

**ARAMEX PJSC AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION**

**FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2020**

## **ARAMEX PJSC AND ITS SUBSIDIARIES**

### **Review report and condensed interim consolidated financial information for the nine-month period ended 30 September 2020**

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

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Aramex PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2020 and the related condensed interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and condensed interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers  
4 November 2020

Rami Sarhan  
Registered Auditor Number 1152  
Dubai, United Arab Emirates



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Douglas O'Mahony, Rami Sarhan, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

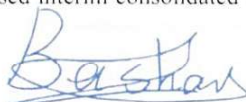
**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30 September 2020 AED "000" Unaudited	As at 31 December 2019 AED "000" Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		998,610	1,005,085
Right of use assets		819,548	854,112
Goodwill		1,128,337	1,128,337
Other intangible assets		207,599	214,241
Investments in joint ventures and associates		36,078	26,631
Financial assets at fair value through other comprehensive income		25,353	32,656
Deferred tax assets		6,663	7,359
Other non-current assets		5,745	5,536
		<u>3,227,933</u>	<u>3,273,957</u>
<b>Current assets</b>			
Accounts receivable, net		1,053,380	1,196,466
Other current assets		251,517	272,323
Margins and bank deposits	7	10,711	260,740
Cash and bank balances	7	1,086,149	739,318
		<u>2,401,757</u>	<u>2,468,847</u>
<b>Total assets</b>		<u>5,629,690</u>	<u>5,742,804</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		1,464,100	1,464,100
Statutory reserve		367,095	367,095
Foreign currency translation reserve		(420,778)	(398,720)
Reserve arising from acquisition of non-controlling interests		(335,186)	(335,186)
Reserves arising from other comprehensive income items		(5,096)	272
Retained earnings		1,488,061	1,519,928
		<u>2,558,196</u>	<u>2,617,489</u>
<b>Equity attributable to equity holders of the Parent Company</b>		<u>2,558,196</u>	<u>2,617,489</u>
Non-controlling interests		15,134	15,053
<b>Net equity</b>		<u>2,573,330</u>	<u>2,632,542</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings		152,202	157,636
Employees' end of service benefits		160,181	146,983
Lease liabilities		671,160	673,020
Deferred tax liabilities		49,895	49,515
		<u>1,033,438</u>	<u>1,027,154</u>
<b>Current liabilities</b>			
Accounts payable		277,143	266,814
Lease liabilities		177,205	189,849
Bank overdrafts	9	123,866	151,204
Interest-bearing loans and borrowings		537,962	582,510
Income tax provision		81,564	86,995
Other current liabilities		825,182	805,736
		<u>2,022,922</u>	<u>2,083,108</u>
<b>Total liabilities</b>		<u>3,056,360</u>	<u>3,110,262</u>
<b>Total equity and liabilities</b>		<u>5,629,690</u>	<u>5,742,804</u>

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



Mohamed Juma Alshamsi  
(Chairman)



Bashar Obeid  
(Chief Executive Officer)



Nadia Abu Sara  
(Chief Financial Officer)



**ARAMEX PJSC AND ITS SUBSIDIARIES**
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME**

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2020	2019	2020	2019
		AED "000" Unaudited	AED "000" Unaudited	AED "000" Unaudited	AED "000" Unaudited
Rendering of services		1,507,240	1,269,940	4,034,858	3,782,280
Cost of services *		(793,997)	(596,666)	(2,046,686)	(1,775,075)
<b>Gross profit</b>		713,243	673,274	1,988,172	2,007,205
Selling and marketing expenses		(58,756)	(49,363)	(165,855)	(152,889)
Administrative expenses		(234,542)	(216,811)	(650,876)	(672,648)
Net impairment loss on financial assets		(4,207)	(7,302)	(27,195)	(20,811)
Other operating expenses		(274,054)	(246,575)	(769,731)	(712,879)
Other income/(expenses), net		2,670	(2,408)	10,239	2,151
Losses on property damages and customer goods	10	(52,885)	-	(52,885)	-
<b>Operating profit</b>		91,469	150,815	331,869	450,129
Finance income		1,574	1,557	8,251	6,686
Finance cost		(16,074)	(20,993)	(52,800)	(59,556)
Share of results of joint ventures and associates		4,877	425	8,544	3,696
<b>Profit before income tax</b>		81,846	131,804	295,864	400,955
Income tax expense		(34,681)	(17,452)	(85,953)	(53,329)
<b>Profit for the period</b>		47,165	114,352	209,911	347,626
<b>Attributable to:</b>					
Equity holders of the Parent Company		46,206	113,754	208,003	344,937
Non-controlling interests		959	598	1,908	2,689
		47,165	114,352	209,911	347,626
<b>Earnings per share attributable to equity holders of the Parent Company</b>					
Basic and diluted earnings per share in AED	8	0.032	0.078	0.142	0.236

