Aramex PJSC and Its Subsidiaries

Unaudited Condensed Interim Consolidated Financial Information

For the six-month period ended 30 June 2021

Aramex PJSC and its Subsidiaries

Review report and condensed interim consolidated financial information for the six-month period ended 30 June 2021

Contents

Review report on condensed interim consolidated financial information to the Directors of Aramex PJSC

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Aramex PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2021 and the related condensed interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and condensed interim consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information 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 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 condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers
4 August 2021

Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 AED "000" Unaudited	31 December 2020 AED "000" Audited
Assets			
Non-current assets			
Property and equipment	4	963,437	956,755
Right of use assets	5	910,988	890,129
Goodwill	6	1,140,170	1,135,511
Other intangible assets		212,727	216,405
Investments in joint ventures and associates		42,848	39,803
Financial assets at fair value through other comprehensive income		23,522	25,451
Deferred tax assets		7,601	7,786
Other non-current assets		3,834	4,800
		3,305,127	3,276,640
Current assets			
Accounts receivable, net		1,142,044	1,093,927
Other current assets		305,444	271,874
Margins and bank deposits	8	61,854	252,359
Cash and bank balances	8	842,966	1,002,407
		2,352,308	2,620,567
Assets held for sale	7	222,236	217,963
Total assets		5,879,671	6,115,170
Equity and liabilities			
Equity			
Share capital		1,464,100	1,464,100
Statutory reserve		408,929	408,929
Foreign currency translation reserve		(330,959)	(344,425)
Reserve arising from acquisition of non-controlling interests		(335,186)	(335,186)
Reserve arising from other comprehensive income items		(7,148)	(7,064)
Retained earnings		1,424,350	1,504,306
Equity attributable to equity holders of the Parent Company		2,624,086	2,690,660
Non-controlling interests		14,046	16,301
Total equity		2,638,132	2,706,961
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings		146,488	162,000
Employees' end of service benefits		151,634	149,187
Lease liabilities		720,024	701,190
Deferred tax liabilities		60,872	58,359
		1,079,018	1,070,736
Current liabilities			
Accounts payable		318,984	328,879
Bank overdrafts	10	155,122	68,059
Lease liabilities		166,802	186,548
Interest-bearing loans and borrowings		396,651	542,841
Income tax provision		85,881	78,165
Other current liabilities		947,539	1,038,975
		2,070,979	2,243,467
Liabilities held for sale	7	91,542	94,006
Total liabilities		3,241,539	3,408,209
Total equity and liabilities		5,879,671	6,115,170

To the best of our knowledge, the condensed interim consolidated financial information is prepared, in all material respects, in accordance with IAS 34.

Mohamed Juma Alshamsi (Chairman)	Othman Aljeda (Chief Executive Officer)	Arun Singh (Interim Chief Financial Officer)

The notes on pages 7 to 21 form an integral part of this condensed interim consolidated financial information.

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021 AED "000" Unaudited	2020 AED "000" Unaudited (Restated)	2021 AED "000" Unaudited	2020 AED "000" Unaudited (Restated)
Continuing operations					
Rendering of services		1,570,923	1,293,776	2,995,856	2,445,420
Cost of services		(1,182,258)	(925,362)	(2,248,546)	(1,726,657)
Gross profit		388,665	368,414	747,310	718,763
Selling and marketing expenses		(77,114)	(47,403)	(144,514)	(102,215)
Administrative expenses		(213,497)	(184,121)	(427,004)	(376,786)
Net impairment loss on financial assets		(5,016)	(13,342)	(11,444)	(20,885)
Other income, net		6,514	3,174	14,657	7,352
Operating profit		99,552	126,722	179,005	226,229
Finance income		1,426	2,930	3,673	6,472
Finance cost		(15,364)	(16,636)	(30,653)	(34,900)
Share of results of joint ventures and associates		4,608	5,451	7,293	3,668
Profit before income tax		90,222	118,467	159,318	201,469
Income tax expense		(29,409)	(29,104)	(57,055)	(49,958)
Profit for the period		60,813	89,363	102,263	151,511
Discontinued operations					
Profit after tax for the year from discontinued operations	7	5,432	5,275	11,327	11,234
Profit for the year		66,245	94,638	113,590	162,745
Attributable to:					
Equity holders of the Parent					
Profit for the period from continuing operations		60,419	89,354	101,075	151,081
Profit for the period from discontinued operations		5,047	5,023	10,404	10,715
		65,466	94,377	111,479	161,796
Non-controlling interests					
Profit for the period from continuing operations		394	9	1,188	430
Profit for the period from discontinued operations		385	252	923	519
		779	261	2,111	949
Earnings per share attributable to equity holders of the Parent Company					
Basic and diluted earnings per share from continuing operations	9	0.041	0.061	0.069	0.103
Basic and diluted earnings per share from discontinued operations	9	0.003	0.003	0.007	0.007

