ARAMEX PJSC AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

Building a better working world

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 31 March 2015, comprising the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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

26 April 2015
Dubai, United Arab Emirates

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015 (Unaudited)

	Notes	*31 March 2015 AED'000 (Unaudited)*	*31 December 2014 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	4	**535,811**	530,616
Goodwill		**1,076,098**	1,087,646
Other intangible assets		**43,245**	32,839
Investments in joint ventures and associates		**46,178**	47,548
Deferred tax assets		**2,780**	3,365
Other non-current assets		**5,404**	6,801
		1,709,516	1,708,815
Current assets			
Accounts receivable, net		**719,467**	686,677
Other current assets		**181,841**	191,766
Bank balances and cash	5	**593,040**	619,991
		1,494,348	1,498,434
TOTAL ASSETS		**3,203,864**	3,207,249
EQUITY AND LIABILITIES			
Equity			
Share capital		**1,464,100**	1,464,100
Statutory reserve		**170,632**	170,632
Foreign currency translation reserve		**(179,283)**	(151,421)
Reserve arising from acquisition of non-controlling interests		**(28,268)**	(28,268)
Cash-flow hedge reserve		**2,204**	2,056
Retained earnings		**794,636**	708,001
Equity attributable to equity holders of the Parent		**2,224,021**	2,165,100
Non-controlling interests		**14,835**	24,476
Total equity		**2,238,856**	2,189,576
Non-current liabilities			
Interest-bearing loans and borrowings		**87,610**	97,286
Employees' end of service benefits		**120,335**	117,717
Employees' benefit liability		**10,643**	8,336
Deferred tax liabilities		**1,715**	2,093
		220,303	225,432
Current liabilities			
Accounts payable		**176,945**	178,587
Bank overdrafts	5	**20,802**	12,922
Interest-bearing loans and borrowings		**53,496**	53,939
Other current liabilities		**493,462**	546,793
		744,705	792,241
Total liabilities		**965,008**	1,017,673
TOTAL EQUITY AND LIABILITIES		**3,203,864**	3,207,249

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

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2015 (Unaudited)

	Note	Three months ended 31 March 2015 AED'000	Three months ended 31 March 2014 AED'000
Continuing operations			
Rendering of services		**930,380**	851,622
Cost of services		**(410,102)**	(381,325)
Gross profit		**520,278**	470,297
Share of results of joint ventures and an associates		**(744)**	(525)
Selling and marketing expenses		**(47,044)**	(41,790)
Administrative expenses		**(177,383)**	(157,941)
Operating expenses		**(187,152)**	(176,705)
Other income		**1,610**	834
Operating profit		**109,565**	94,170
Finance income		**2,015**	1,748
Finance expense		**(1,803)**	(1,789)
Profit before tax from continuing operations		**109,777**	94,129
Income tax expense		**(12,728)**	(7,650)
Profit for the period from continuing operations		**97,049**	86,479
Discontinued operations			
Loss after tax for the period from discontinued operations		**-**	(85)
Profit for the period		**97,049**	86,394
Attributable to:			
Equity holders of the Parent			
Profit for the period from continuing operations		**86,635**	78,818
Loss for the period from discontinued operations		**-**	(85)
		86,635	78,733
Non–controlling interests			
Profit for the period from continuing operations		**10,414**	7,661
		97,049	86,394
Earnings per share attributable to equity holders of the Parent			
Basic and diluted earnings per share	6	**AED 0.059**	AED 0.054

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2015 (Unaudited)

	Three months ended 31 March	
	2015 AED'000	*2014 AED'000*
Profit for the period	**97,049**	86,394
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	**(28,031)**	(895)
Foreign currency gain from disposal of a subsidiary	**-**	242
(Loss) gain on cash flow hedge	**(115)**	207
Cash flow hedge expense recycled to consolidated income statement	**263**	357
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(27,883)**	(89)
Other comprehensive income for the period, net of tax	**(27,883)**	(89)
Total comprehensive income for the period	**69,166**	86,305
Aattributable to:		
Equity holders of the Parent	**58,921**	78,589
Non-controlling interests	**10,245**	7,716
	69,166	86,305

