ARAMEX PJSC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2009

aramex (PJSC)
delivery unlimited

ارامكس (ش م ع)

Dear Shareholders,

We have concluded year 2009 with a strong financial performance. Despite a modest 6% drop in revenues to AED 1,961 million, our net profits surged by 25% to AED 184 million. This growth was driven by a substantial increase in net profit margins up from 7.1% in 2008 to 9.4% in 2009.

Our performance is a result of the adaptability of our asset-light business model and the entrepreneurial spirit of our team, who quickly implemented cost-control programs and reinforced Aramex's position in the market.

We continue to deliver a very healthy balance sheet with an extremely low debt-to-equity ratio and a strong cash position, giving us substantial leverage to support the company's development and expansion plans for 2010.

Going forward, we will continue to broaden our investments and expansion in emerging markets, and will remain focused on strengthening our capabilities in third party logistics services, to meet the increasing demand as outsourcing trends continue in our core markets.

We are confident in our ability to continue achieving long term sustainable growth for the company.

Abdullah Al Mazrui
Chairman

Fadi Ghandour
Founder and CEO

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Aramex PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. 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 consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of the Company and the UAE Commercial Companies Law of 1984 (as amended). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (CONTINUED)

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of the Company; proper books of account have been kept by the Company; an inventory was duly carried out; and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Company have occurred during the year which would have had a material effect on the business of the Group or on its financial position.

Ernst & Young

Signed by
Edward B. Quinlan
Partner
Registration No 93

For Ernst and Young

25 February 2010

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	2009 AED'000	2008 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**246,917**	240,367
Goodwill	5	**853,427**	805,443
Other intangible assets	6	**5,730**	2,776
Other non-current assets	7	**18**	4,350
Available-for-sale investments	8	**4,965**	3,301
Investments in joint ventures	9	**7,772**	-
Deferred tax assets	10	**1,476**	964
		1,120,305	1,057,201
Current assets			
Accounts receivable	11	**349,060**	346,270
Other current assets	12	**86,995**	98,009
Bank balances and cash	13	**501,862**	343,827
		937,917	788,106
TOTAL ASSETS		**2,058,222**	1,845,307
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**1,331,000**	1,210,000
Statutory reserve	15	**40,923**	25,698
Foreign currency translation reserve	15	**(2,561)**	(6,126)
Fair value reserve	15	**2,245**	581
Retained earnings	16	**224,048**	177,386
Equity attributable to equity holders of the Parent		**1,595,655**	1,407,539
Non-controlling interests		**28,143**	28,956
Total equity		**1,623,798**	1,436,495
Non-current liabilities			
Interest-bearing loans and borrowings	17	**6,463**	15,767
Employees' end of service benefits	18	**59,618**	52,010
Deferred tax liabilities	10	**1,037**	597
		67,118	68,374
Current liabilities			
Accounts payable	19	**118,435**	113,175
Bank overdrafts	20	**8,951**	14,300
Interest-bearing loans and borrowings	17	**7,482**	11,698
Other current liabilities	21	**232,438**	201,265
		367,306	340,438
Total liabilities		**434,424**	408,812
TOTAL EQUITY AND LIABILITIES		**2,058,222**	1,845,307

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 25 February 2010.

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

The attached notes from 1 to 34 form part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 AED'000	2008 AED'000
Rendering of services	22	**1,960,786**	2,079,954
Cost of services	23	**(852,745)**	(1,041,971)
GROSS PROFIT		**1,108,041**	1,037,983
Share of results of joint ventures	9	**130**	-
Selling and marketing expenses		**(98,814)**	(99,230)
Administrative expenses	24	**(390,520)**	(387,004)
Operating expenses	25	**(412,798)**	(376,524)
Other (expenses) income	26	**(250)**	2,787
OPERATING PROFIT		**205,789**	178,012
Finance income		**14,204**	5,375
Finance expense		**(1,830)**	(3,442)
PROFIT BEFORE TAX		**218,163**	179,945
Income tax	10	**(11,441)**	(10,573)
PROFIT FOR THE YEAR		**206,722**	169,372
Attributable to:			
Equity holders of the Parent		**184,287**	147,321
Non–controlling interests		**22,435**	22,051
		206,722	169,372
Earnings per share attributable to the equity holders of the Parent:			
-basic and diluted earnings per share	28	**AED 0.138**	AED 0.111

The attached notes from 1 to 34 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 *AED'000*	*2008* *AED'000*
Profit for the year	**206,722**	169,372
Other comprehensive income, net of tax:		
Exchange differences on translation of foreign operations	**3,555**	(9,652)
Net gain (loss) on available-for-sale financial assets	**1,664**	(13,739)
Other comprehensive income for the year, net of tax	**5,219**	(23,391)
Total comprehensive income for the year	**211,941**	145,981
Total comprehensive income attributable to:		
Equity holders of the parent	**189,516**	123,762
Non-controlling interests	**22,425**	22,219
	211,941	145,981

The attached notes from 1 to 34 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2009

	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 AED'000*
At 1 January 2008	1,100,000	13,699	3,694	14,320	153,464	1,285,177	25,444	1,310,621
Total comprehensive income for the year	-	-	(9,820)	(13,739)	147,321	123,762	22,219	145,981
Issue of share capital	110,000	-	-	-	(110,000)	-	-	-
Transfer to Statutory Reserve	-	11,999	-	-	(11,999)	-	-	-
Directors' fees paid	-	-	-	-	(1,400)	(1,400)	-	(1,400)
Dividends of subsidiaries	-	-	-	-	-	-	(20,035)	(20,035)
Non-controlling interests	-	-	-	-	-	-	1,328	1,328
At 1 January 2009	1,210,000	25,698	(6,126)	581	177,386	1,407,539	28,956	1,436,495
Total comprehensive income for the year	-	-	3,565	1,664	184,287	189,516	22,425	211,941
Issue of share capital	121,000	-	-	-	(121,000)	-	-	-
Transfer to Statutory Reserve	-	15,225	-	-	(15,225)	-	-	-
Directors' fees paid	-	-	-	-	(1,400)	(1,400)	-	(1,400)
Dividends of subsidiaries	-	-	-	-	-	-	(23,794)	(23,794)
Non-controlling interests	-	-	-	-	-	-	556	556
At 31 December 2009	**1,331,000**	**40,923**	**(2,561)**	**2,245**	**224,048**	**1,595,655**	**28,143**	**1,623,798**

