

Aramex PJSC and its subsidiaries

**Unaudited Condensed Interim
Consolidated Financial Information**

For the three month period ended 31 March 2020

Aramex PJSC and its subsidiaries

**Review report and condensed interim consolidated financial information
for the three months period ended 31 March 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 31 March 2020 and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory information. 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
7 May 2020



Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

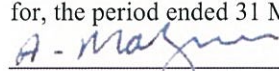


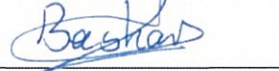
Aramex PJSC and its Subsidiaries

Condensed interim consolidated statement of financial position

	Note	31 March 2020 AED "000" Unaudited	31 December 2019 AED "000" Audited
Assets			
Non-current assets			
Property and equipment	4	989,054	1,005,085
Right of use assets	5	829,796	854,112
Goodwill		1,128,337	1,128,337
Other intangible assets		212,040	214,241
Investments in joint ventures and associates		24,586	26,631
Financial assets at fair value through other comprehensive income		31,742	32,656
Deferred tax assets		6,823	7,359
Other non-current assets		5,009	5,536
		<u>3,227,387</u>	<u>3,273,957</u>
Current assets			
Accounts receivable, net		1,053,946	1,196,466
Other current assets		271,017	272,323
Margins and bank deposits	7	260,788	260,740
Cash and bank balances	7	636,757	739,318
		<u>2,222,508</u>	<u>2,468,847</u>
Total assets		<u>5,449,895</u>	<u>5,742,804</u>
Equity and liabilities			
Equity			
Share capital		1,464,100	1,464,100
Statutory reserve		367,095	367,095
Foreign currency translation reserve		(408,423)	(398,720)
Reserve arising from acquisition of non-controlling interests		(335,186)	(335,186)
Reserve arising from other comprehensive income items		(478)	272
Retained earnings		1,587,347	1,519,928
		<u>2,674,455</u>	<u>2,617,489</u>
Equity attributable to equity holders of the Parent Company		<u>2,674,455</u>	<u>2,617,489</u>
Non-controlling interests		14,859	15,053
Total equity		<u>2,689,314</u>	<u>2,632,542</u>
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings		138,910	157,636
Employees' end of service benefits		151,159	146,983
Lease liabilities	5	646,236	673,020
Deferred tax liabilities		44,116	49,515
		<u>980,421</u>	<u>1,027,154</u>
Current liabilities			
Accounts payables		249,874	266,814
Bank overdrafts	7,9	146,584	151,204
Lease liabilities	5	180,662	189,849
Interest-bearing loans and borrowings		538,511	582,510
Income tax provision		56,812	86,995
Other current liabilities		607,717	805,736
		<u>1,780,160</u>	<u>2,083,108</u>
Total liabilities		<u>2,760,581</u>	<u>3,110,262</u>
Total equity and liabilities		<u>5,449,895</u>	<u>5,742,804</u>

To the best of our knowledge, the condensed interim consolidated financial information fairly presents, in all material respects, the condensed interim consolidated financial position, results of operation and cash flows of the Group as of, and for, the period ended 31 March 2020.


Abdullah Al Mazrui
(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 31 March	
		2020	2019
		AED "000" Unaudited	AED "000" Unaudited
Rendering of services		1,195,771	1,233,737
Cost of services *		(565,062)	(577,705)
Gross profit		630,709	656,032
Selling and marketing expenses		(57,498)	(53,276)
Administrative expenses		(212,143)	(234,303)
Other operating expenses		(249,780)	(230,765)
Net impairment loss on financial assets		(8,428)	(6,298)
Other income, net		4,133	7,512
Operating profit		106,993	138,902
Finance income		3,670	2,809
Finance costs		(19,379)	(18,577)
Share of results of joint ventures and associates		(1,784)	1,970
Profit before income tax		89,500	125,104
Income tax expense		(21,393)	(15,985)
Profit for the period		68,107	109,119
Attributable to:			
Equity holders of the Parent Company		67,419	107,945
Non-controlling interests		688	1,174
		68,107	109,119
Earnings per share attributable to equity holders of the Parent Company			
Basic and diluted earnings per share in AED	8	0.046	0.074

* Cost of services excludes salaries and benefits, vehicle running and maintenance, depreciation of property and equipment, right of use assets 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 months period ended 31 March	
	2020 AED "000" (Unaudited)	2019 AED "000" (Unaudited)
Profit for the period	68,107	109,119
Other comprehensive income		
<i>Other comprehensive income to be reclassified to the condensed interim consolidated statement of income in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(10,261)	(55,706)
<i>Other comprehensive income not to be reclassified to the condensed interim consolidated statement of income in subsequent periods:</i>		
(Loss)/gain on equity instruments at fair value through other comprehensive income	(750)	944
Other comprehensive loss for the period, net of tax	(11,011)	(54,762)
Total comprehensive income for the period	57,096	54,357
Attributable to:		
Equity holders of the Parent Company	56,966	63,096
Non-controlling interests	130	(8,739)
	57,096	54,357

