ARAMEX PJSC AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2014

Building a better working world

Ernst & Young
P.O. Box 9267
28th Floor, Al Attar Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com/mena

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 September 2014, comprising the interim consolidated statement of financial position as at 30 September 2014 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the nine-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

29 October 2014
Dubai, United Arab Emirates

	Notes	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	503,504	541,577
Goodwill		1,068,896	973,629
Other intangible assets		31,953	23,912
Investments in joint ventures and an associate		48,907	49,718
Deferred tax assets		2,985	2,382
Other non-current assets		6,922	6,801
		1,663,167	1,598,019
Current assets			
Accounts receivable, net		699,589	603,901
Other current assets		181,279	126,930
Bank balances and cash	6	571,065	656,972
		1,451,933	1,387,803
TOTAL ASSETS		3,115,100	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		(106,522)	(90,579)
Reserve arising from acquisition of non-controlling interests		(28,268)	(15,763)
Cash-flow hedge reserve	8	1,759	10
Retained earnings		644,010	586,953
Equity attributable to equity holders of the Parent		2,120,333	2,089,975
Non-controlling interests		32,172	36,870
Total equity		2,152,505	2,126,845
Non-current liabilities			
Interest-bearing loans and borrowings	8	103,365	128,095
Employees' end of service benefits		114,342	103,066
Deferred tax liabilities		1,473	1,425
Employees' benefit liability	13	6,032	-
		225,212	232,586
Current liabilities			
Accounts payable		153,323	163,159
Bank overdrafts	6	3,426	-
Interest-bearing loans and borrowings	8	48,737	49,302
Other current liabilities		531,897	413,930
		737,383	626,391
Total liabilities		962,595	858,977
TOTAL EQUITY AND LIABILITIES		3,115,100	2,985,822

Abdullah Al Mazrui
(Chairman)

Hussein Hachem
(Chief Executive Officer)

Bashar Obeid
(Chief Financial Officer)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three and nine months ended 30 September 2014 (Unaudited)

	Note	*Three months ended 30 September*		*Nine months ended 30 September*	
		2014 AED'000	*2013 AED'000*	***2014 AED'000***	*2013 AED'000*
Continuing operations					
Rendering of services		**922,328**	824,350	**2,690,713**	2,471,172
Cost of services		**(423,606)**	(386,872)	**(1,216,806)**	(1,136,148)
Gross profit		**498,722**	437,478	**1,473,907**	1,335,024
Share of results of joint ventures and an associate		**(1,294)**	(1,506)	**(2,298)**	(3,421)
Selling and marketing expenses		**(45,350)**	(38,467)	**(132,970)**	(116,073)
Administrative expenses		**(180,954)**	(157,306)	**(518,036)**	(469,341)
Operating expenses		**(189,850)**	(168,747)	**(547,332)**	(494,981)
Other income		**1,678**	3,146	**3,255**	4,510
Operating profit		**82,952**	74,598	**276,526**	255,718
Finance income		**1,843**	1,600	**5,145**	4,394
Finance expense		**(1,644)**	(2,207)	**(5,254)**	(6,470)
Profit from continuing operations before tax		**83,151**	73,991	**276,417**	253,642
Income tax expense		**(9,307)**	(6,607)	**(26,020)**	(24,130)
Profit for the period from continuing operations		**73,844**	67,384	**250,397**	229,512
Discontinued operations					
(Loss) profit after tax for the period from discontinued operations		**-**	(25)	**(85)**	178
Profit for the period		**73,844**	67,359	**250,312**	229,690
Attributable to:					
Equity holders of the Parent					
Profit for the period from continuing operations		**69,481**	59,917	**229,114**	201,416
(Loss) profit for the period from discontinued operations		**-**	(35)	**(85)**	115
		69,481	59,882	**229,029**	201,531
Non-controlling interests					
Profit for the period from continuing operations		**4,363**	7,467	**21,283**	28,096
Profit for the period from discontinued operations		**-**	10	**-**	63
		4,363	7,477	**21,283**	28,159
		73,844	67,359	**250,312**	229,690
Earnings per share attributable to equity holders of the Parent	7	**AED**	AED	**AED**	AED
Basic and diluted earnings per share		**0.047**	0.041	**0.156**	0.138