The notes on pages 7 to 21 form an integral part of this condensed interim consolidated financial information.

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021 AED "000" (Unaudited)	2020 AED "000" (Unaudited)	2021 AED "000" (Unaudited)	2020 AED "000" (Unaudited)
Profit for the period	66,245	94,638	113,590	162,745
Other comprehensive income				
Other comprehensive income/(loss) to be reclassified to the condensed interim consolidated statement of income in subsequent periods:				
Exchange differences on translation of foreign operations	3,415	(15,773)	(8,611)	(26,034)
Impact of hyperinflation	349	-	400	-
	3,764	(15,773)	(8,211)	(26,034)
Other comprehensive (loss)/gain not to be reclassified to the condensed interim consolidated statement of income in subsequent periods:				
(Loss)/gain on equity instruments at fair value through other comprehensive income	(24)	372	(1,186)	(378)
Other comprehensive income/(loss) for the period, net of tax	3,740	(15,401)	(9,397)	(26,412)
Total comprehensive income for the period	69,985	79,237	104,193	136,333
Attributable to:				
Equity holders of the Parent Company	69,366	78,978	104,053	135,944
Non-controlling interests	619	259	140	389
	69,985	79,237	104,193	136,333
Total comprehensive income attributable to Equity holders of the Parent arises from:				
Continuing operations	69,112	74,336	98,067	125,561
Discontinued operations	254	4,642	5,986	10,383
	69,366	78,978	104,053	135,944

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	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"	Reserves arising from other comprehensive income items AED "000"	Retained earnings AED "000"	Total AED "000"	Non-controlling interests AED "000"	Total equity AED "000"
For the six month ended 30 June 2021									
Balance at 1 January 2021	1,464,100	408,929	(344,425)	(335,186)	(7,064)	1,504,306	2,690,660	16,301	2,706,961
Impact of hyperinflation	-	-	19,706	-	-	-	19,706	-	19,706
At 1 January 2021 (adjusted)	1,464,100	408,929	(324,719)	(335,186)	(7,064)	1,504,306	2,710,366	16,301	2,726,667
Profit for the period	-	-	-	-	-	111,479	111,479	2,111	113,590
Other comprehensive loss	-	-	(6,240)	-	(1,186)	-	(7,426)	(1,971)	(9,397)
Total comprehensive income for the period	-	-	(6,240)	-	(1,186)	111,479	104,053	140	104,193
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	1,102	(1,102)	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	(2,395)	(2,395)
Dividends to shareholders (note 3)	-	-	-	-	-	(190,333)	(190,333)	-	(190,333)
Balance at 30 June 2021	1,464,100	408,929	(330,959)	(335,186)	(7,148)	1,424,350	2,624,086	14,046	2,638,132
For the six month ended 30 June 2020									
Balance at 1 January 2020	1,464,100	367,095	(398,720)	(335,186)	272	1,519,928	2,617,489	15,053	2,632,542
Profit for the period	-	-	-	-	-	161,796	161,796	949	162,745
Other comprehensive loss	-	-	(25,474)	-	(378)	-	(25,852)	(560)	(26,412)
Total comprehensive income for the period	-	-	(25,474)	-	(378)	161,796	135,944	389	136,333
Dividends of subsidiaries	-	-	-	-	-	-	-	(324)	(324)
Dividends to shareholders (note 3)	-	-	-	-	-	(241,577)	(241,577)	-	(241,577)
Balance at 30 June 2020	1,464,100	367,095	(424,194)	(335,186)	(106)	1,440,147	2,511,856	15,118	2,526,974

The notes on pages 7 to 21 form an integral part of this condensed interim consolidated financial information.