The attached notes from 1 to 34 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Notes	2009 AED'000	2008 AED'000
OPERATING ACTIVITIES			
Profit before tax		**218,163**	179,945
Adjustment for:			
Depreciation	4	**44,837**	43,228
Amortisation	6	**889**	717
Provision for employees' end of service benefits	18	**12,471**	15,747
Provision for doubtful accounts, net		**8,792**	9,981
Net finance income		**(12,374)**	(1,933)
Share of results of joint ventures		**(130)**	-
Loss on disposal of property, plant and equipment		**259**	853
Gain on sale of available-for-sale financial assets		**-**	(512)
		272,907	248,026
Working capital changes:			
Accounts receivable		**(5,472)**	(37,098)
Accounts payable		**1,569**	(18,918)
Other current assets		**13,938**	(2,024)
Other current liabilities		**(1,257)**	53,643
Cash from operations		**281,685**	243,629
Employees' end of service benefits paid	18	**(5,511)**	(2,970)
Income tax paid		**(11,701)**	(5,631)
Net cash from operating activities		**264,473**	235,028
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(52,294)**	(96,614)
Proceeds from sale of property, plant and equipment		**2,901**	1,666
Interest received		**14,204**	5,375
Acquisition of a subsidiary, net of cash acquired	3	**(25,982)**	(2,044)
Other non–current assets		**4,332**	(2,855)
Margin deposits		**(1,022)**	(735)
Proceeds from sale of available-for-sale financial assets		**-**	512
Intangible assets	6	**(234)**	-
Investments in joint ventures		**(7,642)**	-
Net cash used in investing activities		**(65,737)**	(94,695)
FINANCING ACTIVITIES			
Interest paid		**(1,830)**	(3,442)
Repayment of loans and borrowings		**(13,520)**	(299)
Dividends paid to non-controlling interests		**(23,794)**	(20,035)
Non-controlling interests		**556**	1,495
Directors' fees paid		**(1,400)**	(1,400)
Net cash used in financing activities		**(39,988)**	(23,681)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**158,748**	116,652
Net foreign exchange difference		**3,614**	(6,526)
Cash and cash equivalents at 1 January		**322,728**	212,602
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**485,090**	322,728

The attached notes from 1 to 34 form part of these 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 8 of 1984 (as amended). The consolidated financial statements as at 31 December 2009 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 consolidated financial statements were authorised for issue by the Board of Directors on 25 February 2010.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of UAE Federal Law No. 8 of 1984 (as amended).

The consolidated financial statements are presented in UAE Dirhams (AED), being the functional currency of the Parent Company. Financial information is presented in AED and has been rounded to the nearest thousands, except where stated otherwise.

The consolidated financial statements are prepared under the historical cost convention, except for available for sale investments and derivative financial instruments that have been measured at fair value.

Basis of consolidation
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions, are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized in goodwill.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

- IFRS 7 Financial Instruments: Disclosures effective 1 January 2009
- IFRS 8 Operating Segments
- IAS 1 Revised Presentation of Financial Statements effective 1 January 2009
- Borrowing Costs (revised)
- Improvements to IFRSs (May 2008)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

The adoptions of these amendments resulted in changes to the accounting policies and additional disclosures but did not have any impact on the financial position or performance of the Group. The principal effects of these changes are as follows:

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 32.

IFRS 8 Operating Segments
IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 30.

IAS 1 Revised Presentation of Financial Statements
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transaction with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expenses, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 Borrowing Costs (revised)
The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The amendment did not have any impact on the financial position or performance of the Group.

Improvements to IFRSs (May 2008)
In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the group.

IAS 7 Statement of cash flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will not result in any change in the financial position of the Group.

IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 18 Revenue
The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- Has primary responsibility for providing the goods or service
- Has inventory risk
- Has discretion in establishing prices
- Bears the credit risk

The Group has to assess its revenue arrangements against these criteria and conclude if it is acting as principal in above mentioned arrangements. The revenue recognition accounting policy has to be updated accordingly.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

IAS 36 Impairment of Assets
When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

Other amendments resulting from Improvements to IFRSs did not have any impact on the accounting policies, financial position or performance of the Company.

2.3 IASB standards and interpretations issued but not yet effective

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements
The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 the Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with non-controlling interests.

IFRS 9 Financial Instruments
Phase 1 of IFRS 9, the standard which will replace IAS 39 upon completion, was issued in November 2009. This phase includes guidance on classification and measurement of financial instruments, and is expected to result in changes in both classification and measurement of the Group's financial instruments when adopted. The standard is mandatory for periods beginning on or after 1 January 2013 but early adoption is permissible. Management have not yet concluded on when the Group will adopt the standard.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Goodwill impairment
The impairment test is based on the "value in use" calculation. These calculations have used cash flow projections based on actual operating results and future expected performance. Cash flow projections beyond five years have been extrapolated using a 3% growth rate. This growth rate is considered appropriate considering the nature of the industry and the general growth in economic activity being witnessed in the location/ region where these entities operate. A discount rate of 12% has been used in discounting the cash flows projected. Also refer to note 5.