Aramex PJSC and its subsidiaries

Condensed interim consolidated statement of changes in equity

Attributable to equity holders of the Parent

	Share capital AED "000"	Statutory reserve AED "000"	Foreign currency translation reserve AED "000"	Reserve arising from acquisition of non- controlling interests AED "000"	Reserve arising from other comprehensive income items AED "000"	Retained earnings AED "000"	Total AED "000"	Non- controlling interests AED "000"	Total equity AED "000"
For the three months ended 31 March 2020									
Balance at 1 January 2019	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	-	-	-	-	-	67,419	67,419	688	68,107
Other comprehensive loss	-	-	(9,703)	-	(750)	-	(10,453)	(558)	(11,011)
Total comprehensive income for the period	-	-	(9,703)	-	(750)	67,419	56,966	130	57,096
Dividends of subsidiaries	-	-	-	-	-	-	-	(324)	(324)
Balance at 31 March 2020	1,464,100	367,095	(408,423)	(335,186)	(478)	1,587,347	2,674,455	14,859	2,689,314
For the three months ended 31 March 2019									
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	-	-	-	-	-	107,945	107,945	1,174	109,119
Other comprehensive income	-	-	(45,793)	-	944	-	(44,849)	(9,913)	(54,762)
Total comprehensive income for the period	-	-	(45,793)	-	944	107,945	63,096	(8,739)	54,357
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	(2,640)	2,640	-	-	-
Balance at 31 March 2019	1,464,100	314,515	(417,010)	(324,745)	8,556	1,427,349	2,472,765	13,398	2,486,163

The notes on pages 8 to 21 form an integral part of this condensed interim consolidated financial information.

Aramex PJSC and its subsidiaries

Condensed interim consolidated statement of cash flows

Note	For the three months period ended 31 March	
	2020 AED "000" (Unaudited)	2019 AED "000" (Unaudited)
<u>OPERATING ACTIVITIES</u>		
Profit for the period before income tax	89,500	125,104
Adjustments for		
Depreciation of property and equipment	29,168	26,451
Depreciation of right of use assets	59,132	50,236
Amortisation of other intangible assets	2,200	1,076
(Gain)/loss from sale of property and equipment	(968)	520
Provision for employees' end of service benefits	8,634	6,443
Net impairment loss on financial assets	8,428	6,298
Finance costs – borrowings	7,250	8,314
Finance costs – lease liabilities	12,129	10,263
Finance income	(3,670)	(2,809)
Employees' benefit liability expense	6	-
Share of results of joint ventures and associates	1,784	(1,970)
	213,587	231,628
Working capital adjustments:		
Accounts receivable	134,092	(78,331)
Other current assets	1,242	(18,842)
Accounts payables	(16,939)	27,621
Other current liabilities	(200,099)	(22,394)
Net cash flows generated from operating activities before income tax, employees' end of service benefits and payment of employees' benefit liability	131,883	139,682
Income tax paid	(51,573)	(7,569)
Employees' end of service benefits paid	(3,782)	(3,513)
Payment of employees' benefit liability	6	-
Net cash flows generated from operating activities	76,528	81,220
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	4	(25,811)
Proceeds from sale of property and equipment	1,273	3,425
Proceeds from sale of financial assets at fair value through other comprehensive income	-	10,036
Finance income received	3,670	2,809
Margins and bank deposits	(302)	(1,068)
Other non-current assets	498	(1,326)
Acquisition of non-controlling interests	-	(293,808)
Net cash flows used in investing activities	(20,672)	(309,737)

The notes on pages 8 to 21 form an integral part of this condensed interim consolidated financial information.

Aramex PJSC and its subsidiaries

Condensed interim consolidated statement of cash flows (continued)

	Note	For the three months period ended 31 March	
		2020 AED “000” (Unaudited)	2019 AED “000” (Unaudited)
<u>FINANCING ACTIVITIES</u>			
Finance costs paid		(17,299)	(18,577)
Proceeds from interest-bearing loans and borrowings		-	135,536
Repayment of interest-bearing loans and borrowings		(62,725)	(34,758)
Repayment of lease liabilities		(91,204)	(69,141)
Dividends paid to non-controlling interests		(324)	-
Net cash flows (used in)/generated from financing activities		(171,552)	13,060
Net decrease in cash and cash equivalents		(115,696)	(215,457)
Net foreign exchange difference		17,755	(62,922)
Cash and cash equivalents at 1 January		588,114	709,955
Cash and cash equivalents at 31 March	7	490,173	431,576

Non-cash transaction:

Non-cash transactions are disclosed in Note 17.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

1. General

Aramex PJSC (the “Parent Company or Company”) was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under UAE Federal Law No 2 of 2015. The condensed interim consolidated financial information of the Company as at and for the period ended 31 March 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.