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	Note	For the six months period ended 30 June 2021 AED "000" (Unaudited)	2020 AED "000" (Unaudited) (Restated)
OPERATING ACTIVITIES			
Profit before tax from continuing operations		159,318	201,469
Profit before tax from discontinued operations	7	13,094	12,548
Profit before tax		172,412	214,017
Adjustments for			
Depreciation of property and equipment		61,677	58,602
Depreciation of right of use assets		131,046	116,908
Amortisation of other intangible assets		4,442	4,425
Gain on sale of property and equipment		(1,824)	(1,068)
Provision for employees' end of service benefits		22,690	19,175
Net impairment loss on financial assets		12,941	22,988
Finance costs – borrowings		7,357	12,686
Finance costs – lease liabilities		24,823	24,040
Finance income		(3,855)	(6,677)
Share of results of joint ventures and associates		(7,293)	(3,667)
		424,416	461,429
Working capital adjustments:			
Accounts receivable		(60,869)	89,593
Other current assets		(40,096)	6,366
Accounts payables		(5,662)	7,234
Other current liabilities		(88,003)	(71,715)
Net cash flows generated from operating activities before income tax, employees' end of service benefits and payment of employees' benefit liability		229,786	492,907
Income tax paid		(49,099)	(65,787)
Employees' end of service benefits paid		(19,262)	(10,190)
Net cash flows generated from operating activities		161,425	416,930
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(63,319)	(57,099)
Purchase of intangible assets		(4,659)	-
Proceeds from sale of property and equipment		2,908	1,889
Net cash disposed from discontinued operations		662	-
Finance income received		3,855	6,677
Margins and bank deposits		190,505	545
Other non-current assets		964	547
Dividends received from joint ventures		4,557	-
Net cash flows generated from/(used in) investing activities		135,473	(47,441)
FINANCING ACTIVITIES			
Finance costs paid		(32,563)	(49,544)
Proceeds from interest-bearing loans and borrowings		2,137	5,223
Repayment of interest-bearing loans and borrowings		(169,019)	(53,533)
Principal repayment of lease liabilities		(137,113)	(117,728)
Dividends paid to shareholders		(190,333)	-
Dividends paid to non-controlling interests		(2,395)	(324)
Net cash flows used in financing activities		(529,286)	(215,906)
Net (decrease)/increase in cash and cash equivalents (before impairment provision)		(232,388)	153,583
Net foreign exchange difference		(10,649)	(15,551)
Cash and cash equivalents at 1 January		955,649	588,114
Cash and cash equivalents at 30 June (before impairment provision)	8	712,612	726,146

Non-cash transactions are disclosed in Note 19.

1. General

Aramex PJSC (the "Parent Company or Company") was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under UAE Federal Law No 2 of 2015. The condensed interim consolidated financial information of the Company as at and for the period ended 30 June 2021 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 address is Building and Warehouse No. 3, Um Rammool, Dubai, United Arab Emirates.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

On 17 September 2020, Alpha Oryx Limited, a subsidiary of Abu Dhabi Development Holding Company ("ADQ") acquired 22.5% of Aramex PJSC's issued share capital.

The condensed interim consolidated financial information were authorised for issue by the Board of Directors on ..4 August 2021.

2. Summary of significant accounting polices

2.1 Basis of preparation

This condensed interim consolidated financial information of the Group is prepared under a historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies, except for financial assets at fair value through other comprehensive income at fair value, defined benefit pension plans that have been measured the present value of future obligations using the Projected Unit Credit Method and assets held for sale which are measured at fair value less cost to sell.

