ARAMEX PJSC AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2016

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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 2016, comprising the interim consolidated statement of financial position as at 30 June 2016 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

28 July 2016
Dubai, United Arab Emirates

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 (Unaudited)

	Notes	*30 June 2016 AED'000* (Unaudited)	*31 December 2015 AED'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**867,222**	703,151
Goodwill		**1,189,493**	1,038,079
Other intangible assets		**91,787**	49,367
Investments in joint ventures and associates		**15,289**	46,857
Available for sale financial assets		**22,393**	-
Deferred tax assets		**6,242**	3,943
Other non-current assets		**1,727**	2,382
		2,194,153	1,843,779
Current assets			
Accounts receivable, net		**811,894**	731,232
Other current assets		**237,652**	163,187
Bank balances and cash	6	**451,994**	707,158
		1,501,540	1,601,577
Assets of a subsidiary held for sale	9	**120,699**	-
		1,622,239	1,601,577
TOTAL ASSETS		**3,816,392**	3,445,356
EQUITY AND LIABILITIES			
Equity			
Share capital		**1,464,100**	1,464,100
Statutory reserve		**195,663**	195,663
Foreign currency translation reserve		**(284,442)**	(255,821)
Reserve arising from acquisition of non-controlling interests		**(29,374)**	(28,119)
Retained earnings		**785,259**	785,708
Equity attributable to equity holders of the Parent		**2,131,206**	2,161,531
Non-controlling interests		**24,623**	38,264
Total equity		**2,155,829**	2,199,795
Non-current liabilities			
Interest-bearing loans and borrowings	8	**419,633**	228,585
Employees' end of service benefits		**134,764**	129,544
Employees' benefit liability	13	**81,633**	63,825
Deferred tax liabilities		**3,386**	1,886
		639,416	423,840
Current liabilities			
Accounts payable		**208,464**	176,044
Bank overdrafts	6	**45,752**	33,941
Interest-bearing loans and borrowings	8	**207,730**	87,950
Other current liabilities		**553,662**	523,786
		1,015,608	821,721
Liabilities directly associated with the assets of a subsidiary held for sale	9	**5,539**	-
		1,021,147	821,721
Total liabilities		**1,660,563**	1,245,561
TOTAL EQUITY AND LIABILITIES		**3,816,392**	3,445,356

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 CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three and six months ended 30 June 2016 (Unaudited)

	Note	*Three months ended 30 June*		*Six months ended 30 June*	
		2016 AED'000	*2015 AED'000*	***2016 AED'000***	*2015 AED'000*
Continuing operations					
Rendering of services		**1,104,986**	946,220	**2,134,326**	1,855,550
Cost of services		**(497,141)**	(407,807)	**(943,946)**	(806,355)
Gross profit		**607,845**	538,413	**1,190,380**	1,049,195
Share of results of joint ventures and associates		**(296)**	(883)	**(965)**	(1,626)
Selling and marketing expenses		**(52,525)**	(47,173)	**(101,831)**	(93,030)
Administrative expenses		**(236,780)**	(186,687)	**(459,190)**	(360,563)
Operating expenses		**(210,435)**	(190,879)	**(406,981)**	(376,356)
Gain on bargain purchase	3	**41,568**	-	**41,568**	-
Other (expense)income, net		**(79)**	1,146	**3,219**	2,746
Operating profit		**149,298**	113,937	**266,200**	220,366
Finance income		**1,969**	973	**4,478**	2,550
Finance expense		**(6,306)**	(2,072)	**(11,713)**	(3,877)
Profit before tax from continuing operations		**144,961**	112,838	**258,965**	219,039
Income tax expense		**(13,845)**	(11,489)	**(25,368)**	(23,066)
Profit for the period from continuing operations		**131,116**	101,349	**233,597**	195,973
Discontinued operations					
Profit after tax for the period from discontinued operations		**1,606**	1,634	**2,897**	4,060
Profit for the period		**132,722**	102,983	**236,494**	200,033
Attributable to:					
Equity holders of the Parent					
Profit for the period from continuing operations		**124,058**	90,899	**219,637**	174,984
Profit for the period from discontinued operations		**1,606**	1,648	**2,897**	4,197
		125,664	92,547	**222,534**	179,181
Non–controlling interests					
Profit for the period from continuing operations		**7,058**	10,450	**13,960**	20,989
Loss for the period from discontinued operations		**-**	(14)	**-**	(137)
		7,058	10,436	**13,960**	20,852
		132,722	102,983	**236,494**	200,033
Earnings per share attributable to equity holders of the Parent	7	**AED**	AED	**AED**	AED
Basic and diluted earnings per share		**0.086**	0.063	**0.152**	0.122