\* Cost of services excludes salaries and benefits, vehicle running and maintenance, depreciation of property and equipment, depreciation of right of use assets, loss on property damages and other expenses incurred for rendering of services which are presented under other operating expenses.

ARAMEX PJSC AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020 AED "000" (Unaudited)	2019 AED "000" (Unaudited)	2020 AED "000" (Unaudited)	2019 AED "000" (Unaudited)
Profit for the period	47,165	114,352	209,911	347,626
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations	2,797	3,717	(23,236)	(44,628)
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax</b>	2,797	3,717	(23,236)	(44,628)
<i>Items that will not be reclassified to profit or loss:</i>				
Net loss on equity instruments at fair value through other comprehensive income	(252)	(7,661)	(631)	(7,052)
<b>Net other comprehensive loss not being reclassified to profit or loss in subsequent periods, net of tax</b>	(252)	(7,661)	(631)	(7,052)
Other comprehensive income/(loss) for the period, net of tax	2,545	(3,944)	(23,867)	(51,680)
<b>Total comprehensive income for the period</b>	49,710	110,408	186,044	295,946
<b>Attributable to:</b>				
Equity holders of the Parent Company	49,369	109,493	185,314	302,723
Non-controlling interests	341	915	730	(6,777)
	49,710	110,408	186,044	295,946

The notes on pages 8 to 23 form an integral part of this condensed interim consolidated financial information.

**ARAMEX PJSC AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital AED "000"	Statutory reserve AED "000"	Foreign currency translation reserve AED "000"	Reserve arising from acquisition of non-controlling interests AED "000"	Reserves arising from other comprehensive income items AED "000"	Retained earnings AED "000"	Equity attributable to equity holders of the Parent Company AED "000"	Non-controlling interests AED "000"	Net equity AED "000"
<b>For the nine-month period ended 30 September 2020</b>									
Balance at 1 January 2020	1,464,100	367,095	(398,720)	(335,186)	272	1,519,928	2,617,489	15,053	2,632,542
Profit for the period	-	-	-	-	-	208,003	208,003	1,908	209,911
Other comprehensive loss	-	-	(22,058)	-	(631)	-	(22,689)	(1,178)	(23,867)
Total comprehensive (loss)/income for the period	-	-	(22,058)	-	(631)	208,003	185,314	730	186,044
Directors' fees for the period	-	-	-	-	-	(3,030)	(3,030)	-	(3,030)
Non-controlling interests	-	-	-	-	-	-	-	(649)	(649)
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	(4,737)	4,737	-	-	-
Dividends to shareholders (note 3)	-	-	-	-	-	(241,577)	(241,577)	-	(241,577)
<b>Balance at 30 September 2020</b>	<b>1,464,100</b>	<b>367,095</b>	<b>(420,778)</b>	<b>(335,186)</b>	<b>(5,096)</b>	<b>1,488,061</b>	<b>2,558,196</b>	<b>15,134</b>	<b>2,573,330</b>
<b>For the nine-month period ended 30 September 2019</b>									
Balance at 1 January 2019	1,464,100	314,515	(371,217)	(324,745)	10,252	1,316,764	2,409,669	22,137	2,431,806
Profit for the period	-	-	-	-	-	344,937	344,937	2,689	347,626
Other comprehensive loss	-	-	(35,162)	-	(7,052)	-	(42,214)	(9,466)	(51,680)
Total comprehensive (loss)/income for the period	-	-	(35,162)	-	(7,052)	344,937	302,723	(6,777)	295,946
Directors' fees for the period	-	-	-	-	-	(3,640)	(3,640)	-	(3,640)
Non-controlling interests	-	-	-	-	-	-	-	324	324
Dividends of subsidiaries	-	-	-	-	-	-	-	(1,356)	(1,356)
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	(4,026)	4,026	-	-	-
Dividends to shareholders (note 3)	-	-	-	-	-	(241,577)	(241,577)	-	(241,577)
<b>Balance at 30 September 2019</b>	<b>1,464,100</b>	<b>314,515</b>	<b>(406,379)</b>	<b>(324,745)</b>	<b>(826)</b>	<b>1,420,510</b>	<b>2,467,175</b>	<b>14,328</b>	<b>2,481,503</b>

The notes on pages 8 to 23 form an integral part of this condensed interim consolidated financial information.