The condensed interim consolidated statement of income and the condensed interim consolidated statement of comprehensive income for the prior period have been re-presented to reflect discontinued operations.

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the annual Group's consolidated financial statements for the year ended 31 December 2020. In addition, results for the period from 1 January 2021 to 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2. Summary of significant accounting polices (continued)

2.1 Basis of preparation (continued)

This condensed interim consolidated financial information is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standard Board (IASB).

Except for the adoption of new and amended standards as set out below, the accounting policies used in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

The Lebanese economy is considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiary, Aramex Lebanon SARL have been expressed in terms of current measuring unit at the reporting date.

2.2 Changes in accounting polices

New and revised IFRS applied in the preparation of condensed interim consolidated financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed interim consolidated financial information. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1 January 2021).

New and revised IFRS issued but not yet effective and not early adopted

(a) IFRS 17, 'Insurance contracts' (effective 1 January 2023);
(b) Amendment to IFRS 3 (effective 1 January 2022);
(c) Amendment to IAS 37 (effective 1 January 2022);
(d) Amendment to IAS 16 (effective 1 January 2022); and
(e) Amendments to IAS 1 and IAS 8 (effective 1 January 2022).

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.3 Basis of consolidation

This condensed interim consolidated financial information incorporates the financial information of Aramex PJSC and entities controlled by Aramex PJSC. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

2. Summary of significant accounting polices (continued)

2.3 Basis of consolidation (continued)

The condensed interim consolidated financial information comprises the financial information of Aramex PJSC and its subsidiaries. The financial information of the subsidiaries are prepared for the same reporting period as that of Aramex PJSC, using consistent accounting policies except for new accounting policies.

3. Dividends

At the Annual General Meeting of the shareholders held on 21 April 2021, the shareholders approved a cash dividend of 13% for the year ended 31 December 2020 (31 December 2019: cash dividend of 16.5%) of the issued and paid up capital amounting to AED 1,464,100 thousands (31 December 2019: AED 1,464,100 thousands). The dividends per share amount to AED 0.13 (31 December 2019: AED 0.165).

4. Property and equipment

During the six month period ended 30 June 2021, the Group purchased various types of property and equipment amounting to AED 63.3 million (six month period ended 30 June 2020: AED 57.1 million).

5. Right of use assets and lease liabilities

During the six month period ended 30 June 2021, the Group entered into new lease agreements for which right of use assets and the lease liabilities amounting to AED 156 million were recognized (six month period ended 30 June 2020: AED 95 million) under various categories.

6. Goodwill

On 24 December 2020, the Group entered into a Sale and Purchase Agreement (SPA) to acquire 100% equity interest in Aramex Canterbury Regional Franchise in New Zealand. On 1 June 2021, the agreement was settled for a cash consideration of AED 5,930 thousand. The excess between the fair value of the group of assets acquired and the consideration paid amounted to AED 4,659 thousand which was recognized as goodwill.

7. Discontinued operations

On 3 February 2021, the Company entered into a Sale and Purchase Agreement (SPA) to dispose of its 100% equity interest in Information Fort LLC, products of Information Fort LLC, and other group of assets. Information Fort LLC is a leading records and information management provider that operates in the Middle East, North Africa, and Turkey regions.

The 2021 results of the condensed interim consolidated statement of income and condensed interim consolidated statement of comprehensive income reflect on the above disposals within results from discontinued operations.

