

**ARAMEX PJSC AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2017**

## **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 2017, comprising the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting “IAS 34”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by  
Ashraf Abu-Sharkh  
Partner  
Registration no. 690

31 July 2017  
Dubai, United Arab Emirates

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 (Unaudited)

|   | Notes | 30 June<br>2017<br>AED'000<br>(Unaudited) | 31 December<br>2016<br>AED'000<br>(Audited) |
|---|-------|---|---|
| <b>ASSETS</b>   |       |   |   |
| <b>Non-current assets</b>                                     |       |   |   |
| Property, plant and equipment                                 | 5     | 851,372                                   | 840,272                                     |
| Goodwill  |       | 1,084,004                                 | 1,084,004                                   |
| Other intangible assets                                       |       | 224,222                                   | 226,558                                     |
| Investments in joint ventures and associates                  |       | 141,833                                   | 135,789                                     |
| Available for sale financial assets                           |       | 39,825                                    | 26,066                                      |
| Deferred tax assets   |       | 12,181                                    | 3,477                                       |
| Other non-current assets                                      |       | 2,923                                     | 2,884                                       |
|   |       | <u>2,356,360</u>                          | <u>2,319,050</u>                            |
| <b>Current assets</b>   |       |   |   |
| Accounts receivable, net                                      |       | 873,798                                   | 754,420                                     |
| Other current assets  |       | 241,971                                   | 199,390                                     |
| Bank balances and cash  | 7     | 605,844                                   | 701,296                                     |
|   |       | <u>1,721,613</u>                          | <u>1,655,106</u>                            |
| <b>TOTAL ASSETS</b>   |       | <u>4,077,973</u>                          | <u>3,974,156</u>                            |
| <b>EQUITY AND LIABILITIES</b>                                 |       |   |   |
| <b>Equity</b>   |       |   |   |
| Share capital   | 8     | 1,464,100                                 | 1,464,100                                   |
| Statutory reserve   |       | 227,198                                   | 227,198                                     |
| Foreign currency translation reserve                          |       | (347,235)                                 | (350,627)                                   |
| Reserve arising from acquisition of non-controlling interests | 3     | (36,762)                                  | (33,037)                                    |
| Retained earnings   |       | 908,844                                   | 957,783                                     |
|   |       | <u>2,216,145</u>                          | <u>2,265,417</u>                            |
| <b>Equity attributable to equity holders of the Parent</b>    |       | <u>2,216,145</u>                          | <u>2,265,417</u>                            |
| Non-controlling interests                                     |       | 10,041                                    | 9,085                                       |
|   |       | <u>2,226,186</u>                          | <u>2,274,502</u>                            |
| <b>LIABILITIES</b>  |       |   |   |
| <b>Non-current liabilities</b>                                |       |   |   |
| Interest-bearing loans and borrowings                         |       | 333,163                                   | 361,762                                     |
| Employees' end of service benefits                            |       | 143,412                                   | 138,797                                     |
| Employees' benefit liability                                  | 6     | 60,076                                    | 74,988                                      |
| Deferred tax liabilities                                      |       | 2,077                                     | 2,239                                       |
|   |       | <u>538,728</u>                            | <u>577,786</u>                              |
| <b>Current liabilities</b>                                    |       |   |   |
| Accounts payable  |       | 316,648                                   | 232,358                                     |
| Bank overdrafts   | 7, 9  | 121,890                                   | 57,453                                      |
| Interest-bearing loans and borrowings                         |       | 216,030                                   | 211,881                                     |
| Other current liabilities                                     |       | 658,491                                   | 620,176                                     |
|   |       | <u>1,313,059</u>                          | <u>1,121,868</u>                            |
| <b>Total liabilities</b>                                      |       | <u>1,851,787</u>                          | <u>1,699,654</u>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           |       | <u>4,077,973</u>                          | <u>3,974,156</u>                            |

  
Abdullah Al Mazrui  
(Chairman)

  
Hussein Hachem  
(Chief Executive Officer)

  
Bashar Obeid  
(Chief Financial Officer)