# ARAMEX PJSC AND ITS SUBSIDIARIES

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the nine-month period ended 30 September	
		2020 AED “000” (Unaudited)	2019 AED “000” (Unaudited)
<b><u>OPERATING ACTIVITIES</u></b>			
Profit before income tax		295,864	400,955
<b>Adjustments for</b>			
Depreciation of property and equipment		88,311	79,068
Depreciation of right of use assets		177,073	161,171
Amortisation of other intangible assets		6,642	3,222
(Gain)/loss from sale of property and equipment		(405)	2,488
Provision for employees’ end of service benefits		29,811	21,061
Losses on property damages	10	2,571	-
Net impairment loss on financial assets		27,195	20,811
Net finance cost		44,549	52,870
Employees’ benefit plan expense	6	-	1,702
Share of results of joint ventures and associates		(8,544)	(3,696)
		663,067	739,652
<b>Working capital adjustments:</b>			
Accounts receivable		115,890	(69,515)
Account payable		10,328	(52,253)
Other current assets		20,639	(6,530)
Other current liabilities		32,748	(82,091)
<b>Net cash flows from operating activities before income tax, employees’ end of service benefit and employee benefit liability paid</b>			
		842,672	529,263
Employees’ end of service benefits paid		(16,019)	(14,937)
Employees’ benefit liability paid	6	-	(47,380)
Income tax paid		(89,617)	(44,774)
<b>Net cash flows generated from operating activities</b>		737,036	422,172
<b><u>INVESTING ACTIVITIES</u></b>			
Purchase of property and equipment	4	(88,835)	(94,924)
Proceeds from sale of property and equipment		1,842	8,458
Proceeds from sale of financial assets at fair value through other comprehensive income		5,349	15,180
Finance income received		8,251	6,686
Acquisition of non-controlling interests	17	-	(293,808)
Investment in joint ventures and associates		-	752
Other non-current assets		333	501
Margin deposits		250,029	(4,225)
<b>Net cash flows used in investing activities</b>		176,969	(361,380)



**ARAMEX PJSC AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	Note	For the nine-month period ended 30 September	
		2020 AED "000" (Unaudited)	2019 AED "000" (Unaudited)
<b><u>FINANCING ACTIVITIES</u></b>			
Finance cost paid		(66,100)	(46,586)
Proceeds from loans and borrowings		5,223	668,414
Repayment of loans and borrowings		(55,205)	(382,136)
Repayment of lease liabilities		(159,093)	(155,782)
Dividends paid to non-controlling interests		(649)	(1,356)
Non-controlling interest		-	324
Directors' fees paid		(3,030)	(3,640)
Dividends paid to shareholders	3	(241,577)	(241,577)
<b>Net cash flows used in financing activities</b>		<b>(520,431)</b>	<b>(162,339)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>393,574</b>	<b>(101,547)</b>
Net foreign exchange difference		(19,405)	(53,081)
Cash and cash equivalents at 1 January		588,114	709,955
<b>Cash and cash equivalents at 30 September</b>	7	<b>962,283</b>	<b>555,327</b>

**Non-cash transaction:**

Non-cash transactions are disclosed in Note 19.



**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

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**1. General**

Aramex PJSC (the “Parent Company or Company”) was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under UAE Federal Law No 2 of 2015. The condensed interim consolidated financial information of the Company as at 30 September 2020 comprise the Parent Company and its subsidiaries (collectively referred to as the “Group” and individually as “Group entities”).

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

The Principal activities of the Group are to invest in the freight, express, logistics and supply chain management businesses through acquiring and owning controlling interests in companies in the Middle East and other parts of the world.

The Parent Company’s registered office address is Building and Warehouse No. 3, Um Rammool, Dubai, United Arab Emirates.

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

The condensed interim consolidated financial information was authorised for issue by the Board of Directors on 4 November 2020.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

This condensed interim consolidated financial information of the Group is prepared under the historical cost basis except for financial assets at fair value through other comprehensive income which is measured at fair value.