7. Discontinued operations (continued)

Analysis of results of operations discontinued during the period is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
	AED "000"	AED "000"	AED "000"	AED "000"
	Unaudited	Unaudited	Unaudited	Unaudited
Rendering of services	44,272	38,070	87,464	82,197
Cost of services	(22,333)	(17,410)	(43,271)	(39,074)
Gross profit	21,939	20,660	44,193	43,123
Selling and marketing expenses	(2,403)	(2,200)	(5,052)	(4,886)
Administrative expenses	(11,154)	(10,820)	(22,890)	(22,182)
Net impairment loss on financial assets	(1,356)	(1,218)	(1,497)	(2,103)
Other income, net	(169)	262	(315)	217
Operating profit	6,857	6,684	14,439	14,169
Finance income	97	77	182	205
Finance cost	(741)	(711)	(1,527)	(1,826)
Profit before income tax	6,213	6,050	13,094	12,548
Income tax expense	(781)	(775)	(1,767)	(1,314)
Profit for the year	5,432	5,275	11,327	11,234
Other comprehensive income	-	-	-	-
Total comprehensive income	5,432	5,275	11,327	11,234
Profit for the year attributable to:				
Equity holders of the Parent	5,047	5,023	10,404	10,715
Non–controlling interests	385	252	923	519
	5,432	5,275	11,327	11,234

The summarised financial position for Information Fort LLC, which is accounted as disposal group classified as held for sale:

	30 June 2021	31 December 2020
	AED "000"	AED "000"
	Unaudited	Audited
Assets		
Non-current assets		
Property and equipment	79,128	81,171
Right of use assets	39,270	41,514
Goodwill	6,438	6,438
Other intangible assets	1,146	1,911
Deferred tax assets	883	885
	126,865	131,919

7. Discontinued operations (continued)

	30 June 2021 AED "000" Unaudited	31 December 2020 AED "000" Audited
Current assets		
Accounts receivable, net	32,687	29,409
Other current assets	20,927	14,520
Cash and bank balances	41,757	42,115
	95,371	86,044
Total assets	222,236	217,963
Liabilities		
Non-current liabilities		
Employees' end of service benefits	15,656	14,949
Lease liabilities	31,074	33,757
Deferred tax liabilities	1,205	1,038
Interest-bearing loans and borrowings	-	4,091
	47,935	53,835
Current liabilities		
Trade payables	7,836	5,814
Lease liabilities	9,768	9,324
Other current liabilities	24,176	21,126
Income tax provision	1,827	2,818
Interest-bearing loans and borrowings	-	1,089
	43,607	40,171
Total liabilities	91,542	94,006
Net assets directly associated with disposal group	130,694	123,957

Cash flows from discontinued operations:

	30 June 2021 AED "000" Unaudited	30 June 2020 AED "000" Unaudited
Net cash used in operating activities	23,787	38,134
Net cash used in investing activities	(4,115)	(2,468)
Net cash generated from financing activities	(15,220)	(28,069)
Net cash inflows	4,452	7,597

8. Cash and cash equivalents

	30 June 2021 AED "000" Unaudited	31 December 2020 AED "000" Audited
Cash and bank balances	842,966	1,002,407
Margins and bank deposits *	61,854	252,359
	904,820	1,254,766

Included within cash at banks are amounts totalling AED 577,638 thousands (31 December 2020: AED 736,100 thousands) of cash held at foreign banks abroad and amounts totalling approximately AED 154,586 of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as other current liabilities in the condensed interim consolidated statement of financial position (31 December 2020: AED 235,228 thousands).

* Margins and bank deposits consist of margin deposits against guarantees of AED 8,836 thousand (31 December 2020: AED 9,276 thousand) and long-term deposits with maturities greater than 3 months of AED 53,018 thousand (31 December 2020: AED 243,083 thousand).