Provision for tax
The Group reviews the provision for tax on a regular basis. In determining the provision for tax, laws of particular jurisdictions (where applicable entity is registered) are taken into account. The management considers the provision for tax to be a reasonable estimate of potential tax liability after considering the applicable laws and past experience.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Use of estimates and judgments (continued)

Identifiable assets and liabilities taken over on acquisition of subsidiaries
The Group separately recognises assets and liabilities on the acquisition of a subsidiary when it is probable that the associated economic benefits will flow to the acquirer or when, in the case of liability, it is probable that an outflow of economic resources will be required to settle the obligation and the fair value of the asset or liability can be measured reliably. Intangible assets and contingent liabilities are separately recognised when they meet the criteria for recognition set out in IFRS 3. Intangible assets, acquired on acquisition, mainly represent lists of customers, bound by a contract, valued on the basis of minimum cash flows.

2.5 Summary of significant accounting policies

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows (land is not depreciated):

- Leasehold improvements	over 4-7 years
- Buildings	over 14-15 years
- Furniture and fixtures	over 5-10 years
- Warehousing racks	over 15 years (2008: over 7 years)
- Office equipment	over 3-7 years
- Computers	over 3-5 years
- Vehicles	over 4-5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Business combinations and goodwill
Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisitions, irrespective of the extent of any minority interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed at least at each financial year end.

Intangible assets with finite lives are amortised over their economic lives which are between 3 to 10 years.

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 as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in finance costs and removed from the fair value reserve.

Impairment losses on equity instruments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in the fair value reserve.

Investments in joint ventures
The Group's investments in its joint ventures are accounted for using the equity method.

A joint venture is a jointly controlled entity whereby the venturer has a contractual arrangement that establishes joint control over the economic activities of the entity.

Under the equity method, the investment in the joint venture is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net asset of the joint venture.

The consolidated income statement reflects the share of the results of operations of the joint venture.

Prepaid agency fees
Amounts paid in advance to agents to purchase or alter their agency rights are accounted for as prepayments. As these amounts are paid in lieu of annual payments they are expensed to income statement over the period equivalent to the number of years of agency fees paid in advance.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts and cash margin.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Accounts receivable
Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Foreign currency translation
The Group's consolidated financial statements are presented in AED, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the consolidated income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the consolidated income statement.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies
The assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Loans and borrowings and other financial liabilities
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisations are included in finance cost in the consolidated income statement.

Other financial liabilities including deferred consideration on acquisition of subsidiaries are measured at amortised cost.

Employees' end of service benefits
The provision for employees' end of service benefits, disclosed as a long-term liability, is calculated in accordance with the UAE federal Labour Law. Some of the Company's subsidiaries are also required, by their respective labour laws, to provide indemnity payments upon termination of relationship with their employees. The benefit accrues to employees on a pro-rata basis during their employment period and is based on each employee's current salary.

Revenue recognition
Revenue represents the value of services rendered to customers and is stated net of discounts and sales taxes or similar levies.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Revenue recognition (continued)
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria must also be met before revenue is recognised:

Express revenue
Express revenue is recognized upon receipt of shipment from the customer.

Freight forwarding revenue
Freight forwarding revenue is recognized upon the delivery of freight to the destination or to the air carrier.

Catalogue shopping and shop 'n' ship services revenue
Catalogue shopping and shop 'n' ship services revenue is recognized upon the receipt of the merchandise by the customers.

Revenue from magazines and newspapers distribution
Revenue from magazines and newspapers distribution is recognized when it is delivered to the customers.

Revenue from logistics and document storage services
Revenue from logistics and document storage services is recognized when the services are rendered.

Finance income and expenses
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest rate method. Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in the consolidated income statement using the effective interest rate method. However, borrowing costs that are directly attributable to the acquisition or construction of property, plant and equipment are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Taxation
Current income tax
The Group provides for income taxes in accordance with IAS 12. As the Company is incorporated in the UAE, profits from operations of the Parent Company are not subject to taxation. However, certain subsidiaries of the Parent Company are based in taxable jurisdictions and are therefore liable to tax. Income tax on the profit or loss for the year comprises of current and deferred tax on the profits of these subsidiaries. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred income tax
Deferred income tax is provided for using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting, are taken directly to the consolidated income statement.

Impairment and uncollectibility of financial assets
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term.

Earnings per share
The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares.

Provisions
Provisions are recognised when the company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

3 BUSINESS COMBINATION AND ACQUISITION OF NON –CONTROLLING INTEREST

2008
Acquisition Of remaining 15% of shareholding in Two Way Holland BV
On 30 December 2008, the Group acquired the remaining 15% shareholding in Two Way Holland from the minority shareholder for a consideration of AED 2.18 million in cash. The carrying amount of the subsidiary's net assets as on the date of further acquisition was AED 0.96 million. The Group recognised a decrease in minority interest of AED 0.14 million and additional goodwill of AED 2.04 million.

2009
Acquisition of Metrofile Middle East L.L.C
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.

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

The provisional fair values 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:

	Provisional fair value recognised on acquisition AED'000	*Carrying value AED'000*
Property and equipment	2,348	5,176
Trade and other receivables	9,034	9,479
Intangible assets	3,609	-
	14,991	14,655
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	7,474	7,138
Goodwill arising on acquisition	47,984	
Consideration	55,458	

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

The purchase consideration at the date of acquisition included a deferred amount of AED 30 million, which was short term in nature and was carried at amortised cost.

The initial accounting for this business combination was provisional during 2009, 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 values of trade and other receivables, reducing them from AED 9,479 thousand to AED 9,034 thousand and the property and equipment reducing them from AED 5,176 thousand to AED 2,348 thousand and adjusting goodwill accordingly.