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the annual Group’s consolidated financial statements for the year ended 31 December 2019. In addition, results for the nine-month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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

Except for the adoption of new and amended standards as set out below, the accounting policies used in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019.

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

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**2. Summary of significant accounting policies (continued)**

**2.2 Changes in accounting policies**

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in this condensed interim consolidated financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- (a) **Definition of Material – amendments to IAS 1 and IAS 8** - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.
- (b) **Definition of a Business – amendments to IFRS 3** - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- (c) **Revised Conceptual Framework for Financial Reporting** - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.
- (d) **Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7** - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the condensed interim consolidated statement of income. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

The Group did not have to make retrospective adjustments as a result of adoption of the aforementioned standards.



**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

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**2. Summary of significant accounting policies (continued)**

**2.2 Changes in accounting policies (continued)**

*New and revised IFRS issued and early applied*

- **Amendments to IFRS 16 'Leases' (effective 1 September 2020)** – On 28 May 2020, the IASB issued amendments to IFRS 16, which provide relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. This amendment provide the lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification, in addition it requires the lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient applies only to the rent concession occurring as a direct consequence of the COVID-19 pandemic and only if all the following criteria are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 September 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 September 2021 and increased lease payments that extend beyond 30 September 2021); and
- (c) there is no substantive change to other terms and conditions of the lease.

During the period ended 30 September 2020, the Group has early applied the amendments to IFRS 16 'Leases' ("IFRS 16") retrospectively starting on 1 January 2020. In accordance with the transition provisions in IFRS 16 amendments, the new practical expedient was applied to all rent concessions occurring as a direct consequence of the COVID-19 pandemic meeting the criteria without any impact on retained earnings as on 1 January 2020. As a result, comparatives for the year 2019 financial information are not restated and the information presented for 2019 does not reflect the new requirements of the IFRS 16 amendments, therefore, it is not comparable to the information presented for 2019 under IFRS 16' lease excluding the new practical expedient. The impact on the application of the amended standard is disclosed in Note 5.

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

- (a) IFRS 17, 'Insurance contracts' (effective 1 January 2023);
- (b) Amendments to IAS 1 and IAS 8 (effective 1 January 2022).

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

**2.3 Basis of consolidation**

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

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

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

**3. Dividends**

At the Annual General Meeting of the shareholders held on 22 June 2020, the shareholders approved a cash dividend of 16.5% for the year ended 31 December 2019 (31 December 2018: cash dividend of 16.5%) of the issued and paid up capital amounting to AED 1,464,100 thousand (31 December 2018: AED 1,464,100 thousand). The dividends per share amount to AED 0.165 (31 December 2018: AED 0.165).

**4. Property and equipment**

During the nine-month period ended 30 September 2020, the Group purchased various types of property and equipment amounting to AED 88,835 thousand (nine-month period ended 30 September 2019: AED 94,924 thousand).

**5. Right of use assets**

During the nine-month period ended 30 September 2020, the Group entered into new lease agreements for which right of use assets and lease liabilities amounting to AED 181 million were recognized (nine-month period ended 30 September 2019: AED 161 million) under various categories (Note 18).

The impact on the condensed interim consolidated financial position and the condensed interim consolidated statement of income on the application of the amendment of IFRS 16 is as follows:

*(a) Impact on the condensed interim consolidated financial position*

**Lease liabilities**

	As previously stated AED "000" Unaudited	Impact on application AED "000" Unaudited	As at 30 September 2020 AED "000" Unaudited
Current	178,722	1,517	177,205
Non-current	671,160	-	671,160
	<u>849,882</u>	<u>1,517</u>	<u>848,365</u>

In accordance with the IFRS 16 amendments, the right of use assets was not impacted on the application of the amendments.

*(b) Impact on the condensed interim consolidated statement of income*

During the period ended 30 September 2020, an amount of AED 1,517 thousand was recognized as income on the derecognition of lease liabilities on the early application of the new amendments to IFRS 16 within other income/(expenses). The depreciation on the right of use assets was not impacted as a result of this application.



**ARAMEX PJSC AND ITS SUBSIDIARIES**  
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**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 per share was equal to the market price of Aramex PJSC's shares on the grant date. The fair value at the 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 settled the employees' benefit liability during the three months period ended 31 March 2019.