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 six months ended 30 June 2016 (Unaudited)

	Three months ended 30 June		*Six months ended 30 June*	
	2016 AED'000	*2015 AED'000*	***2016 AED'000***	*2015 AED'000*
Profit for the period	**132,722**	102,983	**236,494**	200,033
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	**2,109**	7,090	**(30,414)**	(20,942)
Gain on cash flow hedge	-	159	-	44
Cash flow hedge expense recycled to consolidated income statement	-	238	-	501
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**2,109**	7,487	**(30,414)**	(20,397)
Other comprehensive income (loss) for the period, net of tax	**2,109**	7,487	**(30,414)**	(20,397)
Total comprehensive income for the period	**134,831**	110,470	**206,080**	179,636
Attributable to:				
Equity holders of the Parent	**129,567**	100,158	**193,913**	159,078
Non-controlling interests	**5,264**	10,312	**12,167**	20,558
	134,831	110,470	**206,080**	179,636

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

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 (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 2016									
At 1 January 2016	**1,464,100**	**195,663**	**(255,821)**	**(28,119)**	**-**	**785,708**	**2,161,531**	**38,264**	**2,199,795**
Total comprehensive income for the period	**-**	**-**	**(28,621)**	**-**	**-**	**222,534**	**193,913**	**12,167**	**206,080**
Directors' fees paid	**-**	**-**	**-**	**-**	**-**	**(3,368)**	**(3,368)**	**-**	**(3,368)**
Dividends of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(38,827)**	**(38,827)**
Acquisition of subsidiaries (note 3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,882**	**13,882**
Acquisition of non-controlling interest (note 3)	**-**	**-**	**-**	**(1,255)**	**-**	**-**	**(1,255)**	**(948)**	**(2,203)**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**85**	**85**
Dividends paid to shareholders (note 4)	**-**	**-**	**-**	**-**	**-**	**(219,615)**	**(219,615)**	**-**	**(219,615)**
At 30 June 2016	**1,464,100**	**195,663**	**(284,442)**	**(29,374)**	**-**	**785,259**	**2,131,206**	**24,623**	**2,155,829**
Six month period ended 30 June 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	-	-	(20,648)	-	545	179,181	159,078	20,558	179,636
Directors' fees paid	-	-	-	-	-	(3,590)	(3,590)	-	(3,590)
Dividends of subsidiaries	-	-	-	-	-	-	-	(17,847)	(17,847)
Acquisition of subsidiaries (note 3)	-	-	-	-	-	-	-	2,658	2,658
Non-controlling interests	-	-	-	-	-	-	-	194	194
Dividends paid to shareholders (note 4)	-	-	-	-	-	(204,974)	(204,974)	-	(204,974)
At 30 June 2015	1,464,100	170,632	(172,069)	(28,268)	2,601	678,618	2,115,614	30,039	2,145,653

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 six months ended 30 June 2016 (Unaudited)

	Notes	Six months ended 30 June 2016 AED'000	2015 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**258,965**	219,039
Profit before tax from discontinued operations		**4,133**	6,030
Profit before tax		**263,098**	225,069
Adjustment for:			
Depreciation of property, plant and equipment		**48,295**	39,832
Amortization of other intangible assets		**4,125**	2,661
(Gain) loss on disposal of property, plant and equipment		**(4,212)**	450
Provision for employees' end of service benefits		**11,827**	11,847
Provision for doubtful accounts, net		**3,790**	3,496
Net finance expense		**7,235**	1,327
Share-based payment expense	13	**17,808**	4,610
Share of results of joint ventures and associates		**965**	1,626
Gain on re-measurement of the previously exiting interest in an associate		**-**	(873)
Loss on disposal of the discontinued operations		**-**	520
Gain on bargain purchase	3	**(41,568)**	-
		311,363	290,565
Working capital adjustments:			
Accounts receivable		**(69,055)**	(69,867)
Accounts payable		**12,962**	(4,049)
Other current assets		**(52,149)**	13,778
Other current liabilities		**(19,966)**	(73,821)
Cash from operations		**183,155**	156,606
Employees' end of service benefits paid		**(6,156)**	(5,552)
Income tax paid		**(28,130)**	(22,831)
Net cash flows from operating activities		**148,869**	128,223
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(90,567)**	(128,900)
Proceeds from sale of property, plant and equipment		**6,530**	1,307
Available for sale financial assets		**(22,393)**	-
Interest received		**4,478**	2,550
Proceeds from sale of a subsidiary, net of cash		**-**	(133)
Acquisition of non-controlling interests	3	**(2,203)**	-
Other non–current assets		**(948)**	-
Margin deposits		**(319)**	103
Investment in an associate		**(9,000)**	(498)
Acquisition of subsidiaries, net of cash acquired	3	**(289,094)**	(33,666)
Cash of a subsidiary held for sale	9	**(4,955)**	-
Net cash flows used in investing activities		**(408,471)**	(159,237)
FINANCING ACTIVITIES			
Interest paid		**(11,713)**	(3,877)
Proceeds from loans and borrowings		**328,712**	-
Repayment of loans and borrowings		**(43,231)**	(18,927)
Dividends paid to non-controlling interests		**(38,827)**	(17,847)
Non-controlling interests		**85**	194
Directors' fees paid		**(3,368)**	(3,590)
Dividends paid to shareholders		**(219,615)**	(204,974)
Net cash flows from (used in) financing activities		**12,043**	(249,021)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(247,559)**	(280,035)
Net foreign exchange difference		**(19,735)**	(7,314)
Cash and cash equivalents at 1 January	6	**662,246**	595,096
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	**394,952**	307,747

