ARAMEX PJSC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2009

ERNST & YOUNG

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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 2009, comprising of the interim consolidated statement of financial position as at 30 June 2009, 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 notes. 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.

The consolidated financial statements of the Group as at 31 December 2008 were audited by another auditor whose report dated 26 February 2009 expressed an unqualified opinion on those statements. The interim condensed consolidated financial statements for the six months ended 30 June 2008 were reviewed by another auditor whose report dated 30 July 2008 expressed an unqualified conclusion on those statements.

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
Edward B. Quinlan
Partner
Registration no. 93

29 July 2009
Dubai, United Arab Emirates

Aramex PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009 (Unaudited)

	Notes	*30 June 2009 AED'000 (Unaudited)*	*31 December 2008 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	5	240,743	240,367
Goodwill		851,655	805,443
Other intangible assets		5,948	2,776
Other non-current assets		12,160	4,350
Available-for-sale financial assets		4,305	3,301
Deferred tax assets		971	964
		1,115,782	1,057,201
Current assets			
Accounts receivable, net		345,728	346,270
Other current assets		114,826	98,009
Cash and short term deposits	6	377,862	343,827
		838,416	788,106
Total assets		1,954,198	1,845,307
EQUITY AND LIABILITIES			
Equity			
Share capital		1,331,000	1,210,000
Statutory reserve		25,698	25,698
Foreign currency translation reserve		(4,337)	(6,126)
Fair value reserve		1,585	581
Retained earnings		148,043	177,386
Attributable to equity holders of the parent		1,501,989	1,407,539
Non-controlling interests		20,659	28,956
Total equity		1,522,648	1,436,495
Non-current liabilities			
Interest-bearing loans and borrowings		2,244	15,767
Employees' end of service benefits		56,560	52,010
Deferred tax liabilities		778	597
		59,582	68,374
Current liabilities			
Accounts payable		137,126	113,175
Bank overdrafts	6	9,185	14,300
Interest-bearing loans and borrowings		7,252	11,698
Other current liabilities		218,405	201,265
		371,968	340,438
Total liabilities		431,550	408,812
Total equity and liabilities		1,954,198	1,845,307

Abdullah Al Mazrui	Fadi Ghandour	Emad Shishtawi
(Chairman)	(Founder & CEO)	(SeniorVice President Finance)

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

Aramex PJSC

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months and the six months ended 30 June 2009 (Unaudited)

	Note	*Three months ended 30 June*		*Six months ended 30 June*	
		2009 AED'000	*2008 AED'000*	***2009 AED'000***	*2008 AED'000*
Rendering of services		**484,985**	539,306	**948,405**	1,033,763
Cost of services		**(202,682)**	(270,576)	**(401,394)**	(524,776)
Gross profit		**282,303**	268,730	**547,011**	508,987
Selling and marketing expenses		**(25,161)**	(27,039)	**(50,813)**	(51,796)
Administrative expenses		**(96,070)**	(100,504)	**(187,067)**	(193,334)
Other operating expenses		**(102,267)**	(93,603)	**(201,509)**	(174,270)
Other income, net		**135**	333	**701**	1,178
Operating profit		**58,940**	47,917	**108,323**	90,765
Finance income		**3,315**	424	**6,217**	1,474
Finance expense		**(284)**	(648)	**(722)**	(1,316)
Profit before tax		**61,971**	47,693	**113,818**	90,923
Income tax		**(5,106)**	(3,009)	**(7,557)**	(4,144)
Profit for the period		**56,865**	44,684	**106,261**	86,779
Attributable to:					
Equity holders of the parent		**49,952**	38,424	**93,057**	74,635
Non-controlling interests		**6,913**	6,260	**13,204**	12,144
		56,865	44,684	**106,261**	86,779
		AED	*AED*	***AED***	*AED*
Basic and diluted earnings per share	7	**0.038**	0.029	**0.070**	0.056

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

Aramex PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 June 2009 (Unaudited)