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three and six months ended 30 June 2017 (Unaudited)

|  | Note | <i>Three months ended 30 June</i> |                | <i>Six months ended 30 June</i> |                  |
|--|------|-----------------------------------|----------------|---------------------------------|------------------|
|  |      | <i>2017</i>                       | <i>2016</i>    | <i>2017</i>                     | <i>2016</i>      |
|  |      | <i>AED'000</i>                    | <i>AED'000</i> | <i>AED'000</i>                  | <i>AED'000</i>   |
| <b>Continuing operations</b>   |      |                                   |                |                                 |                  |
| Rendering of services  |      | 1,147,638                         | 1,104,986      | 2,253,570                       | 2,134,326        |
| Cost of services   |      | (526,952)                         | (497,141)      | (1,021,169)                     | (943,946)        |
| <b>Gross profit</b>  |      | <b>620,686</b>                    | <b>607,845</b> | <b>1,232,401</b>                | <b>1,190,380</b> |
| Share of results of joint ventures and associates                      |      | (997)                             | (296)          | (3,444)                         | (965)            |
| Selling and marketing expenses   |      | (52,112)                          | (52,525)       | (104,975)                       | (101,831)        |
| Administrative expenses  |      | (244,095)                         | (236,780)      | (488,327)                       | (459,190)        |
| Operating expenses   |      | (200,827)                         | (210,435)      | (399,762)                       | (406,981)        |
| Gain on bargain purchase   |      | -                                 | 41,568         | -                               | 41,568           |
| Other income (expense), net  |      | 1,431                             | (79)           | 3,441                           | 3,219            |
| <b>Operating profit</b>  |      | <b>124,086</b>                    | <b>149,298</b> | <b>239,334</b>                  | <b>266,200</b>   |
| Finance income   |      | 1,664                             | 1,969          | 3,432                           | 4,478            |
| Finance expense  |      | (5,930)                           | (6,306)        | (11,711)                        | (11,713)         |
| <b>Profit before tax from continuing operations</b>                    |      | <b>119,820</b>                    | <b>144,961</b> | <b>231,055</b>                  | <b>258,965</b>   |
| Income tax expense   |      | (19,150)                          | (13,845)       | (35,770)                        | (25,368)         |
| <b>Profit for the period from continuing operations</b>                |      | <b>100,670</b>                    | <b>131,116</b> | <b>195,285</b>                  | <b>233,597</b>   |
| <b>Discontinued operations</b>   |      |                                   |                |                                 |                  |
| Profit after tax for the period from discontinued operations           |      | -                                 | 1,606          | -                               | 2,897            |
| <b>Profit for the period</b>   |      | <b>100,670</b>                    | <b>132,722</b> | <b>195,285</b>                  | <b>236,494</b>   |
| <b>Attributable to:</b>  |      |                                   |                |                                 |                  |
| <i>Equity holders of the Parent</i>                                    |      |                                   |                |                                 |                  |
| Profit for the period from continuing operations                       |      | 96,988                            | 124,058        | 188,747                         | 219,637          |
| Profit for the period from discontinued operations                     |      | -                                 | 1,606          | -                               | 2,897            |
|  |      | <b>96,988</b>                     | <b>125,664</b> | <b>188,747</b>                  | <b>222,534</b>   |
| <i>Non-controlling interests</i>                                       |      |                                   |                |                                 |                  |
| Profit for the period from continuing operations                       |      | 3,682                             | 7,058          | 6,538                           | 13,960           |
|  |      | <b>100,670</b>                    | <b>132,722</b> | <b>195,285</b>                  | <b>236,494</b>   |
| <b>Earnings per share attributable to equity holders of the Parent</b> |      |                                   |                |                                 |                  |
|  | 8    | AED                               | AED            | AED                             | AED              |
| Basic and diluted earnings per share                                   |      | <b>0.066</b>                      | <b>0.086</b>   | <b>0.129</b>                    | <b>0.152</b>     |