Subsequent to the year-end, provisional values were finalised within the timelines specified under IFRS 3 - Business Combinations based on the completion of the purchase price allocation (PPA) exercise. The final PPA did not result in any material adjustments to the provisional values or goodwill as of 31 December 2009.

The goodwill of AED 47,984 thousand comprises the value of expected synergies arising from the acquisition.

Since Metrofile operations have been merged with existing operations, it was not practicable to separately disclose revenues and profits arising as a result of this business combination from the date of acquisition, or the total impact on the results for the year had the acquisition taken place at the beginning of the year.

4 PROPERTY, PLANT AND EQUIPMENT

	Land AED'000	*Leasehold improvements* AED'000	*Buildings* AED'000	*Furniture and fixtures* AED'000	*Warehousing racks* AED'000	*Office equipment* AED'000	*Computers* AED'000	*Vehicles* AED'000	*Capital work-in-progress* AED'000	*Total* AED'000
Cost:										
At 1 January 2009	8,921	42,913	72,830	37,703	-	65,906	82,485	56,516	29,617	396,891
Additions	4,591	3,953	1,562	246	9,142	2,804	12,600	16,141	1,255	52,294
Acquisition of a subsidiary	-	-	-	-	3,323	-	-	946	-	4,269
Transfers (i)	-	(1,257)	-	(13,334)	21,534	(6,943)	-	-	-	-
Disposals	(997)	(2,543)	-	(1,885)	(342)	(3,776)	(5,540)	(11,717)	-	(26,800)
Exchange differences	14	25	-	(43)	116	(717)	388	64	-	(153)
At 31 December 2009	**12,529**	**43,091**	**74,392**	**22,687**	**33,773**	**57,274**	**89,933**	**61,950**	**30,872**	**426,501**
Depreciation:										
At 1 January2009	-	19,528	7,771	16,523	-	29,686	50,907	32,109	-	156,524
Charge for the year	-	5,208	4,727	1,926	2,461	6,028	12,177	12,310	-	44,837
Acquisition of a subsidiary	-	-	-	-	1,145	-	-	776	-	1,921
Transfers	-	(133)	-	(3,203)	6,176	(2,840)	-	-	-	-
Disposals	-	(2,373)	-	(1,630)	(124)	(3,526)	(5,305)	(10,682)	-	(23,640)
Exchange differences	-	15	-	9	56	(488)	323	27	-	(58)
At 31 December 2009	-	**22,245**	**12,498**	**13,625**	**9,714**	**28,860**	**58,102**	**34,540**	-	**179,584**
Net carrying amount:										
At 31 December 2009	**12,529**	**20,846**	**61,894**	**9,062**	**24,059**	**28,414**	**31,831**	**27,410**	**30,872**	**246,917**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land AED'000	*Leasehold improvements AED'000*	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Office equipment AED'000*	*Computers AED'000*	*Vehicles AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:									
At 1 January 2008	9,016	42,064	28,272	26,371	65,663	79,562	48,390	33,371	332,709
Additions	-	5,153	1,207	10,977	4,403	14,323	15,275	45,277	96,615
Transfers	-	-	43,351	3,522	1,453	216	489	(49,031)	-
Disposals	(83)	(2,769)	-	(2,167)	(2,555)	(8,850)	(6,291)	-	(22,715)
Exchange difference	(12)	(1,535)	-	(1,000)	(3,058)	(2,766)	(1,347)	-	(9,718)
At 31 December 2008	8,921	42,913	72,830	37,703	65,906	82,485	56,516	29,617	396,891
Depreciation:									
At 1 January 2008	-	17,625	4,690	14,008	28,129	48,740	26,531	-	139,723
Charge for the year	-	4,876	3,111	5,131	5,130	12,679	12,301	-	43,228
Disposals	-	(2,248)	(1)	(2,020)	(1,567)	(8,702)	(5,657)	-	(20,195)
Exchange difference	-	(725)	(29)	(596)	(2,006)	(1,810)	(1,066)	-	(6,232)
At 31 December 2008	-	19,528	7,771	16,523	29,686	50,907	32,109	-	156,524
Net book amount:									
At 31 December 2008	8,921	23,385	65,059	21,180	36,220	31,578	24,407	29,617	240,367

Capital work in progress includes a warehouse under construction in Dubai.

Property, plant and equipment includes:

- Vehicles with a net book value of AED 12.05 million (2008: AED 8.81 million) that have been obtained under finance leases.
- Vehicles amounting to AED 0.1 million have been pledged against bank facilities as of 31 December 2009.
- Land and buildings amounting to AED 28.93 million have been pledged against bank facilities as of 31 December 2008.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

i) Warehousing racks were classified separately with effect from 1 January 2009.

During the year, management reviewed the estimated useful lives of the warehousing racks, in view of its utilization. Based on this review, they believe it is appropriate to increase the useful lives of the warehousing racks from 7 years to 15 years with effect from 1 January 2009. Had the Group charged depreciation at the old rates, the profit would have been lower by AED 1.8 million. This change will decrease the depreciation charge in the future years until the related assets are fully depreciated.

5 GOODWILL

	2009 AED'000	*2008 AED'000*
At 1 January	**805,443**	803,399
Goodwill resulting from acquisition of Metrofile Middle East Limited	**47,984**	-
Goodwill resulting on additional acquisition in Two-Way Holland	**-**	2,044
At 31 December	**853,427**	805,443

Annual impairment testing for goodwill has been carried out by the management at 31 December 2009. The impairment test is based on the "value in use" calculation. These calculations have used cash flow projections based on actual operating results and future expected performance. Cash flow projections beyond five years have been extrapolated using a 3% growth rate. This growth rate is considered appropriate considering the nature of the industry and the general growth in economic activity being witnessed in the location/region where these entities operate. A discount rate of 12% has been used in discounting the cash flows projected.