	30 June 2021 AED "000" Unaudited	31 December 2020 AED "000" Audited
Cash and bank balances	867,734	1,023,708
Less: impairment for expected credit losses	(24,768)	(21,301)
	842,966	1,002,407

As at 30 June 2021, cash and cash equivalents of AED 24,768 thousand (30 June 2020: AED nil) were impaired for cash at banks in Lebanon. Movement on expected credit losses was as follows:

	30 June 2021 AED "000" Unaudited	30 June 2020 AED "000" Unaudited
At 1 January	21,301	-
Charge for the period	3,467	-
At 30 June	24,768	-

8. Cash and cash equivalents (continued)

For the purpose of the condensed interim consolidated statement of cash flows, cash and cash equivalents consist of:

	30 June 2021 AED "000" Unaudited	30 June 2020 AED "000" Unaudited
Cash and bank balances	842,966	871,107
Add: impairment for expected credit losses	24,768	-
Less: bank overdrafts	(155,122)	(144,961)
	712,612	726,146

9. Earnings per share

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to the shareholders of Parent Company				
Profit for the period from continuing operations	60,419	89,354	101,075	151,081
Profit for the period from discontinued operations	5,047	5,023	10,404	10,715
	65,466	94,377	111,479	161,796
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 from continuing operations (AED)	0.041	0.061	0.069	0.103
Basic and diluted earnings per share from discontinued operations (AED)	0.003	0.003	0.007	0.007

10. Bank overdrafts

The Group maintains overdrafts and lines of credit with various banks. Overdrafts and lines of credit include the following (Note 8):

Aramex Tunisia has outstanding overdrafts from Arab Bank of AED 1,259 thousand as at 30 June 2021 (31 December 2020: AED 202 thousand).

Aramex Algeria SARL has outstanding overdraft from Citi Bank of AED 7,636 thousand as at 30 June 2021 (31 December 2020: AED 3,586 thousand).

10. Bank overdrafts (continued)

Aramex International LLC has outstanding overdraft from HSBC of AED 59,417 thousand as at 30 June 2021 (31 December 2020: AED 51,416 thousand).

Aramex Special Logistics LLC has outstanding overdraft from Citi Bank of AED 86,766 thousand as at 30 June 2021 (31 December 2020: AED 12,834 thousand).

Aramex Kenya Limited has outstanding overdraft from Citibank of AED 44 thousand as at 30 June 2021 (31 December 2020: AED 21 thousand).

11. Segment information

A business segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other business segments and which are measured according to reports used by the Group's chief executive officer and chief decision maker.

The Group is comprised of the following operating segments:

- Courier: includes delivery of small packages across the globe to both, retail and wholesale customers, and express delivery of small parcels and pick up and deliver shipments within the country.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break bulk services.
- 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.

11. Segment information (continued)

Industry segment and geographical allocation

	*Courier*** *AED'000*	*Freight forwarding* *AED'000*	*Logistics* *AED'000*	*Others* *AED'000*	*Total* *AED'000*
Six month period ended 30 June 2021					
Revenues					
Total revenues	2,102,924	616,875	213,395	62,662	2,995,856
Timing of revenue recognition					
Goods transferred at a point in time	2,102,924	616,875	213,395	62,662	2,995,856
Services transferred overtime	-	-	-	-	-
Total revenues from contracts with customers	2,102,924	616,875	213,395	62,662	2,995,856
Gross profit	610,416	70,786	24,947	41,161	747,310
Earnings before interest and tax	172,384	4,012	634	1,975	179,005
Six month period ended 30 June 2020					
Revenues					
Total revenues	1,686,838	530,012	180,058	48,512	2,445,420
Timing of revenue recognition					
Goods transferred at a point in time	1,686,838	530,012	180,058	48,512	2,445,420
Services transferred overtime	-	-	-	-	-
Total revenues from contracts with customers	1,686,838	530,012	180,058	48,512	2,445,420
Gross profit	576,086	82,680	29,228	30,769	718,763
Earnings/(losses) before interest and tax	194,114	26,970	7,923	(2,778)	226,229

** Courier segment includes international express and domestic express.

Transactions between stations are priced and agreed upon rates. All material intergroup transactions have been eliminated on consolidation. The Group doesn't segregate assets and liabilities by business segments, and accordingly, such information is not presented.