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 UAE Federal Law No 2 of 2015. The condensed consolidated financial statements of the Company as at 30 June 2016 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 28 July 2016.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the six months ended 30 June 2016 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 2015. In addition, results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015, except for the following:

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 *Presentation of Financial Statements – Amendments to IAS 1*

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The application of the new amendments did not have significant impact on the financial position, financial performance or disclosures of the Group.

3 BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTEREST

1. Acquisition of Fastway Limited (New Zealand)

In February 2016, the Group acquired 100% of the voting shares of Fastway Limited, an unlisted company based in New Zealand and specializing in domestic business. The interim condensed consolidated financial statements include the results of Fastway Limited for the five month period from the acquisition date.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities Fastway Limited, as at the date of acquisition were:

	Fair value recognised on acquisition AED'000	*Carrying value AED'000*
Assets		
Property, plant and equipment	22,056	22,056
Trade and other receivables	32,458	32,458
Bank balances and cash	31,395	31,395
Deferred tax and other non-current assets	9,489	9,489
Intangible assets (Provisional)*	54,560	-
	149,958	95,398
Liabilities		
Trade and other payables	(75,958)	(75,958)
	(75,958)	(75,958)
Total identifiable net assets at fair value	74,000	19,440
Goodwill arising on acquisition (Provisional)**	248,077	
Purchase consideration transferred	322,077	
Analysis of cash flow on acquisition:		
Net cash acquired with the subsidiary		31,395
Cash paid		(322,076)
Net cash outflow (included in cash flows used in investing activities in the statement of cash flows)		(290,681)

* 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 2 February 2017 (one year after the transaction).

** The goodwill of AED 248 million recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Fastway Limited with those of the Group.

From the date of acquisition, the acquired Company contributed AED 136.4 million of revenue and AED 3 million to profit before tax of the Group. If the acquisition had taken place at the beginning of the period, revenue from continuing operations would have been AED 2,148 million and the profit before tax from continuing operation for the period would have been AED 248.2 million.

Transaction costs of AED 5.8 million were expensed and are included in administrative expenses in the interim condensed consolidated statement of income and part of the cash flows from operating activities in the interim condensed consolidated statement of cash flows.

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

2. Acquisition of Aramex Mashreq for Logistics Services SAE (Egypt)

The Group has 75% interest in Aramex Mashreq for Logistics Services SAE (Egypt). Until 31 December 2015, the approvals for all major operational decisions for the Company were required by the Group and its partners jointly until such time that the partners exercise their option to buy an additional share of 25%, prior to the expiry date of 31 December 2015. Since the partners option to buy additional shares in the Company elapsed, Aramex PJSC obtained control without transferring consideration. Therefore, the transaction has been accounted for as a business combination in accordance with IFRS 3 effective 1 January 2016. The net assets recognised in the 31 March 2016 financial statements were based on a provisional assessment of their fair value .During the second quarter of 2016 , the valuation was completed since the Group sought an independent valuation for the Land and buildings . Since the fair value of the consideration transferred was less than the fair value of net assets acquired , the Group recognized a bargain purchase gain of AED 41,568 thousand.