The goodwill was allocated to the following groups of cash generating units:

	2009 AED'000	*2008 AED'000*
Express shipping	**285,394**	285,394
Freight forwarding	**190,035**	190,035
Domestic shipping	**182,442**	182,442
Logistics	**76,980**	76,980
Documents storage	**109,388**	61,404
Publication and distribution	**9,188**	9,188
	853,427	805,443

Key assumptions used in value-in-use calculations
The calculation of the value-in-use is most sensitive to the following assumptions:

Transaction volumes - these are based on budgeted performance of individual cash generating units.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry.

Growth rate estimates - Rates are based on industry research.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

6 OTHER INTANGIBLE ASSETS

	2009 AED'000	*2008 AED'000*
Cost:		
At 1 January	**5,433**	5,433
Intangible assets resulting from acquisition of Metrofile	**3,609**	-
Purchase of customer list	**234**	-
At 31 December	**9,275**	5,433
Amortisation:		
At 1 January	**(2,657)**	(1,940)
Amortisation during the year	**(889)**	(717)
At 31 December	**(3,545)**	(2,657)
Net carrying amount at 31 December	**5,730**	2,776

7 OTHER NON-CURRENT ASSETS

	2009 AED'000	*2008 AED'000*
Payment in advance for purchase of land	-	3,030
Payments in advance for joint ventures	-	820
Others	**18**	500
	18	4,350

8 AVAILABLE FOR SALE INVESTMENTS

This item represents investment in shares of a listed company in the Dubai Financial Market.

All available-for-sale financial instruments are measured using level 1 of the fair value hierarchy.

9 INVESTMENTS IN JOINT VENTURES

The Group has a 50% interest in Aramex Mashreq for Logistics Services and 50% interest in Aramex Delmege Logiskil (PVT) LTD, located in Egypt and Sri-lanka respectively.

Aramex Mashreq Logistics and Delmege are private entities that are not listed in any public exchange. The following tables illustrate summarised financial information of the Group's investment in each entity:

9 INVESTMENTS IN JOINT VENTURES (continued)

Aramex Mashreq for Logistics Services

	2009 AED'000	*2008 AED'000*
Share of the joint venture's statement of financial position:		
Current assets	**3,106**	-
Non-current assets	**6,589**	-
Current liabilities	**(1,967)**	-
Non-current liabilities	**-**	-
Equity	**7,728**	-
Share of the joint venture's revenue and profit:		
Revenue	**1,309**	-
Profit (loss)	**182**	-
Carrying amount of the investment	**7,728**	-

Aramex Delmege Logistics (PVT) LTD

	2009 AED'000	*2008 AED'000*
Share of the joint venture's statement of financial position:		
Current assets	**115**	-
Non-current assets	**14**	-
Current liabilities	**(130)**	-
Non-current liabilities	**(0)**	-
Equity	**(1)**	-
Share of the joint venture's revenue and profit:		
Revenue	**88**	-
Profit (loss)	**(52)**	-
Carrying amount of the investment	**44**	-

10 INCOME TAX

The charge for income tax on results of operations of foreign subsidiaries comprises the following:

	2009 AED'000	*2008 AED'000*
Current tax expense	**11,543**	9,256
Deferred income tax	**(72)**	1,522
Exchange differences	**(30)**	(205)
Income tax expense for the year	**11,441**	10,573

10 INCOME TAX (continued)

Deferred tax relates to the following:

	2009 AED'000	*2008 AED'000*
Provision for doubtful accounts	**22**	52
Depreciation	**(805)**	(475)
Termination indemnities	**341**	244
Net operating losses carried forward	**1,212**	642
Capital allowance	**(461)**	(46)
Others	**130**	(50)
	439	367
Recognised as follows:		
As deferred tax assets	**1,476**	964
As deferred tax liabilities	**(1,037)**	(597)
	439	367

The Group's consolidated effective tax rate for 2009 is 5.24 % (2008: 5.88%).

In some countries, the tax returns for certain years have not yet been reviewed by the tax authorities. In certain tax jurisdictions, the Group has provided for its tax exposures based on the current interpretation and enforcement of the tax legislation in the jurisdiction. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

11 ACCOUNTS RECEIVABLE

	2009 AED'000	*2008 AED'000*
Trade receivables	**383,023**	371,862
Less: allowance for doubtful accounts	**(33,963)**	(25,592)
	349,060	346,270

Geographic concentration of trade receivables as of 31 December is as follows:

	2009 %	*2008 %*
- Middle East and North Africa	**75**	77
- Europe	**19**	16
- North America	**2**	1
- Asia	**4**	6

As at 31 December 2009, trade receivables at nominal value of AED 33,963 thousand (2008: AED 25,592 thousand) were impaired. Movements in the allowance for impairment of receivables were as follows:

11 ACCOUNTS RECEIVABLE (continued)

	2009 AED'000	*2008 AED'000*
At 1 January	**25,592**	19,958
Charge for the year	**9,049**	10,202
Relating to acquisition of a subsidiary	**2,298**	-
Unused amounts reversed	**(257)**	(221)
Amounts written-off	**(2,719)**	(4,347)
At 31 December	**33,963**	25,592

As at 31 December, the ageing of unimpaired trade receivables was as follows:

		Past due but not impaired				
	Total AED'000	*0-60 days AED'000*	*61-90 days AED'000*	*91-180 days AED'000*	*181-365 days AED'000*	*More than 1 year AED'000*
2009	**349,060**	**271,385**	**43,427**	**24,424**	**9,824**	**-**
2008	346,270	262,128	48,867	28,447	6,828	-

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

12 OTHER CURRENT ASSETS

	2009 AED'000	*2008 AED'000*
Prepaid expenses	**24,453**	23,345
Advances and other receivables *	**62,542**	74,664
	86,995	98,009

* Advances and other receivables include an amount of AED 15 million (2008: AED 30 million) due from a related party in connection with employees participating in an incentive plan. During the year, the receivable was reduced by AED 15 million as a contribution from the Company for the well being of the employees, and recognised within employee benefits for the year.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2009 AED'000	*2008 AED'000*
Cash and short term deposits	**501,862**	343,827
Less: cash margin	**(7,821)**	(6,799)
Less: bank overdrafts (note 20)	**(8,951)**	(14,300)
	485,090	322,728

13 CASH AND CASH EQUIVALENTS (continued)

Included in cash and short term deposits are amounts totalling AED 165,279 thousand (31 December 2008: AED 138,009 thousand) held at foreign banks abroad.