11. Segment information (continued)

Industry segment and geographical allocation (continued)

The following is a summary of sales by the Group based on customers' geographical location:

	For the six-month period ended 30 June	
	2021	2020
	AED "000" (Unaudited)	AED "000" (Unaudited)
Revenue		
United Arab Emirates	441,941	402,273
Middle East and Africa excluding United Arab Emirates	1,174,302	1,031,496
Europe	391,990	321,450
North America	148,361	87,316
Asia and others	839,262	602,885
	2,995,856	2,445,420

The following is a summary of assets and liabilities by the Group based geographical location:

	30 June 2021	31 December 2020
	AED "000" (Unaudited)	AED "000" (Audited)
Assets		
United Arab Emirates	2,305,584	2,500,029
Middle East and Africa excluding United Arab Emirates	1,774,260	1,728,207
Europe	559,479	557,409
North America	166,183	164,070
Asia and others	1,074,165	1,165,455
	5,879,671	6,115,170
Non-current assets*		
United Arab Emirates	740,406	761,421
Middle East and Africa excluding United Arab Emirates	821,128	764,362
Europe	119,680	123,598
North America	45,659	45,116
Asia and others	426,649	434,046
	2,153,522	2,128,543
Liabilities		
United Arab Emirates	1,176,154	1,269,148
Middle East and Africa excluding United Arab Emirates	1,175,046	1,192,633
Europe	169,086	185,060
North America	81,634	75,935
Asia and others	639,619	685,433
	3,241,539	3,408,209

* Non-current assets for this purpose consist of property and equipment, other intangible assets, right of use assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments.

12. Related party transactions and balances

Certain related parties (shareholder, directors, and officers of the Group and companies which they control or over which they exert significant influence) were service providers 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 condensed interim consolidated statement of income are as follows:

Key management compensation

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

	For the six-month period ended 30 June	
	2021	2020
	AED "000" Unaudited	AED "000" Unaudited
Salaries and other short term benefits	4,824	5,858
Board remuneration	2,025	1,800
End of service benefits	167	422
	7,016	8,080

The following table provides the total amount of transactions that have been entered into with related parties during the six month period ended 30 June 2021 and 2020, as well as balances with related parties as at 30 June 2021 and 31 December 2020:

		Sales to related parties	Cost from related parties	Amounts owed by related parties *	Amounts owed to related parties **
		AED'000	AED'000	AED'000	AED'000
Associates	**2021**	7,582	562	1,658	953
	2020	308	329	53	970
Joint ventures in which the Parent Company is a venture	**2021**	56,683	372	31,746	9,320
	2020	9,603	385	25,329	53
Companies controlled by previous shareholders*	**2021**	-	-	-	-
	2020	42,252	-	-	-
Related parties and companies controlled by shareholders	**2021**	8,348	-	8,542	-
	2020	-	-	4,721	-

12. Related party transactions and balances (continued)

* These amounts are classified as accounts receivable.

** These amounts are classified as accounts payable.

*** Transactions with the previous shareholders and entities under common control by the shareholders were presented for the period from 1 January 2020 to 30 June 2020. The related outstanding balances as at 31 December 2020 are not included in the above disclosure since those entities ceased to be related parties on 17 September 2020.

13. Contingent liabilities and commitments

	30 June 2021	31 December 2020
	AED "000"	AED "000"
	Unaudited	Audited
Letters of guarantee	141,875	138,995

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.

15. Legal claims

The Group is involved in litigations from time-to-time in the ordinary course of business. Legal claims often involve complex issues, actual damages, and other matters. These issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimate of damages are often difficult to determine.

The Group has recorded a provision for claims of for which it is able to make an estimate of the expected loss or range of possible loss, but believe that the publication of this information on a case-by-case basis would prejudice its position in the ongoing legal proceedings or in any related settlement discussions.

The Group believes that the aggregate provisions recorded for these matters are adequate based upon currently available information as of the reporting date, which may be subject to ongoing revision of existing estimates. However, given the inherent uncertainties related to these claims, the Group could, in the future, incur judgments that could have a material adverse effect on its results of operations, liquidity, financial position or cash flows in any particular period.

15. Legal claims (continued)

As of 30 June 2021, the Group is a defendant in a number of lawsuits amounting to AED 152,798 thousand representing claims in connection with activities within the normal course of business.