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2014 (Unaudited)

	Note	*Three months ended 30 September*		*Nine months ended 30 September*	
		2014 AED'000	*2013 AED'000*	***2014 AED'000***	*2013 AED'000*
Profit for the period		**73,844**	67,359	**250,312**	229,690
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		**(12,696)**	1,065	**(16,302)**	(29,493)
Foreign currency gain from disposal of a subsidiary		**-**	-	**242**	-
Gain on cash flow hedge	8	**551**	(225)	**736**	1,157
Cash flow hedge expense recycled to consolidated statement of income	8	**318**	392	**1,013**	1,135
Net other comprehensive income that would be reclassified to profit or loss in subsequent periods		**(11,827)**	1,232	**(14,311)**	(27,201)
Other comprehensive income for the period, net of tax		**(11,827)**	1,232	**(14,311)**	(27,201)
Total comprehensive income for the period		**62,017**	68,591	**236,001**	202,489
Total comprehensive income attributable to:					
Equity holders of the Parent		**57,719**	61,208	**214,835**	174,562
Non-controlling interests		**4,298**	7,383	**21,166**	27,927
		62,017	68,591	**236,001**	202,489

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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*
Nine month period ended 30 September 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	-	-	**(15,943)**	-	**1,749**	**229,029**	**214,835**	**21,166**	**236,001**
Directors' fees paid	-	-	-	-	-	**(3,600)**	**(3,600)**	-	**(3,600)**
Dividends of subsidiaries	-	-	-	-	-	-	-	**(24,683)**	**(24,683)**
Non-controlling interests	-	-	-	-	-	-	-	**564**	**564**
Acquisition of non-controlling interest (note 3)	-	-	-	**(12,505)**	-	-	**(12,505)**	**(1,745)**	**(14,250)**
Dividends paid to shareholders (note 4)	-	-	-	-	-	**(168,372)**	**(168,372)**	-	**(168,372)**
At 30 September 2014	**1,464,100**	**145,254**	**(106,522)**	**(28,268)**	**1,759**	**644,010**	**2,120,333**	**32,172**	**2,152,505**
Nine month period ended 30 September 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	-	-	(29,261)	-	2,292	201,531	174,562	27,927	202,489
Directors' fees paid	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
Dividends of subsidiaries	-	-	-	-	-	-	-	(28,422)	(28,422)
Non-controlling interests	-	-	-	-	-	-	-	727	727
Dividends paid to shareholders (note 4)	-	-	-	-	-	(146,410)	(146,410)	-	(146,410)
Disposal of a subsidiary	-	-	-	248	-	(248)	-	-	-
At 30 September 2013	1,464,100	121,886	(63,904)	(15,763)	(668)	533,894	2,039,545	32,660	2,072,205

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014 (Unaudited)