14 SHARE CAPITAL

	2009 AED'000	*2008 AED'000*
Authorised, issued and paid up		
1,331,000,000 ordinary shares of AED 1 each (2008: 1,210,000,000 ordinary shares of AED 1 each)	**1,331,000**	1,210,000

During the year, the Company's share capital was increased by the issue of bonus shares to the extent of 10% of the share capital of the Company as approved by the shareholders in the Company's Annual General Meeting. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15 RESERVES

Statutory reserve
In accordance with the Articles of Association of certain entities in the Group and Article 255 of the UAE Federal Commercial Companies Law of 1984 (as amended), a minimum of 10% of the net profit for the year of the individual entities to which the law is applicable has been transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid up share capital of the applicable entities. This reserve is non distributable except in certain circumstances. The consolidated statutory reserve reflects transfers made post-acquisition for subsidiary companies together with transfers made by the parent company. It does not, however, reflect the additional transfers to the consolidated statutory reserves which would be made if the retained post-acquisition profits of the subsidiaries were distributed to the parent company.

Fair value reserve
The reserve records fair value changes on available-for-sale financial assets until the investments are derecognised or impaired.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

16 RETAINED EARNINGS

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 year ended 31 December 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 at 31 December 2007 as approved by the shareholders in the Company's annual General Meeting held on 12 April 2008.

Proposed directors' fees
Directors' fees of AED 1.6 million (2008: AED 1.4 million) representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2009 have been proposed. Out of the amount proposed in 2009, an amount of AED 1.4 million (2008: AED 1.4 million) was paid during the year ended 31 December 2009.

17 LOANS AND BORROWINGS

	2009 AED'000	*2008 AED'000*
Non-current		
Term loan	**26**	10,303
Notes payable	**126**	72
Finance lease obligations (a)	**6,311**	5,392
	6,463	15,767
Current		
Term loan	**778**	5,416
Notes payable	**182**	88
Finance lease obligations (a)	**6,522**	6,194
	7,482	11,698

(a) Finance lease obligation

Future minimum annual payments under all non-cancellable finance leases are as follows:

	Future minimum lease payments AED'000	*Interest AED'000*	*Present value of minimum lease payments AED'000*
Less than one year	7,400	878	6,522
Between one and five years	6,847	536	6,311
31 December 2009	**14,247**	**1,414**	**12,833**
Less than one year	6,958	764	6,194
Between one and five years	5,873	481	5,392
31 December 2008	12,831	1,245	11,586

Finance lease obligations are denominated in Saudi Riyals (SR), Euro, GBP and Egyptian Pound (EGP) and have maturities between 2009 and 2013. Interest rates on finance lease obligations range from 8% to 16%.

18 EMPLOYEES' END OF SERVICE BENEFITS

	2009 AED'000	*2008 AED'000*
Provision as at 1 January	**52,010**	39,428
Provided during the year	**12,471**	15,747
Paid during the year	**(5,511)**	(2,970)
Employees' end of service benefits arising from acquisition of Metrofile	**686**	-
Exchange differences	**(38)**	(195)
Provision as at 31 December	**59,618**	52,010

19 ACCOUNTS PAYABLE

Trade payables mainly include payables to third party suppliers against invoices received from them for line haul, freight services, handling and delivery charges.

20 BANK OVERDRAFTS

The Group maintains overdrafts and lines of credit with various banks. Aramex International Limited (AIL) has provided a corporate guarantee of AED 1.8 million to Audi Bank in Lebanon to secure the bank facilities given for the Aramex subsidiary in Lebanon, none of which was utilised by Aramex Lebanon as at 31 December 2009 and 2008.

Two Way Group has outstanding bank overdrafts and line of credits of AED 8.92 million as at 31 December 2009 (2008: AED 14.08 million), which are secured by a floating charge over the assets of the Two Way Group together with inter-company guarantees within the Group. Two Way Group also has an invoice discounting facility which is secured by a charge over the book debts of Two Way.

21 OTHER CURRENT LIABILITIES

	2009 AED'000	*2008 AED'000*
Accrued expenses	**186,814**	161,721
Deferred revenue	**10,696**	7,991
Sales and other taxes	**8,978**	5,361
Income taxes payable	**12,393**	12,580
Customers' deposits	**199**	1,314
Social security taxes payable	**4,387**	3,532
Others	**8,971**	8,766
	232,438	201,265

22 REVENUE

	2009 AED'000	*2008 AED'000*
International express	**626,588**	610,343
Freight forwarding	**758,790**	912,599
Domestic express	**302,302**	295,665
Logistics	**124,485**	132,654
Publications and distribution	**31,745**	35,955
Others*	**116,876**	92,738
	1,960,786	2,079,954

* Represents revenues from other special services which the Group renders, including airline ticketing and travel, visa services and revenues from document retention business. All related costs are reflected in cost of services.