The condensed interim consolidated financial information were authorised for issue by the Board of Directors on 7 May 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 period from 1 January 2020 to 31 March 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 three month period ended 31 March 2020 (Unaudited)

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 three month period ended 31 March 2020 (Unaudited)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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

3. Dividends

As of the date of issuance of this condensed interim consolidated financial information, in line with the preventive measures taken by the government of the UAE to maintain safety and public health and to prevent the spread of the novel Coronavirus (COVID-19), and in line with the circular issued by the Securities and Commodities Authority ("SCA") dated 2 April 2020 allowing local publicly listed companies to hold its Annual General Meeting ("AGM") during the first six months of the year (by 30th of June 2020), the AGM of the shareholders has been postponed until further notice and the dividends distribution in relation to the results for the year ended 31 December 2019 has not been approved yet.

On 10 April 2019, the shareholders approved a cash dividend of 16.5% (dividends per share amount to AED 0.165) for the year ended 31 December 2018 of the issued and paid up capital amounting to AED 1,464,100 thousand. The dividends per share was AED 0.165.

4. Property and equipment

During the three month period ended 31 March 2020, the Group purchased AED 25.8 million (three month period ended 31 March 2019: AED 29.8 million) of various types of property and equipment.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

5. Right of use assets and lease liabilities

During the three month period ended 31 March 2020, the Group entered into new lease agreements for which right of use assets and the lease liabilities amounting to AED 65 million were recognized (three month period ended 31 March 2019: AED 14 million) under various categories.

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 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:

	31 March 2020 AED "000" Unaudited	31 December 2019 AED "000" Audited
At 1 January	-	45,678
Employee benefit liability expense for the period/year	-	1,702
Paid during the period/ year	-	(47,380)
At the end of the period/ year	-	-

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

7. Cash and bank balances

	31 March 2020 AED "000" Unaudited	31 December 2019 AED "000" Audited
Cash and cash equivalents	636,757	739,318
Margins and bank deposits *	260,788	260,740
	<u>897,545</u>	<u>1,000,058</u>

Included within cash at banks are amounts totalling AED 503,284 thousand (31 December 2019: AED 581,975 thousand) of cash held at foreign banks abroad and amounts totalling approximately AED 129,506 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).

* Margins and bank deposits consist of margin deposits against guarantees of AED 8,262 thousand (2019: AED 7,960 thousand) and long-term deposits with maturities greater than 3 months of AED 252,526 thousand (2019: AED 252,780 thousand).

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

	31 March 2020 AED "000" Unaudited	31 March 2019 AED "000" Unaudited
Cash and cash equivalents	636,757	586,888
Bank overdrafts	(146,584)	(155,312)
	<u>490,173</u>	<u>431,576</u>

8. Earnings per share

	For the three months ended 31 March 2019	
	AED "000" Unaudited	AED "000" Unaudited
Profit attributable to the equity holders of the Parent Company	67,419	107,945
Weighted average number of shares during the period (Shares)	1,464 million	1,464 million
Basic and diluted earnings per share in AED	<u>0.046</u>	<u>0.074</u>

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

9. Bank overdrafts

The Group maintains overdrafts and lines of credit with various banks. Overdrafts and lines of credit include the following (Note 7):

Aramex Tunisia has outstanding overdrafts from Citi Bank of AED 441 thousand as at 31 March 2020 (2019: AED 305 thousand) and from the Arab Bank of AED 139 thousand as at 31 March 2020 (31 December 2019: AED 898 thousand).

Aramex Algeria SARL has outstanding overdraft from Citi Bank of AED 12,716 thousand as at 31 March 2020 (31 December 2019: AED 11,559 thousand).

Aramex International LLC has outstanding overdraft from HSBC of AED 51,416 thousand as at 31 March 2020 (31 December 2019: AED 51,416 thousand).

Aramex Special Logistics LLC has outstanding overdraft from Citi Bank of AED 81,519 thousand as at 31 March 2020 (31 December 2019: AED 86,480 thousand).

Aramex Kenya Limited has outstanding overdraft from Citibank of AED 353 thousand as at 31 March 2020 (31 December 2019: AED 546 thousand).

