified from other comprehensive income to the interim consolidated statement of income. The negative fair value of the interest rate swap deal amounted to AED 1,316 thousand was recorded as a liability in the interim consolidated statement of financial position.

9 DISCONTINUED OPERATION

Disposal of Aramex Cyprus Limited

On 2 January 2014, the Group disposed of 100% of its interest in Aramex Cyprus Limited for AED 120 thousand in cash and an amount of AED 1,001 thousand as a receivable. The cash flows generated by the sale of the discontinued operation during 2014 have been considered in the statement of cash flows as part of the investing activities.

The results of Aramex Cyprus Limited for the period are as follows:

	For the six months ended 30 June	
	2014 AED '000 Up to date of disposal (Unaudited)	*2013 AED '000* (Unaudited)
Revenue	-	2,542
Cost of services	-	(1,129)
Gross profit	-	1,413
Less: Overheads	-	(1,296)
Operating income	-	117
Less: Expenses	-	(76)
Profit after tax for the period from the discontinued operations	-	41
Loss on disposal of the discontinued operations	**(85)**	-
Total	**(85)**	41

Cash inflow on sale:	
Consideration received	**120**
Cash included as cash and cash equivalents at 2 January 2014 in the statement of cash flows	**(313)**
Net cash outflow	**(193)**

The net cash flows incurred by Aramex Cyprus Limited are as follows:

	For the six months ended 30 June	
	2014 AED '000 (Unaudited)	*2013 AED '000* (Unaudited)
Operating	-	664
Investing	-	(1)
Net cash inflows	-	663

10 SEGMENT INFORMATION

For management purposes, the Group is organized into five operating segments:

- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break bulk services.
- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value added services.
- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information regarding the Group's operating segment for the six months ended 30 June 2014 and 2013, respectively.

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Elimination AED'000*	*Total AED'000*
Six months ended 30 June 2014							
Revenue							
Third party	**594,883**	**616,469**	**355,466**	**92,291**	**109,277**	-	**1,768,386**
Inter-segment	**262,265**	**122,382**	-	**2,215**	**4,118**	**(390,980)**	-
Total revenue	**857,148**	**738,851**	**355,466**	**94,506**	**113,395**	**(390,980)**	**1,768,386**
Gross profit	**392,830**	**166,995**	**249,198**	**72,425**	**93,738**	-	**975,186**
Six months ended 30 June 2013							
Revenue							
Third party	516,582	611,486	326,929	82,804	109,020	-	1,646,821
Inter-segment	231,209	134,036	910	1,871	3,126	(371,152)	-
Total revenue	747,791	745,522	327,839	84,675	112,146	(371,152)	1,646,821
Gross profit	350,070	166,613	226,186	65,490	89,268	-	897,627

Transactions between stations are priced at agreed upon rates. All material intra group transactions have been eliminated on consolidation. The Group does not segregate assets and liabilities by business segment and accordingly such information is not presented.

10 SEGMENT INFORMATION (continued)

Geographical Information

The business segments are managed on a worldwide basis, but operate in four principal geographical areas, Middle East and Africa, Europe, North America and Asia. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

Revenue, assets and liabilities by geographical segment are as follows:

	Six months ended 30 June	
	2014 ***AED'000***	*2013* *AED'000*
Revenues		
Middle East and Africa	**1,299,845**	1,232,950
Europe	**280,045**	252,565
North America	**28,627**	28,822
Asia and others	**159,869**	132,484
	1,768,386	1,646,821

	30 June ***2014*** ***AED'000***	*31 December* *2013* *AED'000*
Assets		
Middle East and Africa	**2,415,645**	2,504,112
Europe	**358,788**	353,071
North America	**20,504**	24,335
Asia and others	**234,085**	104,304
	3,029,022	2,985,822
Non- current assets*		
Middle East and Africa	**519,401**	523,084
Europe	**68,112**	70,257
North America	**6,124**	6,839
Asia and others	**26,170**	15,027
	619,807	615,207
Liabilities		
Middle East and Africa	**722,811**	697,880
Europe	**113,079**	107,297
North America	**13,413**	9,841
Asia and others	**85,444**	43,959
	934,747	858,977

* Non-current assets for this purpose consist of property, plant and equipment, other intangible assets, investment in joint ventures and investment in an associate. Goodwill is allocated to business segments.

11 COMMITMENTS AND CONTINGENCIES

	30 June 2014 AED'000	*31 December 2013 AED'000*
Letters of guarantee	**87,519**	74,856

Claims against the Group
The Group is a defendant in a number of lawsuits amounting to AED 17,179 thousand representing legal actions and claims related to its ordinary course of business. The management and their legal advisors believe that the provision recorded of AED 7,546 thousand as of 30 June 2014 (31 December 2013: AED 7,546 thousand) is sufficient to meet the obligation that may arise from the lawsuits.

12 RELATED PARTY TRANSACTIONS

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were suppliers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the consolidated statement of income are as follows:

	Related party		*Total*	
	Officers AED'000	*Companies controlled by the directors AED'000*	***30 June 2014 AED'000***	*30 June 2013 AED'000*
Rent expense	**118**	**694**	**812**	860

Key management compensation
Compensation of the key management personnel, including executive officers, comprises the following:

	30 June 2014 AED'000	*30 June 2013 AED'000*
Salaries and other short term benefits	**5,554**	4,642
End of service benefits	**83**	264

12 RELATED PARTY TRANSACTIONS (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2014 and 2013, as well as balances with related parties as at 30 June 2014 and 31 December 2013:

		Sales to related parties AED'000	*Cost from related parties AED'000*	*Amounts owed by related parties* AED'000*	*Amounts owed to related parties* AED'000*	*Loans** AED'000*
Associate:						
Aramex Tunisia Limited	**2014**	**221**	**10**	**45**	**1,135**	-
	2013	44	-	-	722	-
Joint ventures in which the Parent is a venturer:	**2014**	**140**	**4,337**	**3,758**	**3,612**	**6,751**
	2013	112	1,760	2,054	1,407	6,751

* The amounts are classified as trade receivables and trade payables, respectively.

** This amount represents a non-interest bearing loan granted to Aramex Logistics LLC – Oman.

13 SHARE-BASED PAYMENT

In February 2014, 37,000,000 phantom share options were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of the shares on the date of grant. The fair value at grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is six years. The options will be settled in cash.

The fair value of options granted during the six months ended 30 June 2014 was estimated on the date of grant using the following assumptions:

Dividend yield (%) 0*
Expected volatility (%) 19
Risk-free interest rate (%) 3.6
Expected life (years) 6
Share price AED 3

The weighted average fair value of the options granted during the six month period was AED 0.83, the Group has recognized AED 3,729 thousand of share-based payment expense in the consolidated statement of income.

* The participants in the plan shall have no right to receive any dividend during the vesting period.

14 SEASONALITY OF OPERATIONS

The Group's business is seasonal in nature. Historically, the Group experienced a decrease in demand for its services in the post-winter holiday and summer vacation seasons. The Group traditionally experiences its highest volumes towards the latter half of the year. The seasonality of the Group's revenue may cause a variation in its quarterly operating results. However, local Middle East and Islamic holidays vary from year to year and, as a result, the Group's seasonality may shift over time.