The fair values of the identifiable assets and liabilities for Aramex Mashreq for Logistics Services SAE, as at the date of acquisition were:

	Fair value recognised on acquisition AED'000	*Carrying value AED'000*
Assets		
Property, plant and equipment	113,913	72,345
Trade and other receivables	13,761	13,761
Bank balances and cash	1,587	1,587
	129,261	87,693
Liabilities		
Trade and other payables	(5,384)	(5,384)
Deferred tax liability	(1,558)	(1,558)
Term Loan	(25,347)	(25,347)
	(32,289)	(32,289)
Total identifiable net assets at fair value	96,972	55,404
Less: non-controlling Interests	(13,882)	
Fair value of net assets acquired	83,090	
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	1,587	
Cash paid	-	
Net cash inflow (included in cash flows used in investing activities in the statement of cash flows)	1,587	

From the date of acquisition, the acquired Company contributed AED 27.1 million of revenue and AED 0.9 million to the net profit before tax of the Group.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST (Continued)

Acquisition of Non-Controlling Interest

2016

Aramex Kenya Ltd

In April 2016, the Group acquired an additional 30% interest of the voting shares of Aramex Kenya Limited, increasing its ownership interest to 100%. Cash consideration of AED 2,203 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Kenya Ltd at the acquisition date was AED 3,159 thousand, and the carrying value of the additional interest acquired was AED 948 thousand.

Following is a schedule of additional interest acquired in Aramex Kenya Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	2,203
Less : Carrying value of the additional interest in Aramex Kenya Ltd	948
Difference recognized as a reserve from acquisition of non-controlling interests	1,255

4 DIVIDENDS

The General Assembly approved in its meeting held on 24 April 2016 a cash dividend for 2015 of 15% of the Company's share capital.

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.

5 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property and equipment with a cost of AED 91 million (six months ended 30 June 2015: AED 129 million).

6 CASH AND CASH EQUIVALENTS

	30 June 2016 AED'000	*31 December 2015 AED'000*
Cash and short term deposits	**451,994**	707,158
Less: cash margin	**(11,290)**	(10,971)
Less: bank overdrafts	**(45,752)**	(33,941)
	394,952	662,246

Included within cash and short term deposits are amounts totaling AED 357,440 thousand (31 December 2015: AED 345,310 thousand) held at foreign banks abroad.

7 EARNINGS PER SHARE

	Three months ended 30 June		*Six months ended 30 June*	
	2016	*2015*	***2016***	*2015*
Profit attributable to shareholders of Parent (AED'000)	**125,664**	92,547	**222,534**	179,181
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)	**0.086**	0.063	**0.152**	0.122

8 LOANS AND BORROWINGS

HSBC loan (1)

During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank Australia for a total amount of AED 108 million (AUD 39.6 million) bearing annual interest rate of AUD (BBSY) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

HSBC loan (2)

During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank New Zealand for a total amount of AED 115 million (NZD 44.2 million) bearing annual interest rate of NZD (BKBM) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

9 DISCONTINUED OPERATIONS

Disposal of Mail Call Couriers PTY Limited (Australia)

During 2016, the Board of Directors approved the disposal of 100% of its interest in Mail Call Couriers PTY Limited-Australia which is a wholly owned subsidiary .The disposal is expected to take place in the third quarter of 2016 . As of 30 June 2016 , Mail Call Couriers PTY Limited was classified as a disposal group held for sale and as discontinued operations.

The results of Mail Call Couriers PTY Limited for the period are as follows:

	For the six months ended 30 June	
	2016 AED '000 (Unaudited)	*2015 AED '000* (Unaudited)
Revenue	**38,934**	40,445
Cost of services	**(22,856)**	(22,641)
Gross profit	**16,078**	17,804
Less: Overheads	**(12,506)**	(12,186)
Operating profit	**3,572**	5,618
Add: Other Income, net	**561**	932
Profit before tax	**4,133**	6,550
Income tax expense	**(1,236)**	(1,971)
Profit after tax for the period from the discontinued operations	**2,897**	4,579

The Company's assets and liabilities as of 30 June 2016 are as follows:

	As of 30 June
	2016 AED '000
Goodwill	**96,663**
Intangible assets	**8,015**
Property and equipment	**1,312**
Trade and other receivables	**8,505**
Non-current assets	**1,249**
Cash on hand and at banks	**4,955**
Total assets	**120,699**
Employee's end of service benefits	**533**
Accounts payable	**114**
Other current liabilities	**4,892**
Total liabilities	**5,539**
Net assets	**115,160**
Cash outflow on distribution:	
Cash distributed as a part of discontinued options	**(4,955)**
Net cash outflow	**(4,955)**