	Three months ended 30 June		*Six months ended 30 June*	
	2009 AED'000	*2008 AED'000*	***2009 AED'000***	*2008 AED'000*
Profit for the period	**56,865**	44,684	**106,261**	86,779
Other comprehensive income (expense), net of tax:				
Currency translation adjustment on foreign operations	**4,219**	59	**1,853**	(306)
Net movement in fair value reserve	**1,057**	(26)	**1,004**	(3,597)
Other comprehensive income (expense) for the period, net of tax	**5,276**	33	**2,857**	(3,903)
Total comprehensive income for the period	**62,141**	44,717	**109,118**	82,876
Total comprehensive income attributable to:				
Equity holders of the parent	**55,128**	38,221	**95,850**	70,631
Non-controlling interests	**7,013**	6,496	**13,268**	12,245
	62,141	44,717	**109,118**	82,876

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

Aramex PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 (Unaudited)

	Attributable to equity holders of the parent							
	Paid in capital AED'000	*Statutory reserve AED'000*	*Foreign currency translation reserve AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Six-month period ended 30 June 2009								
At 31 December 2008	1,210,000	25,698	(6,126)	581	177,386	1,407,539	28,956	1,436,495
Total comprehensive income for the period	-	-	1,789	1,004	93,057	95,850	13,268	109,118
Issue of share capital (note 4)	121,000	-	-	-	(121,000)	-	-	-
Directors' fees paid	-	-	-	-	(1,400)	(1,400)	-	(1,400)
Dividends of subsidiaries	-	-	-	-	-	-	(22,024)	(22,024)
Non-controlling interests	-	-	-	-	-	-	459	459
At 30 June 2009	1,331,000	25,698	(4,337)	1,585	148,043	1,501,989	20,659	1,522,648
Six-month period ended 30 June 2008								
At 31 December 2007	1,100,000	13,699	3,694	14,320	153,464	1,285,177	25,444	1,310,621
Total comprehensive income for the period	-	-	(407)	(3,597)	74,635	70,631	12,245	82,876
Issue of share capital (note 4)	110,000	-	-	-	(110,000)	-	-	-
Directors' fees paid	-	-	-	-	(1,400)	(1,400)	-	(1,400)
Dividends of subsidiaries	-	-	-	-	-	-	(17,839)	(17,839)
Non-controlling interests	-	-	-	-	-	-	1,428	1,428
At 30 June 2008	1,210,000	13,699	3,287	10,723	116,699	1,354,408	21,278	1,375,686

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

Aramex PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009 (Unaudited)

	Notes	Six months ended 30 June 2009 AED'000	Six months ended 30 June 2008 AED'000
OPERATING ACTIVITIES			
Profit before tax		**113,818**	90,923
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation		**22,684**	21,046
Amortization		**437**	431
Loss on disposal of property, plant and equipment		**32**	510
Provision for employees' end of service benefits		**6,855**	7,590
Provision for doubtful accounts		**3,170**	2,188
Finance income		**(6,217)**	(1,474)
Finance expense		**722**	1,316
Gain on sale of available-for-sale financial assets		**-**	(512)
Working capital adjustments:			
Accounts receivable		**2,426**	(43,825)
Accounts payable		**20,260**	(53)
Other current assets		**(13,895)**	(13,283)
Employees' end of service benefits paid		**(2,829)**	(1,296)
Other current liabilities		**(15,277)**	27,625
Income tax paid		**(7,585)**	(3,874)
Net cash flows from operating activities		**124,601**	87,312
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(18,602)**	(43,533)
Proceeds from sale of property, plant and equipment		**376**	1,828
Interest received		**6,217**	1,474
Acquisition of a subsidiary, net of cash acquired	3	**(25,982)**	-
Other non–current assets		**(7,809)**	1,158
Margin deposits		**(1,218)**	(1,262)
Proceeds from sale of available-for-sale financial assets		**-**	512
Net cash flows used in investing activities		**(47,018)**	(39,823)
FINANCING ACTIVITIES			
Interest paid		**(722)**	(1,316)
Repayment of loans and borrowings		**(17,969)**	(447)
Dividends paid to non-controlling interests		**(22,024)**	(17,839)
Non-controlling interests		**523**	1,428
Directors' fees paid		**(1,400)**	(1,400)
Net cash flows used in financing activities		**(41,592)**	(19,574)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**35,991**	27,915
Net foreign exchange difference		**1,941**	(1,138)
Cash and cash equivalents at 1 January	6	**322,728**	212,602
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	**360,660**	239,379