23 COST OF SERVICES

	2009 AED'000	*2008 AED'000*
International express	**200,871**	251,747
Freight forwarding	**518,626**	652,518
Domestic express	**65,914**	67,527
Logistics	**28,884**	27,300
Publications and distribution	**23,065**	27,991
Others	**15,385**	14,888
	852,745	1,041,971

24 ADMINISTRATIVE EXPENSES

	2009 AED'000	*2008 AED'000*
Salaries and benefits	**187,964**	176,793
Rent	**41,378**	34,074
Depreciation	**31,334**	39,211
Communication expenses	**19,499**	21,054
Repairs and maintenance	**11,777**	12,017
Travel expenses	**8,246**	8,691
Allowance for impairment losses	**8,792**	9,981
Utilities	**6,990**	7,925
Printing and stationary	**5,398**	5,706
Entertainment	**3,617**	3,922
Vehicle running expenses	**3,250**	4,450
Insurance	**3,112**	3,249
Conference and meeting expenses	**595**	2,444
Sponsorship fees	**1,175**	1,252
Government fees and taxes	**2,286**	2,049
Contributions and donations	**2,141**	4,949
Others	**52,966**	49,237
	390,520	387,004

25 OPERATING EXPENSES

	2009 AED'000	*2008 AED'000*
Salaries and benefits	**274,773**	252,643
Vehicle running and maintenance	**52,144**	51,491
Supplies	**19,006**	19,634
Communication expenses	**4,865**	4,776
Depreciation	**13,503**	4,017
Others	**48,507**	43,963
	412,798	376,524

26 OTHER (EXPENSES) INCOME

	2009 AED'000	*2008 AED'000*
Exchange (loss) gain	**(1,090)**	1,771
Loss on sale of property, plant and equipment	**(259)**	(852)
Gain on sale of available- for- sale investments	**-**	512
Miscellaneous income	**1,099**	1,356
	(250)	2,787

27 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*	*2009 AED'000*	*2008 AED'000*
Income statement items:					
Rent expense	**250**	**1,580**	**5,966**	**7,796**	6,921

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

	2009 AED'000	*2008 AED'000*
Salaries and other short term benefits	**21,266**	17,292
End of service benefits	**152**	152

Significant subsidiaries of the Group include:
Aramex International Limited, Bermuda
Aramex Amman, Jordan
Arab American International Express Company, Lebanon
Jordan Distribution Agency, Amman
Aramex India Private Limited, India
Aramex International Egypt for Air and Local services (S.A.E), Egypt
Aramex, Kuwait
Aramex Emirates LLC, Dubai
Aramex, Abu Dhabi
Two Way Forwarding & Logistics (Ireland) Limited
Two Way Holland BV

All of the above subsidiaries are 100% owned by the Parent Company.

Certain subsidiaries of the Group are controlled through shareholder agreements and accordingly consolidated in these consolidated financial statements.

Balances with related parties are disclosed throughout these financial statements.

28 EARNINGS PER SHARE

	31 December 2009	*31 December 2008*
Profit attributable to shareholders of the parent (AED'000)	**184,287**	147,321
Weighted average number of shares during the period (shares)	**1,331 million**	1,331 million
Basic and diluted earnings per share (AED)	**0.138**	0.111

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

29 OPERATING LEASES

As lessee
The Group leases land, office space, warehouses and transportation equipment under various operating leases, some of which are renewable annually. Rent expense related to these leases amounted to AED 72.17 million for the year ended 31 December 2009 (2008: AED 64.40 million). The Group believes that most operating leases will be renewed at comparable rates to the expiring leases.

The approximate minimum annual rental commitments of the Group under the existing lease agreements are as follows:

	2009 AED'000	*2008 AED'000*
Less than one year	**66,571**	61,624
Between one and five years	**223,707**	194,863
More than five years	**103,042**	83,994

30 SEGMENTAL INFORMATION

For management purposes, the Group is organised 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 segments for the years ended 31 December 2009 and 2008, respectively.

30 SEGMENTAL INFORMATION (continued)

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Elimination AED'000*	*Total AED'000*
Year ended 31 December 2009							
Third party	**626,587**	**758,790**	**302,302**	**124,485**	**148,622**	-	**1,960,786**
Inter-segment	**295,436**	**166,204**	**14,253**	**3,476**	**4,690**	**(484,059)**	-
Total revenues	**922,023**	**924,994**	**316,555**	**127,961**	**153,312**	**(484,059)**	**1,960,786**
Gross profit	**425,717**	**240,164**	**236,388**	**95,601**	**110,171**	-	**1,108,041**
Year ended 31 December 2008							
Third party	610,343	912,599	295,665	132,654	128,693	-	2,079,954
Inter-segment	294,361	158,828	105	8,874	6,775	(468,943)	-
Total revenues	904,704	1,071,427	295,770	141,528	135,468	(468,943)	2,079,954
Gross profit	358,596	260,081	228,138	105,354	85,814	-	1,037,983

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

Geographical segments
The business segments are managed on a worldwide basis, but operate in four principal geographical areas, Middle East and North Africa, Europe, North America and Asia. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

30 SEGMENTAL INFORMATION (continued)

	2009 AED'000	*2008 AED'000*
Revenues		
Middle East and North Africa	**1,454,411**	1,476,205
Europe	**356,742**	427,174
North America	**29,124**	41,251
Asia	**120,509**	135,324
	1,960,786	2,079,954
Assets		
Middle East and North Africa	**1,902,897**	1,700,558
Europe	**101,123**	87,594
North America	**10,745**	11,822
Asia	**43,457**	45,333
	2,058,222	1,845,307
Property, plant and equipment		
Middle East and North Africa	**225,603**	217,267
Europe	**16,173**	15,842
North America	**1,242**	1,462
Asia	**3,899**	5,796
	246,917	240,367
Liabilities		
Middle East and North Africa	**320,528**	296,069
Europe	**83,948**	82,115
North America	**9,984**	10,093
Asia	**19,964**	20,535
	434,424	408,812

31 COMMITMENTS AND CONTINGENCIES

Contingent liabilities

	2009 AED'000	*2008 AED'000*
Letters of guarantee	**45,653**	39,353

Capital commitments
As at 31 December 2009, the Group has capital commitments of AED 43.95 million (2008: AED 97.03 million) towards purchase/construction of property, plant and equipment.