9 DISCONTINUED OPERATIONS (continued)

Disposal of Mail Call Couriers PTY Limited (Australia) – (continued)

The net cash flows (incurred) generated by Mail Call Couriers PTY Limited are as follows:

	For the six months ended 30 June	
	2016 AED '000 **(Unaudited)**	*2015 AED '000* (Unaudited)
Operating	**(494)**	2,634
Investing	**(122)**	430
Net cash (outflows) inflows	**(616)**	3,064

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 2016 and 2015, 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 2016							
Revenue							
Third party	**788,571**	**586,453**	**489,497**	**133,740**	**136,065**	**-**	**2,134,326**
Inter-segment	**335,847**	**117,454**	**1,029**	**2,266**	**6,930**	**(463,526)**	**-**
Total revenue	**1,124,418**	**703,907**	**490,526**	**136,006**	**142,995**	**(463,526)**	**2,134,326**
Gross profit	**542,767**	**162,996**	**270,096**	**100,897**	**113,624**	**-**	**1,190,380**

10 SEGMENT INFORMATION (continued)

Six months ended 30 June 2015

Revenue							
Third party	671,384	608,982	361,059	102,778	111,347	-	1,855,550
Inter-segment	292,768	121,590	365	2,273	3,819	(420,815)	-
Total revenue	964,152	730,572	361,424	105,051	115,166	(420,815)	1,855,550
Gross profit	457,045	165,004	250,666	81,896	94,584	-	1,049,195

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.

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:

	Six months ended 30 June	
	2016 AED'000	*2015 AED'000*
Revenues		
Middle East and Africa	**1,435,046**	1,378,396
Europe	**281,007**	269,406
North America	**54,668**	51,455
Asia and others	**363,605**	156,293
	2,134,326	1,855,550

	30 June 2016 AED'000	*31 December 2015 AED'000*
Assets		
Middle East and Africa	**2,661,777**	2,724,636
Europe	**405,621**	407,435
North America	**39,322**	38,887
Asia and others	**709,672**	274,398
	3,816,392	3,445,356
Non- current assets*		
Middle East and Africa	**821,544**	697,115
Europe	**71,161**	68,386
North America	**4,654**	4,767
Asia and others	**99,332**	29,107
	996,691	799,375
Liabilities		
Middle East and Africa	**1,170,727**	1,061,664
Europe	**98,558**	102,025
North America	**14,155**	11,906
Asia and others	**377,123**	69,966
	1,660,563	1,245,561

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

11 COMMITMENTS AND CONTINGENCIES

	30 June 2016 AED'000	*31 December 2015 AED'000*
Letters of guarantee	**110,870**	110,018

Claims against the Group
The Group is a defendant in a number of lawsuits amounting to AED 22,600 thousand (31 December 2015: AED 22,600 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 6,104 thousand as of 30 June 2016 (31 December 2015: AED 6,104 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	
	30 June 2016 AED'000	*30 June 2015 AED'000*
Rent expense – Companies controlled by the directors	**694**	694

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

	30 June 2016 AED'000	*30 June 2015 AED'000*
Salaries and other short term benefits	**6,128**	6,096
End of service benefits	**96**	454

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 2016 and 2015, as well as balances with related parties as at 30 June 2016 and 31 December 2015:

		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						
	2016	**165**	**225**	**119**	**18**	**-**
	2015	195	227	57	-	-
Joint ventures in which the Parent is a venturer:	**2016**	**844**	**13,029**	**2,697**	**5,406**	**167**
	2015	153	8,746	2,495	8,550	1,767

* 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.

13 Employees' benefit liability

In February 2014, a total 37,000,000 phantom shares 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 Aramex 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 contracted life of each option granted is six years. The awards will be settled in cash.

In 2015, the plan was modified but the number of phantom shares subject to the plan remained the same. The new plan has non-market vesting conditions and variable exercise prices depending on the Group's performance. According to the modified plan , the value of exercise price will be based on achieved certain performance targets for the Group over the remaining three year period of the plan contractual life.

The Group expects that the earnings target will be achieved for the remaining life of the plan and hence each option will have an exercise price of AED zero.

The fair value of the share option was estimated at the modification date using binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The revaluation of the employees' benefit liability as of 30 June 2016 resulted in recording an additional expense of AED 6.38 million.

	30 June 2016 AED'000	*30 June 2015 AED'000*
Expense arising from cash-settled share-based payment transactions	**17,808**	4,610

Employees' benefit liability was re measured at fair value at an amount of AED 81.6 million as of June 30,2016 (AED 63.8 as of 31 December 2015) .

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.