Movements on provision for employees' benefits liability were as follows:

	30 September 2020 AED "000" Unaudited	31 December 2019 AED "000" Audited
<b>At 1 January</b>	-	45,678
Employees' benefit liability expense for the period/year	-	1,702
Paid during the period/year	-	(47,380)
<b>At the end of the period/year</b>	<b>-</b>	<b>-</b>

**7. Cash and bank balances**

	30 September 2020 AED "000" Unaudited	31 December 2019 AED "000" Audited
Cash and bank balances	1,086,149	739,318
Margins and bank deposits *	10,711	260,740
	<b>1,096,860</b>	<b>1,000,058</b>

Included within cash and bank balances are amounts totalling AED 784,099 thousand (31 December 2019: AED 581,972 thousand) held at foreign banks abroad and amounts totalling approximately AED 146,642 thousand of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as other current liabilities in the condensed interim consolidated statement of financial position (31 December 2019: AED 192,513 thousand).



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**7. Cash and bank balances (continued)**

\* Margins and bank deposits consist of margin deposits against guarantees of AED 7,813 thousand (2019: AED 7,960 thousand) and long-term deposits with maturities greater than 3 months of AED 2,898 thousand (2019: AED 252,780 thousand).

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

	30 September 2020 AED "000" Unaudited	30 September 2019 AED "000" Unaudited
Cash and bank balances	1,086,149	710,255
Bank overdrafts	(123,866)	(154,928)
	<u>962,283</u>	<u>555,327</u>

**8. Earnings per share**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Profit attributable to the shareholders of Parent Company (AED'000)	<u>46,206</u>	<u>113,754</u>	<u>208,003</u>	<u>344,937</u>
Weighted average number of shares during the period (Shares)	<u>1,464.1 million</u>	<u>1,464.1 million</u>	<u>1,464.1 million</u>	<u>1,464.1 million</u>
Basic and diluted earnings per share (AED)	<u>0.032</u>	<u>0.078</u>	<u>0.142</u>	<u>0.236</u>

As of 30 September 2020, basic and diluted earnings per share from discontinued operations amounted to nil (30 September 2019: nil).

**9. Bank overdrafts**

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

Aramex Tunisia has outstanding overdrafts from Citi Bank of AED nil thousand as at 30 September 2020 (2019: AED 305 thousand) and from Arab Bank of AED 178 thousand as at 30 September 2020 (2019: AED 898 thousand).

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**9. Bank overdrafts (continued)**

Aramex Algeria SARL has outstanding overdraft from Citi Bank of AED 5,957 thousand as at 30 September 2020 (2019: AED 11,559 thousand).

Aramex International LLC has outstanding overdraft from HSBC of AED 51,416 thousand as at 30 September 2020 (2019: AED 51,416 thousand).

Aramex Special Logistics LLC has outstanding overdraft from Citi Bank of AED 66,274 thousand as at 30 September 2020 (2019: AED 86,480 thousand).

Aramex Kenya Limited has outstanding overdraft from Citibank of AED 27 thousand as at 30 September 2020 (2019: AED 546 thousand).

Aramex Jordan Limited has outstanding overdraft from Arab bank of AED 14 thousand as at 30 September 2020 (2019: AED nil).

**10. Losses on property damages and customer goods**

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

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

Based on the Group's initial assessment, management booked a provision of AED 7,712 thousand (AED 1,469 thousand representing property damages and AED 6,243 thousand representing estimated loss on the customers goods) and AED 45,173 thousand (AED 1,102 thousand representing property damages and AED 44,071 thousand representing estimated loss on the customers goods) to cover the estimated losses as at 30 September 2020 for Aramex Lebanon and Aramex Morocco respectively.

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

**11. Segment information**

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

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**11. Segment information** (continued)

The Group is comprised of the following 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 respective 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.



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**11. Segment information** (continued)

The following table presents revenue and profit information regarding the Group's operating segment:

	For the nine-month period ended 30 September 2020 (Unaudited)						
	International express AED “000”	Freight forwarding AED “000”	Domestic express AED “000”	Logistics AED “000”	Others AED “000”	Eliminations AED “000”	Total AED “000”
<b>Revenue</b>							
Third party	1,776,837	804,884	975,473	274,104	203,560	-	4,034,858
Inter-segment	770,795	204,547	426	5,300	20,490	(1,001,558)	-
Total revenue	2,547,632	1,009,431	975,899	279,404	224,050	(1,001,558)	4,034,858
<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	2,547,632	1,009,431	975,899	279,404	215,224	(1,001,558)	4,026,032
Services transferred overtime	-	-	-	-	8,826	-	8,826
Total revenue from contracts with customers	2,547,632	1,009,431	975,899	279,404	224,050	(1,001,558)	4,034,858
<b>Gross profit</b>	899,023	188,126	550,612	184,657	165,754	-	1,988,172