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2017 (Unaudited)

|   | <i>Three months ended 30 June</i> |                               | <i>Six months ended 30 June</i> |                               |
|---|-----------------------------------|-------------------------------|---------------------------------|-------------------------------|
|   | <i>2017</i><br><i>AED'000</i>     | <i>2016</i><br><i>AED'000</i> | <i>2017</i><br><i>AED'000</i>   | <i>2016</i><br><i>AED'000</i> |
| <b>Profit for the period</b>  | <b>100,670</b>                    | 132,722                       | <b>195,285</b>                  | 236,494                       |
| <b>Other comprehensive income, net of tax:</b>  |                                   |                               |                                 |                               |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> |                                   |                               |                                 |                               |
| Exchange differences on translation of foreign operations                                     | <b>6,861</b>                      | 2,109                         | <b>2,856</b>                    | (30,414)                      |
| <b>Other comprehensive income (loss) for the period, net of tax</b>                           | <b>6,861</b>                      | 2,109                         | <b>2,856</b>                    | (30,414)                      |
| <b>Total comprehensive income for the period</b>  | <b>107,531</b>                    | 134,831                       | <b>198,141</b>                  | 206,080                       |
| <b>Attributable to:</b>   |                                   |                               |                                 |                               |
| Equity holders of the Parent  | <b>104,387</b>                    | 129,567                       | <b>192,139</b>                  | 193,913                       |
| Non-controlling interests   | <b>3,144</b>                      | 5,264                         | <b>6,002</b>                    | 12,167                        |
|   | <b>107,531</b>                    | 134,831                       | <b>198,141</b>                  | 206,080                       |

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 (Unaudited)

|  | Attributable to equity holders of the Parent |                                  |   |   |                                  |  | Total<br>AED '000 |
|--|--|----------------------------------|---|---|----------------------------------|--|-------------------|
|  | Share<br>capital<br>AED '000                 | Statutory<br>reserve<br>AED '000 | Foreign<br>currency<br>translation<br>reserve<br>AED '000 | Reserve<br>arising from<br>acquisition of<br>non-controlling<br>interests<br>AED '000 | Retained<br>earnings<br>AED '000 | Non-controlling<br>interests<br>AED '000 |                   |
| <b>Six month period ended 30 June 2017</b>       |  |                                  |   |   |                                  |  |                   |
| At 1 January 2017                                | 1,464,100                                    | 227,198                          | (350,627)   | (33,037)  | 957,783                          | 2,265,417                                | 2,274,502         |
| Total comprehensive income for the period        | -  | -                                | 3,392   | -   | 188,747                          | 192,139                                  | 198,141           |
| Directors' fees paid                             | -  | -                                | -   | -   | (3,430)                          | (3,430)                                  | (3,430)           |
| Dividends of subsidiaries                        | -  | -                                | -   | -   | -                                | -  | (5,831)           |
| Acquisition of non-controlling interest (note 3) | -  | -                                | -   | (3,725)   | -                                | (3,725)                                  | (4,333)           |
| Non-controlling interests                        | -  | -                                | -   | -   | -                                | -  | 1,393             |
| Dividends paid to shareholders (note 4)          | -  | -                                | -   | -   | (234,256)                        | (234,256)                                | (234,256)         |
| <b>At 30 June 2017</b>                           | <b>1,464,100</b>                             | <b>227,198</b>                   | <b>(347,235)</b>  | <b>(36,762)</b>   | <b>908,844</b>                   | <b>2,216,145</b>                         | <b>2,226,186</b>  |
| <b>Six month period ended 30 June 2016</b>       |  |                                  |   |   |                                  |  |                   |
| At 1 January 2016                                | 1,464,100                                    | 195,663                          | (255,821)   | (28,119)  | 785,708                          | 2,161,531                                | 2,199,795         |
| Total comprehensive income for the period        | -  | -                                | (28,621)  | -   | 222,534                          | 193,913                                  | 206,080           |
| Directors' fees paid                             | -  | -                                | -   | -   | (3,368)                          | (3,368)                                  | (3,368)           |
| Dividends of subsidiaries                        | -  | -                                | -   | -   | -                                | -  | (38,827)          |
| Acquisition of subsidiaries                      | -  | -                                | -   | -   | -                                | -  | 13,882            |
| Acquisition of non-controlling interest          | -  | -                                | -   | (1,255)   | -                                | (1,255)                                  | (2,203)           |
| Non-controlling interests                        | -  | -                                | -   | -   | -                                | -  | 85                |
| Dividends paid to shareholders (note 4)          | -  | -                                | -   | -   | (219,615)                        | (219,615)                                | (219,615)         |
| <b>At 30 June 2016</b>                           | <b>1,464,100</b>                             | <b>195,663</b>                   | <b>(284,442)</b>  | <b>(29,374)</b>   | <b>785,259</b>                   | <b>2,131,206</b>                         | <b>2,155,829</b>  |