10. Segment information

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

The Group is comprised of the following operating segments:

- 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.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

10. Segment information (continued)

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 condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

10. Segment information (continued)

The following is a breakdown of the segment information for the above operating segments:

For the three months ended 31 March 2020 (Unaudited)							
	International express AED “000”	Freight forwarding AED “000”	Domestic express AED “000”	Logistics AED “000”	Other AED “000”	Eliminations AED “000”	Total AED “000”
Revenue							
Third party	479,423	262,437	288,991	95,044	69,876	-	1,195,771
Inter-segment	215,228	67,034	178	1,786	4,070	(288,296)	-
Total revenue	694,651	329,471	289,169	96,830	73,946	(288,296)	1,195,771
Timing of revenue recognition							
Revenue recognised at a point in time	694,651	329,471	289,169	96,830	70,838	(288,296)	1,192,663
Revenue recognised overtime	-	-	-	-	3,108	-	3,108
Total revenue from contracts with customers	694,651	329,471	289,169	96,830	73,946	(288,296)	1,195,771
Gross profit	263,756	73,866	172,885	62,592	57,610	-	630,709

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

10. Segment information (continued)

	For the three months ended 31 March 2019 (Unaudited)					
	International express AED "000"	Freight forwarding AED "000"	Domestic express AED "000"	Logistics AED "000"	Other AED "000"	Eliminations AED "000"
Revenue						Total AED "000"
Third party	533,006	286,743	256,637	84,580	72,771	-
Inter-segment	240,364	66,138	217	1,562	2,103	(310,384)
Total revenue	773,370	352,881	256,854	86,142	74,874	(310,384)
						1,233,737
Timing of revenue recognition						
Revenue recognised at a point in time	773,370	352,881	256,854	86,142	70,670	(310,384)
Revenue recognised overtime	-	-	-	-	4,204	-
						1,229,533
Total revenue from contracts with customers	773,370	352,881	256,854	86,142	74,874	(310,384)
Gross profit	335,035	70,005	133,760	58,719	58,513	-
						656,032

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.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

10. Segment information (continued)

Industry segment and geographical allocation

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

	For the three months ended 31 March 2019	
	AED "000" Unaudited	AED "000" Unaudited
Revenue		
Middle East and Africa	757,730	760,099
Europe	142,278	133,548
North America	54,030	44,187
Asia and others	241,733	295,903
	<u>1,195,771</u>	<u>1,233,737</u>

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

	31 March 2020	31 December 2019
	AED "000" Unaudited	AED "000" Audited
Assets		
Middle East and Africa	3,964,352	4,072,466
Europe	468,649	464,800
North America	121,301	143,290
Asia and others	895,593	1,062,248
	<u>5,449,895</u>	<u>5,742,804</u>
Non-current assets*		
Middle East and Africa	1,535,961	1,548,449
Europe	87,909	95,853
North America	49,418	50,742
Asia and others	413,930	437,681
	<u>2,087,218</u>	<u>2,132,725</u>
Liabilities		
Middle East and Africa	2,083,772	2,266,702
Europe	125,474	130,037
North America	51,700	60,682
Asia and others	499,635	652,841
	<u>2,760,581</u>	<u>3,110,262</u>

* 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.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

11. Related party transactions and balances

Certain related parties (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:

	31 March 2020 AED "000" Unaudited	31 March 2019 AED "000" Unaudited
Salaries and other short term benefits	3,002	3,485
Board remuneration	900	910
End of service benefits	98	357
	<u>4,000</u>	<u>4,752</u>

Certain subsidiaries of the Group are controlled through shareholder's agreements and accordingly consolidated in this condensed interim consolidated financial information.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

11. Related party transactions and balances (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the three month period ended 31 March 2020 and 2019, as well as balances with related parties as at 31 March 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	2020	308	329	-	886
	2019	132	424	-	586
Joint ventures in which the Parent is a venture	2020	9,603	385	18,068	8,571
	2019	17,317	276	24,519	4,919
Companies controlled by Directors and shareholders, and others	2020	22,804	-	28,635	9,363
	2019	29,658	-	32,804	6,892

* These amounts are classified as trade receivables.

** These amounts are classified as trade payables.

12. Contingent liabilities and commitments

	31 March 2020 AED "000" Unaudited	31 December 2019 AED "000" audited
Letters of guarantee	133,556	146,348

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.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

14. Legal claims

As of 31 March 2020, the Group is a defendant in a number of lawsuits amounting to AED 142 million representing claims in connection with normal ordinary course of business. The Group's management and its legal advisor believe that the Group adequately provided a provision against any future liabilities that might arise from these legal cases.

15. Income tax

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

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

16. 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.

Aramex PJSC and its subsidiaries

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2020 (Unaudited)

16. Impact assessment of COVID-19 (continued)

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 balance sheet during this time and beyond.

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.

17. Non-cash transactions

	For the three-month period ended 31 March	
	2020 AED "000" Unaudited	2019 AED "000" Unaudited
Right of use assets (i)	-	851,407
Lease liabilities (i)	-	817,090
Additions of right of use assets	64,923	247,016
Disposal of right of use assets	9,692	-
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 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 31 March 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.