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**11. Segment information** (continued)

For the nine-month period ended 30 September 2019  
(Unaudited)

	International express AED "000"	Freight forwarding AED "000"	Domestic express AED "000"	Logistics AED "000"	Others AED "000"	Eliminations AED "000"	Total AED "000"
<b>Revenue</b>							
Third party	1,675,705	844,741	784,365	258,100	219,369	-	3,782,280
Inter-segment	738,994	198,215	705	4,875	9,455	(952,244)	-
Total revenue	2,414,699	1,042,956	785,070	262,975	228,824	(952,244)	3,782,280
<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	2,414,699	1,042,956	785,070	262,975	219,824	(952,244)	3,773,280
Services transferred overtime	-	-	-	-	9,000	-	9,000
Total revenue from contracts with customers	2,414,699	1,042,956	785,070	262,975	228,824	(952,244)	3,782,280
<b>Gross profit</b>	1,014,106	200,790	432,348	181,644	178,317	-	2,007,205

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



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**11. 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.

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

	For the nine-month period ended 30 September	
	2020	2019
	AED "000"	AED "000"
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Middle East and Africa	2,346,698	2,324,268
Europe	478,359	405,159
North America	137,067	137,376
Asia and others	1,072,734	915,477
	<u>4,034,858</u>	<u>3,782,280</u>

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

	30 September 2020	31 December 2019
	AED "000"	AED "000"
	(Unaudited)	(Audited)
<b>Assets</b>		
Middle East and Africa	3,848,791	4,075,573
Europe	527,865	464,800
North America	123,572	140,183
Asia and others	1,129,462	1,062,248
	<u>5,629,690</u>	<u>5,742,804</u>
<b>Non-current assets*</b>		
Middle East and Africa	1,501,925	1,548,449
Europe	126,007	95,853
North America	47,742	50,742
Asia and others	411,514	437,681
	<u>2,087,188</u>	<u>2,132,725</u>
<b>Liabilities</b>		
Middle East and Africa	2,216,188	2,266,702
Europe	165,761	130,037
North America	59,137	60,682
Asia and others	615,274	652,841
	<u>3,056,360</u>	<u>3,110,262</u>

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**11. Segment information** (continued)

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

**12. Related party transactions and balances**

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

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

**Key management compensation**

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

	For the nine-month period ended 30 September	
	2020	2019
	AED "000"	AED "000"
	Unaudited	Unaudited
Salaries and other short-term benefits	8,349	10,565
Board remuneration	2,700	2,730
End of service benefits	497	48
	<u>11,546</u>	<u>13,343</u>

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**12. Related party transactions and balances (continued)**

**Other transactions and balances with related parties**

The following table provides the total amount of transactions that have been entered into with related parties during the nine-month period ended 30 September 2020 and 2019, as well as balances with related parties as at 30 September 2020 and 31 December 2019:

		Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties * AED'000	Amounts owed to related parties ** AED'000
Associates	<b>2020</b>	1,140	3,423	-	1,742
	2019	438	1,211	-	586
Joint ventures in which the Parent Company is a venture	<b>2020</b>	55,036	203,462	40,009	243
	2019	59,148	879	24,519	4,919
Transactions/balances with companies controlled by previous shareholders ***	<b>2020</b>	60,808	-	-	-
	2019	88,022	-	32,804	6,892
Related parties and companies controlled by shareholders ****	<b>2020</b>	257	-	2,663	-
	2019	-	-	-	-

\* These amounts are classified as accounts receivable.

\*\* These amounts are classified as accounts payables and other current liabilities.

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

\*\*\*\* Included in the above disclosure balances as at 30 September 2020 and transactions for the period from 17 September 2020 to 30 September 2020 with companies under common control by the new shareholder, Alpha Oryx Limited, which acquired 22.5% of Aramex PJSC's issued shares on 17 September 2020 as detailed in Note 1.