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements

Aramex PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017 (Unaudited)

|   |              | <i>Six months ended 30 June</i> |                  |
|---|--------------|---------------------------------|------------------|
|   |              | <i>2017</i>                     | <i>2016</i>      |
|   |              | <i>AED'000</i>                  | <i>AED'000</i>   |
|   | <i>Notes</i> |                                 |                  |
| <b>OPERATING ACTIVITIES</b>                               |              |                                 |                  |
| Profit before tax from continuing operations              |              | 231,055                         | 258,965          |
| Profit before tax from discontinued operations            |              | -                               | 4,133            |
| <b>Profit before tax</b>                                  |              | <b>231,055</b>                  | <b>263,098</b>   |
| <b>Adjustment for:</b>                                    |              |                                 |                  |
| Depreciation of property, plant and equipment             |              | 51,222                          | 48,295           |
| Amortization of other intangible assets                   |              | 2,336                           | 4,125            |
| Gain on disposal of property, plant and equipment         |              | (729)                           | (4,212)          |
| Provision for employees' end of service benefits          |              | 12,180                          | 11,827           |
| Provision for doubtful accounts, net                      |              | 2,145                           | 3,790            |
| Net finance expense                                       |              | 8,279                           | 7,235            |
| Share-based payment expense                               | 6            | 26,281                          | 17,808           |
| Share of results of joint ventures and associates         |              | 3,444                           | 965              |
| Gain on bargain purchase                                  |              | -                               | (41,568)         |
|   |              | <b>336,213</b>                  | <b>311,363</b>   |
| Working capital adjustments:                              |              |                                 |                  |
| Accounts receivable                                       |              | (121,523)                       | (69,055)         |
| Accounts payable  |              | 84,290                          | 12,962           |
| Other current assets                                      |              | (42,581)                        | (52,149)         |
| Other current liabilities                                 |              | 18,916                          | (19,966)         |
| Cash from operations                                      |              | 275,315                         | 183,155          |
| Employees' end of service benefits paid                   |              | (7,875)                         | (6,156)          |
| Employees' benefit plan paid                              | 6            | (41,193)                        | -                |
| Income tax paid   |              | (25,240)                        | (28,130)         |
| <b>Net cash flows from operating activities</b>           |              | <b>201,007</b>                  | <b>148,869</b>   |
| <b>INVESTING ACTIVITIES</b>                               |              |                                 |                  |
| Purchase of property, plant and equipment                 | 5            | (58,224)                        | (90,567)         |
| Proceeds from sale of property, plant and equipment       |              | 4,793                           | 6,530            |
| Available for sale financial assets                       |              | (13,759)                        | (22,393)         |
| Interest received   |              | 3,432                           | 4,478            |
| Acquisition of non-controlling interests                  |              | (4,333)                         | (2,203)          |
| Other non-current assets                                  |              | (39)                            | (948)            |
| Margin deposits   |              | (941)                           | (319)            |
| Investment in an associate and joint venture              |              | (3,116)                         | (9,000)          |
| Acquisition of subsidiaries, net of cash acquired         |              | -                               | (289,094)        |
| Cash of a subsidiary held for sale                        |              | -                               | (4,955)          |
| <b>Net cash flows used in investing activities</b>        |              | <b>(72,187)</b>                 | <b>(408,471)</b> |
| <b>FINANCING ACTIVITIES</b>                               |              |                                 |                  |
| Interest paid   |              | (11,711)                        | (11,713)         |
| Proceeds from loans and borrowings                        |              | 9,656                           | 328,712          |
| Repayment of loans and borrowings                         |              | (34,106)                        | (43,231)         |
| Dividends paid to non-controlling interests               |              | (5,831)                         | (38,827)         |
| Non-controlling interests                                 |              | 1,393                           | 85               |
| Directors' fees paid                                      |              | (3,430)                         | (3,368)          |
| Dividends paid to shareholders                            |              | (234,256)                       | (219,615)        |
| <b>Net cash flows (used in) from financing activities</b> |              | <b>(278,285)</b>                | <b>12,043</b>    |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>          |              | <b>(149,465)</b>                | <b>(247,559)</b> |
| Net foreign exchange difference                           |              | (11,365)                        | (19,735)         |
| Cash and cash equivalents at 1 January                    | 7            | 639,474                         | 662,246          |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>               | 7            | <b>478,644</b>                  | <b>394,952</b>   |