	Notes	Nine months ended 30 September 2014 AED'000	2013 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		276,417	253,642
(Loss) profit before tax from discontinued operations		(85)	212
Profit before tax		276,332	253,854
Adjustment for:			
Depreciation of property, plant and equipment		57,440	57,481
Amortization of other intangible assets		2,661	2,529
Loss (gain) on disposal of property, plant and equipment		26,650	(37)
Provision for employees' end of service benefits		18,884	16,450
Provision for doubtful accounts, net		2,324	5,633
Net finance expense		109	2,077
Share-based payment expense	13	6,032	-
Share of results of joint ventures and an associate		2,298	3,422
Loss on disposal of discontinued operations		85	-
		392,815	341,409
Working capital changes:			
Accounts receivable		(87,208)	(50,813)
Accounts payable		(17,250)	9,772
Other current assets		(54,550)	(11,911)
Other current liabilities		87,405	20,323
Cash from operations		321,212	308,780
Employees' end of service benefits paid		(7,857)	(7,977)
Income tax paid		(24,391)	(18,867)
Net cash flows from operating activities		288,964	281,936
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(55,118)	(48,594)
Proceeds from sale of property, plant and equipment		1,752	2,178
Interest received		5,145	4,393
Proceeds from sale of a subsidiary, net of cash	9	(193)	460
Acquisition of non-controlling interests	3	(14,250)	-
Other non-current assets		4	(4,008)
Margin deposits		(839)	826
Investments in joint ventures and an associate		(2,833)	-
Acquisition of a subsidiary, net of cash acquired	3	(79,663)	-
Net cash flows used in investing activities		(145,995)	(44,745)
FINANCING ACTIVITIES			
Interest paid		(5,255)	(6,470)
Proceeds from loans and borrowings		-	187,034
Repayment of loans and borrowings		(25,292)	(25,153)
Dividends paid to non-controlling interests		(24,683)	(28,422)
Non-controlling interests		564	727
Directors' fees paid		(3,600)	(2,250)
Dividends paid to shareholders		(168,372)	(146,410)
Net cash flows used in financing activities		(226,638)	(20,944)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(83,669)	216,247
Net foreign exchange difference		(6,500)	(8,420)
Cash and cash equivalents at 1 January	6	645,444	309,507
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	555,275	517,334

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 September 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 29 October 2014.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the nine months ended 30 September 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 nine months ended 30 September 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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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. These amendments have no impact on the Group.

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.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Annual improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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 four 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)

* 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)

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

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 32 million of revenue and AED 4.5 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 2,730 million and the profit from continuing operation for the period would have been AED 232 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 interests

Aramex (Malaysia) SDN.BHD
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 10,577 thousand 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 7,027 thousand, and the carrying value of the additional interest acquired was AED 2,038 thousand. The difference of AED 8,539 thousand 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.

Ramallah Modern International Express Transport Co. Limited
On 1 September 2014, the Group acquired an additional 10% interest of the voting shares of Ramallah Modern International Express Transport Co. Limited, increasing its ownership interest to 70%. Cash consideration of AED 3,673 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Ramallah Modern International Express Transport Co. Limited at the acquisition date was AED 2,928 thousand, and the carrying value of the additional interest acquired was a liability of AED 293 thousands. The difference of AED 3,966 thousand 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 nine months ended 30 September 2014, the Group acquired property and equipment with a cost of AED 55 million (nine months ended 30 September 2013: AED 49 million).

6 CASH AND CASH EQUIVALENTS

	30 September 2014 AED'000 (Unaudited)	*31 December 2013 AED'000* (Audited)
Cash and short term deposits	**571,065**	656,972
Less: cash margin	**(12,364)**	(11,528)
Less: bank overdrafts	**(3,426)**	-
	555,275	645,444

Included within cash and short term deposits are amounts totaling AED 232,203 thousand (31 December 2013: AED 199,703 thousand) held at foreign banks abroad.

7 EARNINGS PER SHARE

	Three months ended 30 September		*Nine months ended 30 September*	
	2014	*2013*	*2014*	*2013*
Profit attributable to shareholders of Parent (AED'000)	**69,481**	59,882	**229,029**	201,531
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)	**0.047**	0.041	**0.156**	0.138

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 September 2014, the cash flow hedges were assessed to be highly effective and an unrealized gain of AED 736 thousand was included in other comprehensive income. An expense of AED 1,013 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 765 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 nine months ended 30 September	
	2014 AED '000 Up to date of disposal	*2013 AED '000*
Revenue	-	3,758
Cost of services	-	(1,685)
Gross profit	-	2,073
Less: Overheads	-	(1,966)
Operating income	-	107
Less: Expenses	-	(115)
Profit after tax for the period from the discontinued operations	-	(8)
Loss on disposal of the discontinued operations	**(85)**	-
Total	**(85)**	(8)
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 nine months ended 30 September	
	2014 AED '000	*2013 AED '000*
Operating	-	1,036
Investing	-	6
Net cash inflows	-	1,042