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2015 (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*
Three month period ended 31 March 2015									
At 1 January 2015	**1,464,100**	**170,632**	**(151,421)**	**(28,268)**	**2,056**	**708,001**	**2,165,100**	**24,476**	**2,189,576**
Total comprehensive income for the period	**-**	**-**	**(27,862)**	**-**	**148**	**86,635**	**58,921**	**10,245**	**69,166**
Dividends of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,368)**	**(20,368)**
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**482**	**482**
At 31 March 2015	**1,464,100**	**170,632**	**(179,283)**	**(28,268)**	**2,204**	**794,636**	**2,224,021**	**14,835**	**2,238,856**
Three month period ended 31 March 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	-	-	(708)	-	564	78,733	78,589	7,716	86,305
Dividends of subsidiaries	-	-	-	-	-	-	-	(12,549)	(12,549)
Acquisition of non-controlling interest	-	-	-	(8,540)	-	-	(8,540)	(2,038)	(10,578)
At 31 March 2014	1,464,100	145,254	(91,287)	(24,303)	574	665,686	2,160,024	29,999	2,190,023

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2015 (Unaudited)

	Notes	Three months ended 31 March 2015 AED'000	2014 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		109,777	94,129
Loss before tax from discontinued operations		-	(85)
Profit before tax		109,777	94,044
Adjustment for:			
Depreciation of property, plant and equipment		19,758	18,628
Amortization of other intangible assets		1,142	810
Loss (gain) on disposal of property, plant and equipment		116	(387)
Provision for employees' end of service benefits		5,924	4,959
Provision for doubtful accounts, net		570	785
Net finance (income) expense		(212)	41
Share-based payment expense		2,307	1,426
Share of results of joint ventures and associates		744	525
Loss on disposal of the discontinued operations		-	85
		140,126	120,916
Working capital adjustments:			
Accounts receivable		(33,359)	(36,458)
Accounts payable		(1,641)	3,323
Other current assets		8,563	(20,215)
Other current liabilities		(57,258)	5,002
Cash from operations		56,431	72,568
Employees' end of service benefits paid		(3,036)	(1,289)
Income tax paid		(7,233)	(5,896)
Net cash flows from operating activities		46,162	65,383
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(37,001)	(11,195)
Proceeds from sale of property, plant and equipment		863	1,196
Interest received		2,015	1,748
Margin deposits		301	(328)
Proceeds from sale of a subsidiary, net of cash		-	(193)
Investment in an associate		(498)	-
Acquisition of non-controlling interests		-	(10,578)
Net cash flows used in investing activities		(34,320)	(19,350)
FINANCING ACTIVITIES			
Interest paid		(1,803)	(1,789)
Repayments of loans and borrowings		(10,116)	(11,807)
Dividends paid to non-controlling interests		(20,368)	(12,549)
Non-controlling interests		482	-
Net cash flows used in financing activities		(31,805)	(26,145)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(19,963)	19,888
Net foreign exchange difference		(14,567)	599
Cash and cash equivalents at 1 January	5	595,096	645,444
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	560,566	665,931

The attached notes from 1 to 10 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 31 March 2015 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 authorized for issue by the Board of Directors on 26 April 2015.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the three months ended 31 March 2015 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 2014. In addition, results for the three months ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Changes in accounting policies

The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

3 DIVIDENDS

The General Assembly approved in its meeting held on 19 April 2015 a cash dividend for 2014 of 14% of the Company's share capital.

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.

4 PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2015, the Group acquired property and equipment with a cost of AED 37 million (three months ended 31 March 2014: AED 11 million).

5 CASH AND CASH EQUIVALENTS

	31 March 2015 AED'000	*31 December 2014 AED'000*
Cash and short term deposits	**593,040**	619,991
Less: cash margin	**(11,672)**	(11,973)
Less: bank overdrafts	**(20,802)**	(12,922)
	560,566	595,096

Included within cash and short term deposits are amounts totaling AED 217,291 thousand (31 December 2014: AED 272,114 thousand) held at foreign banks abroad.