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements

# Aramex PJSC and its subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

### 1 ACTIVITIES

Aramex PJSC (the “Parent Company”) is a Public Joint Stock Company registered in the Emirate of Dubai, United Arab Emirates on 15 February 2005 under UAE Federal Law No 2 of 2015. The condensed consolidated financial statements of the Company as at 30 June 2017 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, Sheikh Zayed Road, Dubai, United Arab Emirates.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 31 July 2017.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2017 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 2016. In addition, results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

#### **Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

#### **Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative**

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group’s consolidated interim condensed financial statements.

#### **Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses**

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group’s consolidated interim condensed financial statements.



**3 BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTEREST***Acquisition of Non-Controlling Interest*

2017

**Acquisition of additional interest in Aramex International for Services Co. Ltd. - Sudan**

In February 2017, the Group acquired an additional 20% interest of the voting shares of Aramex International for Services Co. Ltd. – located in Sudan, increasing its ownership interest to 100%. Cash consideration of AED 4,333 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex International for Services Co. Ltd. at the acquisition date was AED 3,041 thousand, and the carrying value of the additional interest acquired was AED 608 thousand. The difference of AED 3,725 thousand between the consideration paid and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex International for Services Co. Ltd. - Sudan:

|   | <i>AED'000</i> |
|---|----------------|
| Cash consideration paid to non-controlling shareholders                         | 4,333          |
| Less: carrying value of the additional interest in Aramex International Ltd.    | (608)          |
|   | <hr/>          |
| Difference recognized as a reserve from acquisition of non-controlling interest | <u>3,725</u>   |

## Aramex PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

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

2016

##### 1. Acquisition of Fastway Limited (New Zealand)

In February 2016, the Group acquired 100% of the voting shares of Fastway Limited, an unlisted company based in New Zealand and specializing in domestic business.

##### Assets acquired and liabilities assumed

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

|  | <i>Fair value<br/>recognised<br/>on acquisition<br/>AED'000</i> | <i>Carrying<br/>value<br/>AED'000</i> |
|--|---|---------------------------------------|
| <b>Assets</b>  |   |                                       |
| Property, plant and equipment  | 22,056  | 22,056                                |
| Trade and other receivables  | 32,458  | 32,458                                |
| Bank balances and cash   | 31,395  | 31,395                                |
| Deferred tax and other non-current assets  | 9,489   | 9,489                                 |
| Intangible assets  | 178,091   | -                                     |
|  | <u>273,489</u>  | <u>95,398</u>                         |
| <b>Liabilities</b>   |   |                                       |
| Trade and other payables   | (75,959)  | (75,959)                              |
| Deferred tax liability   | (1,911)   | -                                     |
|  | <u>195,619</u>  | <u>19,439</u>                         |
| <b>Total identifiable net assets at fair value</b>   |   |                                       |
| Goodwill arising on acquisition  | 126,457   |                                       |
|  | <u>322,076</u>  |                                       |
| <b>Purchase consideration transferred</b>  |   |                                       |
|  |   |                                       |
| <b>Analysis of cash flow on acquisition:</b>   |   |                                       |
| Net cash acquired with the subsidiary  |   | 31,395                                |
| Cash paid  |   | (322,076)                             |
|  |   | <u>          </u>                     |
| <b>Net cash outflow (included in cash flows used in investing activities<br/>in the statement of cash flows)</b> |   | <u>(290,681)</u>                      |

The net assets recognized in the 31 December financial statements were based on provisional assessment of their fair value. The valuation had not been completed by the date the 2016 financial statements were approved for issue by the Board of Directors.