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

1 ACTIVITIES

Aramex PJSC ("the Company") is a Public Joint Stock Company registered in the Emirate of Dubai, UAE on 15 February 2005 under UAE Federal Law No 8 of 1984 (as amended). The condensed consolidated financial statements of the Company as at 30 June 2009 comprise the Company and its subsidiaries (collectively referred to as "the Group" and individually as "Group entities").

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

The Principal activities of the Company 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 Company's registered office is Office No 5, Abdul Rahman Al Zaroani real estate, Plot 121-221, Dubai Airport, Deira, Dubai, United Arab Emirates.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 29 July 2009.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the six months ended 30 June 2009 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 2008. In addition, results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

Significant accounting policies
The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008 except as noted below.

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):
The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in equity) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Group has elected to present two statements.

IFRS 8 'Operating Segments':
The new standard which replaced IAS 14 'Segment Reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14.

Accounting policies
The accounting policies that have been consistently adopted by the Group relating to investments and bank balances and short term deposits are as follows:

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Accounting policies (continued)

Available-for-sale financial assets:
Available-for-sale financial assets are initially measured at fair value. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recorded in equity is recognised in the statement of income.

The Group assesses at each balance sheet date whether there is objective evidence that an investment or group of investments is impaired. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income, is removed from equity and recognised in the statement of income. Impairment losses on equity instruments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in equity.

Cash and short term deposits:
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short- term deposits as defined above, net of outstanding bank overdrafts.

3 BUSINESS COMBINATIONS

Acquisition of Metrofile Middle East L.L.C in 2009
On 21 January 2009, the Group acquired 100% of the voting shares of Metrofile Middle East L.L.C, a company specialising in archiving services, based in the United Arab Emirates.

The fair value of the identifiable assets and liabilities of Metrofile Middle East L.L.C, as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair value recognised on acquisition AED'000	*Carrying value AED'000*
Property and equipment	5,176	5,176
Trade and other receivables	7,978	7,978
Intangible assets	3,609	-
	16,763	13,154
Trade and other payables	(6,307)	(6,307)
Employees' end of service benefits	(686)	(686)
Bank overdrafts	(524)	(524)
	(7,517)	(7,517)
Net assets	9,246	5,637
Goodwill arising on acquisition	46,212	
Consideration	55,458	

3 BUSINESS COMBINATIONS (continued)

	AED'000
Cash flow on acquisition:	
Net cash acquired with the subsidiary	(524)
Cash paid	(25,458)
Net cash outflow	(25,982)

The initial accounting for this business combination is provisional, as the fair values to be assigned to the acquiree's identifiable assets and liabilities could not be determined with certainty by the end of the period in which the combination was effected. An adjustment has been made in this period to the provisional fair value and carrying value of trade and other receivables reducing them from AED 9,479 thousand to AED 7,978 thousand and adjusting goodwill accordingly.

4 DIVIDENDS

The Company's share capital was increased by the issue of bonus shares of AED 121 million, being 10% of the share capital of the Company as of 31 December 2008 as approved by the shareholders in the Company's annual General Meeting held on 15 April 2009.

During the period ended 30 June 2008, the Company's share capital was increased by the issue of bonus shares of AED 110 million, being 10% of the share capital of the Company as of 31 December 2007 as approved by the shareholders in the Company's annual General Meeting held on 2 April 2008.

5 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group acquired property, plant and equipment with a cost of AED 18.6 million (six months ended 30 June 2008: AED 43.5 million).