16. Income tax

Aramex PJSC is registered in the United Arab Emirates of where there is no corporate income taxation. Income tax appearing in the condensed interim consolidated statement of income represents the income tax expense of the Group's subsidiaries that operates in taxable jurisdiction.

Taxes on income in the interim periods are accrued using the applicable tax rates that would be applicable to the expected total annual profit.

17. COVID-19 impact assessment

The economic fallout of COVID-19 crisis is significant globally and is still evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The Group is continuously monitoring the impact of COVID-19 pandemic on the business, operations and its finances, particularly on the international express costs which was affected mainly due to the transportation restrictions imposed globally.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilises a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is evolving at this point, which makes it challenging to reliably reflect impacts on the ECL estimates.

However, management has performed revised assessments and no material impact has been accounted for in this condensed interim consolidated financial information. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts.

17. COVID-19 impact assessment (continued)

Business continuity planning

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service. Alternative working arrangements have been made and administrative staff are currently working remotely.

18. Losses on property and customer goods

On 4 August 2020, an explosion occurred in the Port of Beirut, Lebanon, which resulted in a damage to the entire warehouse facility of the Group's subsidiary in Beirut, Lebanon (Aramex Lebanon SARL "Aramex Lebanon"). Furthermore, a fire incident occurred during September 2020 in a storage facility of the Group's subsidiary in Casablanca, Morocco (Aramex Morocco Logistics SARL "Aramex Morocco") which resulted in damage to three chambers of that storage facility.

These facilities are covered under existing comprehensive insurance policies and Group management has appointed an independent loss assessor to manage the claims in Lebanon with the respective insurance company while the incident in Morocco is being managed internally by the insurance, legal and compliance teams.

Based on the Group's initial assessment, management booked a provision of AED 7,712 thousand (AED 1,469 thousand representing property damages and AED 6,243 thousand representing estimated loss on the customers goods) and AED 45,173 thousand (AED 1,102 thousand representing property damages and AED 44,071 thousand representing estimated loss on the customers goods) to cover the estimated losses as at 30 June 2021 for Aramex Lebanon and Aramex Morocco, respectively.

As a result of the fire incident in Morocco, a provision of AED 36,726 thousand was provided during the year ended 31 December 2020 related to a settlement agreement dated 16 March 2021 between the Company and a customer. On 28 March 2021, an amount of AED 36,726 thousand was paid to the customer.

Management is confident that the amounts related to property damages and customers goods will be recovered for both incidents and will only recognize any reimbursement from the insurance companies when it is certain to be received.

19. Non-cash transactions

	For the six-month period ended 30 June	
	2021	2020
	AED "000" Unaudited	AED "000" Unaudited
Additions of right of use assets	155,918	94,840
Disposal of right of use assets	21,954	11,719
Impact on application of IFRS 16 amendments	-	1,263

20. Prior year reclassification

During the period ended 30 June 2020, the Group classified direct costs, which included salaries and benefits, vehicle running and maintenance, depreciation of property and equipment, right of use assets and other expenses incurred for rendering of services, as "other operating expenses" which relate to costs of services. Accordingly, the Group reclassified the "other operating expenses" on the condensed interim consolidated statement of income for the period ended 30 June 2020 to "cost of services" to comply with the condensed interim consolidated financial information presentation for the current year. Management believes that the current period presentation provides more meaningful information to the users of the condensed interim consolidated financial information.

Condensed interim consolidated statement of income for the three-month period ended 30 June 2020

	As previously reported AED	Reclassification increase/ (decrease) AED	Restated AED
Cost of services	694,996	230,366	925,362
Other operating expenses	230,366	(230,366)	-

Condensed interim consolidated statement of income for the six-month period ended 30 June 2020

	As previously reported AED	Reclassification increase/ (decrease) AED	Restated AED
Cost of services	1,264,228	462,429	1,726,657
Other operating expenses	462,429	(462,429)	-