During 2017, the valuation was completed and there were no changes on the fair value on the net assets recognized.

## Aramex PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

#### 4 DIVIDENDS

The General Assembly approved in its meeting held on 21 March 2017 a cash dividend for 2016 of 16% of the Company's share capital.

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

#### 5 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property and equipment with a cost of AED 58 million (six months ended 30 June 2016: AED 91 million).

#### 6 EMPLOYEES' BENEFIT LIABILITY

In February 2014, a total 37,000,000 phantom shares were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of Aramex shares on the date of grant. The fair value at grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contracted life of each option granted is six years. The awards will be settled in cash.

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

The Group expects that the earnings target will be achieved for the remaining life of the plan and hence each option will have an exercise price of zero. During the period ended 30 June 2017, a number of employees exercised their share rights which were paid in cash.

Movements on provision for employees' end of service benefits were as follows:

|                                | <i>30 June<br/>2017<br/>AED'000</i> | <i>31 December<br/>2016<br/>AED'000</i> |
|--------------------------------|-------------------------------------|---|
| At 1 January                   | 74,988                              | 63,825                                  |
| Employees benefit plan expense | 26,281                              | 47,627                                  |
| Paid during the period / year  | <u>(41,193)</u>                     | <u>(36,464)</u>                         |
|                                | <u>60,076</u>                       | <u>74,988</u>                           |

Employees' benefit liability was re-measured at fair value at an amount of AED 60.1 million as of 30 June 2017 (AED 74.9 million as of 31 December 2016).

#### 7 CASH AND CASH EQUIVALENTS

|                                | <i>30 June<br/>2017<br/>AED'000</i> | <i>31 December<br/>2016<br/>AED'000</i> |
|--------------------------------|-------------------------------------|---|
| Cash and short term deposits   | 605,844                             | 701,296                                 |
| Less: cash margin              | (5,310)                             | (4,369)                                 |
| Less: bank overdrafts (note 9) | <u>(121,890)</u>                    | <u>(57,453)</u>                         |
|                                | <u>478,644</u>                      | <u>639,474</u>                          |

Included within cash and short term deposits are amounts totaling AED 445,194 thousand (31 December 2016: AED 409,302 thousand) held at foreign banks abroad and amounts totaling approximately AED 113,851 thousand of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as trade payable in the consolidated statement of financial position (31 December 2016: AED 69,779 thousand).

## Aramex PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

#### 8 EARNINGS PER SHARE

|  | <i>Three months ended 30 June</i> |                 | <i>Six months ended 30 June</i> |                 |
|--|-----------------------------------|-----------------|---------------------------------|-----------------|
|  | <i>2017</i>                       | <i>2016</i>     | <i>2017</i>                     | <i>2016</i>     |
| Profit attributable to shareholders of Parent (AED'000)      | <b>96,988</b>                     | 125,664         | <b>188,747</b>                  | 222,534         |
| Weighted average number of shares during the period (shares) | <b>1,464.1 million</b>            | 1,464.1 million | <b>1,464.1 million</b>          | 1,464.1 million |
| Basic and diluted earnings per share (AED)                   | <b>0.066</b>                      | 0.086           | <b>0.129</b>                    | 0.152           |

#### 9 BANK OVERDRAFTS

The Group maintains overdrafts and lines of credit with various banks :

Aramex Tunisia has outstanding overdrafts from Citi Bank of AED 694 thousand as at 30 June 2017 (2016: AED 456 thousand).

Aramex Algeria SARL has outstanding overdrafts from Citi Bank of AED 4,191 thousand as at 30 June 2017 (2016: AED 1,908).