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 nine months ended 30 September 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*
Nine months ended 30 September 2014							
Revenue							
Third party	**895,666**	**932,547**	**551,769**	**144,434**	**166,297**	-	**2,690,713**
Inter-segment	**396,776**	**181,740**	-	**3,436**	**5,921**	**(587,873)**	-
Total revenue	**1,292,442**	**1,114,287**	**551,769**	**147,870**	**172,218**	**(587,873)**	**2,690,713**
Gross profit	**591,698**	**248,986**	**376,275**	**114,399**	**142,549**	-	**1,473,907**
Nine months ended 30 September 2013							
Revenue							
Third party	769,634	929,869	483,295	124,679	163,695	-	2,471,172
Inter-segment	345,479	207,503	666	3,120	4,546	(561,314)	-
Total revenue	1,115,113	1,137,372	483,961	127,799	168,241	(561,314)	2,471,172
Gross profit	517,524	249,374	335,611	99,251	133,264	-	1,335,024

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:

	For the nine months ended 30 September	
	2014	*2013*
	AED'000	*AED'000*
Revenues		
Middle East and Africa	**1,946,444**	1,849,494
Europe	**436,192**	385,747
North America	**46,308**	40,681
Asia and others	**261,769**	195,250
	2,690,713	2,471,172

	30 September 2014	*31 December 2013*
	AED'000	*AED'000*
	(Unaudited)	(Audited)
Assets		
Middle East and Africa	**2,485,078**	2,504,112
Europe	**362,074**	353,071
North America	**30,123**	24,335
Asia and others	**237,825**	104,304
	3,115,100	2,985,822
Non- current assets*		
Middle East and Africa	**487,781**	523,084
Europe	**63,075**	70,257
North America	**5,872**	6,839
Asia and others	**27,636**	15,027
	584,364	615,207
Liabilities		
Middle East and Africa	**746,532**	697,880
Europe	**115,331**	107,297
North America	**15,241**	9,841
Asia and others	**85,491**	43,959
	962,595	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 September 2014 AED'000 (Unaudited)	*31 December 2013 AED'000 (Audited)*
Letters of guarantee	**90,662**	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 September 2014 (31 December 2013: AED 7,546 thousand) is sufficient to meet the obligation that may arise from the lawsuits.

- During August 2014, a warehouse of the Group's subsidiary (Infofort Dubai) was destroyed by fire. The total net book value of impaired assets resulting from the fire incident amount to approximately AED 26.4 million. The warehouse is covered under a property insurance policy.

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*	
	Companies controlled by the directors AED'000	***30 September 2014 AED'000***	*30 September 2013 AED'000*
Rent expense	**1,042**	**1,042**	1,290

Key management compensation

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

	For the nine months ended 30 September	
	2014 AED'000	*2013 AED'000*
Salaries and other short term benefits	**8,333**	6,959
End of service benefits	**124**	305

12 RELATED PARTY TRANSACTIONS (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the nine months ended 30 September 2014 and 2013, as well as balances with related parties as at 30 September 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:						
	2014	**340**	**10**	**116**	**1,379**	**-**
	2013	66	-	-	722	-
Joint ventures in which the Parent is a venturer:						
	2014	**206**	**7,192**	**2,871**	**4,472**	**6,751**
	2013	162	2,843	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 nine months ended 30 September 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 nine month period was AED 0.83. The Group has recognized AED 6,032 thousand of share-based payment expense in the consolidated statement of income, and the corresponding amount was recorded as a non current liability.

* 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.