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**13. Contingent liabilities and commitments**

	30 September 2020	31 December 2019
	AED “000” Unaudited	AED “000” audited
Letters of guarantee	132,120	146,348

**14. Seasonality of operations**

The Group’s business is seasonal in nature. Historically, the Group experienced a decrease in demand for its services in the post-winter holiday and summer vacation seasons. The Group traditionally experiences its highest volumes towards the latter half of the year. The seasonality of the Group’s revenue may cause a variation in its quarterly operating results. However, local Middle East and Islamic holidays vary from year to year and, as a result, the Group’s seasonality may shift over time.

**15. Legal claims**

As of 30 September 2020, the Group is a defendant in a number of lawsuits amounting to AED 151,082 thousand which represents claims in connection with normal ordinary course of business. The Group management and its legal advisor believe that the Group adequately provided a provision against any future liabilities that might arise from these legal cases.

**16. Income tax**

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

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

**17. Acquisition of non-controlling interests**

In December 2018, the Group acquired an additional interest of the voting shares of Aramex Saudi Limited Company located in KSA. The Company’s operations were already controlled by the Group. A consideration of AED 244,796 thousand payable was in 2018, and, the amount due from the shareholder of AED 49,012 thousand was settled against the additional shares acquired. The carrying value of the additional interest acquired was AED 14,152 thousand. The difference of AED 279,656 thousand between the consideration given and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

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**17. Acquisition of non-controlling interests (continued)**

Following is a schedule of additional interest acquired in Aramex Saudi Limited Company:

AED'000

Consideration payable to non-controlling shareholders	244,796
Settlement of debt to acquire additional non-controlling interests	49,012
Subsequent dividends distribution for 2018 profits*	10,441
Less: carrying value of the additional interest in Aramex Saudi Limited Company	(14,152)
Difference recognised as a reserve from acquisition of non-controlling interests	<u>290,097</u>

\* During the year ended 31 December 2019, the Group paid an amount of AED 10,441 thousand to the former shareholder in connection with the above acquisition transaction which resulted an adjustment to the reserve arising from the acquisition of non-controlling interest.

**18. Impact assessment of COVID-19**

The economic fallout of COVID-19 crisis is expected to be significant and is rapidly evolving at the present time. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

*COVID-19 impact on measurement of ECL:*

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilises a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes.

The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts on the ECL estimates. Notwithstanding this, recognising that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt. Due to the limitation of availability of information, the Group has adopted a post-model overlaying approach to estimate the ECL and accordingly, sufficient provisions have been provided based on the most recent available information. If the post-model overlay factor is increased / decreased by 5%, ECL provision would increase / decrease by AED 5 million.

*Liquidity management:*

Global stress in the markets brought on by the COVID-19 crisis is being felt globally through lack of liquidity in foreign funding markets. In this environment, the Group has already taken measures to manage its liquidity carefully until the crisis is over. The Group's credit and treasury department has been closely monitoring the cash flows and forecasts on a weekly basis to maintain a reasonably healthy condensed interim consolidated statement of financial position during this time and beyond.



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**18. Impact assessment of COVID-19 (continued)**

*Business continuity planning:*

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the continued safety and security of the Group's staff and an uninterrupted service to the customers. Remote working arrangements have been implemented with the majority of the admin staff currently working from home except essential operational staff and the ground couriers. All on site staff are provided with the appropriate personal protective equipment (masks, gloves and sanitizers), temperature checked daily and given regular safety awareness talks.

**19. Non-cash transactions**

	For the nine-month period ended 30 September	
	2020	2019
	AED "000"	AED "000"
	Unaudited	Unaudited
Right of use assets (i)	-	851,407
Lease liability (i)	-	817,090
Additions of right of use assets and lease liabilities	180,804	161,496
Disposal of right of use assets and lease liabilities	37,120	18,957
Impact on application of IFRS 16 amendments (Note 5)	1,517	-
Property and equipment (ii)	-	44,000
Settlement of debt and other current assets to acquire additional non-controlling interests	-	49,013

- (i) As at 1 January 2019, the Group adopted IFRS 16, right of use asset which was measured at the amount equal to the lease liability of AED 817,090 thousand, adjusted by the amount of prepayments of AED 17,662 thousand, other liabilities and accruals of AED 16,527 thousand and the net book value of the finance lease previously recognized under IAS 17 amounting to AED 33,182 thousand totaling to the right of use asset of AED 851,407 thousand at the date of adoption.
- (ii) During the period ended 30 September 2019, the Group had received non-cash consideration from a customer as settlement of trade receivables for an amount measured at fair value amounting to AED 44,000 thousand.