Aramex International LLC has outstanding overdrafts from HSBC of AED 62,434 thousand and an outstanding overdraft from Citi Bank of AED 7,375 thousand as at 30 June 2017 (2016: AED 55,089 thousand).

Aramex Special Logistics has outstanding overdrafts from Citi Bank of AED 46,791 thousand as at 30 June 2017 (2016: AED Nil).

Aramex South Africa has outstanding overdrafts from ABAS – a member of Barclays Group of AED 405 thousand as at 30 June 2017 (2016: Nil).

#### 10 SEGMENT INFORMATION

For management purposes, the Group is organized into five operating segments:

- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break bulk services.
- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value added services.
- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

Aramex PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

**10 SEGMENT INFORMATION (continued)**

The following table presents revenue and profit information regarding the Group's operating segment for the six months ended 30 June 2017 and 2016, respectively.

|  | <i>International<br/>express<br/>AED'000</i> | <i>Freight<br/>forwarding<br/>AED'000</i> | <i>Domestic<br/>express<br/>AED'000</i> | <i>Logistics<br/>AED'000</i> | <i>Others<br/>AED'000</i> | <i>Elimination<br/>AED'000</i> | <i>Total<br/>AED'000</i> |
|--|--|---|---|------------------------------|---------------------------|--------------------------------|--------------------------|
| <b>Six months ended<br/>30 June 2017</b> |  |   |   |                              |                           |                                |                          |
| <b>Revenue</b>                           |  |   |   |                              |                           |                                |                          |
| Third party                              | 938,816                                      | 567,241                                   | 488,953                                 | 125,147                      | 133,413                   | -                              | 2,253,570                |
| Inter-segment                            | 385,940                                      | 112,090                                   | 1,493                                   | 3,468                        | 8,474                     | (511,465)                      | -                        |
| <b>Total revenue</b>                     | <b>1,324,756</b>                             | <b>679,331</b>                            | <b>490,446</b>                          | <b>128,615</b>               | <b>141,887</b>            | <b>(511,465)</b>               | <b>2,253,570</b>         |
| <b>Gross profit</b>                      | <b>628,000</b>                               | <b>152,636</b>                            | <b>247,246</b>                          | <b>94,244</b>                | <b>110,275</b>            | <b>-</b>                       | <b>1,232,401</b>         |
| <b>Six months ended<br/>30 June 2016</b> |  |   |   |                              |                           |                                |                          |
| <b>Revenue</b>                           |  |   |   |                              |                           |                                |                          |
| Third party                              | 788,571                                      | 586,453                                   | 489,497                                 | 133,740                      | 136,065                   | -                              | 2,134,326                |
| Inter-segment                            | 335,847                                      | 117,454                                   | 1,029                                   | 2,266                        | 6,930                     | (463,526)                      | -                        |
| <b>Total revenue</b>                     | <b>1,124,418</b>                             | <b>703,907</b>                            | <b>490,526</b>                          | <b>136,006</b>               | <b>142,995</b>            | <b>(463,526)</b>               | <b>2,134,326</b>         |
| <b>Gross profit</b>                      | <b>542,767</b>                               | <b>162,996</b>                            | <b>270,096</b>                          | <b>100,897</b>               | <b>113,624</b>            | <b>-</b>                       | <b>1,190,380</b>         |