32 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdraft, notes payable and term loans).

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant. There is no direct impact on the Group's equity.

	Changes in interest rate %	*Effect on profit for the year AED'000*
2009		
Variable rate instruments	**1**	**105**
Variable rate instruments	**(1)**	**(105)**
2008		
Variable rate instruments	1	362
Variable rate instruments	(1)	(362)

Credit risk
This is the risk that other parties will fail to discharge their obligations to the Group. The Group manages credit risk with its customers by establishing credit limits for customers' balances and also disconnects the service for customers exceeding certain limits for a certain period of time. Also, the diversity of the Group's customer base (residential, corporate, government agencies) limits the credit risk. The Group also has a credit department that continuously monitors the credit status of the Group's customers.

The Group also deposits its cash balances with a number of major high rated financial institutions and has a policy of limiting its balances deposited with each institution.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 75 percent of the Group's trade receivables are based in Middle East and North Africa.

Management has established a credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for customers, who represent the maximum open amount without requiring approval from senior Group management; these limits are reviewed regularly.

A significant portion of the Group's customers have been transacting with the Group for a number of years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are an agent, wholesaler, retailer or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

32 RISK MANAGEMENT (continued)

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturities of the group's financial liabilities at 31 December, based on contractual undiscounted payments:

At 31 December 2009

	Less than 3 months AED'000	*3 to 12 months AED'000*	*1-2 year AED'000*	*2-5 years AED'000*	*> 5 years AED'000*	*Total AED'000*
Term loans	**298**	**491**	**26**	**-**	**-**	**815**
Notes payables	**61**	**147**	**110**	**20**	**-**	**338**
Finance lease obligations	**2,123**	**5,277**	**4,335**	**2,512**	**-**	**14,247**
Bank overdrafts	**8,951**	**-**	**-**	**-**	**-**	**8,951**
Trade and other payables	**327,784**	**-**	**-**	**-**	**-**	**327,784**
	339,217	**5,915**	**4,471**	**2,532**	**-**	**352,135**

At 31 December 2008

	Less than 3 months AED'000	*3 to 12 months AED'000*	*1-2 year AED'000*	*2-5 years AED'000*	*> 5 years AED'000*	*Total AED'000*
Term loans	1,842	4,429	4,539	6,871	-	17,681
Notes payables	56	122	38	4	-	220
Finance lease obligations	2,147	4,811	4,196	1,677	-	12,831
Bank overdrafts	14,300	-	-	-	-	14,300
Trade and other payables	293,869	-	-	-	-	293,869
	312,214	9,362	8,773	8,552	-	338,901

Currency risk
Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Group is exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the United States Dollar (USD), Euro, Egyptian Pound, Sterling (GBP) and the Indian Rupee (INR). The currencies in which these transactions are primarily denominated are Euro, USD, and GBP. The Parent Company's and a number of other Group entities' functional currencies are either the USD or currencies that are pegged to the USD. As a significant portion of the Group's transactions are denominated in USD, this reduces currency risk. The Group also has currency exposures on intra group transactions in the case of Group entities where the functional currency is not the USD or a currency that is not pegged to the USD. Intra Group transactions are primarily denominated in USD.

32 RISK MANAGEMENT (continued)

Currency risk (continued)
The Group has recently started to hedge some of its trade payables denominated in certain foreign currencies, mainly Euros. However, a significant portion of the Group's trade payables and all of its foreign currency receivables, denominated in a currency other than the functional currency of the respective Group entities, are subject to risks associated with currency exchange fluctuation. The Group reduces some of this currency exposure by maintaining some of its bank balances in foreign currencies in which some of its trade payables are denominated. This provides an economic hedge.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Changes in currency rate to USD %	*Effect on profit before tax AED'000*
2009		
- EUR	**10**	**663**
- INR	**10**	**220**
- GBP	**10**	**586**
- EGP	**10**	**(788)**
2008		
- EUR	10	553
- INR	10	440
- GBP	10	(186)
- EGP	10	292

The effect of decreases in exchange rates are expected to be equal and opposite to the effects of the increases shown.

Equity price risk
The Group's listed equity securities are susceptible to market price risks.

The following table shows the effect of changes in year -end prices of equity securities:

	Changes in market year end price %	*Effect on equity for the year AED'000*
2009		
Dubai financial market	**5**	**248**
Dubai financial market	**(5)**	**(248)**
2008		
Dubai financial market	5	165
Dubai financial market	(5)	(165)

Capital management
The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008. Capital comprises share capital, statutory reserve and retained earnings, and is measured at AED 1,595,971 thousand as at 31 December 2009 (2008: AED 1,413,084 thousand).

32 RISK MANAGEMENT (continued)

Capital management (continued)
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group currently has minimal borrowings. In the medium to long term, the Group believes that having a debt to equity ratio of up to 50% would still enable the Group to achieve its objective of maintaining a strong capital base.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables, available-for-sale investments and other current assets. Financial liabilities consist of term loans, trade payables and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of all instruments measured at fair value are determined using level 1 in the fair value hierarchy.

34 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable were AED 383,023 thousand (2008: AED 371,862 thousand) and the provision for doubtful debts was AED 33,963 thousand (2008: AED 25,592 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.