6 EARNINGS PER SHARE

	Three months ended 31 March	
	2015	*2014*
Profit attributable to shareholders of the Parent (AED'000)	**86,635**	78,733
Weighted average number of shares during the period (shares)	**1,464 million**	1,464 million
Basic and diluted earnings per share (AED)	**0.059**	0.054

7 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.

7 SEGMENT INFORMATION (continued)

The following table presents revenue and profit information regarding the Group's operating segment for the three months ended 31 March 2015 and 2014, respectively.

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Three months ended 31 March 2015							
Revenue							
Third party	**324,946**	**302,713**	**198,959**	**50,545**	**53,217**	-	**930,380**
Inter-segment	**142,257**	**57,115**	**112**	**1,114**	**1,750**	**(202,348)**	-
Total revenue	**467,203**	**359,828**	**199,071**	**51,659**	**54,967**	**(202,348)**	**930,380**
Gross profit	**219,163**	**82,366**	**133,548**	**40,037**	**45,164**	-	**520,278**

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Three months ended 31 March 2014							
Revenue							
Third party	287,662	298,570	168,343	44,112	52,935	-	851,622
Inter-segment	127,973	59,348	17	1,087	1,918	(190,343)	-
Total revenue	415,635	357,918	168,360	45,199	54,853	(190,343)	851,622
Gross profit	189,404	82,295	119,111	34,165	45,322	-	470,297

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 segments and accordingly such information is not presented.

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 Asia and others. 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:

	Three months ended 31 March	
	2015 AED'000	*2014 AED'000*
Revenues		
Middle East and Africa	**677,208**	631,847
Europe	**132,734**	133,477
North America	**24,608**	12,427
Asia and others	**95,830**	73,871
	930,380	851,622

7 SEGMENT INFORMATION (continued)

	31 March 2015 AED'000	*31 December 2014 AED'000*
Assets		
Middle East and Africa	**2,539,265**	2,514,175
Europe	**386,127**	413,129
North America	**36,016**	30,615
Asia and others	**242,456**	249,330
	3,203,864	3,207,249

	31 March 2015 AED'000	*31 December 2014 AED'000*
Non- current assets*		
Middle East and Africa	**539,530**	519,443
Europe	**52,512**	58,789
North America	**5,166**	5,323
Asia and others	**28,026**	27,448
	625,234	611,003

	31 March 2015 AED'000	*31 December 2014 AED'000*
Liabilities		
Middle East and Africa	**779,441**	802,297
Europe	**101,386**	113,579
North America	**16,153**	14,758
Asia and others	**68,028**	87,039
	965,008	1,017,673

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

8 COMMITMENTS AND CONTINGENCIES

	31 March 2015 AED'000	*31 December 2014 AED'000*
Letters of guarantee	**93,045**	92,004

As at 31 March 2015, the Group has capital commitments of AED 123 million (2014: AED 130.7 million) towards purchase / construction of property, plant and equipment.

Claims against the Group

The Group is a defendant in a number of lawsuits amounting to AED 20,260 thousand (31 December 2014: AED 20,260 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 5,469 thousand as of 31 March 2015 (31 December 2014: AED 5,469 thousand) is sufficient to meet the obligation that may arise from the lawsuits.

9 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	***31 March 2015 AED'000***	*31 March 2014 AED'000*
Rent expense	**347**	**347**	406

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

	31 March 2015 AED'000	*31 March 2014 AED'000*
Salaries and other short term benefits	**3,022**	2,776
End of service benefits	**41**	41

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2015 and 2014, as well as balances with related parties as at 31 March 2015 and 31 December 2014:

		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*
Associates	**2015**	**233**	**72**	**641**	**1,847**	**-**
	2014	77	3	318	1,555	-
Joint ventures in which the Parent is a venturer:	**2015**	**74**	**4,046**	**2,820**	**5,326**	**5,352**
	2014	68	1,770	4,050	6,745	6,751

* These amounts are classified as trade receivables and other current assets.

** These amounts are classified as trade payables.

*** This amount represents a long term loan granted to Aramex Logistics LLC – Oman to build a warehouse. The loan is unsecured and interest free.

10 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.