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

# Aramex PJSC and its subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

### 10 SEGMENT INFORMATION (continued)

#### Geographical Information

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

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

|                             | <i>Six months ended 30 June</i> |                    |
|-----------------------------|---------------------------------|--------------------|
|                             | <i>2017</i>                     | <i>2016</i>        |
|                             | <i>AED'000</i>                  | <i>AED'000</i>     |
| <b>Revenues</b>             |                                 |                    |
| Middle East and Africa      | 1,374,007                       | 1,435,046          |
| Europe                      | 280,211                         | 281,007            |
| North America               | 62,476                          | 54,668             |
| Asia and others             | 536,876                         | 363,605            |
|                             | <u>2,253,570</u>                | <u>2,134,326</u>   |
|                             | <i>30 June</i>                  | <i>31 December</i> |
|                             | <i>2017</i>                     | <i>2016</i>        |
|                             | <i>AED'000</i>                  | <i>AED'000</i>     |
| <b>Assets</b>               |                                 |                    |
| Middle East and Africa      | 2,774,730                       | 2,752,965          |
| Europe                      | 402,355                         | 385,532            |
| North America               | 45,614                          | 48,868             |
| Asia and others             | 855,274                         | 786,791            |
|                             | <u>4,077,973</u>                | <u>3,974,156</u>   |
| <b>Non- current assets*</b> |                                 |                    |
| Middle East and Africa      | 820,660                         | 797,457            |
| Europe                      | 66,667                          | 63,782             |
| North America               | 3,287                           | 3,959              |
| Asia and others             | 366,638                         | 363,487            |
|                             | <u>1,257,252</u>                | <u>1,228,685</u>   |
| <b>Liabilities</b>          |                                 |                    |
| Middle East and Africa      | 1,212,641                       | 1,172,115          |
| Europe                      | 86,797                          | 81,484             |
| North America               | 13,301                          | 17,382             |
| Asia and others             | 539,048                         | 428,673            |
|                             | <u>1,851,787</u>                | <u>1,699,654</u>   |

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

**11 COMMITMENTS AND CONTINGENCIES**

|                      | <i>30 June<br/>2017<br/>AED'000</i> | <i>31 December<br/>2016<br/>AED'000</i> |
|----------------------|-------------------------------------|---|
| Letters of guarantee | <u>97,187</u>                       | <u>100,414</u>                          |

As at 30 June 2017, the Group has capital commitments of AED 45.8 million (30 June 2016: AED 68.1 million) towards purchase/construction of property, plant and equipment, including the installation of the new ERP system (SAP).

**Claims against the Group**

The Group is a defendant in a number of lawsuits amounting to AED 17,377 thousand (31 December 2016: AED 17,377 thousand) representing legal actions and claims related to its ordinary course of business. The management and their legal advisors believe that the provision recorded of AED 6,090 thousand as of 30 June 2017 (31 December 2016: AED 6,090 thousand) is sufficient to meet the obligation that may arise from the lawsuits.

**12 RELATED PARTY TRANSACTIONS**

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were suppliers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the consolidated statement of income are as follows:

|              | <i>Companies controlled<br/>by the directors</i> |                                     |
|--------------|--|-------------------------------------|
|              | <i>30 June<br/>2017<br/>AED'000</i>              | <i>30 June<br/>2016<br/>AED'000</i> |
| Rent expense | <u>694</u>                                       | <u>694</u>                          |

**Key management compensation**

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

|  | <i>30 June<br/>2017<br/>AED'000</i> | <i>30 June<br/>2016<br/>AED'000</i> |
|--|-------------------------------------|-------------------------------------|
| Salaries and other short term benefits | 7,174                               | 6,128                               |
| End of service benefits                | 96                                  | 96                                  |
|  | <u>7,270</u>                        | <u>6,224</u>                        |

**12 RELATED PARTY TRANSACTIONS (continued)**

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2017 and 2016, as well as balances with related parties as at 30 June 2017 and 31 December 2016:

|  |             | <i>Sales to<br/>related<br/>parties<br/>AED'000</i> | <i>Cost<br/>from related<br/>parties<br/>AED'000</i> | <i>Amounts<br/>owed by<br/>related<br/>parties*<br/>AED'000</i> | <i>Amounts<br/>owed to<br/>related<br/>parties**<br/>AED'000</i> |
|--|-------------|---|--|---|--|
| <b>Associates</b>  |             |   |  |   |  |
|  | <b>2017</b> | <b>198</b>  | <b>493</b>   | <b>296</b>  | <b>41</b>  |
|  | 2016        | 165   | 225  | 84  | 2  |
| <b>Joint ventures in which the<br/>Parent is a venturer:</b> |             |   |  |   |  |
|  | <b>2017</b> | <b>958</b>  | <b>11,909</b>  | <b>2,094</b>  | <b>6,034</b>   |
|  | 2016        | 844   | 13,029   | 2,819   | 8,757  |

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

\*\* These amounts are classified as trade payables.

**13 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.