6 CASH AND CASH EQUIVALENTS

	30 June 2009 AED'000	*31 December 2008 AED'000*
Cash and short term deposits	**377,862**	343,827
Less: Cash margin	**(8,017)**	(6,799)
Less: Bank overdrafts	**(9,185)**	(14,300)
	360,660	322,728

Included within cash and short term deposits are amounts totaling AED 283,384 thousand (31 December 2008: AED 138,009 thousand) held at foreign banks.

7 EARNINGS PER SHARE

	Three months ended 30 June		*Six months ended 30 June*	
	2009	*2008*	***2009***	*2008*
Profit attributable to shareholders of the parent (AED'000)	**49,952**	38,424	**93,057**	74,635
Weighted average number of shares during the period (shares)	**1,331 million**	1,331 million	**1,331 million**	1,331 million
Basic and diluted earnings per share (AED)	**0.038**	0.029	**0.070**	0.056

Earnings per share for the current and prior periods have been adjusted for bonus shares issued (note 4).

8 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, and visa services.

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 2009 and 2008, respectively.

8 SEGMENT INFORMATION (continued)

Six months ended 30 June 2009

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Adjustment and eliminations AED'000*	*Total AED'000*
Revenue							
Third party	310,449	355,723	151,210	61,756	69,267	-	948,405
Inter-segment	149,380	80,008	6,359	1,883	2,349	(239,979)	-
Total revenue	459,829	435,731	157,569	63,639	71,616	(239,979)	948,405
Results							
Segment gross profit	209,559	117,629	119,611	49,386	50,826	-	547,011

Six months ended 30 June 2008

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Adjustment and eliminations AED'000*	*Total AED'000*
Revenue							
Third party	301,771	456,357	144,805	66,447	64,383	-	1,033,763
Inter-segment	137,462	74,117	29	5,922	3,595	(221,125)	-
Total revenue	439,233	530,474	144,834	72,369	67,978	(221,125)	1,033,763
Results							
Segment gross profit	180,022	125,606	111,381	51,524	40,454	-	508,987

Geographical Information

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

	Six months ended 30 June	
	2009 AED'000	*2008 AED'000*
Revenue		
Middle East and North Africa	**715,542**	720,465
Europe	**161,263**	219,693
North America	**11,858**	22,263
Asia	**59,742**	71,342
Total	**948,405**	1,033,763

8 SEGMENT INFORMATION (continued)

Geographical Information (continued)

	30 June 2009 AED'000	*31 December 2008 AED'000*
Assets		
Middle East and North Africa	**1,818,758**	1,700,558
Europe	**85,909**	87,594
North America	**8,099**	11,822
Asia	**41,432**	45,333
Total	**1,954,198**	1,845,307

	30 June 2009 AED'000	*31 December 2008 AED'000*
Property, plant and equipment		
Middle East and North Africa	**217,954**	217,267
Europe	**17,240**	15,842
North America	**1,488**	1,462
Asia	**4,061**	5,796
Total	**240,743**	240,367

	30 June 2009 AED'000	*31 December 2008 AED'000*
Liabilities		
Middle East and North Africa	**330,978**	296,069
Europe	**75,030**	82,115
North America	**8,013**	10,093
Asia	**17,529**	20,535
Total	**431,550**	408,812

Available-for-sale financial assets are quoted on the Dubai Financial Market.

9 COMMITMENTS AND CONTINGENCIES

	30 June 2009 AED'000	*31 December 2008 AED'000*
Letters of guarantee	**43,222**	39,353

10 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.

	Related party			*Total*	
	Officers AED'000	*Companies controlled by the directors AED'000*	*Directors AED'000*	***30 June 2009 AED'000***	*30 June 2008 AED'000*
Income statement items:					
Rent expense	110	790	2,560	**3,460**	2,555

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

	30 June 2009 AED'000	*30 June 2008 AED'000*
Salaries and other short term benefits	8,980	7,350
End of service benefits	76	76

11 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.